Capital Market Day 2014

Customers Services Division
Brian Day, Group EVP

MANAGING THE CYCLE AND PREPARING FOR THE UPTURN

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Brian M. Day, Group EVP Customer Services

- Group EVP, Customer Services Division, since Jan 2015
- FLSmidth from 2007:
  - Senior Vice President, Global Customer Services, Minerals
  - Vice President, Global Customer Services, Minerals
- GL&V-Dorr Oliver Eimco: Vice President Aftermarket (2002-2007)
- Bachelor of Science degree, Sales recruiting and training, Leadership and business management
- Born 1956, American
The Customer Services Division in brief

- Full array of services **before, during and after delivery** of new plants and equipment
- More than **100** warehouse, service and support centers Worldwide
- More than **2/3** of all employees are in direct customer contact (~6,400 employees)
- **Main business:**
  - Spare parts ~70%
  - Service ~15%
  - O&M ~15%

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Revenue (BDKK)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
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<tbody>
<tr>
<td>2012</td>
<td>6.8</td>
</tr>
<tr>
<td>2013</td>
<td>7.2</td>
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<tr>
<td>2014 Q1-Q3</td>
<td>5.6</td>
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Future EBITA%

- 5-10% EBITA growth
Total Cost of Ownership Approach

Operating and maintenance costs over plant life will in most some cases far outweigh purchase price...

...and what about support on items that are linked to productivity (throughput), uptime and safety over the life-cycle

Offer up front-standard repeatable models
How we service our customers

- Maximize our customers’ plant **productivity** and **return on assets** by providing parts, maintenance, rebuilds, upgrades and services

- Increase customers’ return on assets by providing expertise in audits, **operation and maintenance** of our customers’ plants (including all aspects service, parts and rebuild, regardless of the age, location and OEM of the plant)

- Deliver a superior alternative to customers’ for **OEM replacement parts** and services for mission critical equipment used in global mining
Achieving profitable growth by maximizing our customers’ productivity

**Our ambition:**
- 5-10% annual revenue growth over cycle
- EBITA > 15%
- NWC 15-20%
- Develop O&M to become industry standard
- Grow wear parts business >10%
- Target strategic products and geographies with specific skills and best practices

**Our vision:**
Best in class in maximizing our customers’ productivity and return on assets.
Regional alignment of organisation
Understanding regional needs is key.

North America
- Upgrades & retrofits
- Canada projects
- Parts (stock) & services
- Account management

Central & South America
- Service offerings
- Service center repairs - key accounts
- Wear parts (e.g. mill liners)
- O&M (primarily “M”)

Europe
- Upgrades & retrofits
- Export markets

Africa & Middle East
- Service offerings - local service units
- Wear parts (e.g. mill liners)
- O&M
- Upgrades & retrofits

India
- Back end support
- Customer clusters - installed base
- O&M (Power industry ship unloaders)

Russia & CIS
- Site services
- O&M
- Installed base support

Australia & Southeast Asia
- Upgrades & retrofits - ours and competitors’
- Process audits
- Install site services
- O&M

Americas: North, Central and South America
EMEAI: Europe, Middle East, Africa and India
ASEC: Australia, South East Asia and China
Building strong customer relationships and increasing our customers’ productivity

- Leverage our local direct highly trained service and parts organization
- Ability to react quickly to customer needs - speed
- Account management- customised offerings
- **Strategic footprint** - warehouse, service and support centers
- **Predictive maintenance** - asset management; total cost of ownership modeling; training
- Leverage strong **product and flow-sheet capabilities** in Cement and Minerals (engineered solutions)
Service Offerings - Value Chain

**Parts**
- Stocking of fast moving & strategic parts
- Stock location optimized for efficient delivery and serviceability
- Simplified order handling process
- 24/7 enquiry handling (orders & troubleshooting)
- Service Training Programs

**Services**
- Service Audits
- Troubleshooting
- On-site repairs
- Parts installation
- Service supervision service
- On-site permanent set up (where applicable)
- On-Site training programs

**Rebuilds & Upgrades**
- On-Site repair, assembly
- Service supervision service
- Complete rebuilds / repairs / retrofits / calibration
- On-Site Training programs
- Laboratory sampling services
- In and out programs
- Service multiple customer sites
- Process optimization assistance

**Operation & Maintenance**
- Full scale Maintenance program
- Full scale Operations program
- Cost per ton program
- Remote monitoring and trouble shooting
- Enhanced uptime
- Predictive maintenance
- Improved performance

One Source

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Service Centers – strategically located

Health & Safety
- Safety Training
- Sustained Focus on Safety Culture

Plant Availability
- Strategic Stock
- Rebuild and Repair
- Small-scale Lab
- Mechanical Audits

Increased Knowledge
- Equipment/Process Training
- Building Local Skill Level
- Customized Training

Corporate Social Responsibility
- Training/Education to Support Local Communities
- Eco-Friendly Buildings

Perth Supercenter
Sustainable value creation
Virtuous circle: CSR as a driver for O&M productivity

Case study in Egypt:
Significant **social-economic impact through O&M business model**
Maximise client’s return on investment by achieving rapid ramp-up from commissioning and guaranteeing high plant availability and high levels of production throughout the life of the project.
Product and Flow Sheet Intelligence

- Asset management
- Maintenance planning
- Parts and resource forecasting
- Plant lifecycle predictability
The Customer Services Division:
Key takeaways

- Resilient and growing business area
- Focused regional approach with local direct support
  - Leverage efforts to service both industries
- Particular growth areas:
  - Develop Operation & Maintenance to become industry standard
  - Move into wear parts to close customer relationship gap