



# **ATLAS COPCO CONSTRUCTION TECHNIQUE**

Capital Markets Day – Focus on Service  
November 17, 2015

Andrew Walker, Business Area President

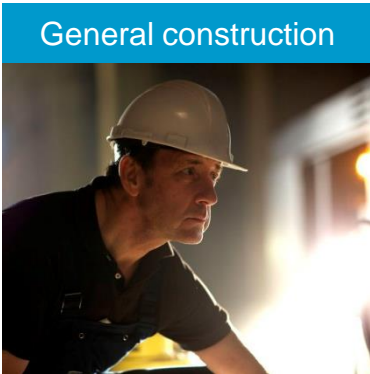
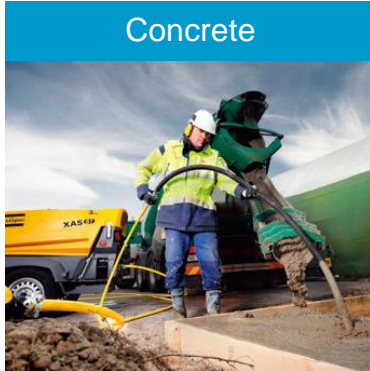
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# AGENDA

1. Facts in Brief
2. Two distinctive service businesses
  - Construction Technique Service
  - Specialty Rental
3. Summary



# CONSTRUCTION TECHNIQUE



# CONSTRUCTION TECHNIQUE

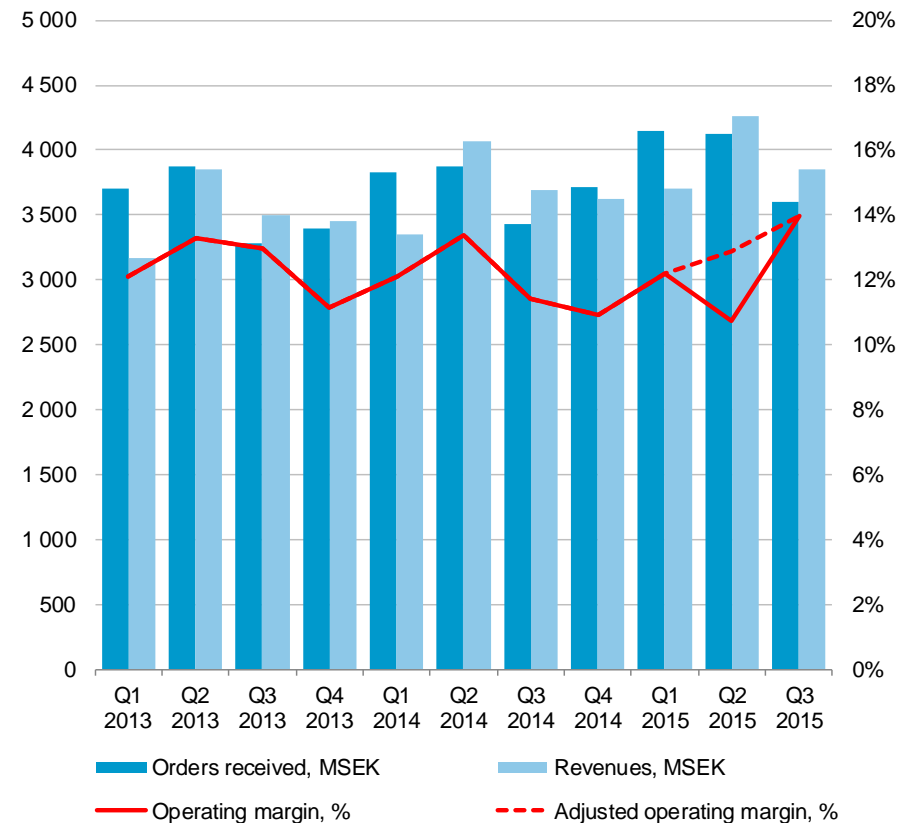
## In Brief

- Focus on growth
- Strengthen market position in our segments
- Further product innovation to develop mature segments
- Develop service network for the indirect channel

## Q3 2015

- Orders received MSEK 11 872 YTD ( +7% in SEK)
- Positive development for specialty rental and stable service business
- Lower order intake for equipment
- Operating margin at 14.0% (11.4)

