



# Construction and Mining Technique

Björn Rosengren



## Atlas Copco Rock Excavation Center



- Surface Drilling Equipment division at Eyra Works.
- Avos works, including Rocktec and Underground Rock Excavation divisions

2 

---

---

---

---

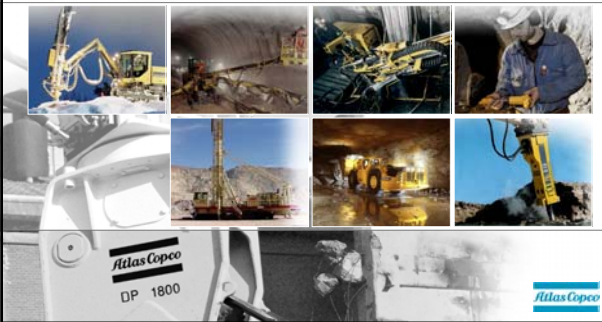
---

---

---

---

## Construction and Mining Technique




---

---

---

---

---

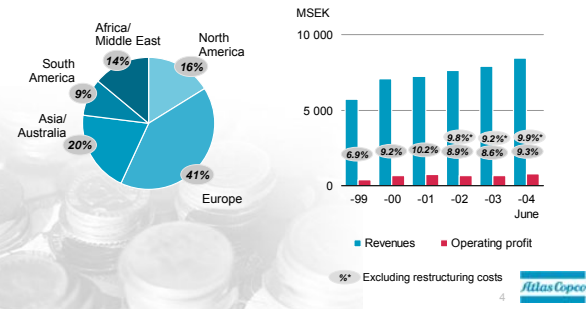
---

---

---

## Construction and Mining Technique

June 2004  
12 month figures




---

---

---

---

---

---

---

---

## Construction and Mining Technique

### Markets / Customers

#### Construction

- > 50% of Business Area
  - Tunnelling and road construction
  - Dam construction
  - Quarrying
  - Water well
  - Breaking and demolition
  - Ground engineering
- Demand keys
  - Infrastructure- and public investments
  - Non-building construction activity

#### Mining

- < 50% of Business Area
  - Production and development work
    - Underground and surface mining
  - Loading and haulage
  - Exploration drilling
- Demand keys
  - Mining machine investments
  - Ore production

Capital Markets Day  
September 21, 2004

www.atlascopco-group.com

5




---

---

---

---

---

---

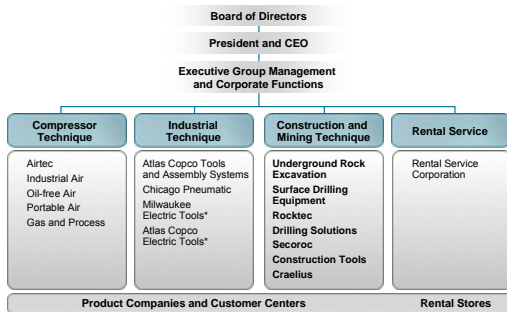
---

---

---

---

## The Atlas Copco Organization



\*To be divested  
Capital Markets Day  
September 21, 2004

www.atlascopco-group.com

6




---

---

---

---

---

---

---

---

---

---

## Underground Rock Excavation

### Underground Rock Drilling and Reinforcement Front End Loaders and Mine Trucks



7




---

---

---

---

---

---

---

---

---

---

## Surface Drilling Equipment



---

---

---

---

---

---

---

---

## Rocktec

*Rock Drills Manufacturing and Development*



---

---

---

---

---

---

---

---

## Drilling Solutions

*Rotary and Deephole*



---

---

---

---

---

---

---

---

**Secoroc**  
*Rock Drilling Tools*

---

---

---

---

---

---

---

---

**Craelius**  
*Geotechnical Drilling Equipment  
 Prospecting and Ground Engineering*

---

---

---

---

---

---

---

---

**Geotechnical Drilling Equipment in 12 years**  
*All acquisitions are operating under the Atlas Copco brand*

Products	Products Territory	Products Territory	Products Territory	Products Territory	
1992	1998	2000	2001	2003	2004

