Construction Technique

Capital Markets Day, November 20, 2013
Nico Delvaux, Business Area President

Agenda

1. Market overview
2. Business overview
3. The strategic pillars for profitable growth
4. Summary
Market overview

Segments and market / macro trends

On-site Energy
Infrastructure

Demolition and recycling
Oil and gas

Mining and quarrying
Market / macro trends

- Urbanization and infrastructure development
- Enhanced environmental and safety requirements
- Increased labor costs
- Increased demand for services

- The world needs construction

Construction market output

<table>
<thead>
<tr>
<th>Region</th>
<th>2012 USD billions</th>
<th>CAGR 2012–2022 Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>63</td>
<td>4.7</td>
</tr>
<tr>
<td>Middle East</td>
<td>211</td>
<td>4.7</td>
</tr>
<tr>
<td>Latin America</td>
<td>250</td>
<td>4.8</td>
</tr>
<tr>
<td>India</td>
<td>296</td>
<td>8.0</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>311</td>
<td>4.1</td>
</tr>
<tr>
<td>China</td>
<td>1 010</td>
<td>7.5</td>
</tr>
<tr>
<td>Other Asia</td>
<td>1 102</td>
<td>3.0</td>
</tr>
<tr>
<td>North America</td>
<td>1 134</td>
<td>3.5</td>
</tr>
<tr>
<td>Western Europe</td>
<td>1 689</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Global CAGR > 4%
Pockets of growth

US
- Shale gas
- Rail
- Power

Russia
- 2014 Sochi Winter Olympics
- 2013 Kazan Universiade
- 2016 World Hockey Championship
- 2018 FIFA World Cup

Saudi Arabia
- Increase spending after years of under-investments and pressure from housing and social needs

Brazil
- 2014 FIFA World Cup
- 2016 Olympic Games

Nigeria
- Oil industry
- Projects across asset classes

China
- Troubled real estate showing signs of acceleration

Russia
- 2014 Sochi Winter Olympics

2013 Kazan Universiade
- 2016 World Hockey Championship
- 2018 FIFA World Cup

Brazil
- 2014 FIFA World Cup
- 2016 Olympic Games

Nigeria
- Oil industry
- Projects across asset classes

Saudi Arabia
- Increase spending after years of under-investments and pressure from housing and social needs

Business overview
…WITH A STRONG FOCUS ON CONSTRUCTION

Mission

Be the global leader in providing on-site solutions for sustainable productivity for energy, compaction, paving, demolition, renovation and recycling.
Construction Technique

Pie chart: Revenues 12 months until September 2013, Graph: 12 months figures

North America 16%
Europe 34%
Asia/Australia 24%
Africa/Middle East 13%
South America 13%

Quarterly data

Orders received, MSEK
Revenues, MSEK
Operating margin, %
The strategic pillars for profitable growth
Improve profitability and increase operational efficiency

- Building an efficient, asset light and agile footprint
- Lower break-even point
- Consolidation and efficiency of manufacturing and logistics

Lean manufacturing

<table>
<thead>
<tr>
<th>BEFORE</th>
<th>AFTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line length</td>
<td>5.0 hours</td>
</tr>
</tbody>
</table>

- Inventory: −25 days
- Delivery performance: + 18%
- First Time right: + 15%
Presence

- Dedicated customer centers
  - Focused markets
- Channel management
- Premium and value segments
- Business development

Densify presence

Dedicated sales organizations – focused markets

- USA
- Canada
- Mexico
- Brasil
- Scandinavia
- Russia
- Central Europe
- Central South Europe
- Germany/Austria
- Middle East
- South Africa
- West and Central Africa
- East Africa
- China
- India
- Southeast Asia
- Australia
- ... and more
United States – opportunities

- Business development
  - Channel management
  - Leverage Chicago Pneumatic and APT brands
- Consolidate logistics
- Extended product offering from Rock Hill factory
- Investing in the service organization

China – opportunities

- Construction activity plans in infrastructure, transportation, power and utilities
- Densify network
  - Western China
- Premium and value segments targeted with multiple brands
  - Extended offer in value segment
Innovation
Further investments in product development

- Best product in each segment
  - Increase customers’ competitiveness
  - Premium and value segment offering
  - Design for standardization, cost leadership and for service
- Building local competence
- Speed up time to market

Innovation: DrillAir
35 bar compressor

Features
- AirXpert patented
  - Flow / pressure control
  - Energy and drilling efficiency
- Oiltronix patented
  - Oil temperature control
  - Prevent condensation
  - Increase oil / bearing lifetime
- FuelXpert patented
  - Energy efficiency

→ In compact, silenced package!
**Innovation: On-site generator**  
QAC1250 – 1MW in a 20 foot container

*Features*
- Lower fuel consumption and CO₂ emissions
- Lower noise levels
- High ambient temperatures and altitude capabilities

→ All in a compact design!

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**Innovation: Multifunction paver**  
Dynapac F3030C

*Features*
- Better traction
- Improved ergonomics and visibility
- Lower noise level
- Lower fuel consumption and efficient cooling
- Easy access for service
Innovation: Hydraulic breakers
C-series

Features
- Hydraulic breaker range tailored for China and other value markets
- Based on existing technology with innovative new box design
- Two patents granted

Enhance the service offering
- Differentiator in the market
- Grow faster than equipment
- Service ratio increased
**Construction Technique – people**

- Attracting, recruiting, developing and retaining the best people
- Developing strong leaders
- Diversity and mobility on all levels
- Competences balanced worldwide
- Reducing time to competence

**Construction Technique – acquisitions**

- Profitable growth in core businesses
- Develop adjacent businesses
Summary

Be the global leader in providing on-site solutions for sustainable productivity

Profitable growth with asset light and agile organization

Committed to sustainable productivity.