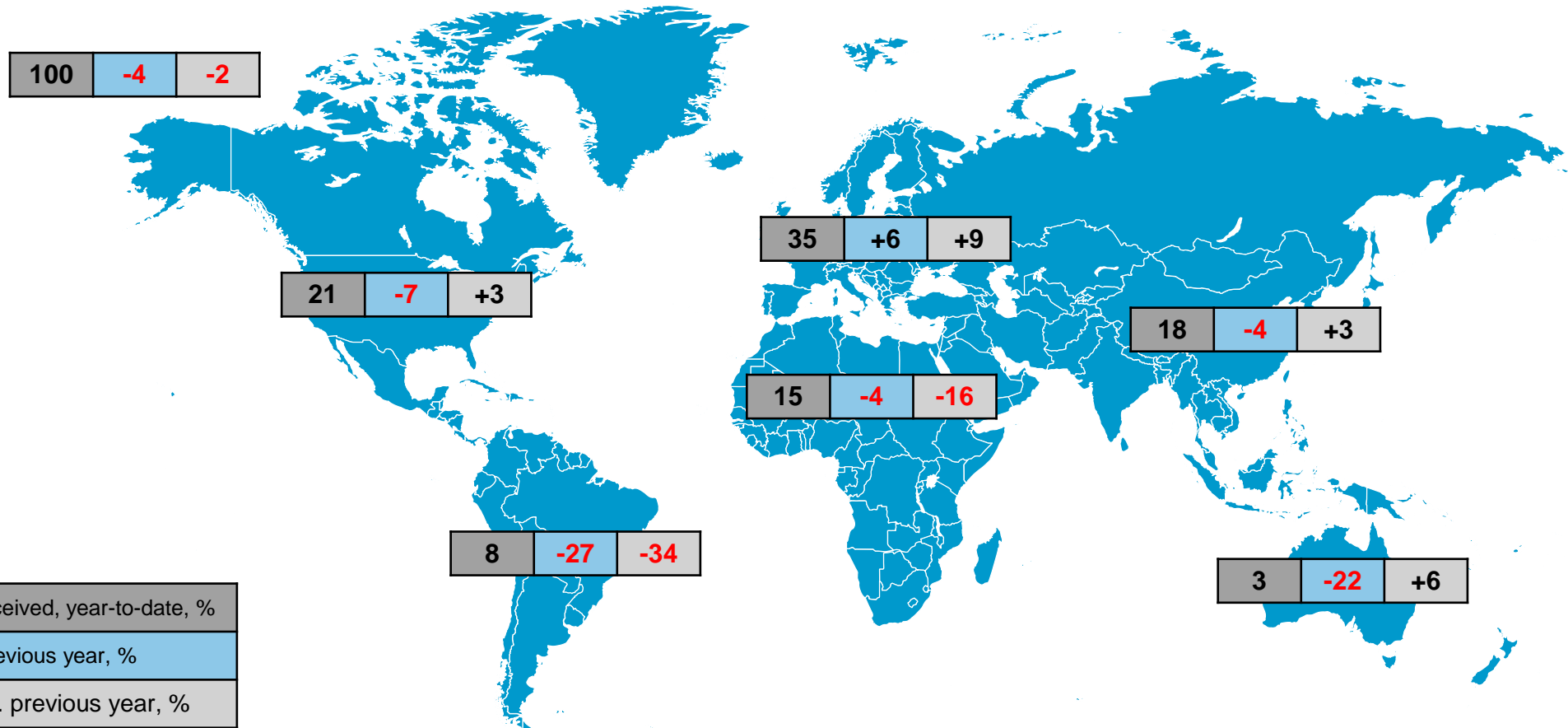
## Orders, revenues and operating margin



