



ATLAS COPCO CONSTRUCTION TECHNIQUE

Capital Markets Day – Focus on Service
November 17, 2015

Andrew Walker, Business Area President

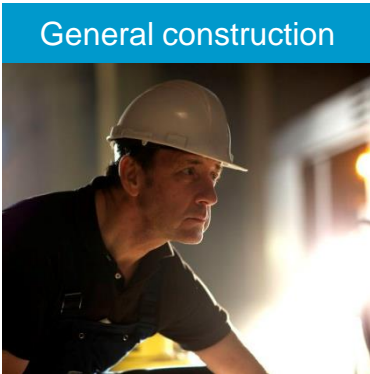
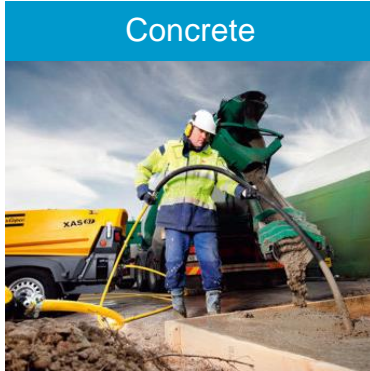
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AGENDA

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



CONSTRUCTION TECHNIQUE



CONSTRUCTION TECHNIQUE

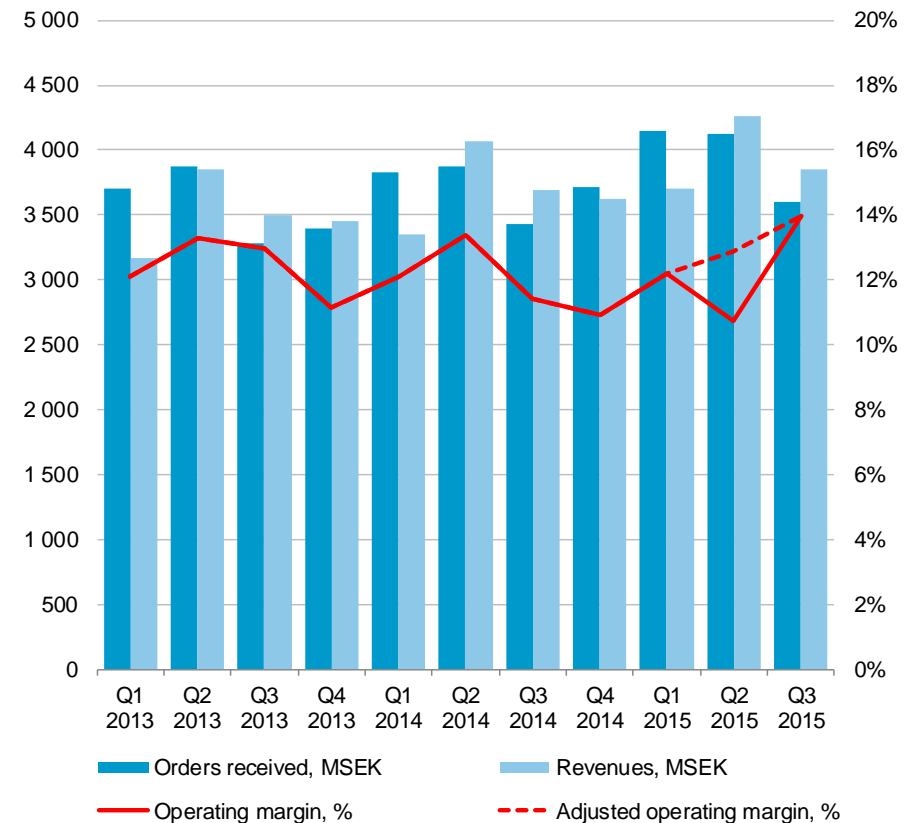
In Brief

- 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)

