Mining and Rock Excavation Technique

Capital Markets Day, November 20, 2013
Johan Halling, Business Area President

Agenda

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

Segments and outlook / trends

Mining

Underground mining  Surface mining  Exploration
Outlook / trends

Mining

- Development of emerging markets drive demand for minerals
- Demand for service and consumables still high
- Focus on total cost of operation

Civil engineering / construction

- Underground civil engineering
- Quarrying
- Surface civil engineering
- Crushing and screening
- Ground engineering
- Waterwell, Oil & Gas
Outlook / trends
Civil engineering / Infrastructure

- Investments in infrastructure
- Total cost of ownership and optimization of full value chain
- Mechanization

Business overview
**Mining and Rock Excavation Technique**

**Customer split**

Pie chart: Orders received YTD until September 2013. Graph: Orders received 12 months figures

**North America** 20%

**Europe** 21%

**Africa/Middle East** 17%

**Asia/Australia** 28%

**South America** 21%

**Operating margin, %**

Graph: Orders received 12 months figures

Orders received: MSEK, Revenues: MSEK, Operating margin, %

**Mining and Rock Excavation Technique**
Mining and Rock Excavation Technique

Q3
- 17% organic order decline
- Operating margin at 20.8% (24.6)
- Acquisition of oil and gas service business
- Johan Halling new Business Area President

Orders received Q3 2013

- Equipment 29%
- Consumables 27%
- Service 44%
Capacity adjustments

- Adjustment of workforce
  - 800 since end of 2012
- Insourcing
- Further adjustments are being carried out

The strategic pillars for profitable growth

- Increased presence
- Professional service
- Innovation
- Operational excellence
- Organization and people
Service – success factors

- Parts availability
- Training
- Service products
- Service agreements

Consumables – success factors

- A global dedicated sales and service force close to the customer
- Performance contracts
- Availability
- Logistics / supply chain
- New innovative products
- Continuous product cost reduction
Focus on service and consumables

- Resilient business
- >70% of current order intake
- Organic growth YTD 2013 approx. +2%

Innovation: RigScan

- Sophisticated equipment health check that detects if a part is approaching failure
- A new standard in equipment audits
Innovation: Automation

- Safer work environment
- Lower operational costs
- Higher equipment utilization
- Fewer operators required

Innovation: Electric loader

- Reduced energy consumption by up to 70%
- Minimized CO₂ emissions
Innovation: 40kW rock drill

- For tunnelling applications
- 20–30% faster than the nearest contender and optimized for hard rock conditions

Innovation: PowerROC T25

- Powerful surface drill rig with differentiated value proposition
- Low fuel consumption
Organic and acquisition growth
Mining and Rock Excavation Technique

- 2001: Christensen
- 2004: Ingersoll-Rand Drilling Solutions, Baker Hughes Mining Tools
- 2006: Thiessen, CRM
- 2008: Focus + Prisma, Fluidcon
- 2010: Hartl, H&F, Revenues BSEK ~16.5
- 2012: Perfora, GIA, NewTech
- 2013: Shandong, MEYCO, Archer
- Today: Annual revenues BSEK 30.8

Profitable growth

Summary

- Short term, the market for mining equipment is depressed
- Actions to adapt to the current environment
- Resilient profitability due to high share of revenues from service and consumables
- Long term, the market for Mining and Rock Excavation Technique is good
- High ambition for continuous organic growth and acquisitions
Committed to sustainable productivity.