

COMPRESSOR TECHNIQUE

Atlas Copco Capital Markets Day 2016
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

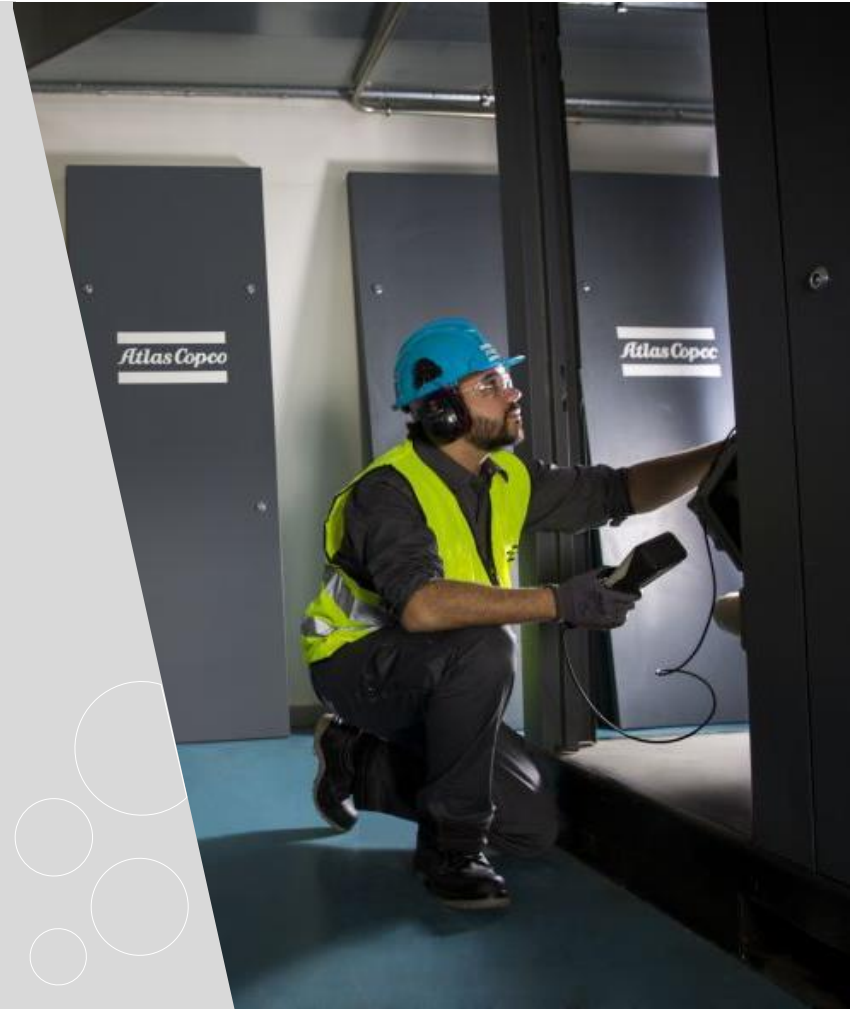


FACTS IN BRIEF

COMPRESSOR TECHNIQUE

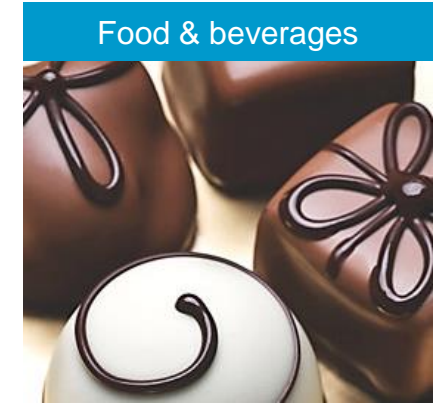
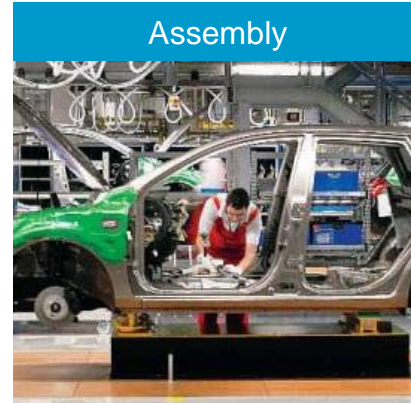
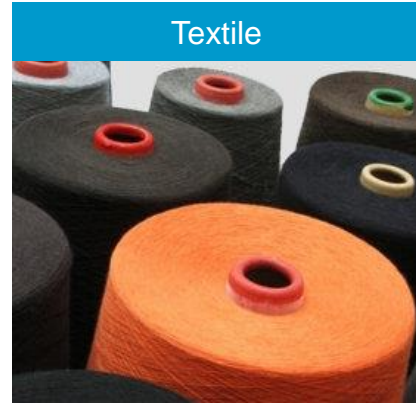
Global leader
providing innovative
compressed air and
air and gas treatment
solutions for
sustainable
productivity