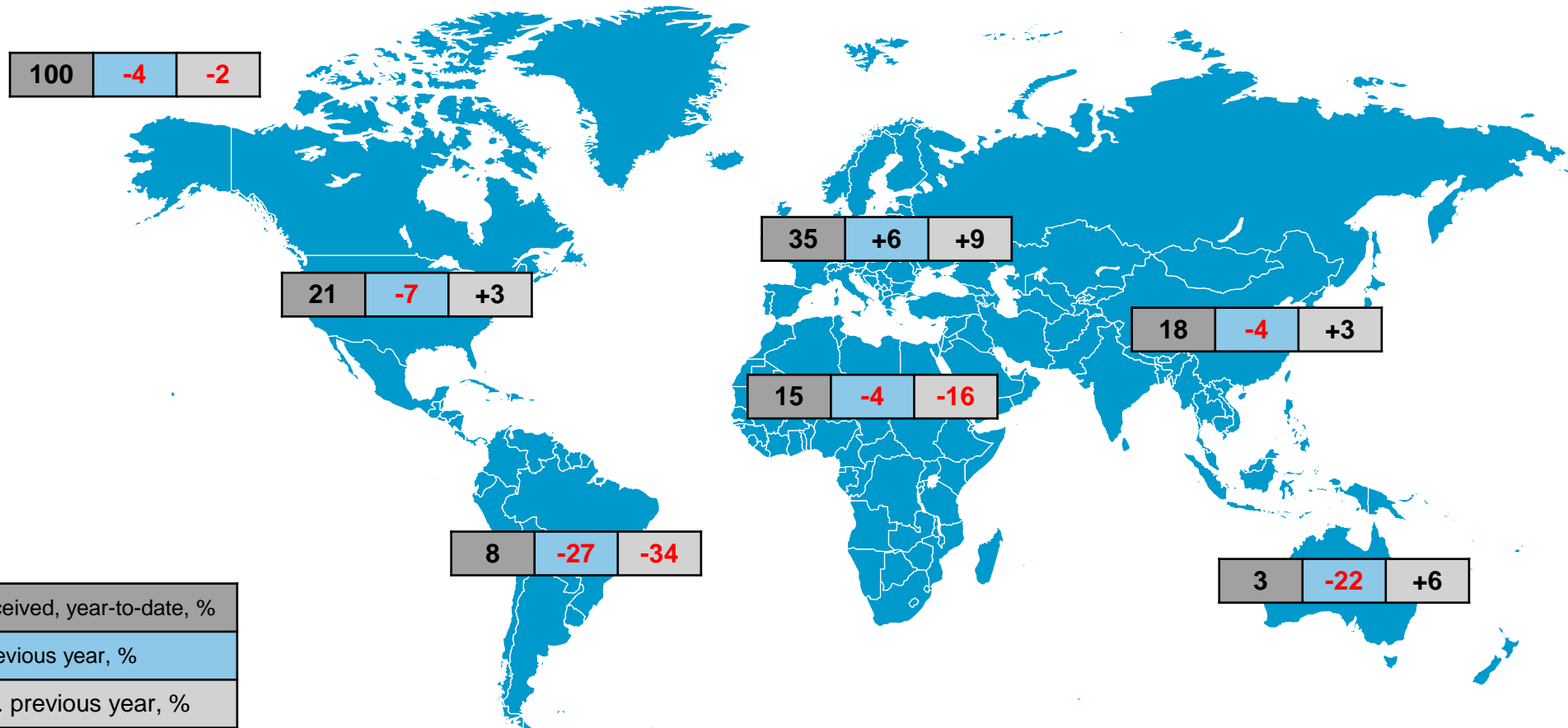
Orders, revenues and operating margin



ROCE
12%

ORDERS RECEIVED - LOCAL CURRENCY

Construction Technique



September 2015

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

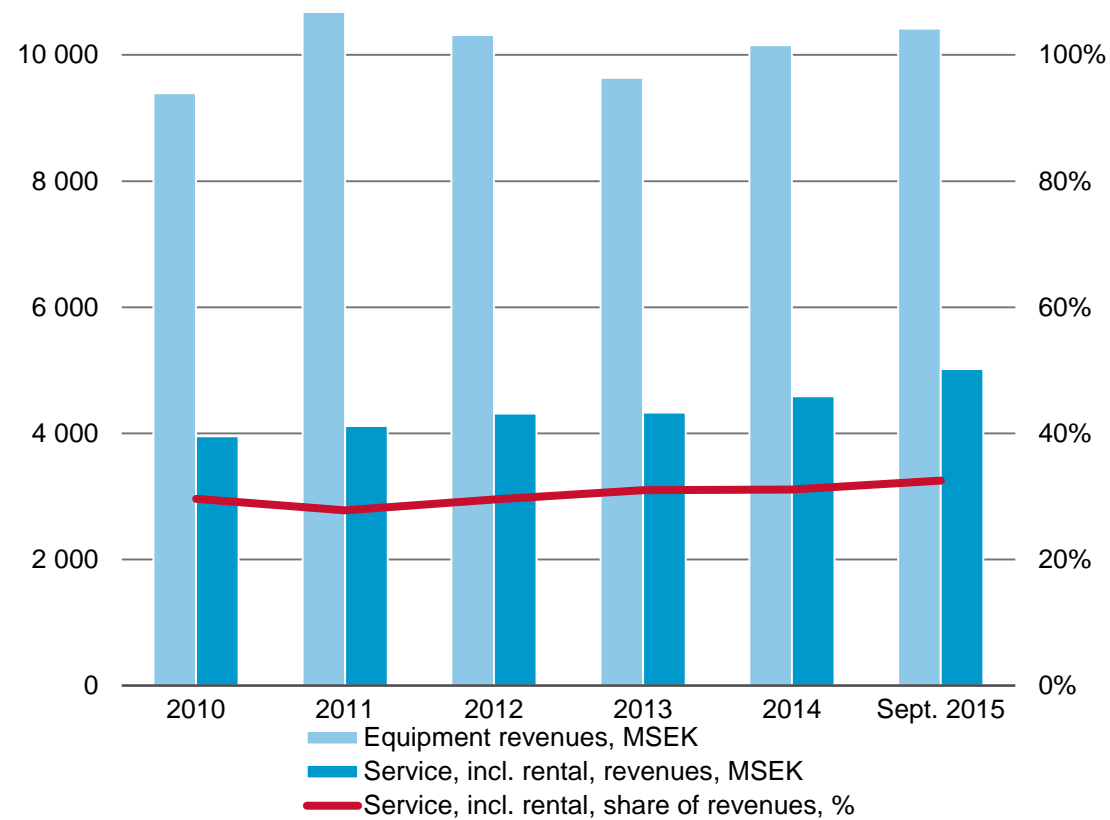
