COMPRESSOR TECHNIQUE

Nico Delvaux, Business Area President
AGENDA

1. Facts in Brief
   - Compressor Technique
   - Financial performance

2. Profitable growth
   - Presence
   - Innovation
   - Service
   - Operational excellence
   - People

3. Summary
FACTS IN BRIEF
Global leader providing innovative compressed air and air and gas treatment solutions for sustainable productivity

Profitable growth with asset light and agile organization
COMPRESSOR TECHNIQUE

Compressors

Textile  Assembly  Wood & paper  Food & beverages

Air & gas treatment solutions

Medical  Electronics  Chemical /petrochemical  ...and more
DEMAND DRIVERS

- Global growth, industry capital expenditures/investments
- Energy efficiency and productivity requirements from the industry
- Total life cycle cost
- Total solutions
- Increased demand for services
- Environmental awareness
OUR DIFFERENTIATORS

- Brand name and reputation
- Size and global/local presence
- Master all technologies
- Full value proposition
- Innovation leader
- Service, largest installed base
COMPRESSOR TECHNIQUE (EXCLUDING VACUUM)

Financial performance since 2008

Revenues, MSEK
Operating margin, %
Adjusted operating margin, %

Not restated for the move of Specialty Rental to Construction Technique in 2012. 12 months figures.
COMPRESSOR TECHNIQUE (EXCLUDING VACUUM)

In Brief

- Leverage investments in presence and innovation
- Grow market share and customer share
- Strengthen service platform and extend service offer
- Support organic growth with more acquisitions

Q3 2016

- Order growth 3%, flat organically
  - Growth in industrial compressors
  - Tough market conditions for gas and process compressors
  - Continued growth for service

Orders, revenues and operating margin*

*Restated figures
STRATEGY FOR GROWTH

- Develop core for equipment and service
- Expand core
- Complement organic growth with acquisitions
- Innovation
## EXPAND CORE

<table>
<thead>
<tr>
<th>Low pressure</th>
<th>Railway compressors</th>
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<tbody>
<tr>
<td>▪ Extend product offering</td>
<td>▪ Extend partnerships</td>
</tr>
<tr>
<td>▪ Build competence</td>
<td>▪ Competence center</td>
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<tr>
<td>▪ Global network</td>
<td>▪ Dedicated resources</td>
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<tr>
<th>Marine business</th>
<th>Medical business</th>
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<tr>
<td>▪ Dedicated product offering</td>
<td>▪ Dedicated division</td>
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<tr>
<td>▪ Dedicated organization</td>
<td>▪ Geographical expansion</td>
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<tr>
<td>▪ Focus on logistics</td>
<td>▪ Offering for all standards</td>
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EXPAND CORE:

PROFESSIONAL AIR
COMPRESSOR MARKET – PISTON AND SCREW

Market Size in Unit

Unit Value

High Distribution Channel Density

PISTONS
ROTARY SCREWS

200W  7kW  11kW  30kW  90kW  XX MW
MARKET SEGMENTS

INDUSTRY  WORKSHOP  CONTRACTOR  AUTOMOTIVE  AGRICULTURE  CONSUMER  DENTAL
THE WORLD OF PROFESSIONAL AIR
**PISTON COMPRESSOR ACQUISITIONS**

<table>
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<tr>
<th><strong>FIAC</strong> MARCH 2016</th>
<th><strong>SCHNEIDER DRUCKLUFT</strong> AUGUST 2016</th>
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</table>
| - Italian manufacturer of mainly piston compressors  
  - Assembly in Italy, China and Brazil  
  - Sales to large importers in more than 110 countries  
- Large range of Piston Block Technology  
- Revenues of MSEK 640 (2014) and about 400 employees  | - German manufacturer of mainly piston compressors  
  - Assembly in Germany and Czech Republic  
  - Indirect sales in Germany, Czech Republic and Slovakia  
- Revenues of MSEK 250 (2015) and about 110 employees |
PROFESSIONAL AIR OPPORTUNITIES

GLOBAL MANUFACTURING PRESENCE

QUINCY BAY MINETTE
FIAC ARARAGUA
FIAC JIANGMEN
FIAC BOLOGNA
ABAC TORINO

LEVERAGE RECENT ACQUISITIONS

MAR 2016
AUG 2016

CUSTOMER SHARE....EXTEND USER EXPERIENCE

E-BUSINESS
ACQUISITIONS

- Presence
- Full value chain
- Expand the core
- Product range & Technology
INNOVATION
LIFE CYCLE COST COMPRESSOR INSTALLATION

- Energy cost
- Maintenance cost
- Investment cost
INNOVATION DRIVERS

- Total cost of ownership
- Noise and footprint
- Cost
- Local requirements
- Technology changes
- Legislation