Profitable growth
with asset light
and agile
organization

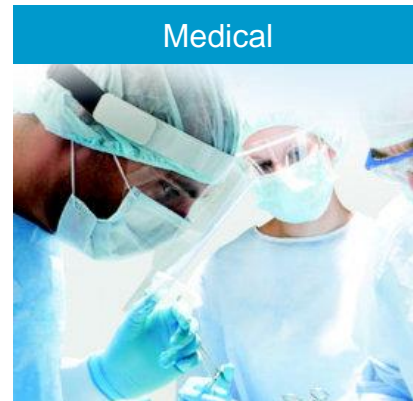


COMPRESSOR TECHNIQUE

Compressors



Air & gas treatment solutions



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

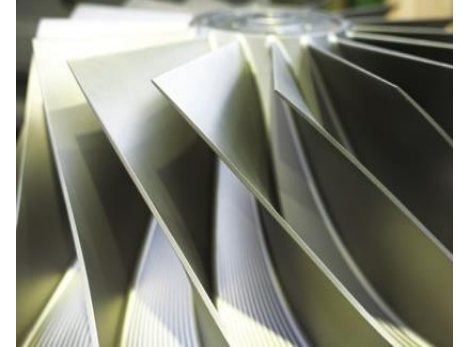
Oil-free screw technology



Oil-injected screw technology



Turbo technology



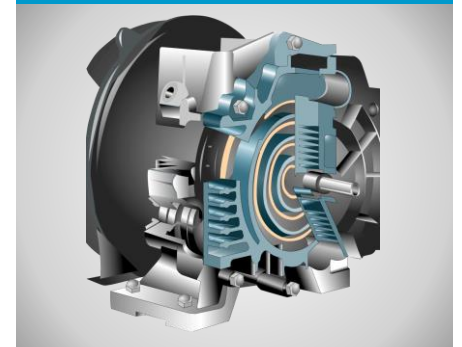
Piston technology



Tooth technology

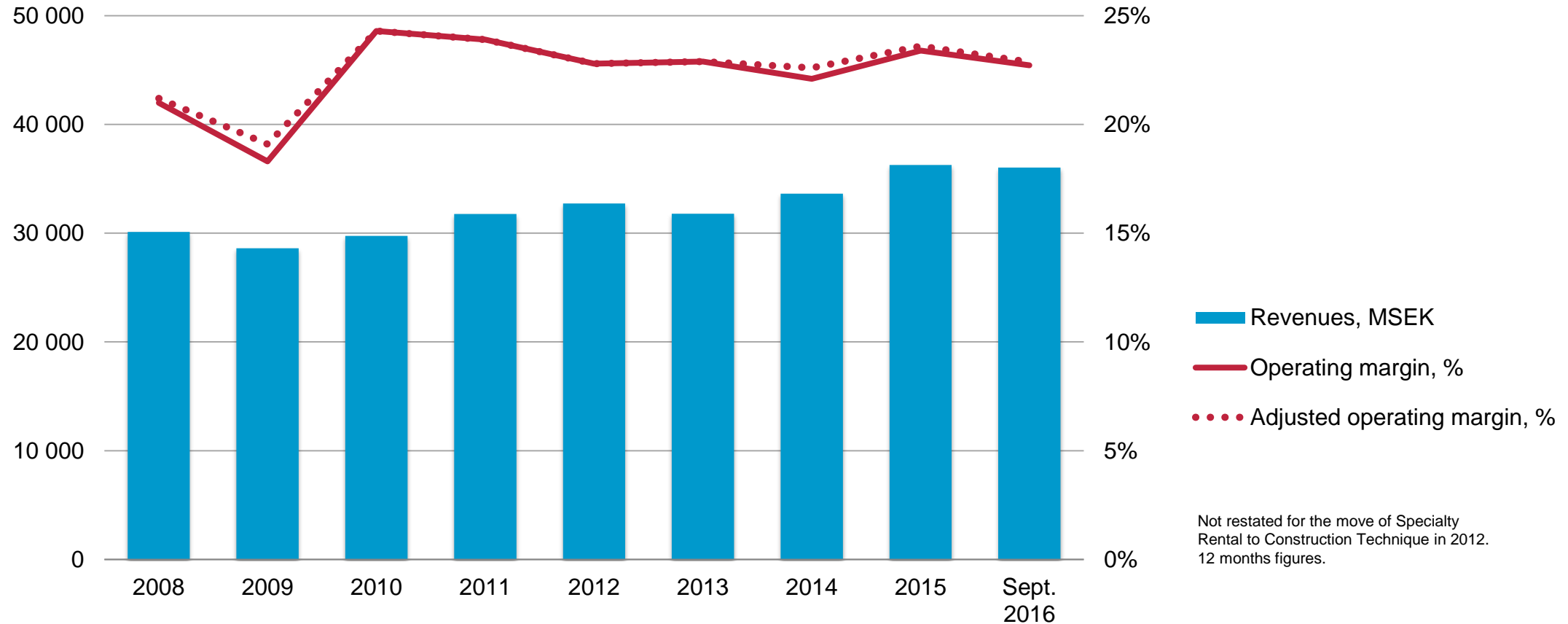


Scroll technology



COMPRESSOR TECHNIQUE (EXCLUDING VACUUM)

Financial performance since 2008



COMPRESSOR TECHNIQUE (EXCLUDING VACUUM)