B Year-to-date vs. previous year, %

C Last 3 months vs. previous year, %

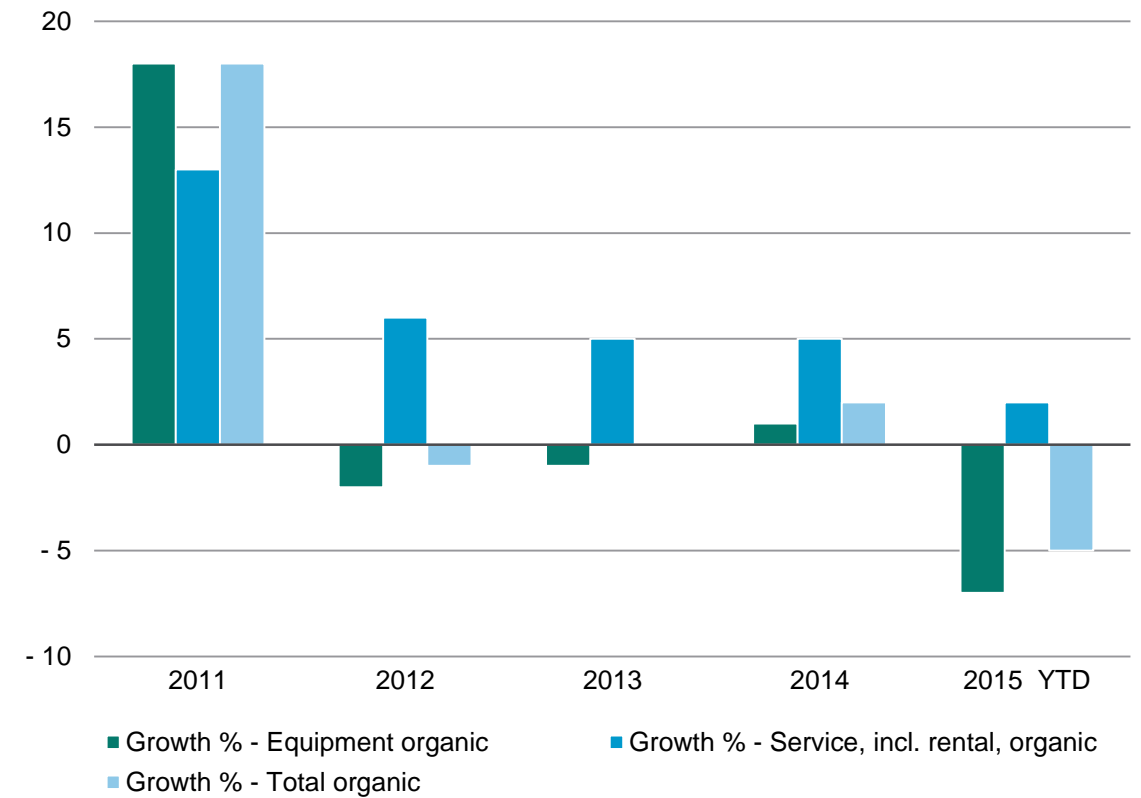
EQUIPMENT AND SERVICE GROWTH

Construction Technique

Revenues from equipment and service



Organic growth



