Atlas Copco Road Construction Equipment


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Road construction market – General outlook

- Continued slow-down expected in North America
- Latin America, Africa, Middle East, CIS and Asia Pacific regions maintain strong growth
- Europe to remain at healthy growth rates
- Australia expected to stay at high levels

Road construction market – Examples

- China: 34 new expressways totaling 5,000 km
- South Africa: First paved road connecting Atlantic and Pacific coasts is being constructed
- South America: First paved road connecting Atlantic and Pacific oceans is being constructed
- Canada: 2015 provincial highway budget increased by 24% compared to 2014
- Bermuda: Construction/modernization of 450 km roads
- Russia: Road construction/maintenance 2008 will be 2.5 times greater than 2006
- India: Projected state investments in roads until 2011: BUSD 78
- Poland: Construction/modernization of 6,450 km roads
- Russia: Road construction/maintenance 2008 will be 2.5 times greater than 2006
Logic behind the acquisition - Unchanged

- Key success factor for Dynapac products is knowing customer applications – This is also true for Atlas Copco
- Atlas Copco is active in the same customer segments with drill rigs, construction tools and compressors
- Atlas Copco adds value to Dynapac by sharing supply chain know-how, greater purchasing power and increased global presence

Reasons for weak results Q3

- Start up problems with new factory concept in Germany
- Exchange rates and material cost increases
- Supply not in tune with production flow

Profit improvements

- Increased materials prices – LCC sourcing
- Weak USD – Global production
- Pricing – Implementation of pricing strategy and tools
- Efficient production - Flow concept
- Cooperate with Atlas Copco production units to utilize skills and economies of scale
Growth strategy

Organic Acquisitions

Growth Strategy – Product development

- Focus on product development and design
- New generations based on modularization
- Technology breakthrough - Compactasphalt™

Compactasphalt™ Method

New revolutionary method of laying asphalt HOT-on-HOT, upper and lower asphalt layer are laid simultaneously, in one operation

- Quicker process
- Can be laid in lower outside temperature
- Extended road lifetime & less maintenance
- Material savings through thinner top asphalt layer
Growth strategy - Aftermarket

- Attractive service and finance solutions
- Logistics to secure quick and safe supply of wear and spare parts
- More service feet on the street

Growth strategy – Market presence

- Russia
- USA
- China
- India

Growth strategy – Synergies with Atlas Copco

- Innovation-driven R&D
- Synergies in combined direct and indirect purchasing
- Utilize Atlas Copco customer centers where Dynapac has weak presence
- Logistics set-up
- New roller factory in India on Atlas Copco’s premises
Growth strategy - Acquisitions

- Broaden the product offering
- Increase the geographic coverage

Conclusion

- Drop in profit due to reasons that can be rectified
- Good market demand expected to prevail
- Integration well in progress
- Unchanged prospects for synergies
- Dynapac will be beneficial for Atlas Copco

Vision

Part of the Atlas Copco Group

We aim to be the First in Mind—First in Choice® expert on soil, asphalt and concrete applications, serving customers worldwide