---

---

---

---

---

---

---

---




---

---

---

---

---

---

---

---




---

---

---

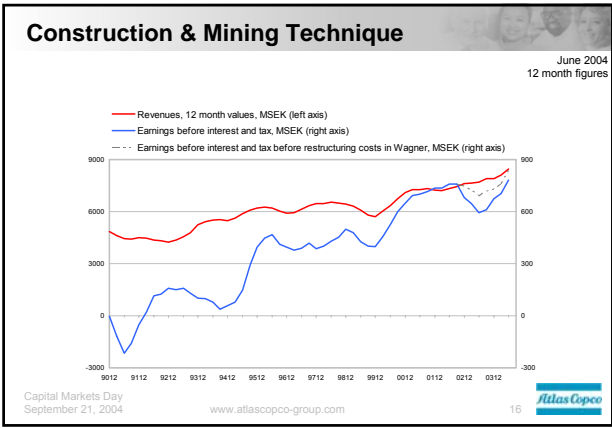
---

---

---

---

---




---

---

---

---

---

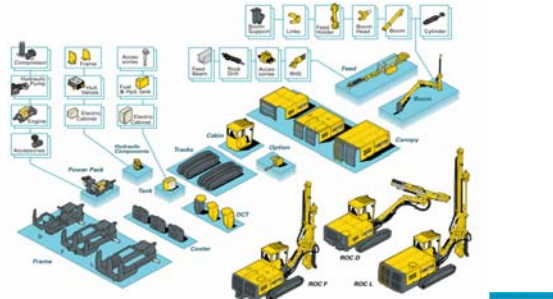
---

---

---

## Modular design concept

Example surface drill rigs ROC D, F and L



Capital Markets Day  
September 21, 2004

www.atlascopco-group.com

17




---

---

---

---

---

---

---

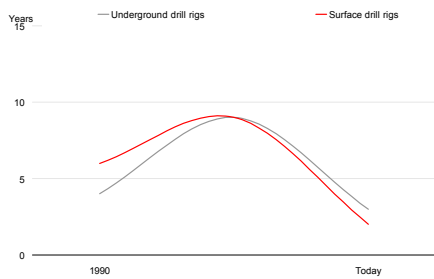
---

---

---

## Research and Development

Average product age - drill rigs



Capital Markets Day  
September 21, 2004

www.atlascopco-group.com

18




---

---

---

---

---

---

---

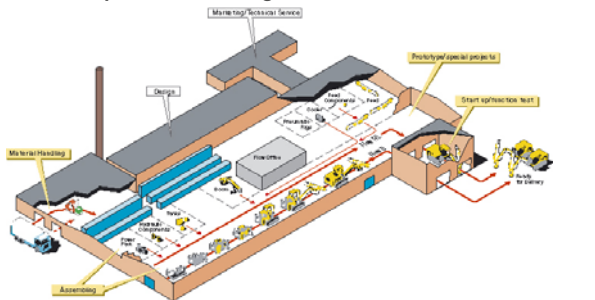
---

---

---

## Flow Manufacturing

Example surface drill rigs



Capital Markets Day  
September 21, 2004

www.atlascopco-group.com

19




---

---

---

---

---

---

---

---

---

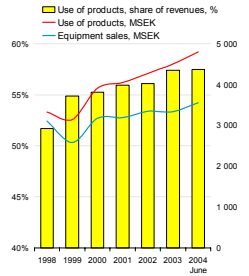
---

## Construction & Mining Technique

### Aftermarket - Use of Products

June 2004  
12 month figures

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



Capital Markets Day  
September 21, 2004

www.atlascopco-group.com

20




---

---

---

---

---

---

---

---

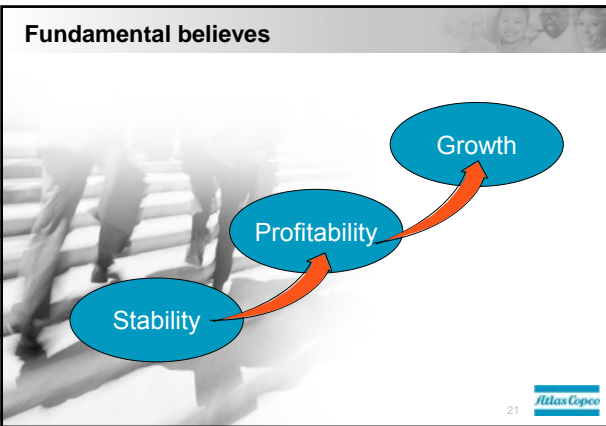
---

---

---

---

## Fundamental believes



21




---

---

---

---

---

---

---

---

---

---

---

---

## Vision

- Atlas Copco Construction and Mining Technique shall be considered **first in mind and first in choice** as supplier of equipment and aftermarket services, for rock excavation and demolition applications, to the Mining and Construction industry
- Growth shall come from a strong underlying organic growth, as well as from acquisitions