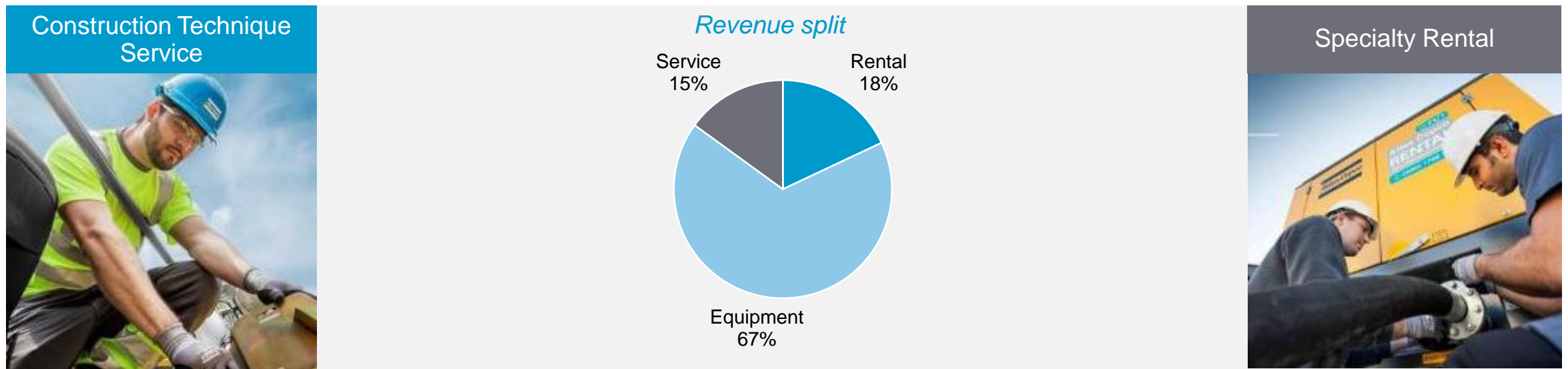
TWO DISTINCTIVE SERVICE BUSINESSES

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



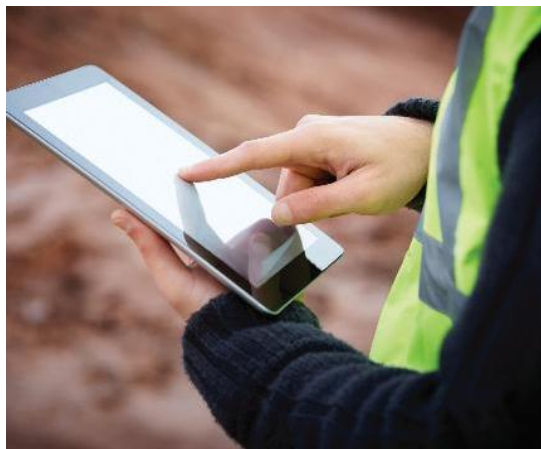
CONSTRUCTION TECHNIQUE SERVICE

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