ROCE
68%

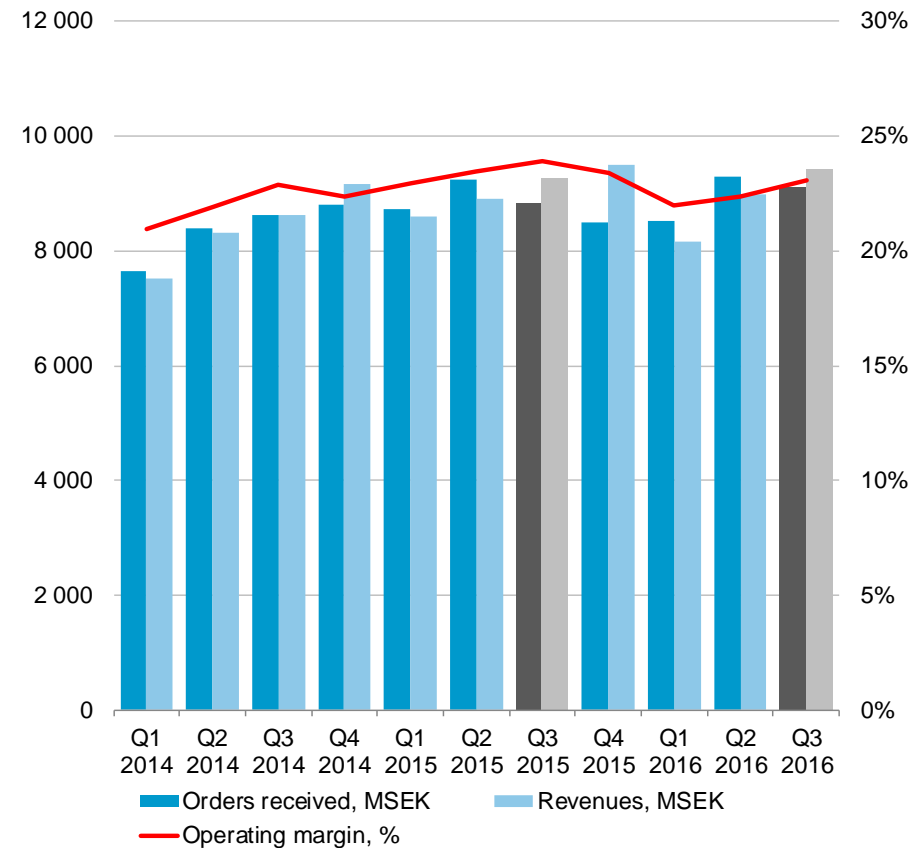
In Brief

- 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

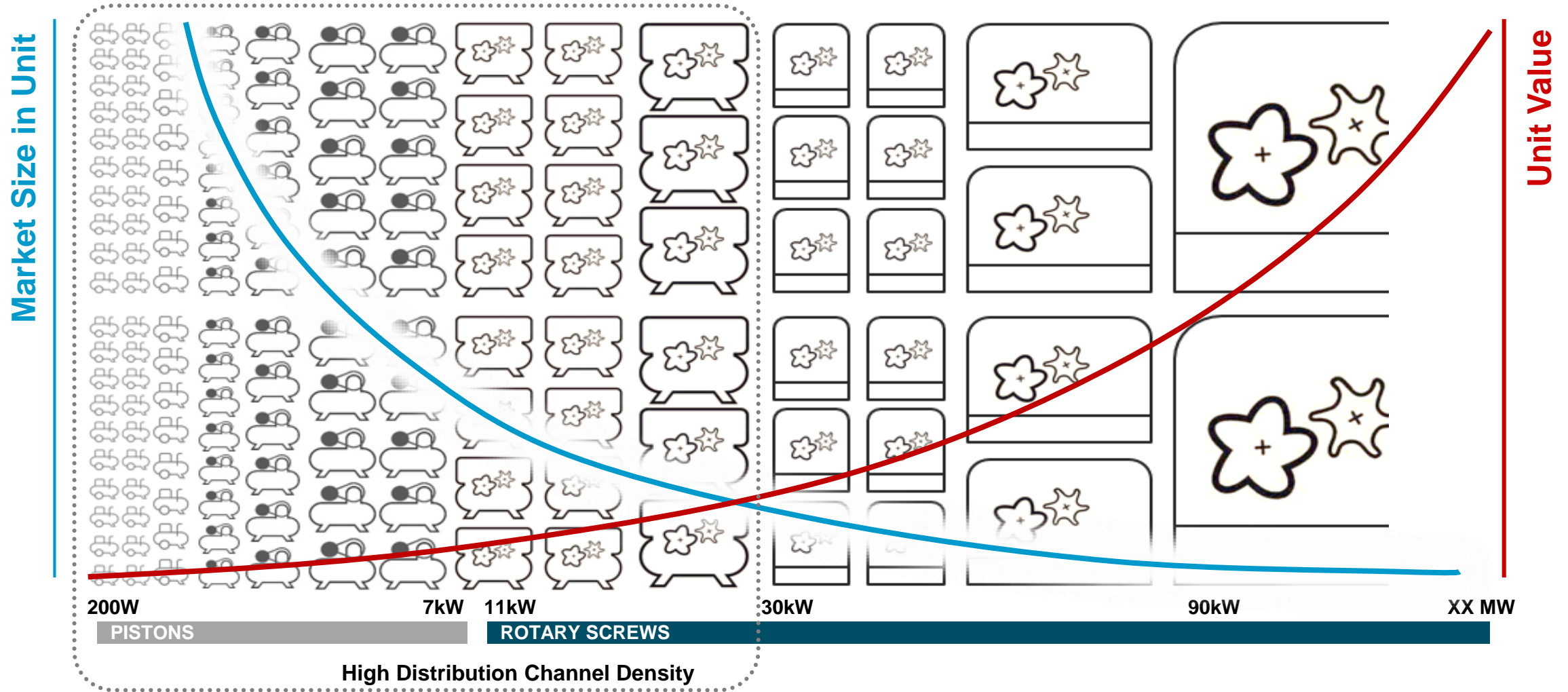


EXPAND CORE:

PROFESSIONAL AIR



COMPRESSOR MARKET – PISTON AND SCREW



MARKET SEGMENTS

INDUSTRY



WORKSHOP



CONTRACTOR



AUTOMOTIVE



AGRICULTURE



CONSUMER



DENTAL



THE WORLD OF PROFESSIONAL AIR



PISTON COMPRESSOR ACQUISITIONS

FIAC MARCH 2016

- 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



SCHNEIDER DRUCKLUFT AUGUST 2016

- 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



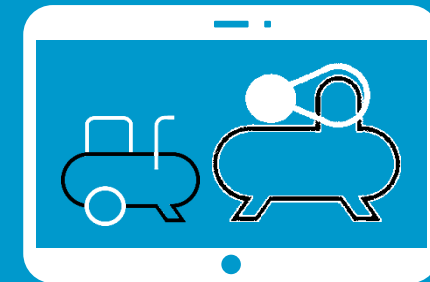
LEVERAGE RECENT ACQUISITIONS



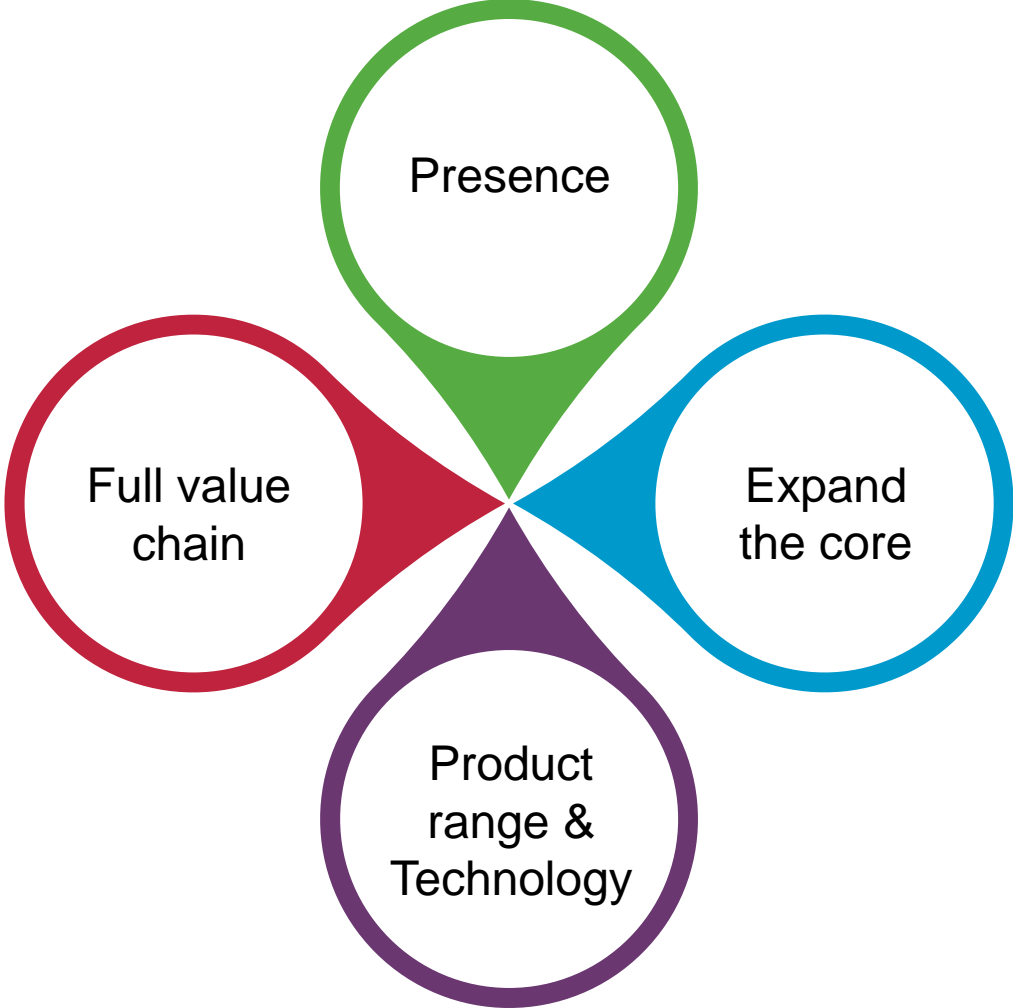
CUSTOMER SHARE....EXTEND USER EXPERIENCE