ROCE  
12%

# ORDERS RECEIVED - LOCAL CURRENCY

## Construction Technique



September 2015

A Share of orders received, year-to-date, %

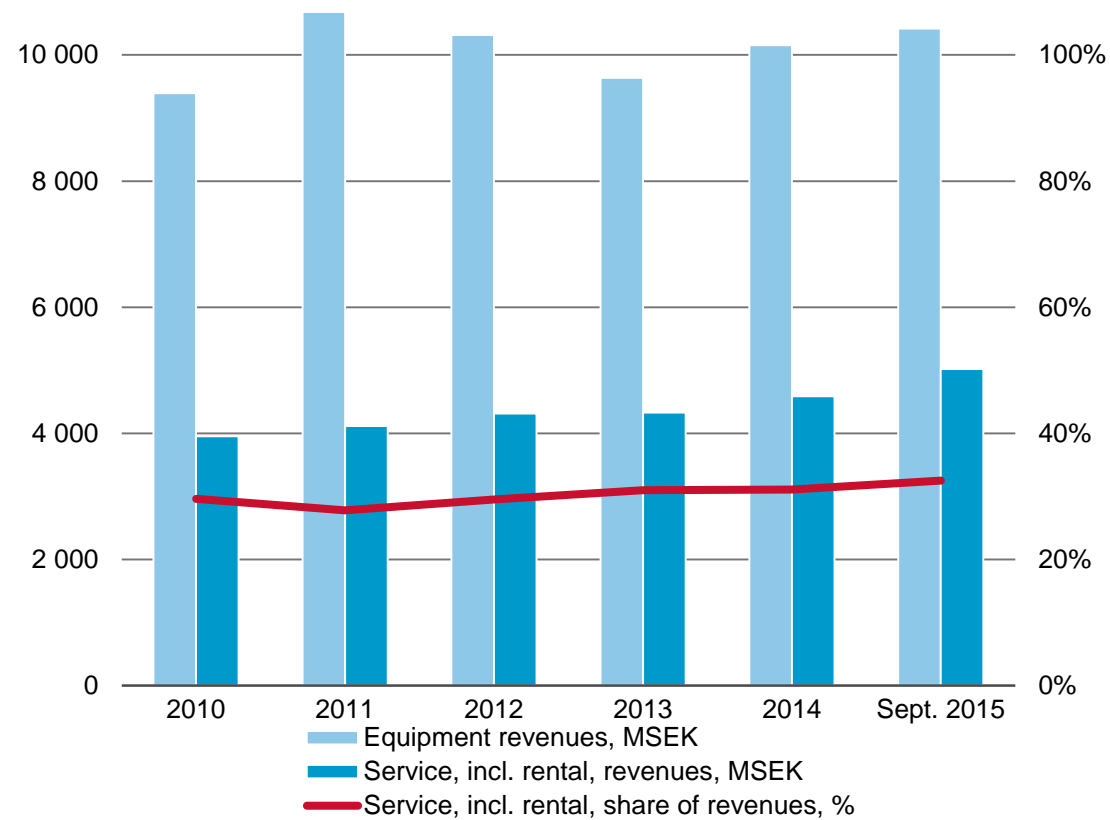
B Year-to-date vs. previous year, %

C Last 3 months vs. previous year, %

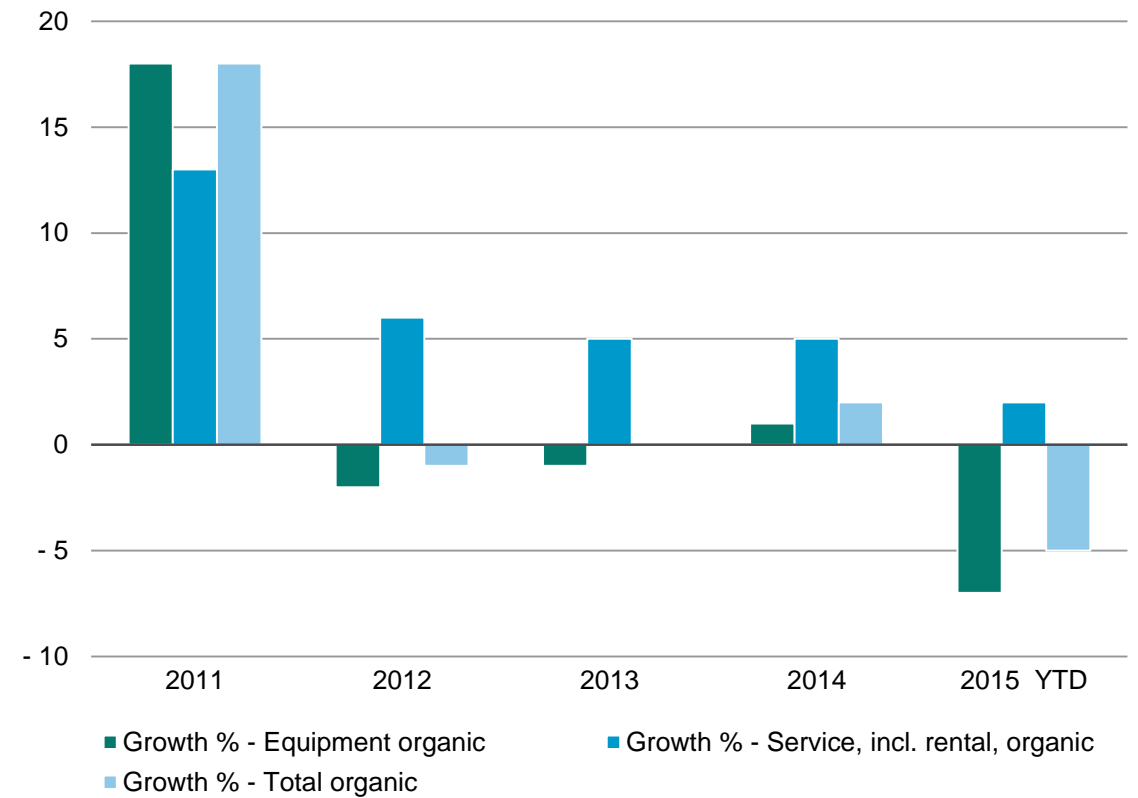
# EQUIPMENT AND SERVICE GROWTH

## Construction Technique

### Revenues from equipment and service



### Organic growth



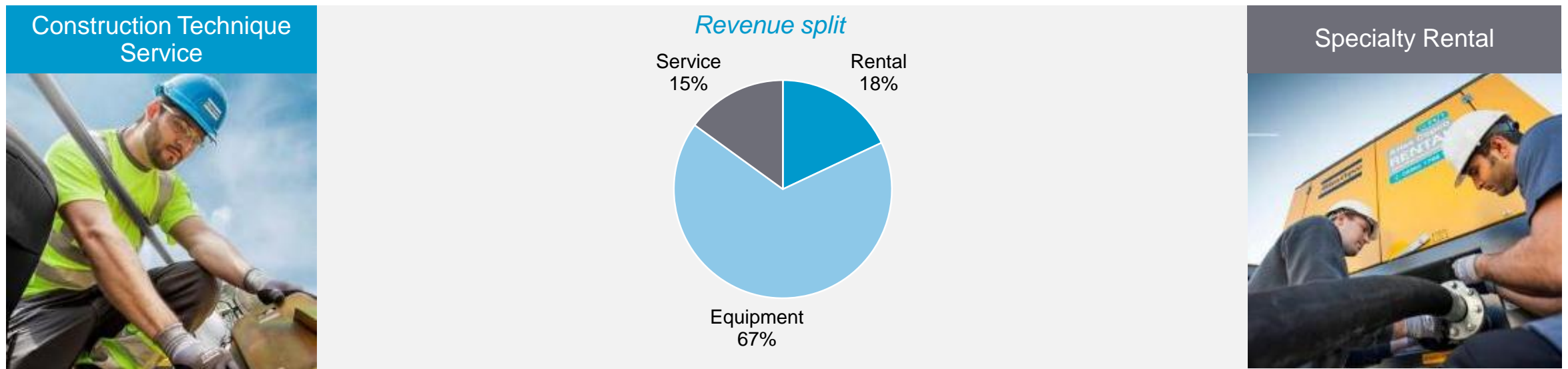
# TWO DISTINCTIVE SERVICE BUSINESSES

## Construction Technique Service

- Providing service solutions to our predominately construction based customers