www.atlascopco-group.com

22




---

---

---

---

---

---

---

---

---

---

---

---



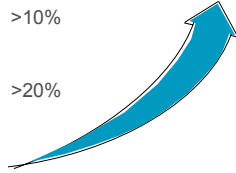
## Construction and Mining Technique

### Financial Targets

Growth: >8% pa

Operating margin (EBIT): >10%

ROCE: >20%



Capital Markets Day  
September 21, 2004

www.atlascopco-group.com

23



---

---

---

---

---

---

---

---

## Strategy

### Organic Growth and Acquisitions



24



---

---

---

---

---

---

---

---

## 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



Capital Markets Day  
September 21, 2004

www.atlascopco-group.com

25



---

---

---

---

---

---

---

---

## 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



Capital Markets Day  
September 21, 2004

26




---

---

---

---

---

---

---

---

---

---

## Key account strategy

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



Capital Markets Day  
September 21, 2004

www.atlascopco-group.com

27




---

---

---

---

---

---

---

---

---

---

## Construction and Mining Technique

### 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	
2004	Ingersoll-Rand Drilling Solutions Baker Hughes Mining Tools Rotex Oy	

Capital Markets Day  
September 21, 2004

www.atlascopco-group.com

28




---

---

---

---

---

---

---

---

---

---

## Surface mining



Capital Markets Day  
September 21, 2004

[www.atlascopco-group.com](http://www.atlascopco-group.com)

29



---

---

---

---

---

---

---

---



Capital Markets Day  
September 21, 2004

[www.atlascopco-group.com](http://www.atlascopco-group.com)

30



---

---

---

---

---

---

---

---

## Ingersoll-Rand Drilling Solutions

### Acquisition

- A perfect strategic fit
  - Scope of supply – surface mining
  - Geographical coverage
- Synergies in manufacturing, product development, sales, distribution and aftermarket.
- Revenues approximately MUS\$ 300
- Purchase price MUS\$ 225
- Closed June 30, 2004



Capital Markets Day  
September 21, 2004

[www.atlascopco-group.com](http://www.atlascopco-group.com)

31



---

---

---

---

---

---

---

---

## Baker Hughes Mining Tools

### Acquisition

- A perfect complement of consumables
  - Tricone bits for large diameter rotary drilling
  - Raise boring and shaft equipment
- Atlas Copco will be able to offer complete product assortment to surface mines
- Synergies in manufacturing, product development, sales, distribution and aftermarket
- Revenues approximately MUSD 40



Capital Markets Day  
September 21, 2004

www.atlascopco-group.com

32




---

---

---

---

---

---

---

---

---

---

## Rotex Oy

### Acquisition

- Gives a leading position in consumables for overburden drilling
- Strong patented product portfolio complement existing product range
- Expanded geographical coverage
  - e.g. North America and Greater China
- A strong center for manufacturing, product development, sales and distribution of consumables for overburden drilling
- Fast growing and profitable business
- Revenues approximately M€ 8



Capital Markets Day  
September 21, 2004

www.atlascopco-group.com

33




---

---

---

---

---

---

---

---

---

---

## Construction and Mining Technique

### People

- Competent and committed people
- Management resources
- Internal job market



Capital Markets Day  
September 21, 2004

www.atlascopco-group.com

34




---

---

---

---

---

---

---

---

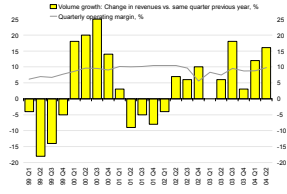
---

---

## Construction & Mining Technique

### Q2 Summary

- Order volume growth 14%
  - Strong demand from mining industry. Volume growth in all product areas.
  - Improved demand for construction equipment continued with growth in all important markets.
- Profit margin improved
  - Higher revenue volume, price increases and efficiency improvements.
- Acquisition of Ingersoll-Rand Drilling Solutions finalized



Capital Markets Day  
September 21, 2004

www.atlascopco-group.com

35



---

---

---

---

---

---

---

---

---

---

## Construction and Mining Technique

### Summary

- Leading market position globally following acquisitions with perfect fit
- Pro forma growth >40%
  - Volume, price ~12%
  - Acquisitions >30%
- Strong foundation for organic growth
- Integration of acquisitions and efficiency improvements



Capital Markets Day  
September 21, 2004

www.atlascopco-group.com

36



---

---

---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---

---

---