E-BUSINESS

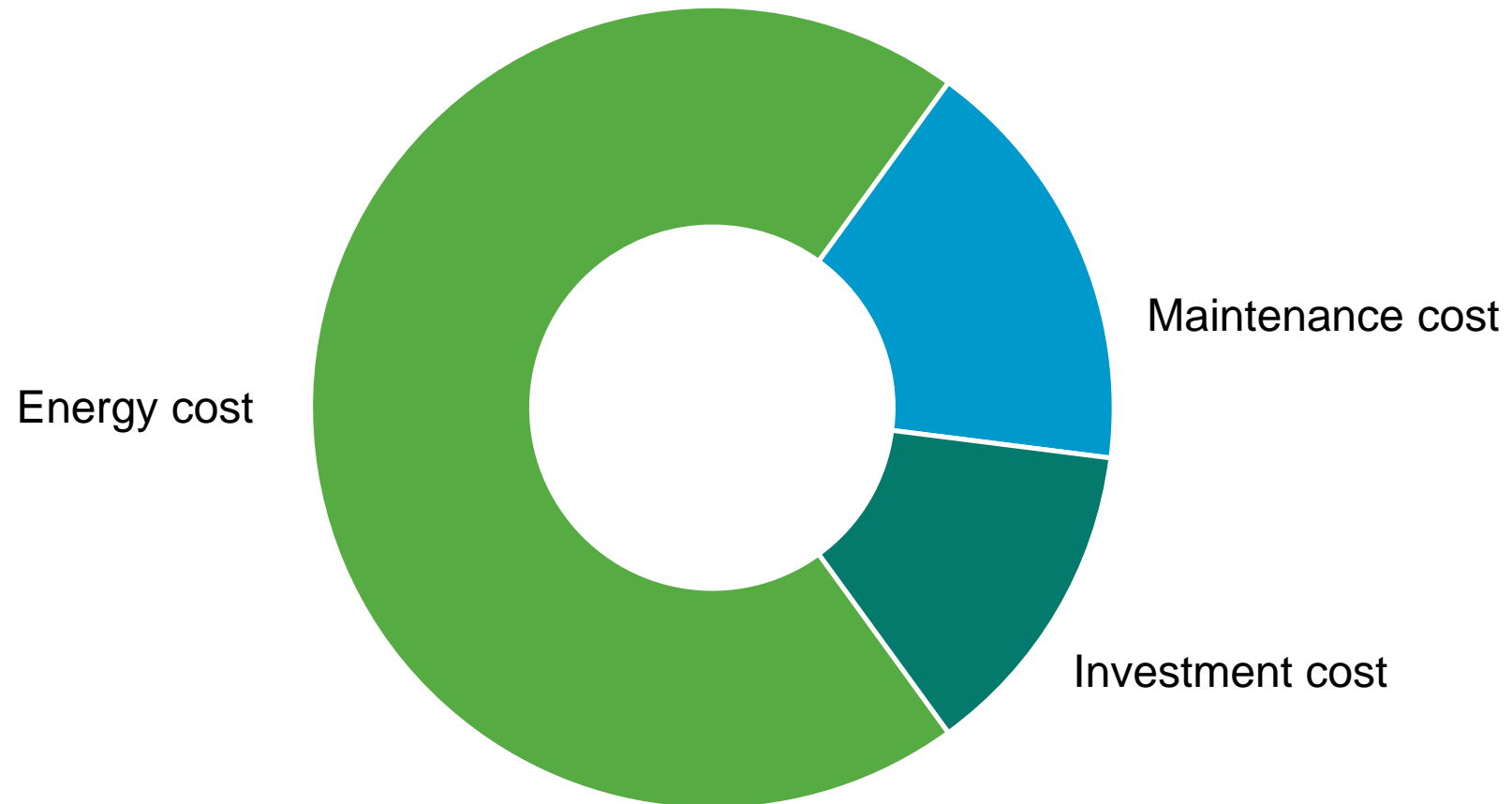


ACQUISITIONS

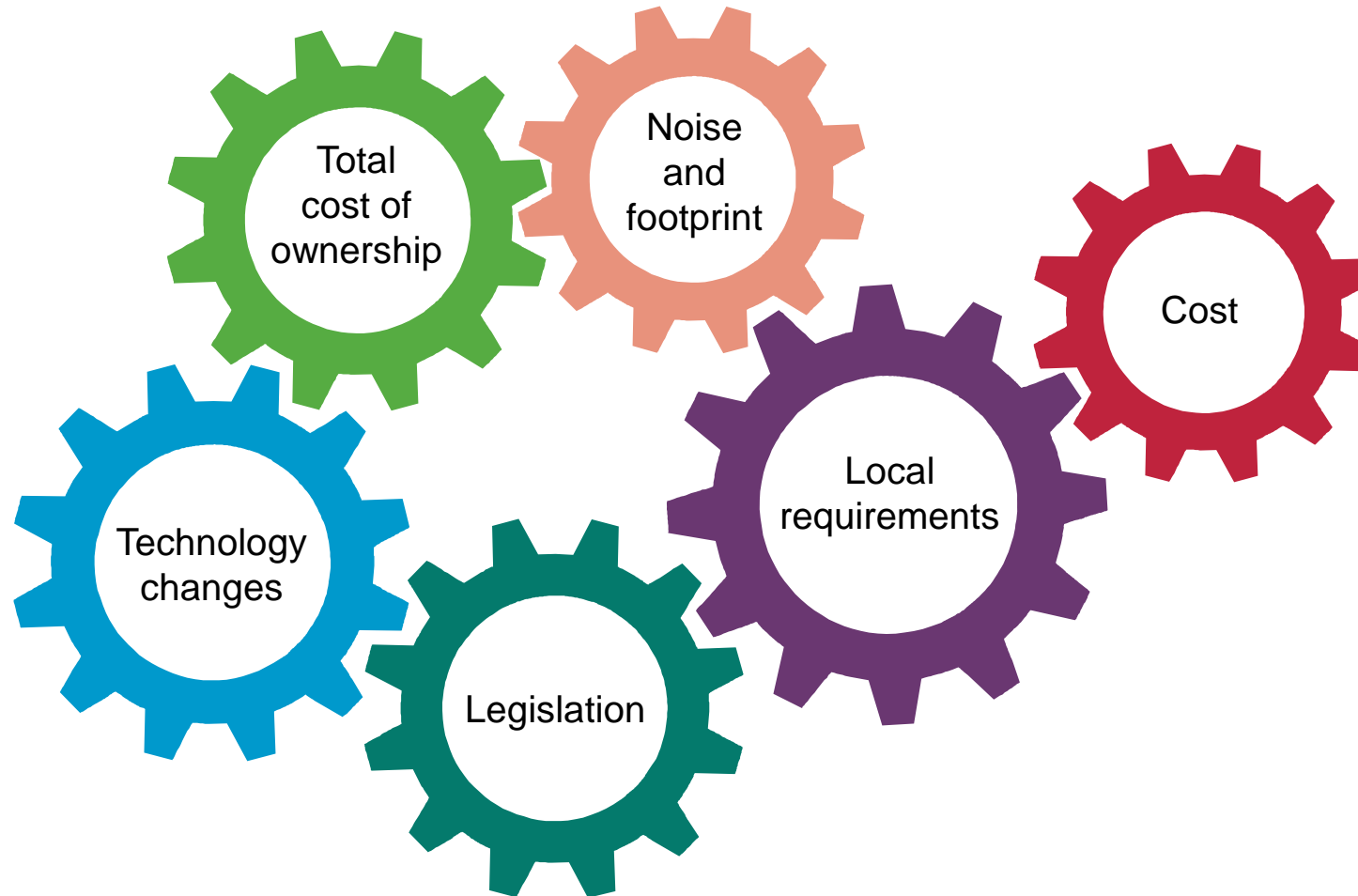


INNOVATION

LIFE CYCLE COST COMPRESSOR INSTALLATION



INNOVATION DRIVERS



INNOVATION: DUAL OFFER STRATEGY



INNOVATION: MODULAR DESIGN

Basic and premium range