- Service
  - 15% of business area revenues

## Specialty Rental

- Providing short-medium term equipment solutions to a more diverse range of industries
- Rental
  - 18% of business area revenues



# CONSTRUCTION TECHNIQUE SERVICE

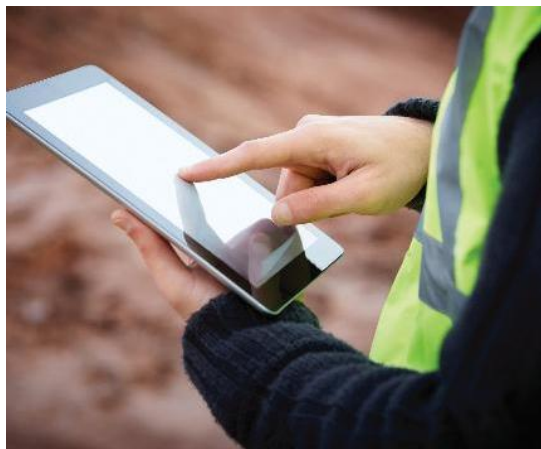
## Service offering





# CONSTRUCTION TECHNIQUE SERVICE

Anytime, any product, anywhere, you can count on us



Service and local support in more than 170 markets



Our local customer centers have a first-class team to support our customers with a single point of contact



