


# Atlas Copco Road Construction Equipment



Atlas Copco Capital Markets Day, November 20, 2007

Claes Ahrengart, President

*Atlas Copco*



## Dynapac Business Development

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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

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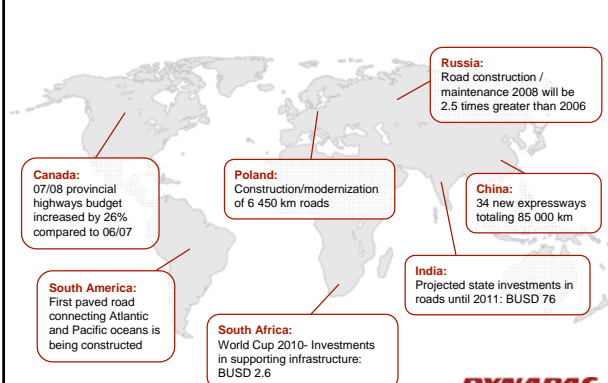
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### Road construction market – Examples



**Canada:**  
07/08 provincial highways budget increased by 26% compared to 06/07

**Poland:**  
Construction/modernization of 6 450 km roads

**Russia:**  
Road construction / maintenance 2008 will be 2.5 times greater than 2006

**China:**  
34 new expressways totaling 85 000 km

**South America:**  
First paved road connecting Atlantic and Pacific oceans is being constructed

**India:**  
Projected state investments in roads until 2011: BUSD 76

**South Africa:**  
World Cup 2010- Investments in supporting infrastructure: BUSD 2.6

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### 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



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### 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



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### 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



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Growth strategy



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Growth Strategy – Product development



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



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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

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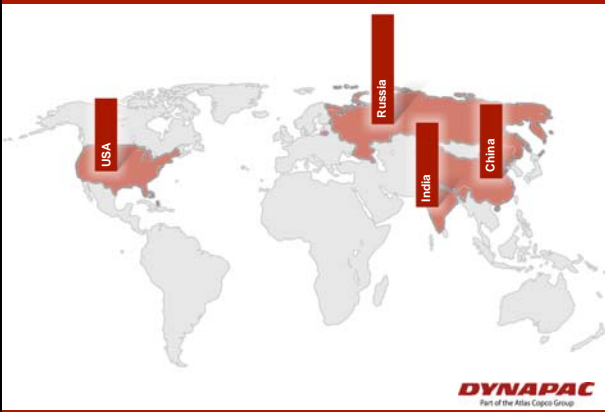
### Growth strategy - Aftermarket



- 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



### 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



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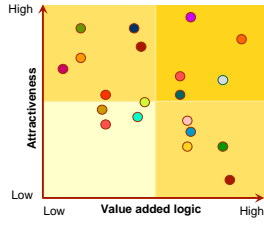
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### Growth strategy - Acquisitions

- 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

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



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