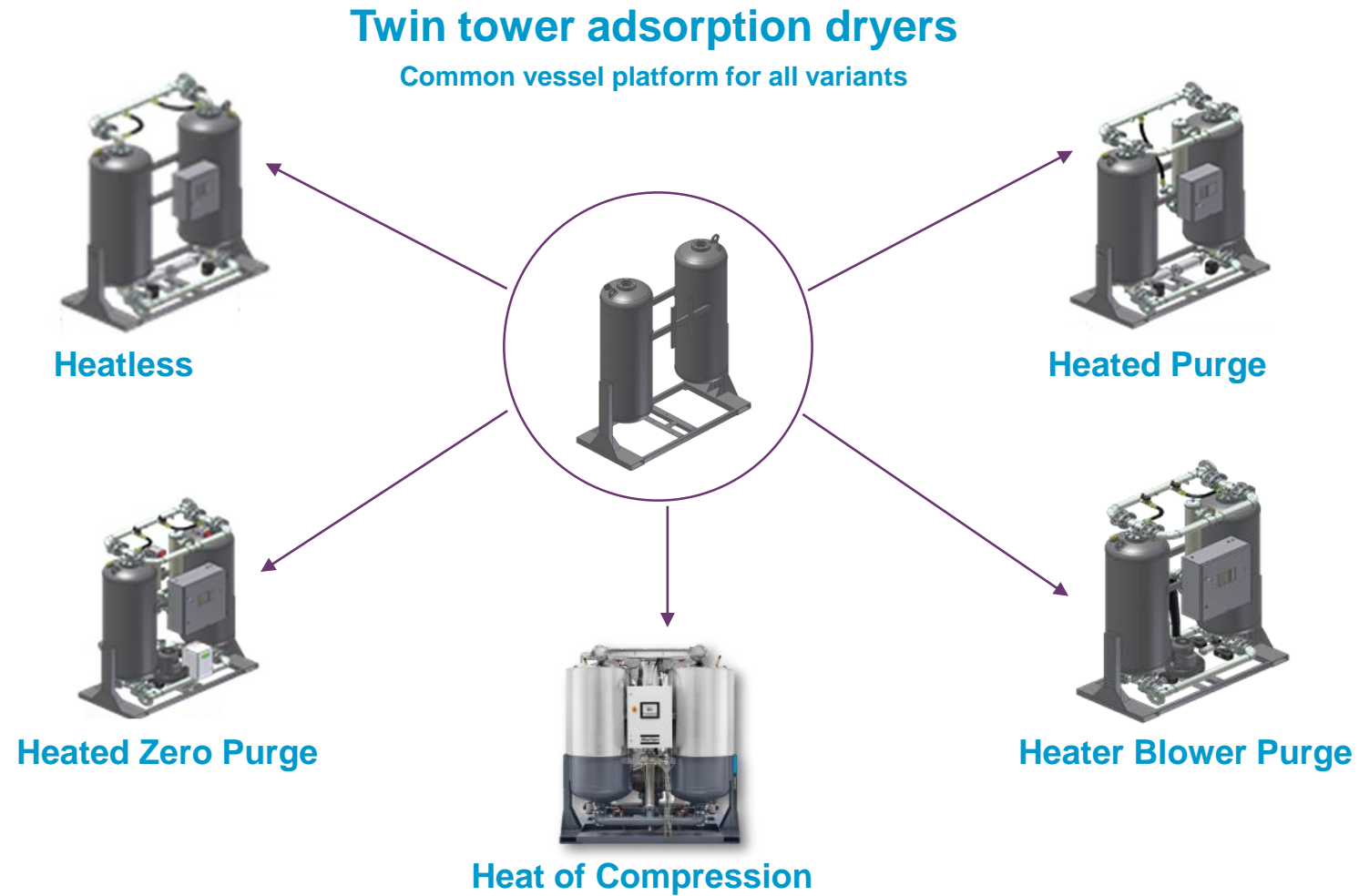
For the “Total cost of ownership” market – which is **features driven**
Full feature, value adding options, premium priced



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



INNOVATION: SIMPLIFY



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”