Compressor Technique
INNOVATION: DUAL OFFER STRATEGY
INNOVATION: MODULAR DESIGN

Basic and premium range

For the “Total cost of ownership” market – which is **features driven**
*Full feature, value adding options, premium priced*

For the “value for money” market – which is **price driven**
*No full feature, basic design and features, competitive pricing*
INNOVATION: SIMPLIFY

Twin tower adsorption dryers
Common vessel platform for all variants

Heatless
Heated Zero Purge
Heated Purge
Heater Blower Purge
Heat of Compression

Heatless
Heated Purge
Heated Zero Purge
Heat of Compression
UPSCALING PROVEN GA VSD+ DESIGN

- 50% energy savings on average
- 8% more free air delivery
- 50% footprint reduction
- Maximum uptime
- Easy service
- Lowest total cost of ownership
- "Big business in a small package"
- 37-75kW
  In production

Compressor Technique
SERVICE
SERVICE AS A STRATEGIC GROWTH PILLAR

Before 2008

Division 1 | Division 2 | Division 3
Service | Service | Service

From 2008 onwards

Division 1 | Division 2 | Division 3 | Service Division

SERVICE DIVISION

Marketing Sales | Operations | Technical Support
SALES AND CUSTOMER RELATIONSHIP MANAGEMENT

Pro-active Customer Relationship Management
Full package of Equipment, Service, Parts & Training

Equipment Sales & Reactive Service

Equipment Sales
Reactive Service

Intensity Relation
Time

Compressor Technique
GLOBAL SERVICE SUPPORT – 24 HOUR OPERATION

- Pro-active support anywhere and anytime
- Energy management & air optimization
- Superior solutions to reduce operational cost and increase up-time
- Committed, trained and experienced people
- Close, long-term customer relationships

>140 countries
> 8,600 Employees
> 4,500 Service Technicians
TACTICAL MATRIX

Customer Share

Legend:
- 1 to 1 ratio
- 100%

- Climbing the Service Ladder
- Population Management
ADDING CUSTOMER VALUE THROUGH THE SERVICE LADDER
SERVICE PROVIDER OF THE UTILITY ROOM

Compressor monitoring
SMARTLINK

Energy saving solutions
AIRScan, Central Controller, Energy Recovery

Service contract on the compressor room

Second hand equipment
OriginAir

Piping solutions
ArNet

Service on vacuum installations

Our goal: 100% customer share
EVERYTHING CONNECTED
SMARTLINK INSTALLATIONS
HOW TO ORGANIZE FOR CONNECTED MACHINES

- Digital transformation
  – From Big Data to Business value

- Smart analytics in diagnostic centers

- New competences required
  – Data scientist
  – Software development
DIAGNOSTIC CENTERS
STRATEGIC DIRECTION CONNECTIVITY

1. DRIVE REVENUE
   - Convert SMARTLINK leads to Service Sales
   - New Service Products focused on availability

2. INCREASE PRODUCTIVITY
   - Machine health profiling
   - Pro-active response on machine warnings

3. IMPROVE MACHINE DESIGN
   - Machine modeling based on connectivity data
   - Easy machine follow-up/field testing
CONNECTIVITY

>69,000 CONNECTIONS

MORE SERVICE LEADS

>98% UPTIME

ADDITIONAL REVENUE

CUSTOMER LOYALTY
OPERATIONAL EXCELLENCE
SERVICE EXCELLENCE

OPERATIONAL REPORTING
- Service performance metrics
- Reduce time to information

MARKET EFFICIENCY
- Installed base management
- Territory management
- Lead generation

ADMINISTRATION REDUCTION
- Reduce back office load
- Automate, simplify, accelerate
- Improve interface

CENTRALIZED PLANNING
- Centralized planning by planners
- Forward planning of service contracts
- Logistics integration

MOBILE SOLUTIONS
- Mobile solution for technicians
- Real time information flow
- Knowledge management
- GPS tracking of vehicles

STANDARDIZED SERVICE PRODUCTS
- Quoting, selling and executing standardized service products
- Increasing transparency
SERVICE EXCELLENCE

Machine Monitoring

Service Contracts

Urgent Breakdown

Service Job Allocation

Connected Navigation

Voice Picking

Daily Direct Delivery

Optimized Travel Route

Overnight Delivery

Service Job Execution

Service Job Reporting

PARTS
EFFICIENCY

Automation

Lean

Rationalisation footprint

CRM system for sales and service
PEOPLE
PEOPLE

- Our most important asset
- Time to competence
- Diversitity
  - Gender
  - Culture
- Lifetime employment and lifetime learning
SUMMARY
SUMMARY

Compressor Technique

- Leverage investments in presence and innovation
- Grow market share and customer share
- Strengthen the service platform and extend the service offer
- Support organic growth with acquisitions
- The organization is strong and “fit for more”