Online technical information with **PartsOnline**



Trained technicians



Efficient logistics



Buy online 24/7 with **ShopOnline**

# STRATEGY – CHANNEL

## Strategy

### RENTAL



- Be seen as strategic partner for large rental companies
- Parts and service provider for small and medium size companies
- Shop Online, Parts Online

### END USERS



- Installed base management
- Climb the service ladder
- Segments:
  - Mining
  - Drilling and quarries
  - Oil and gas
  - Civil Construction and Demolition

### DEALERS

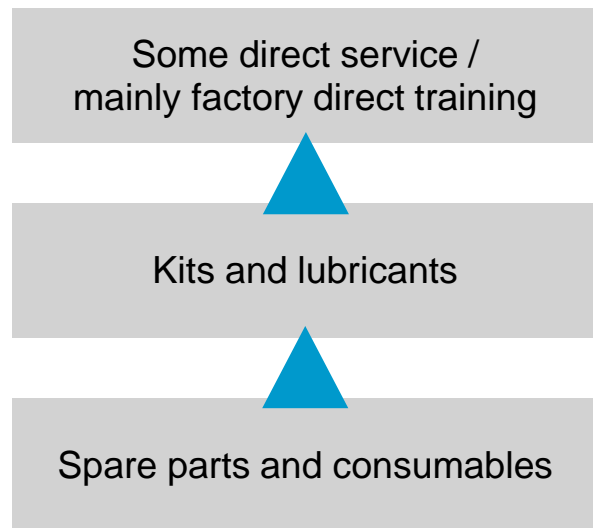


- Performance vs. potential
- Loyalty
- Shop Online, Parts Online

# DIFFERENT STRATEGY PER CHANNEL

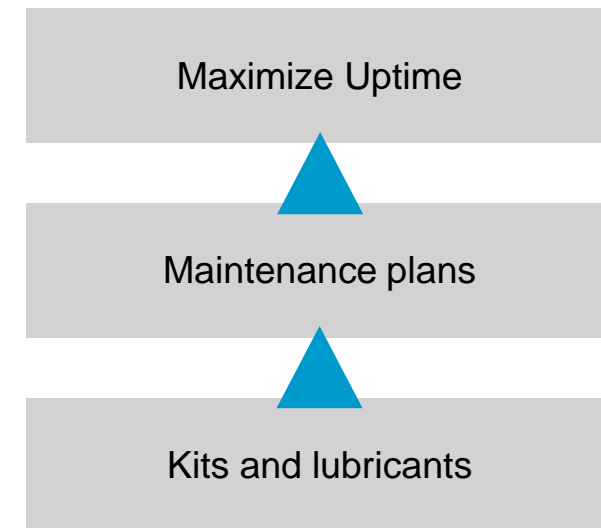
## DISTRIBUTORS / RENTAL

**Objective:** Fleet utilization. High resale value



## END USERS

**Objective:** Keep productivity optimized / asset management



# HOW WE GO TO MARKET

## Small contractor / end user



- Partnering with a local distributor
- Training
- Spare part kits and consumables