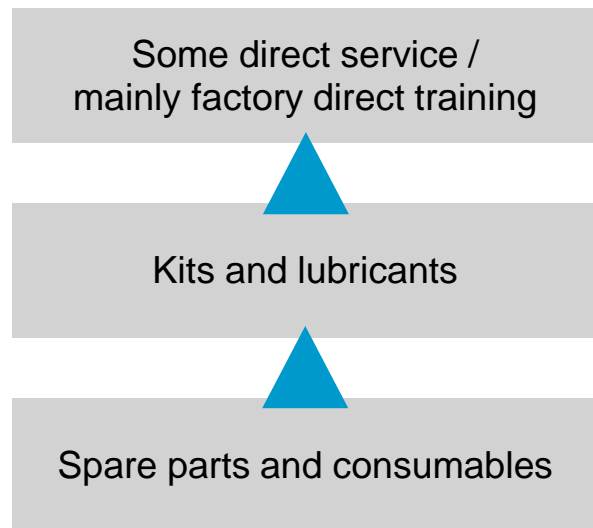


- Performance vs. potential
- Loyalty
- Shop Online, Parts Online

DIFFERENT STRATEGY PER CHANNEL

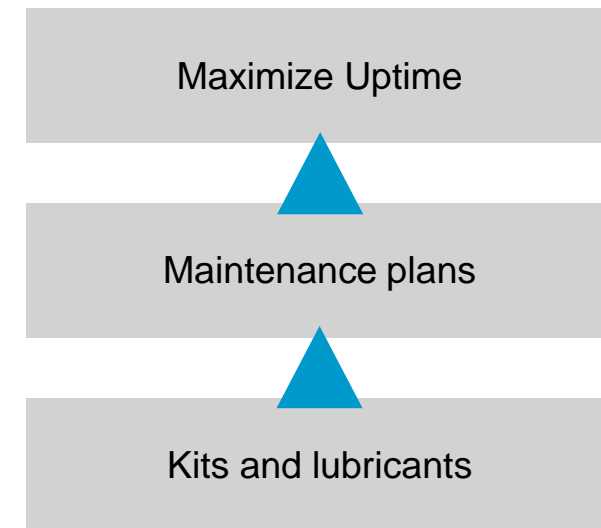
DISTRIBUTORS / RENTAL

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

