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
COMPRESSOR TECHNIQUE

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
COMPRESSOR TECHNIQUE (EXCLUDING VACUUM)

Financial performance since 2008

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*
PRESENCE
STRATEGY FOR GROWTH

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

Low pressure
- Extend product offering
- Build competence
- Global network

Railway compressors
- Extend partnerships
- Competence center
- Dedicated resources

Marine business
- Dedicated product offering
- Dedicated organization
- Focus on logistics

Medical business
- Dedicated division
- Geographical expansion
- Offering for all standards
EXPAND CORE:

PROFESSIONAL AIR
COMPRESSOR MARKET – PISTON AND SCREW

Market Size in Unit

Unit Value

High Distribution Channel Density

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

PISTONS ROTARY SCREWS

Compressor Technique
MARKET SEGMENTS
THE WORLD OF PROFESSIONAL AIR
# PISTON COMPRESSOR ACQUISITIONS

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

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 Zero Purge

Heated Purge

Heater Blower 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
SERVICE
SERVICE AS A STRATEGIC GROWTH PILLAR

Before 2008

Division 1
Service

Division 2
Service

Division 3
Service

From 2008 onwards

Division 1

Division 2

Division 3

Service Division

SERVICE DIVISION

Marketing
Sales

Operations

Technical
Support
SALES AND CUSTOMER RELATIONSHIP MANAGEMENT

Equipment Sales & Reactive Service

Intensity Relation

Time

Equipment Sales

Reactive Service

Pro-active Customer Relationship Management

Intensity Relation

Full package of Equipment, Service, Parts & Training

Time
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

Climbing the Service Ladder

Population Management

Compressor Technique
GROW OUR MARKET PENETRATION

SERVICE CONTRACT

CHARGEABLE SERVICE

NOT SERVICED
ADDING CUSTOMER VALUE THROUGH THE SERVICE LADDER

LIFE CYCLE COST

MACHINE AVAILABILITY

HIGH

LOW

SPARE PARTS

AD-HOC

FIXED PRICE

SERVICE PLANS

ADVANCED SERVICES
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
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

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

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

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

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

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

OPERATIONAL EFFICIENCY IMPROVEMENT
EFFICIENCY

Automation  Lean  Rationalisation footprint  CRM system for sales and service
PEOPLE
PEOPLE

- Our most important asset
- Time to competence
- Diversity
  - 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”