

## Mining and Rock Excavation Technique



Atlas Copco Capital Markets Day, November 29, 2011  
 Bob Fassl, Business Area President

*Sustainable Productivity*



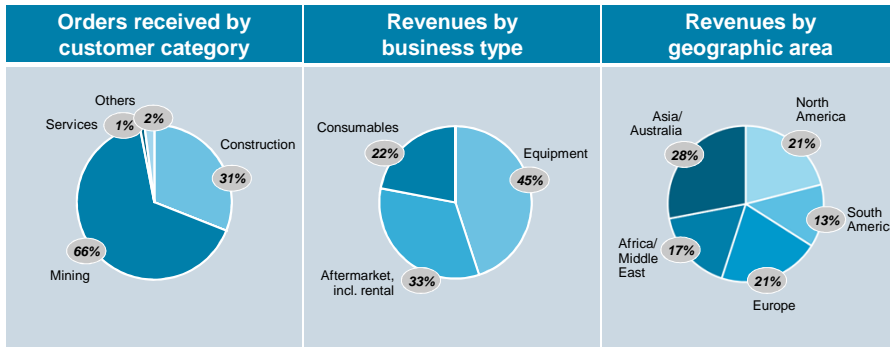
## Mining and Rock Excavation Technique

### Today

- Strong global market position
- Large aftermarket business
- A significant local presence in high growth emerging markets
- Customers rate Atlas Copco very high on product performance and reliability
- Stable and flexible organization and a strong management pool



## Mining and Rock Excavation Technique



YTD September 2011

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## Flexible organization – stable foundation



Efficient processes

Functional costs

Inventory



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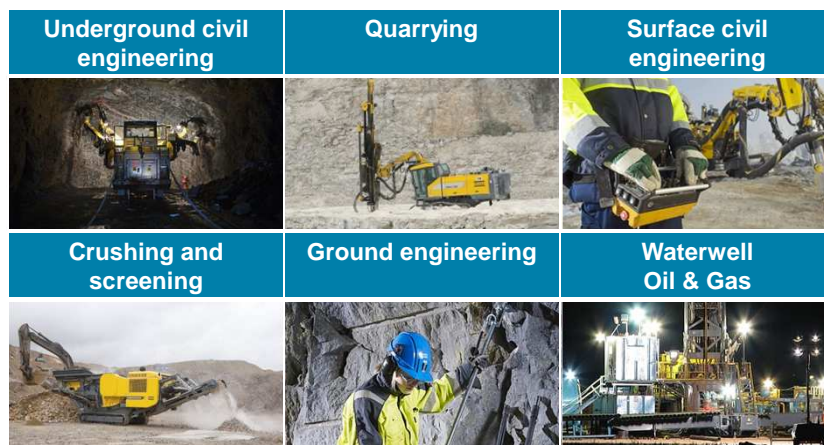
## Mining



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## Civil engineering / construction



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## Competition

- Sandvik
- Furukawa
- Boart Longyear
- Joy Global
- Caterpillar
- Several competitors operating locally, regionally and in certain niche areas



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## Mining and Rock Excavation Technique

2000 – 2010

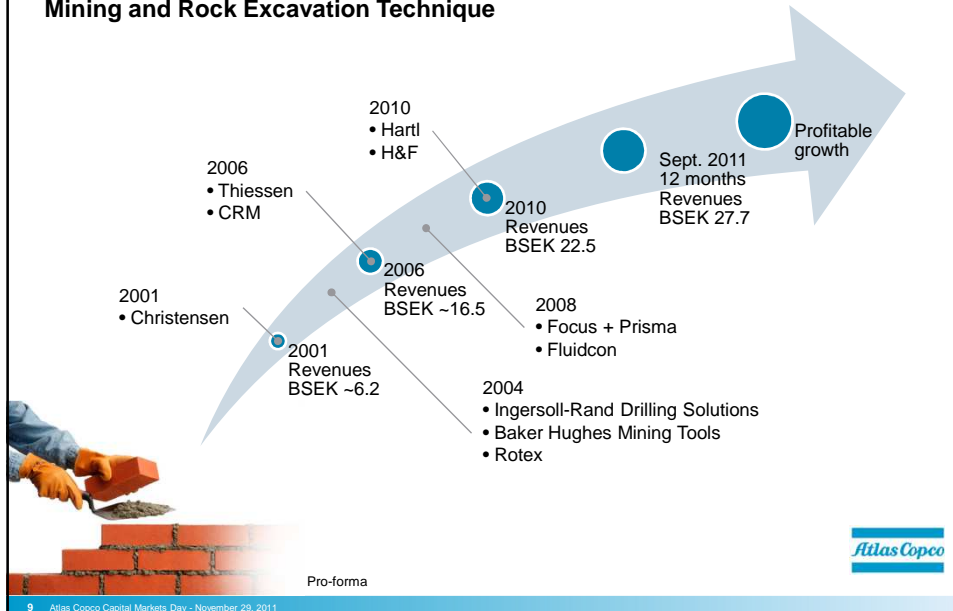
- Strengthened product portfolio
  - Consolidation of manufacturing and R&D
  - Significant focus on product development
- Improved key customer management
- Extensive focus on emerging markets
- Dedication to the service and parts business