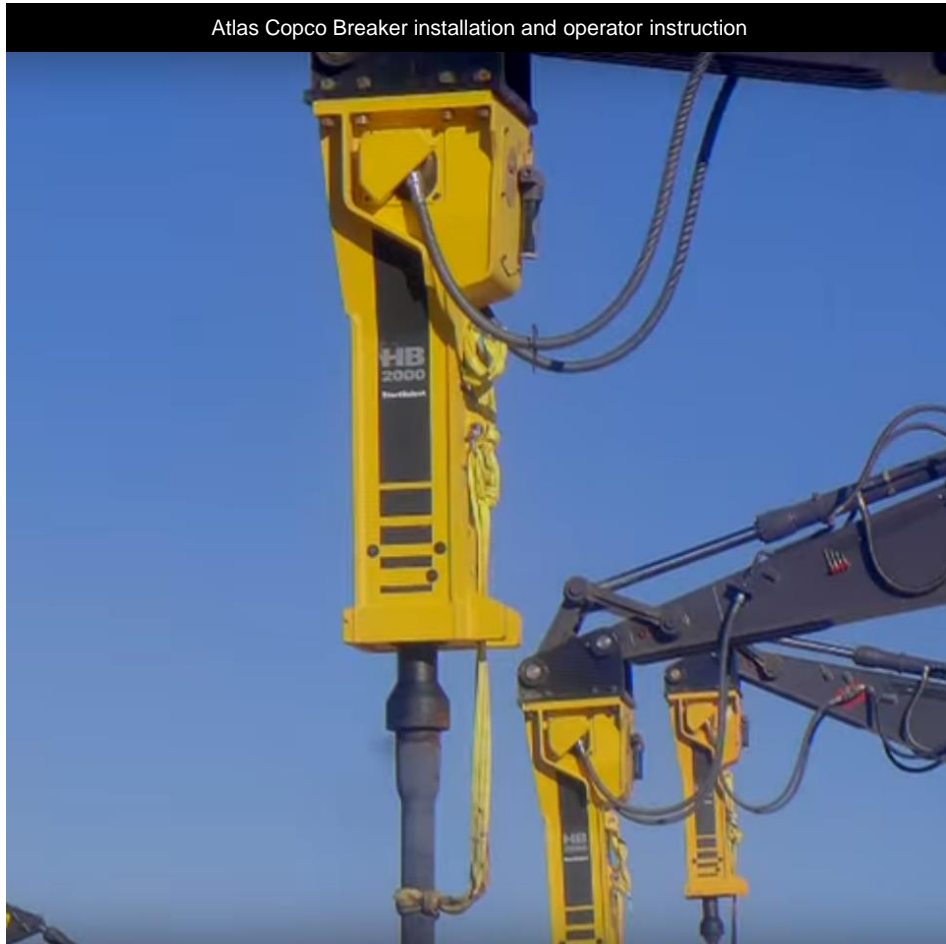
Large fleets



- 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

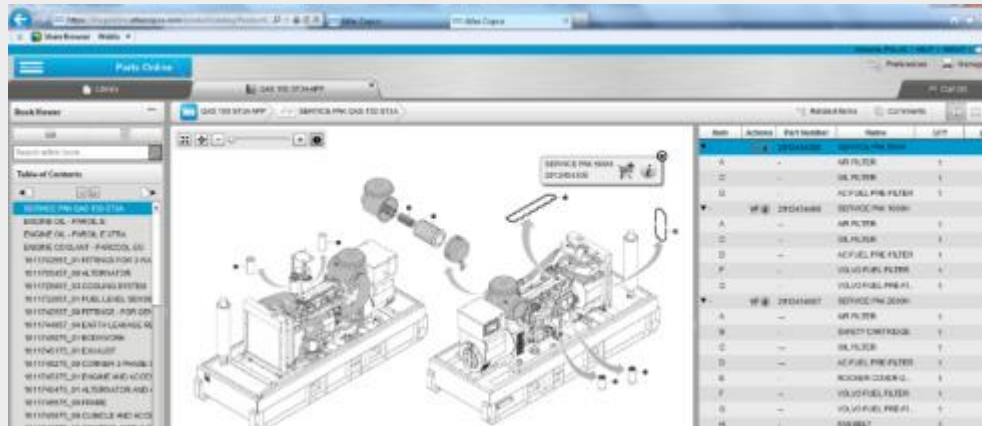
- In a typical week (example) 72 customers were visited and 212 compressors were inspected

