

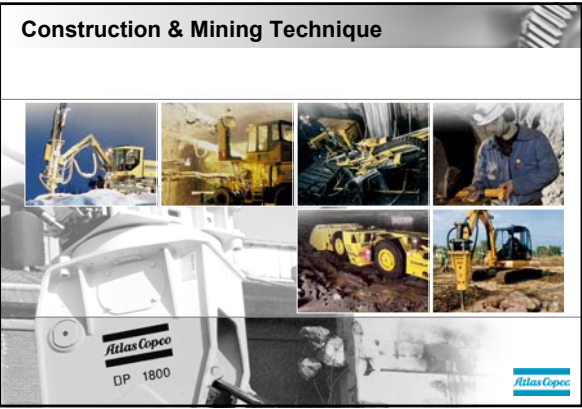


# Construction and Mining Technique

Björn Rosengren



*Atlas Copco*




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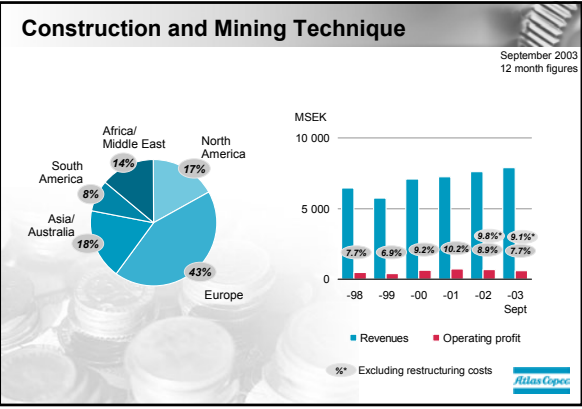
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### Construction and Mining Technique

**Markets / Customers**

Construction	Mining
<ul style="list-style-type: none"> <li>&gt; 50% of Business Area</li> <li>Tunnelling and road construction</li> <li>Dam construction</li> <li>Quarrying</li> <li>Breaking and demolition</li> <li>Ground engineering</li> </ul>	<ul style="list-style-type: none"> <li>&lt; 50% of Business Area</li> <li>Production and development work               <ul style="list-style-type: none"> <li>Underground and surface mining</li> </ul> </li> <li>Loading and haulage</li> <li>Exploration drilling</li> </ul>
<ul style="list-style-type: none"> <li>Demand keys</li> <li>Infrastructure- and public investments</li> <li>Non-building construction activity</li> </ul>	<ul style="list-style-type: none"> <li>Demand keys</li> <li>Mining machine investments</li> <li>Ore production</li> </ul>

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**Construction & Mining Technique**  
*Underground Drilling Equipment*



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**Construction & Mining Technique**  
*Södra Länken*



- Excavated rock volume 2 million m<sup>3</sup>
- Total length of tunnels 16.6 km
- Construction period 1998 - 2004

Södra länken, connecting the southern suburbs of Stockholm, is the largest road tunnel system ever built in Sweden.

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**Construction & Mining Technique**  
*LHDs and Trucks*



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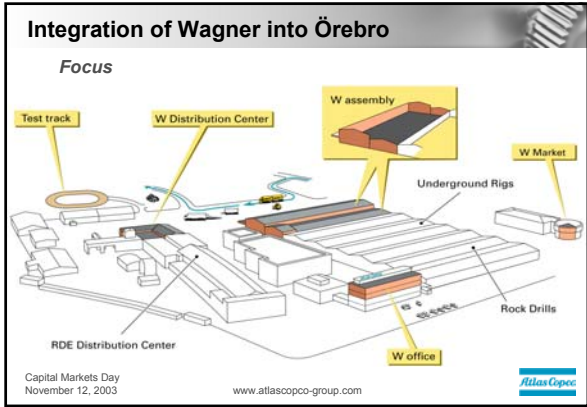
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### Wagner new product range

*Focus*

- Increased investments in R&D
- New product range in 5 years

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### Construction & Mining Technique

*Surface Drilling Equipment*

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**Construction & Mining Technique**

*Rock Drilling Tools*



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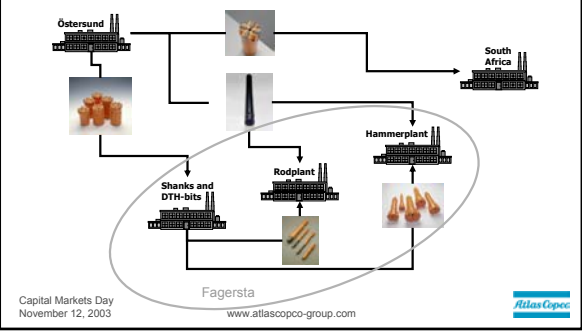
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**Rock Drilling Tools**