# HOW WE GO TO MARKET

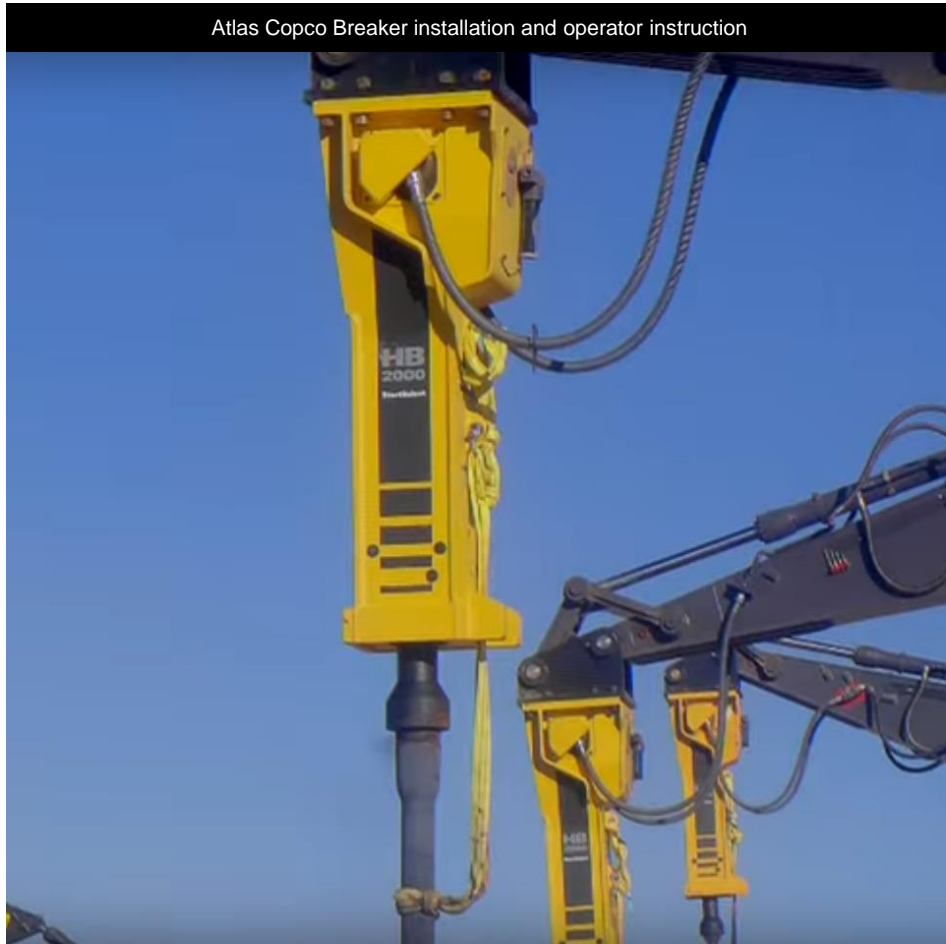
## Large fleets



- Asset management
- Planned maintenance
- On-site support for events and overhauls

# FOCUS ON TRAINING

With a distribution model, this is essential



- Videos
- Service documentation
- Classroom sessions

<https://www.youtube.com/watch?v=8QdFbk-osSI>

# CASE STORY

## India



The Indian market can be challenging due to geographic size, an ageing fleet and high utilization rates:

### Objective

- Organize a series of regional Service Camps and invite customers to bring machines and/or visit as many local customers as possible for free equipment health checks

### Solution

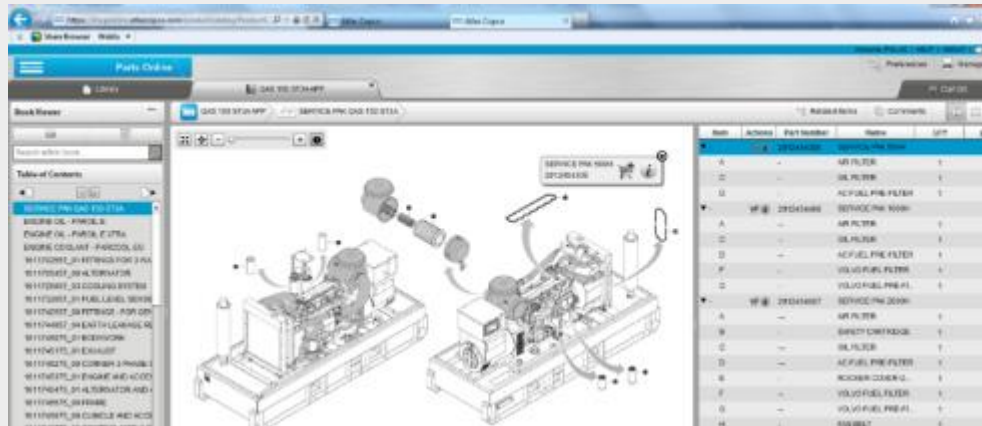
- In a typical week (example) 72 customers were visited and 212 compressors were inspected