Outcome

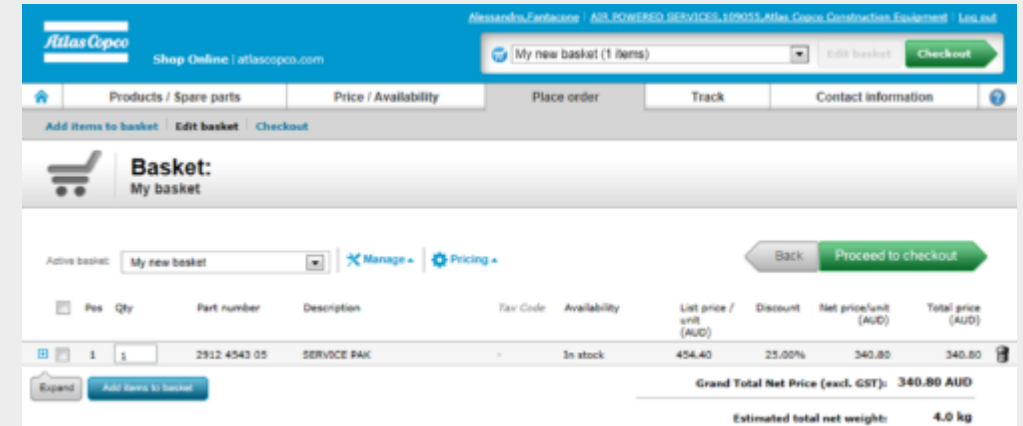
- Customer satisfaction
- Revenue increase of x2.5

ALWAYS REACHABLE, EVERYWHERE, ANYTIME!

Parts Online



Shop Online



- Manuals, spare parts books, instructions
- Always up to date
- Check availability of parts
- Place order and track



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

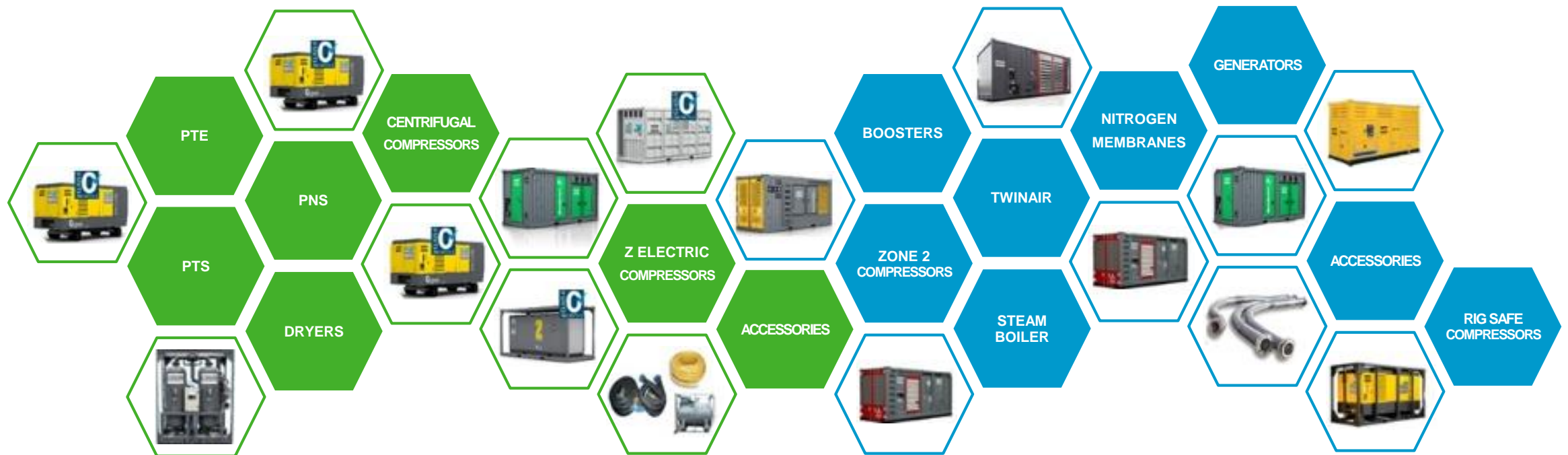


The market leader in the rental of temporary compressed air, steam & nitrogen solutions to the oil & gas, power, manufacturing, mining and drilling sectors.