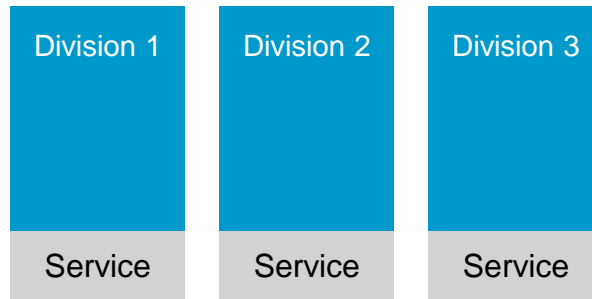
37-75kW

In production

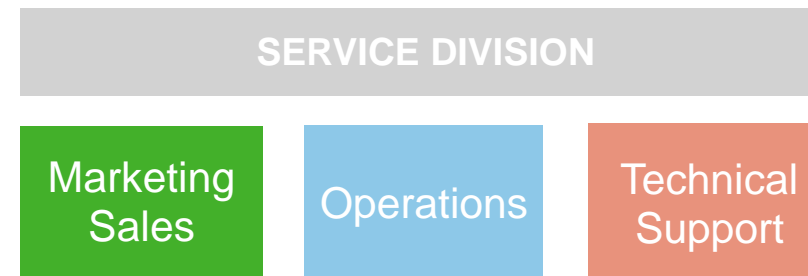
SERVICE

SERVICE AS A STRATEGIC GROWTH PILLAR

Before 2008



From 2008 onwards



SALES AND CUSTOMER RELATIONSHIP MANAGEMENT

Equipment Sales & Reactive Service



Pro-active Customer Relationship Management



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

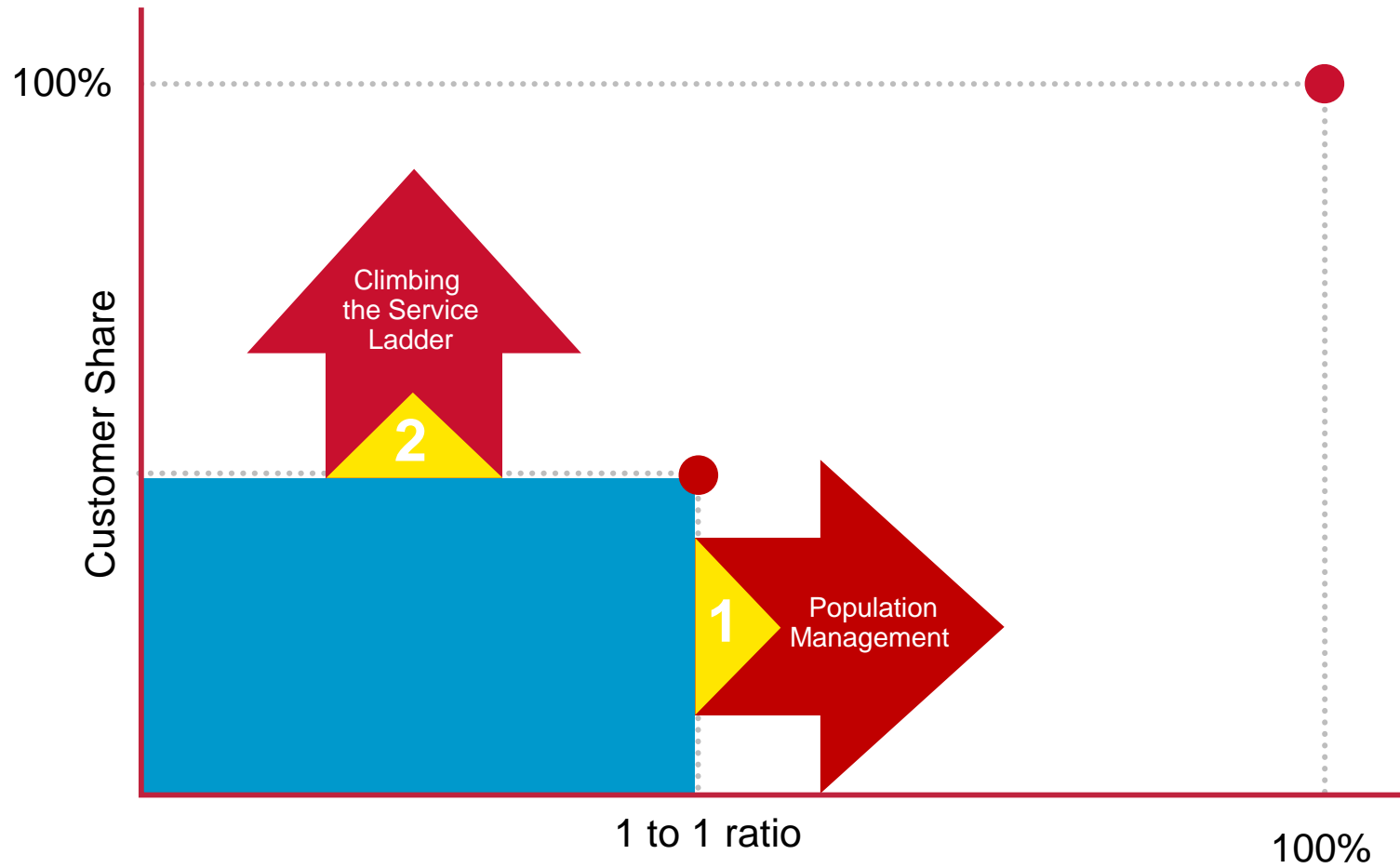


>140 countries

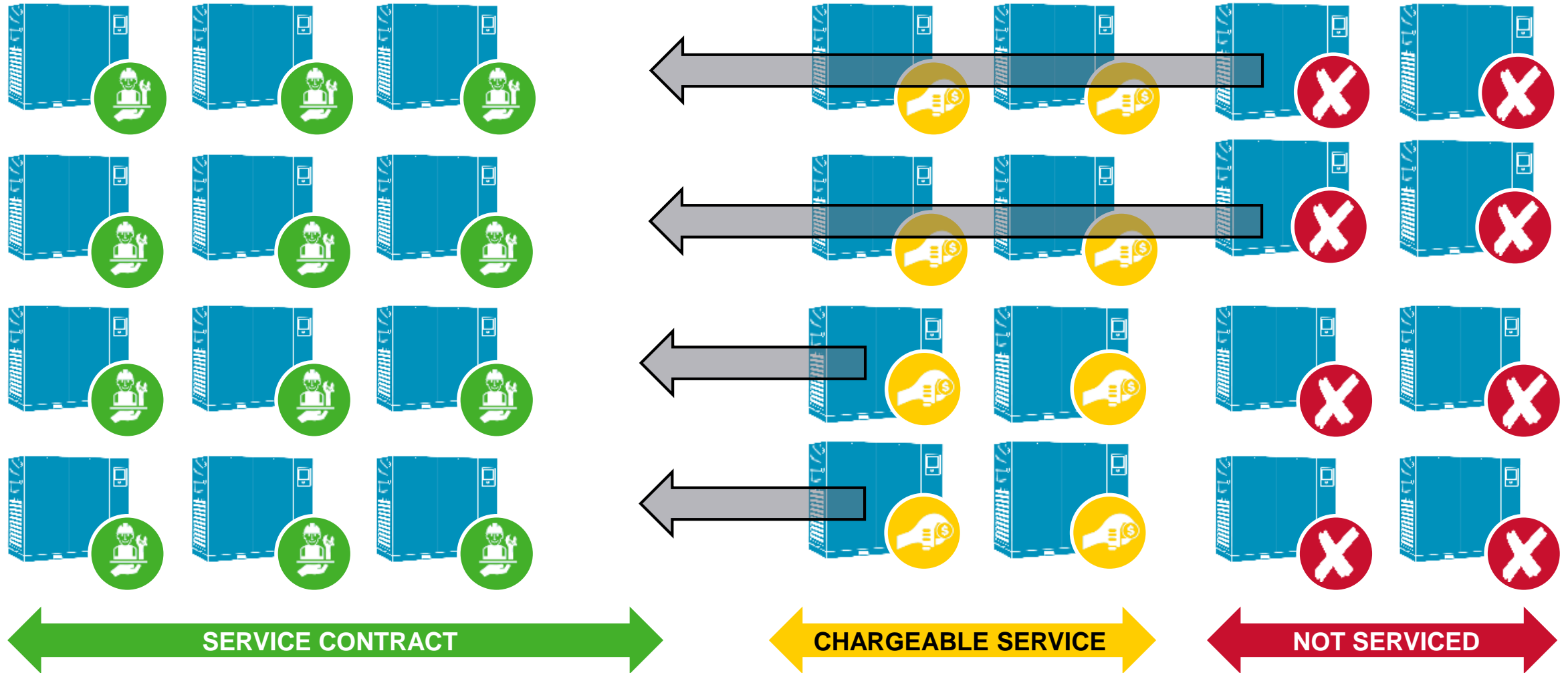
> 8,600 Employees

> 4,500 Service Technicians

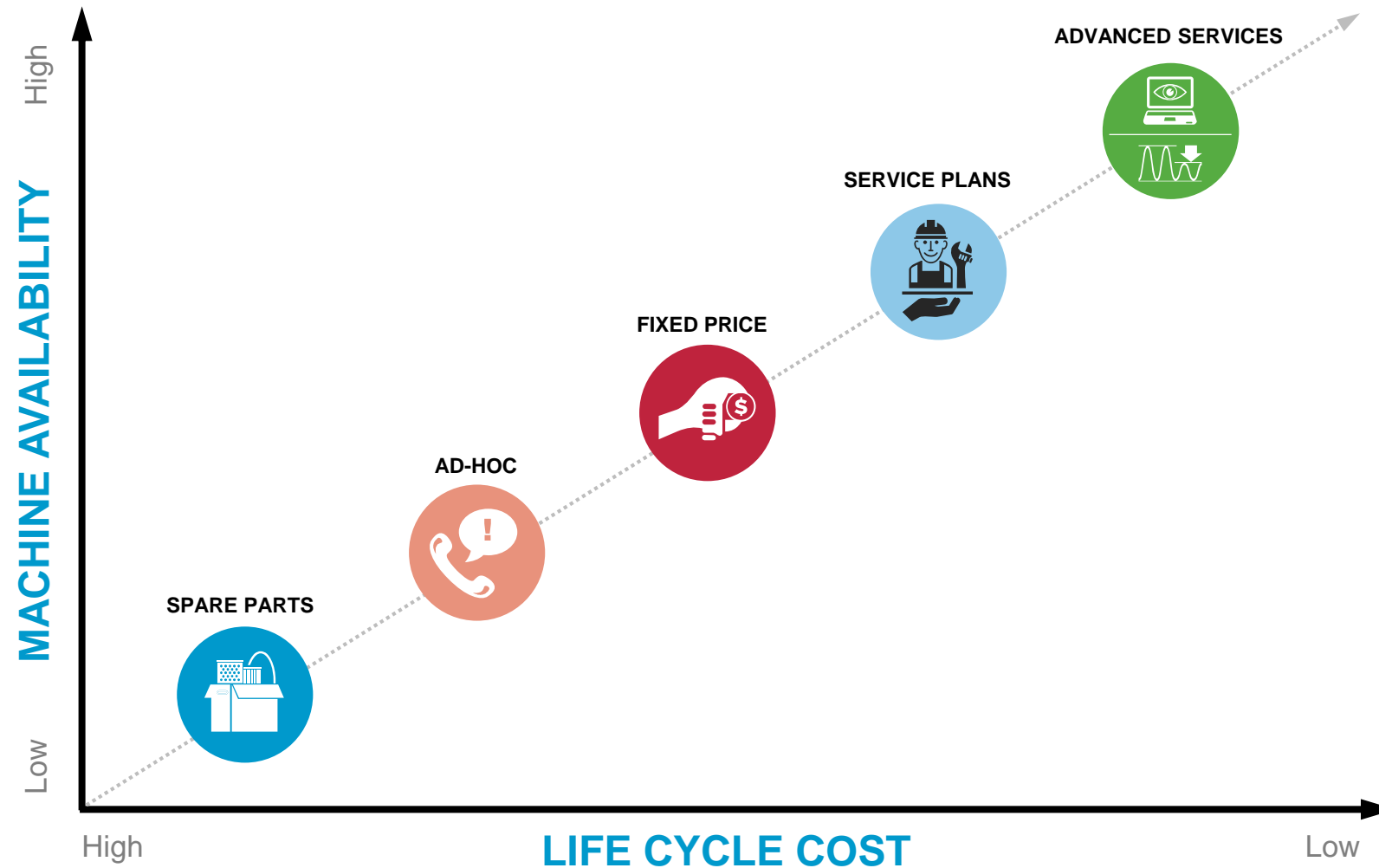
TACTICAL MATRIX



GROW OUR MARKET PENETRATION