*Closure of Östersund Plant*



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**Construction & Mining Technique**

*Geotechnical Drilling Equipment*



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### Geotechnical Drilling Equipment in 11 years

*All acquisitions are operating under the Atlas Copco brand*

				
Products	Products Territory	Products Territory	Products Territory	Products Territory
1992	1998	2000	2001	2003

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### Construction & Mining Technique

*Construction Tools*





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### Construction Tools

*Krupp - further implementation of synergies*




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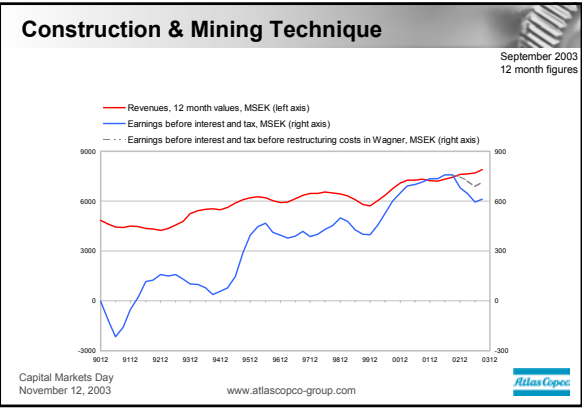
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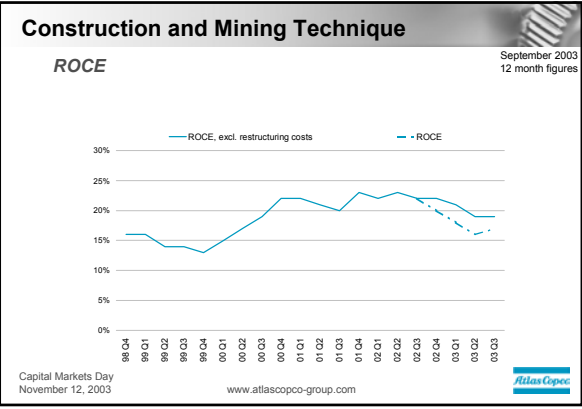
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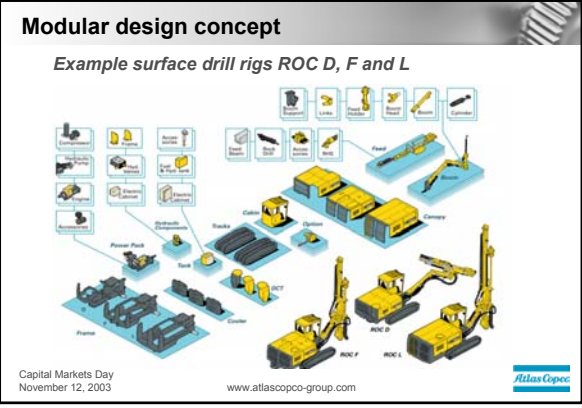
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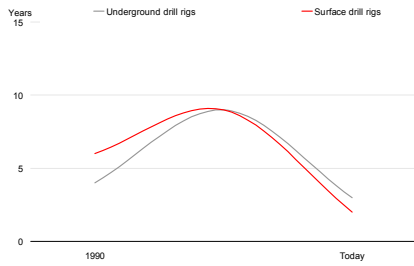
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## Research and Development

Average product age - drill rigs



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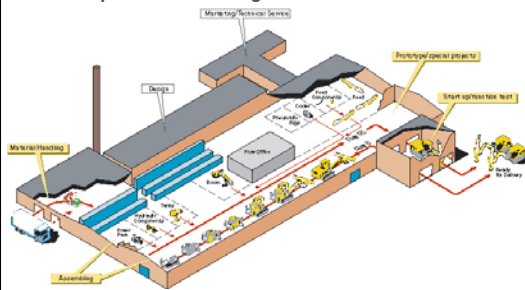
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## Flow Manufacturing

Example surface drill rigs



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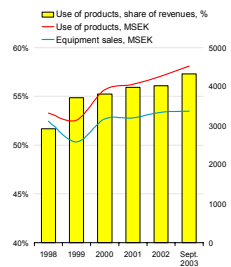
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## Construction & Mining Technique

Aftermarket - Use of Products

September 2003  
12 month figures

- Consumables
  - Outsourcing
  - Logistics management
- Service and Spare Parts
  - Service contracts
- Rental



