

Supplier Relationship Management Meeting

CNRL & HOERBIGER Review

November 28, 2017



Agenda

1. **HOERBIGER's Safety performance with Canadian Natural**
2. **HOERBIGER's Performance Analysis with Canadian Natural**
3. **CNRL Spend with HOERBIGER YTD**
4. **2017 RFP #845 – Working with CNRL**
5. **Successes & Challenges**
6. **Asset Sales**
7. **2018 Targets for HOERBIGER**
8. **Adding 'Value Add' through 2017**

HOERBIGER's Safety Performance With CNRL

January – September 2017

SAFETY ANALYSIS	Safety Compliance Registered with Comply Works	Spills	Vehicle Accidents	Average Daily Man hours	Near Misses
Fort Nelson*	YES	0	0	12	0
FSJ	YES	0	0	8-12	0
GP/Fairview/Valley View	YES	0	2	8-12	0
Edmonton/ Lloyd /Lac Le Biche /Athabasca	YES *	0	1	8-12	3
Hinton / Edson **	YES	0	Incl above **	8-12	Incl above **
Red Deer/Stettler /Drumheller/ RMH	N/A	N/A	N/A	N/A	N/A
Med.Hat/Taber/ S.Sask.	N/A	N/A	N/A	N/A	N/A
Totals		0	3		3
Percentage Success		0			

* Fort Nelson Safety Statistics included with FSJ location

** Hinton/Edson safety statistics included with Edmonton(Spruce Grove Location)



HOERBIGER's Performance With CNRL

January – September 2017

PERFORMANCE ANALYSIS LABOUR

AREA FIELD OFFICE	# of HOERBIGER Service Staff	# of Canadian Natural Request	Average response time (maintenance work)	Average response time (emergency calls)	# Overhauls Requested	# Overhauls Completed on Time	# of New hires	# of Attrition	Notes
Total Staff ()	59	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Fort Nelson	2	53	Within 20 -30 mins of Scheduled Time	Within 20 -30 mins of Scheduled Time	incl with FSJ nos	incl with FSJ nos	2	0	
FSJ	19	405	Within 20 -30 mins of Scheduled Time	Within 20 -30 mins of Scheduled Time	21	see comment*	11	0	
GP/Fairview/Valley View	10	230	Within 1h - 8h of Scheduled Time	N/A	1	0**	4	1	
Edmonton/ Lloyd /Lac Le Biche /Athabasca	24	0	N/A	N/A	0	0	5	0	
Hinton / Edson	2	95	Within 1 day - 2 days of Scheduled Time	Within 20 -30 mins of Scheduled Time	7	7	5	0	
Red Deer/Stettler/ RMH	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Med.Hat/Taber /Drumheller/ S.Sask.	1	N/A	N/A	N/A	N/A	N/A	Need to have open discussion with CNRL	N/A	
Totals (where applicable)	59	783	0	0	29	7	25	1	
Percentage Success									

*Almost all went over allotted time due to unforeseen additional work outside original work scopes

**Delayed by one day



HOERBIGER's Performance With CNRL

January – September 2017

PERFORMANCE ANALYSIS PARTS AVAILABILITY

AREA FIELD OFFICE	# of Canadian Natural Request	OEM parts	Non-OEM parts	Defective Parts	Incorrect Parts Delivered	Time to Replace Defective or Incorrect Part	Total Evaluation
Fort Nelson	156	722	346	0	0	N/A	
FSJ	1888	7508	3080	0	0	N/A	
GP/Fairview/Valley View	1239	5811	1633	0	0	N/A	
Edmonton/ Lloyd /Lac Le Biche /Athabasca	1	1	0	0	0	N/A	
Hinton / Edson	94	617	612	5	0	Within 1 day - 2 days of Identification	
Red Deer/Stettler / RMH	N/A	N/A	N/A	N/A	N/A	N/A	
Med.Hat/Taber /Drumheller/ S.Sask.	N/A	N/A	N/A	N/A	N/A	N/A	
Fort McMurray	N/A	N/A	N/A	N/A	N/A	N/A	
Peace River	N/A	N/A	N/A	N/A	N/A	N/A	
Totals (where applicable)	3378	14659	5671	5	0	0	
Percentage Success							0%

CNRL Spend With HOERBIGER YTD

January – September 2017 (Q1 – Q3)

Area Classification	Ft St John	Ft Nelson	GP / Fairview / Valleyview	Hinton / Edson	Edmonton / Lloyd / Lac Le Biche / Athabasca	Red Deer / Stettler / Drumheller / RMH	Med.Hat / Taber / S.Sask.	TOTAL
Labor	\$565,494.88	\$329,457.04	\$463,565.66	\$321,866.21				\$1,680,383.79
Parts	\$1,271,715.49	\$346,424.17	\$1,895,573.01	\$543,689.95				\$4,057,402.62
Sales	\$384,463.76	\$43,226.63	\$439,750.58	\$66,065.78	\$1,200.00			\$934,706.75
Total	\$2,221,674.13	\$719,107.84	\$2,798,889.25	\$931,621.94	\$1,200.00	\$0.00	\$0.00	\$6,672,493.16

Working With CNRL

2017 Award of RFP #845

How is it going?