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

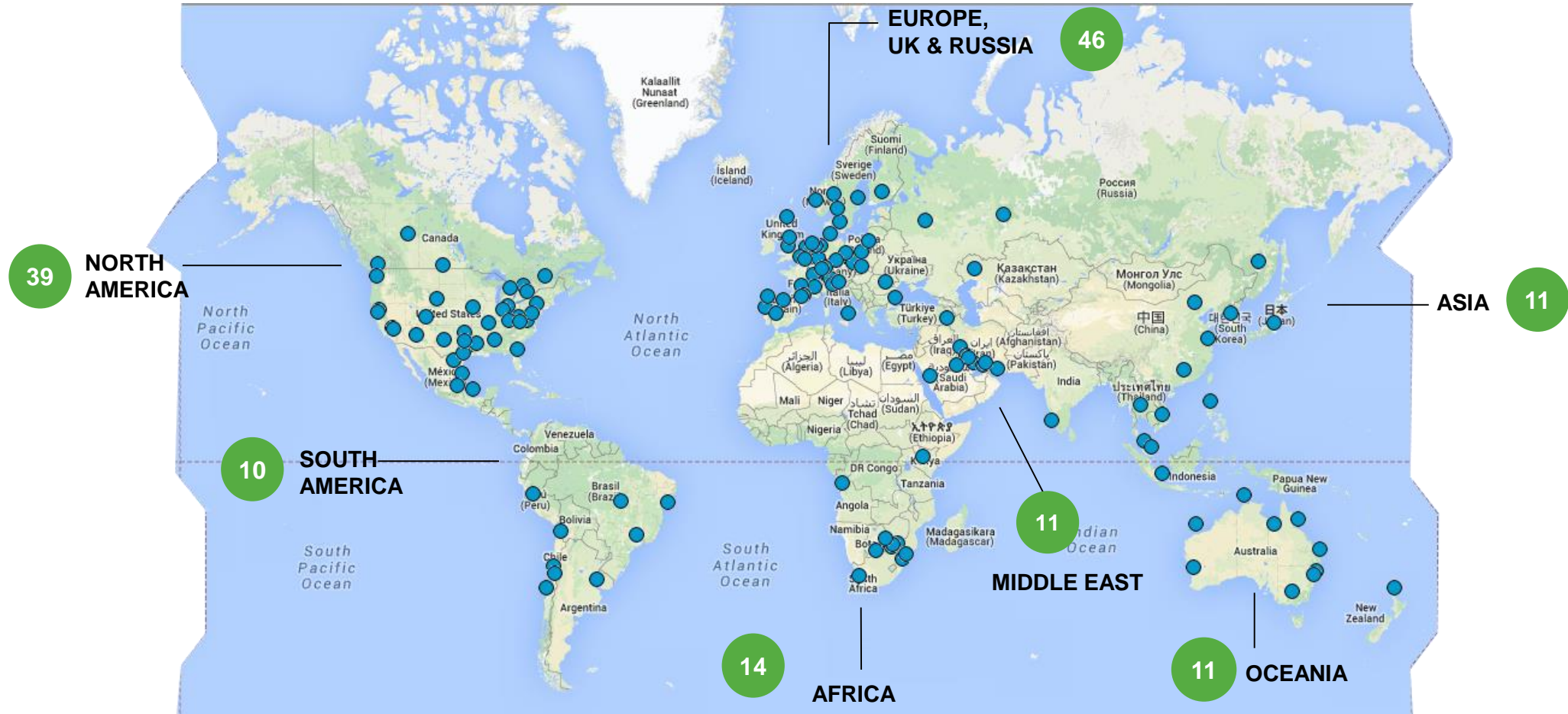
Logistical Expertize

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 m³/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