ADDING CUSTOMER VALUE THROUGH THE SERVICE LADDER



SERVICE PROVIDER OF THE UTILITY ROOM



Compressor monitoring
SMARTLINK

Second hand equipment
OriginAir
neatly new, completely certified

Energy saving solutions
AIRScan, Central Controller,
Energy Recovery

Piping solutions
AIRNET

Service contract on the
compressor room

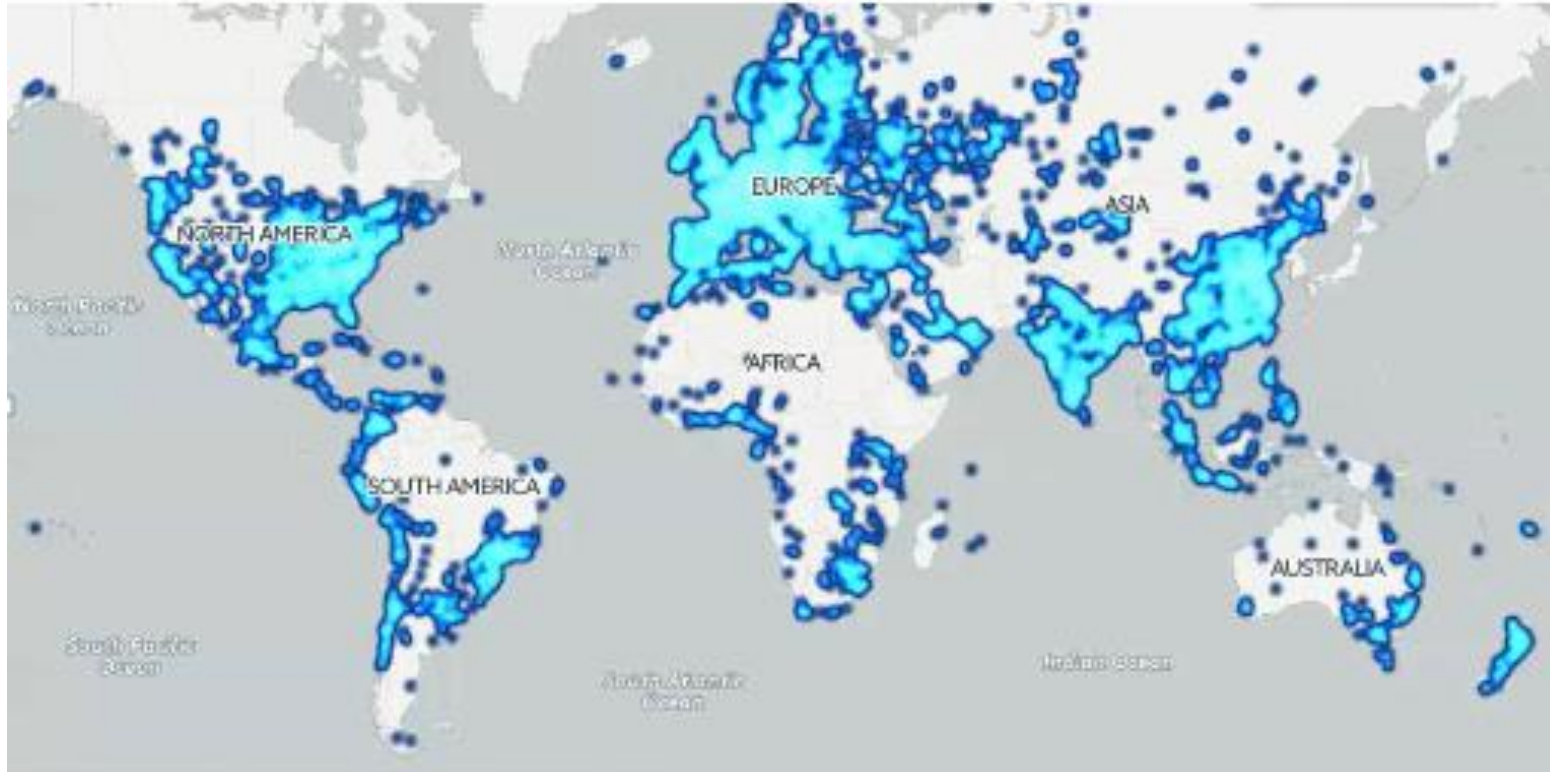
Service on
vacuum installations

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



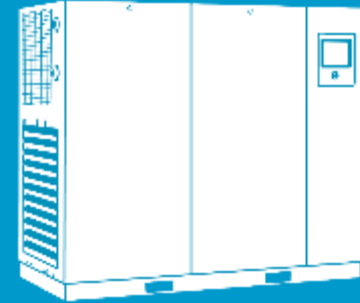
- Convert **SMARTLINK** leads to Service Sales
- New Service Products focused on availability