- Very appreciative to be awarded the MSA
- Immediately we realized that we had a big challenge and we needed additional resources to meet ALL expectations
- Initially challenging, but able to understand the needs and expectations of CNRL foreman in various areas beginning with Fort St. John, then migrating south to Grande Prairie, Hinton / Edson
- In FSJ, we have added Parts Technicians, Service manager, Field Technicians, Support Staff, increase building square footage +35% to accommodate additional inventory
- In Grande Prairie, we added Parts Technicians, Condition Monitoring Lead, doubled warehouse space to accommodate additional inventory

Working With CNRL

2017 Award of RFP #845

How is it going?

- We recognize and identify ongoing issues and concerns and needs for continuous improvements
- Our main focus is to increase Field Service presence in GP and FSJ by the end of Q1 2018
- We have increased exchange inventory engine and compressor components as well as complete engines
- We have added an Inventory Management Specialist for compressor valve and surplus inventory management. This project has recently begun in FSJ.

Working With CNRL

2017 Award of RFP #845

How is it going?

Communication – Internally (HOERBIGER)

- Numerous discussions and meetings regarding CNRL requirements and necessary investment and resources required by HOERBIGER to meet CNRL's expectations
- Various levels of Senior and Executive Management in Vienna and Florida have been involved
- Executive Management from Vienna and Florida have visited FSJ to see and feel the business
- All this has helped us for approvals to go forward in 2017 and 2018

Working With CNRL

2017 Award of RFP #845

How is it going?

Communication – Externally (CNRL)

- Regular scheduled and unscheduled meetings discussions in FSJ
- We need to improve dramatically both sides of communication (HOERBIGER & CNRL GP) to align expectations

What Were The Successes?

We can count the following as wins with CNRL for this year

- Ongoing execution of the Helmut and Hinton maintenance runs
- Expanding field presence in FSJ by adding Field Technicians
- Bringing on board a well experienced service manager to lead the service team in Fort St John and Grande Prairie
- Forming a strong parts team in FSJ
- Significantly increasing inventory levels at all HOERBIGER locations to cater to the needs of CNRL
- Initiating the execution of Inventory Management of all CNRL warehouses / locations in Fort St John by employing a dedicated lead
- Ability to sell surplus units to other global HOERBIGER entities

What Were The Challenges?

Some of the challenges during the year

- Establishing a Field Service Presence in Grand Prairie and Edson
- Securing compressor machine shop work from CNRL in Edson / Hinton and to an extent in Grande Prairie
- Time to recruit dedicated team vs. CNRL expectations
- Response time on enquiries to purchase CNRL surplus equipment
- Maintaining scheduled meeting / calls
- Managing the Ivory Coast project. Draw on resources

Asset Sales

- \$1.5 million YTD
- Very difficult to deal with CNRL
- Slow response....and sometimes no response
- Lost opportunities globally
- Recently we purchased 6 core engines from Enerflex and are looking at other vendors as well
- We would like this department to improve in response time to queries
- Monthly we communicate globally throughout HOERBIGER, on all the surplus equipment available from CNRL

2018 Targets for HOERBIGER

- To improve revenue with CNRL in FSJ by at least 25% from 2017 figures
- To double revenue targets in GP, Hinton / Edson
- To get all compressor machine shop work and valve work from GP, Hinton / Edson areas
- To cater to all field service / overhaul requests in the GP
 - 5 new field service trucks by Christmas 2017
 - 5 additional trucks by March 2018
 - 13 additional trucks in 2018
- To expand its presence in Southern Alberta and Saskatchewan
- To meet CNRL foremen in Southern AB and Saskatchewan areas to establish working relationship

Adding 'Value Add' Through 2017

HOERBIGER has:

- Offered services of Condition Monitoring specialists to assess health of CNRL equipment
- Recommended valve tailoring / valve retrofits to resolve reliability on units (ongoing process)
- Employed a full time lead to manage CNRL inventory in FSJ
- Purchased CNRL surplus assets and resold to domestic / international customers
- Leveraged the Altronic ownership to provide Altronic parts at a very competitive rates
- Proposed valve exchange concept to improve availability and reliability of valves and thereby the compressors within CNRL fleet

Thank You