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## Organic and acquisition growth

### Mining and Rock Excavation Technique



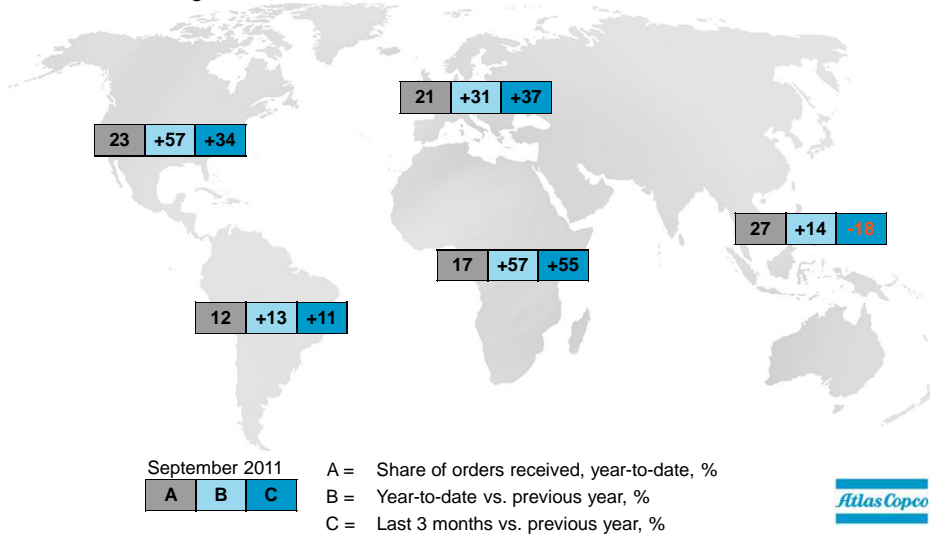
## Mining and Rock Excavation Technique

### Q3 2011

- 16% organic order growth
  - Continued high activity in the mining industry
  - Increased order intake for underground mining equipment, but lower for surface drilling equipment
  - High sales growth for service, parts and consumables
- Record operating profit and record operating margin
  - Operating margin at 25.6% (23.0).

## Orders received - local currency

Mining and Rock Excavation Technique +32% YTD, +17% last 3 months  
Structural change +1% YTD, +1% last 3 months



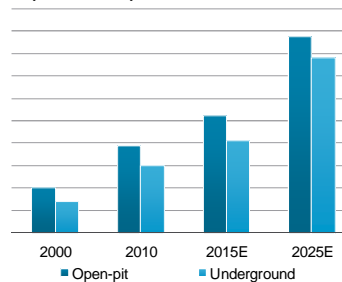
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## Outlook / trends

### Mining

- Total cost of ownership and optimization of full value chain
- Equipment availability
- Reliability and aftermarket
- More underground and remote locations
- Consolidation

Estimated application distribution of capital expenditure for global mining (drill to mill)



Application distribution of mining equipment CAPEX (drill to mill)  
Source: McKinsey Basic Materials Institute - March 2011; expert interviews

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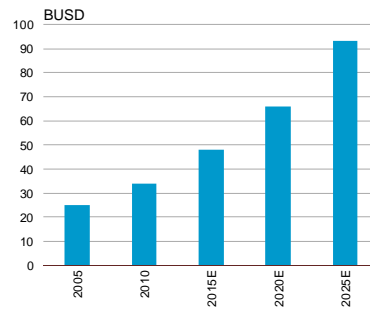
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## Outlook / trends

### Capital expenditure in mining

- Growth drivers
  - Continued demand for minerals
  - Increased mechanization and more automation
  - Lower ore grades

Capital expenditure estimates for global mining (drill to mill)



Capital expenditure estimates for global mining (drill to mill)  
USD billions, real terms (2010)  
Source: McKinsey Basic Materials Institute – March 2011; expert interviews

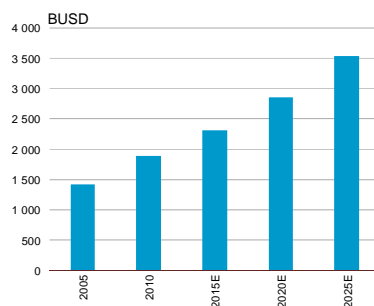


## Outlook / trends

### Civil engineering / Infrastructure

- Investments in infrastructure
  - Tunneling
  - Hydropower plants
  - Road development
  - Geotechnical work
- Demand for water
  - Water well drilling
- Investments in shallow oil and gas

Capital expenditure estimates for nonresidential infrastructure



Capital expenditure estimates for nonresidential infrastructure  
USD billions, real terms (2005)  
Source: IHS – Sept. 2011