### Outcome

- Customer satisfaction
- Revenue increase of x2.5

# ALWAYS REACHABLE, EVERYWHERE, ANYTIME!

## Parts Online





# CONNECTIVITY



# GROWTH STRATEGY

## Construction Technique Service



Develop indirect service



Develop new packages for dealers



Accelerate training programs



Introduce more interactive digital programs



Introduce new tools



Simpler quote and pricing modules



Connectivity



Focus on increased customer productivity



Competitor Service



Extend our reach and grow customer share

# ATLAS COPCO SPECIALTY RENTAL

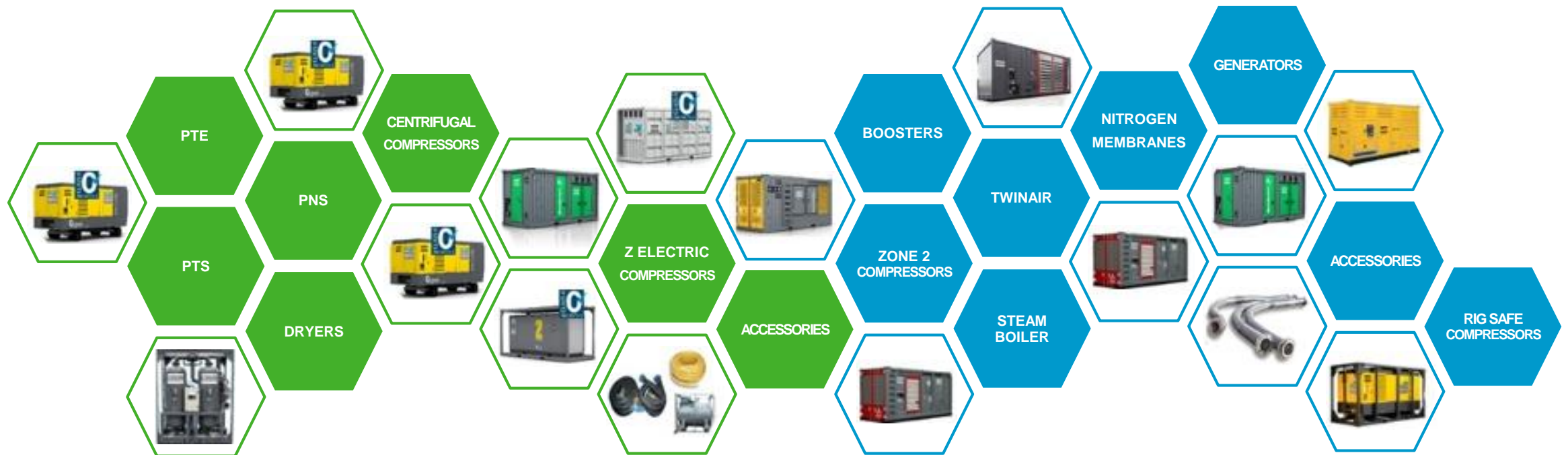


**The market leader** in the rental of temporary compressed air, steam & nitrogen solutions to the oil & gas, power, manufacturing, mining and drilling sectors.



# SPECIALTY RENTAL EQUIPMENT

- Over 7 000 pieces of equipment
- 1 000 MW air compressors in the worldwide fleet, diesel & electric driven



