Compressor Technique

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Contents

- Compressor Technique in brief
- Compressed Air Market
- Performance – Compressor Technique
- Strategy – Compressor Technique

Compressor Technique

Market Position

- World leader in compressed air products and solutions
- Global coverage with own resources in sales and aftermarket support
- Technology and cost leadership
  - Focused R&D investments
  - High volumes and focus on core activities
- Advanced global logistics
- Growth by strong market penetration and presence, and by continuous introduction of new and innovative products and services, extending the offer and increasing customer value.
Our Businesses

Portable Compressors
Portable Generators
Gas and Process
Specialty Rental
Stationary Industrial
Oil-free
Oil-injected

Vision

To be...
First in
Mind...

First in
Choice...

Our Vision

Through...

Interaction
Commitment
Innovation
Our Vision

Offering Customers

Best Value

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Compressed Air Market

Total: BSEK 65 – 70
Technology trends
Air compressors

The Aftermarket
Condition Based Preventive
Monitoring Fixed price service Curative Event driven
Ad-hoc maintenance

Energy Savers
- Compressor elements, motors, drives
- Dryers
- Packaging
- Heat recovery
- Machine selection and control
- Network control, network configuration and quality
- Machine and network maintenance

Increasing importance
Potential Energy Savings

Compressed Air System

- Savings with VSD: up to 35%*
- Savings with heat recovery: up to 9%*

*% of energy consumption

Compressed Air Market

Competitors

- Ingersoll-Rand, USA
- Kaeser, Germany
- Hitachi, Japan
- Gardner-Denver, USA
- CompAir, UK (Germany)
- Sullair, USA
- + many Regional / Local / Niche competitors

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**Q3 2005**

- Strong order intake in all regions and for all types of compressors and its aftermarket
  - Best development in North America, Eastern Europe and Asia
- Acquisitions within focused areas
  - Intermech – Compressed Natural Gas (CNG)
  - Creemers – Compressed Air automotive (Q4)
  - Pneumatech – Compressed Air Treatment (Q4)
  - Ketting – Marine compressor Solution (Q4)
- Divestment of stationary generator business (Q4)
- Record revenues and operating profit
  - Operating profit more than 1 billion SEK and highest operating margin ever
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Strategy

- Offer customers best value
- Capitalize on strong market presence
  - Core business and stretch from the Core
  - Build new businesses
  - Aftermarket
  - Acquisitions
  - Focused markets – Focused Solutions
- Multibrand concept
- Global product management and manufacturing strategy

Stretching the Core

Air Compressors
Compressed Air Treatment
Portable Generators

Focused Solutions
Services (including financial)
Specialty Rental
New Products

Equipment

- New integrated dryer
- New unloader for fixed speed
- Standard EWD
- High efficiency gearbox
- New oil filter
- New aftercooler with integrated WSD
- New Elektronikon functions
- New drive for VSD units
- New air/oil separator
- New integrated dryer
- New unloader for fixed speed
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COSMOS
Focused Markets

- USA
  - New production site
  - Regional centers
  - Acquisitions
    - Distributors
    - Pneumatech
Focused Markets

- China
  - New Sales/Service outlets
  - Acquisition (Pneumatech)
  - Service Center (Logistics)
  - Plant investments
    - Element production, Wuxi
    - New plant, Liutech
  - Global sourcing

Focused Markets

- India
  - Strong growth
  - Supported by investments and improved structure
  - Global sourcing

Multibrand

- Differentiated offer / position
  - Customer choice
- Separate channels
- Better territory coverage
  - Market share
  - Customer share
- Business coordinated
- Synergies
Compressor Technique
Global manufacturing strategy

Sourcing and Assembly

Focus: China and India
Quality and logistics are key

Sourcing and Assembly
Principles

Specification
Quality
Uniformity
Supplier qualification
Build process and tools
Sourcing and Assembly

- Same product everywhere, wherever it is built
- Full and comparable cost transparency
- Systematic evaluation of total product cost

The Gas and Process Division

No. 1 in Integrally Geared Turbo Compressors

The Gas and Process Division

LNG – Boil-off gas compressors

- Maintain the pressure in the cargo tanks
- Supply the BOG to propulsion or liquefaction system

Boil-off gas
0.10 − 0.15% per day
Summary

- Strong business trend and performance
- Increasing penetration and share
- Stretching the Core
- Energy efficiency – increasing in importance
- Aftermarket growth
- More focused Solutions business