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



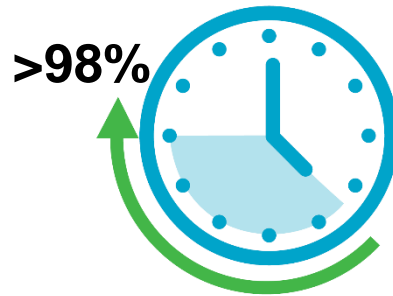
>69.000
CONNECTIONS



MORE
SERVICE LEADS



ADDITIONAL
REVENUE



UPTIME



CUSTOMER
LOYALTY

OPERATIONAL EXCELLENCE

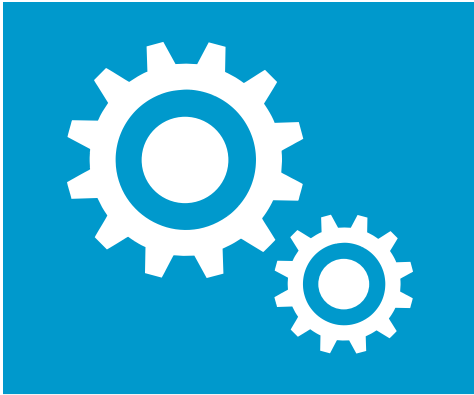
SERVICE EXCELLENCE



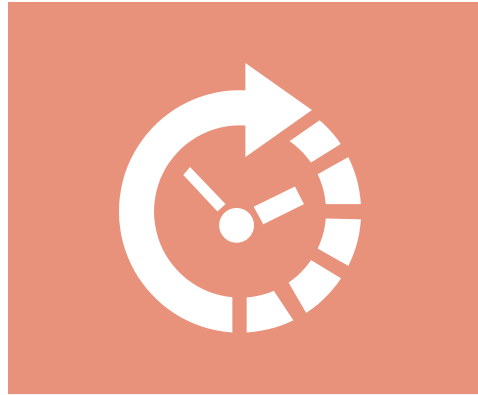
AUTOMATION & LEAN MANUFACTURING



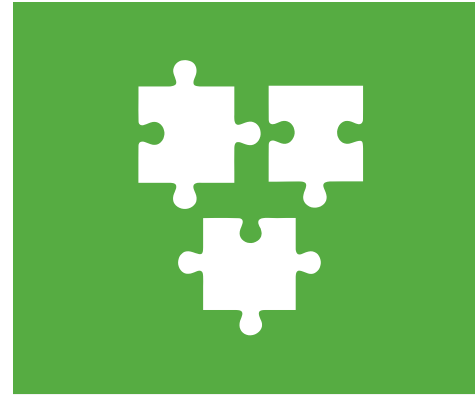
EFFICIENCY



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

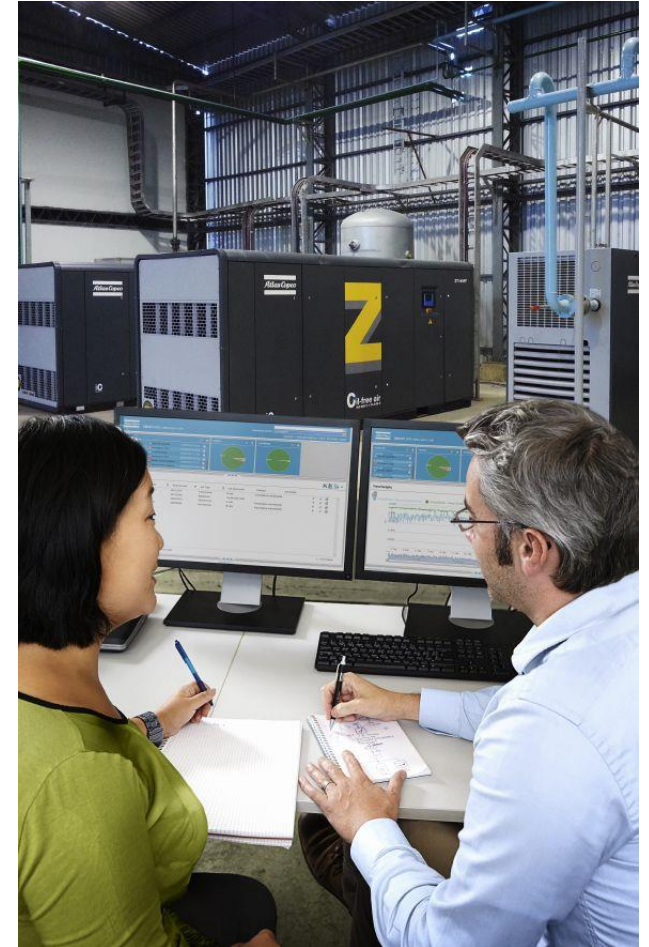


SUMMARY

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”





Atlas Copco