# WHAT WE OFFER



Installation Design

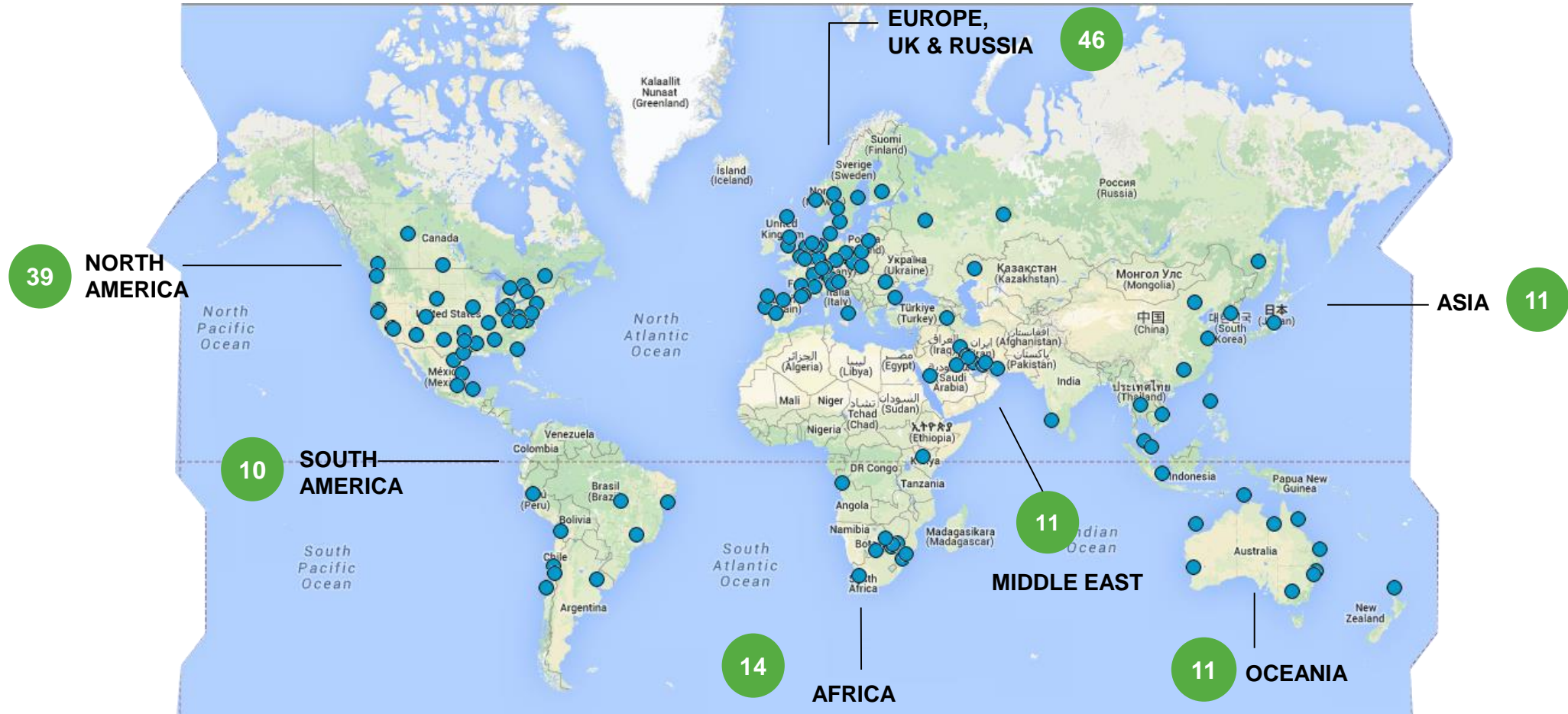
Logistical Expertize

24/7 Onsite Service

Energy Management

# A GLOBAL PLAYER WITH LOCAL PRESENCE

Over 140 locations worldwide



# CORE MARKET SEGMENTS

Stay ahead in the core industries and become a leader in new industries

## Refineries & petro-chemical



- Increase penetration
- Improve environment & productivity

## Power



- Pre-commissioning of new power plants
- Leak rate testing of nuclear plants

## Manufacturing



- Be “First in Mind – First in Choice®”
- Increase productivity

## Pipelines – LNG – FLNG



- Be the preferred partner for all pre-commissioning work

## Offshore projects



- Be the expert in specialized solutions

# OPERATIONAL EXCELLENCE

We strive to exceed customer expectations and create customer loyalty

## Triple certification



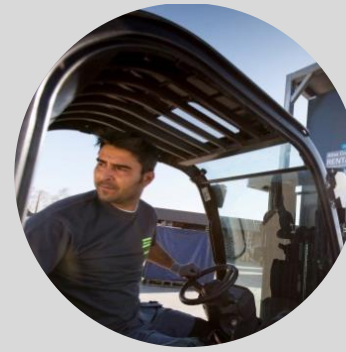
- Continuous focus on Health and Safety
- Consistency in Quality
- Care for the Environment

## Highly competent Service team



- Dedicated technicians for start-ups and field interventions
- Regular training programs for up-to-date technical expertise
- Hotline for 24/7 support
- Additional support from the Service Division

## Dynamic fleet management



- Fleet investments to follow market demand
- Strategic depot locations close to major customer sites

## Fleet management system



- Satellite system to remotely monitor equipment condition, location and running hours
- Prevent breakdowns, proactive scheduling of maintenance and faster troubleshooting



# POWER PLANT EXAMPLE



## Application

- Commissioning of 600 MW gas fired power plant
- Air blowing, pipeline cleaning and pressure testing

## Project

- High quality air of 34,000 m<sup>3</sup>/h – 20,000 cfm  
@ 70 bar(g) – 1,000 psig

## Equipment and resources

- 17 x PNS 1250, 2 x XRVS
- 9 x B7-41 booster, 9 x high pressure filter pack
- 14 x fuel tanks + accessories
- On-site operators

# GROWTH STRATEGY

## Speciality Rental



Expand Nitrogen fleet



Be leader in temporary Nitrogen



Expand the dryer fleet



Do more in quality air solutions



Expand electric oil-free fleet



Focus on lower operating cost with no emissions



Introduction of PTS 800



Expand the oil-free product portfolio



Introduction of Tier 4



Products with the lowest emissions

# SUMMARY

## Construction Technique

### Business Area

- Focus on growth
- Strengthen market position in our new segments
- Successful launch of new innovations in 2016

### Service

- Develop a service network for an indirect channel
- Improve service tools
- Expand training programs

### Specialty Rental

- Explore parallel opportunities
- Geographic expansion



***COMMITTED TO  
SUSTAINABLE PRODUCTIVITY.***



*Atlas Copco*