## Outlook / trends

### Technology

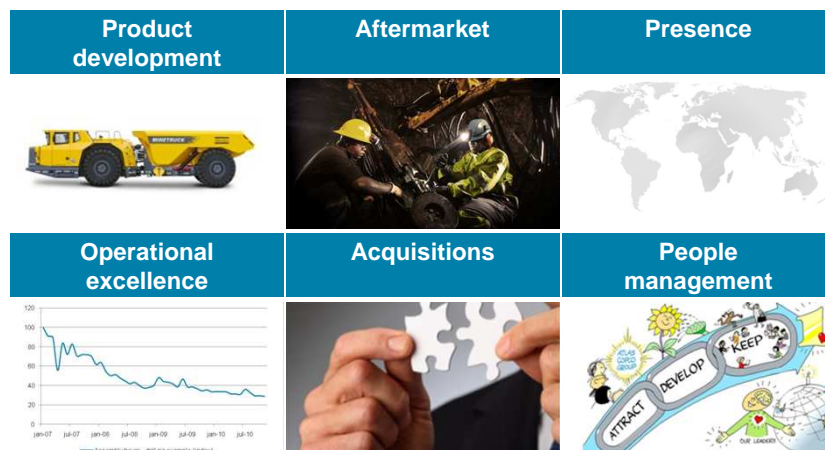
- Increased demand for automated equipment solutions
- Increased use of mechanical rock excavation
- Energy and safety increasing in importance
- Higher requirements on user friendly equipment and systems



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## Priorities



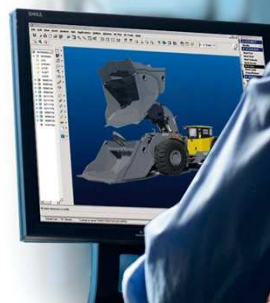
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## Product development

- Safety and productivity
- Increased and differentiated offer
- Energy efficiency
  
- Do the same with less
- Do more with the same



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## Increasing productivity through service

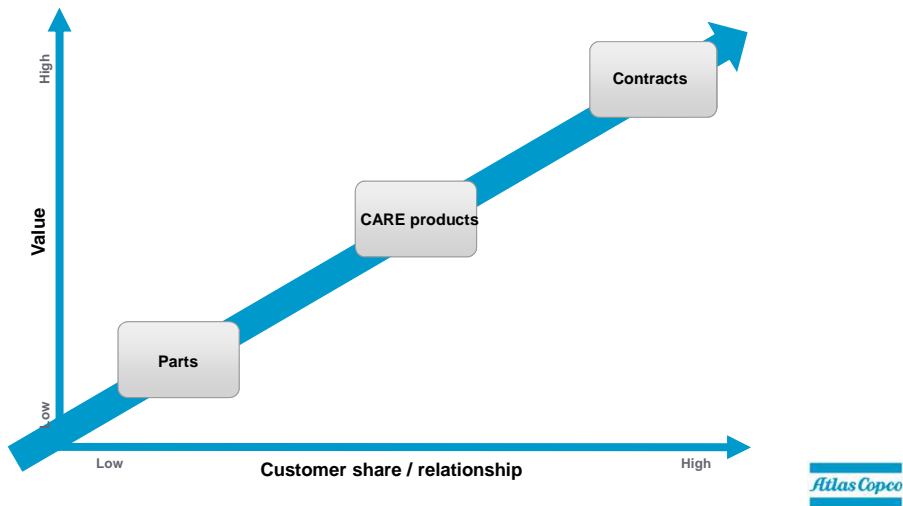
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## Service



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## Presence

- Investments in strategic growth markets
- Organization to support key customers
- Further investment in local support

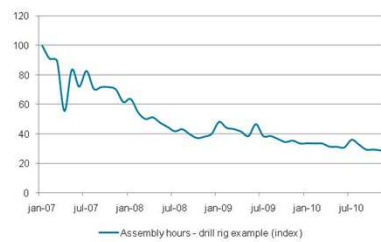


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## Operational excellence

- Improve inventory management
- Reduce lead time in manufacturing
- Increase equipment availability through excellent service



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## Acquisitions

- Extending the offer
- Increase presence and penetration in the market



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## People management

- Investing in engineering
- Increased sales training
- Competence development for service technicians
  
- Using the Atlas Copco leadership model



## Summary

### Today

- Strong global market position
- Large aftermarket business
- A significant local presence in high growth emerging markets
- Customers rate Atlas Copco very high on product performance and reliability
- Stable organization and a strong management pool
- Fit for more !

### Tomorrow

- Continued demand for minerals
- Investments in infrastructure
- Increase presence and penetration
- Climb the service ladder
- Increase operational excellence
  
- Profitable growth



**Committed to  
sustainable productivity.**



## Cautionary statement

“Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially and adversely affected by other factors such as the effect of economic conditions, exchange-rate and interest-rate movements, political risks, the impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses.”