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## Strategy

### Organic Growth and Acquisitions



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## Research and Development

### New product development

- New products and solutions, the driving force in organic growth
- Extend the product offer based on modular design concept
- Design and ergonomics
- Develop intelligent product concept



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## Product Innovation

### ROC D5 RRC

- Radio Remote Control
- Balanced design
  - Low center of gravity
  - High ground clearance
- Exceptional rough terrain capabilities



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## Product Innovation

### Diamec U6 APC

- New Drill Design
  - Reliability
  - Power
  - Flexibility
  - Safety and Ergonomics
- New Hydraulic Control System



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## Product Innovation

### Simba M6 C

- Computer Controlled
- RCS - Rig Control System



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## Product Innovation

### Cobra Combi

- Petrol driven drill and breaker
  - Multi-purpose tool
- Portable, Flexible, Economical
- Higher operator comfort and less environmental impact
  - Lower vibrations
    - New vibration-dampening handles reduce vibration levels from 8 to 5m/s<sup>2</sup>
  - Less noise
    - Fulfilling the European Noise Directive (NED)
  - Cleaner emissions
    - Meets US emission regulations EPA1



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### Aftermarket concept

#### Aggressive growth of aftermarket business

- Develop global service concept/competence
- Introduce fleet management system
- Introduce more aftermarket products
- Focus through a separate organisation



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### Key account strategy

- A closer partnership relationship between customers and suppliers, when possible based on performance contracts.



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### Fundamental believes



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## Construction and Mining Technique

### Aftermarket - Use of Products Acquisitions / Divestments

Year	Aquisition	Divestment
1998	JKS Boyles	Robbins TBM
2000	Hobic	JKS Lamage
2001	Christensen Products	
2002	Ankertechnik (MAI)	
	Krupp Berco Bautechnik	
2003	Professional Diamond Drilling Equipment and Mining Drilling Services	
	Shenyang Rock Drilling Machinery	

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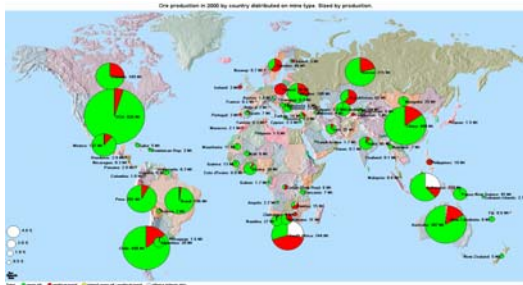
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## World ore production



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## Surface mining



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### Construction & Mining Technique


**Q3 2003**

- Order volume growth, +8%
  - Mining orders continued to improve
  - Stabilization of order trend for light construction equipment
- Operating margins rebound
  - Very high invoicing offset sharply negative impact from currency
- Acquisition of Chinese rock drilling equipment manufacturer



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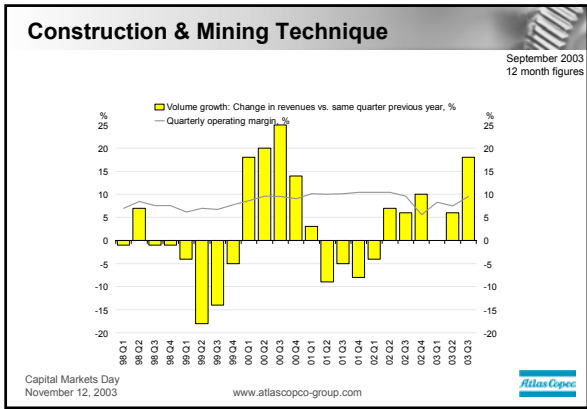
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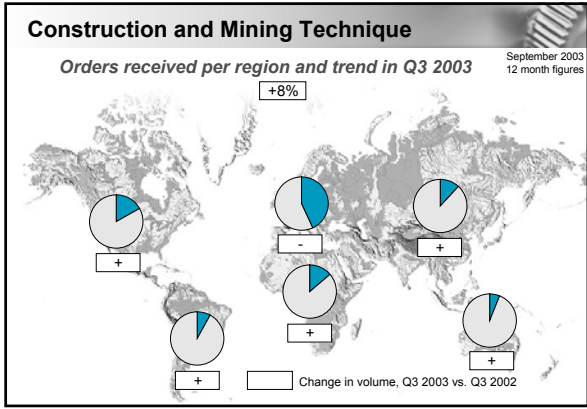
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### Construction & Mining Technique

**Market Position**

- Global leader in rock drilling and excavation equipment and tools for hard rock construction and mining applications
- Defend strong market position by continuous product and service development and improved market presence and penetration
- Further develop position in mining, exploration drilling and light construction equipment

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