



Industry – the world we live in.

MCE Group

Bilfinger Berger Capital Markets Day, November 26, 2009

Ludger Kramer, CEO of MCE Group

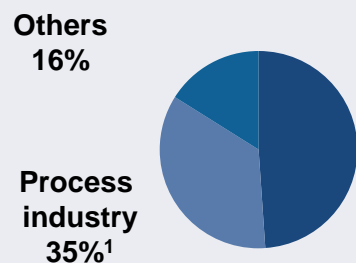
- **Group overview**
- Market and strategy
- Financial Development
- Summary

Key financial highlights 2008

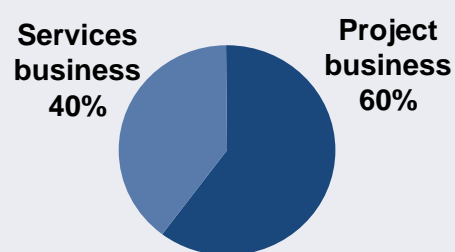
- New business: € 995 mn
- Sales: € 919 mn
- EBIT: € 45 mn
- EBIT margin: 4.9 %

Sales by

...end market



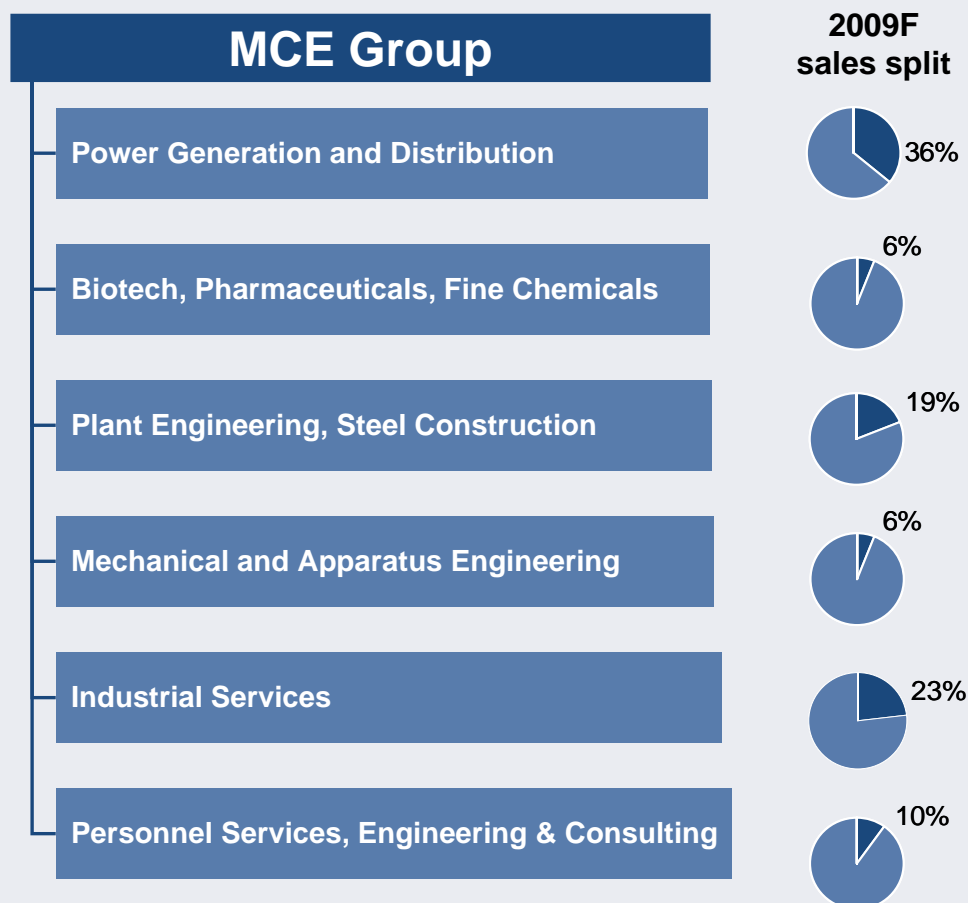
...business type



Note:

1 Primarily biotech, chemical and petrochemicals

MCE Group











Group overview

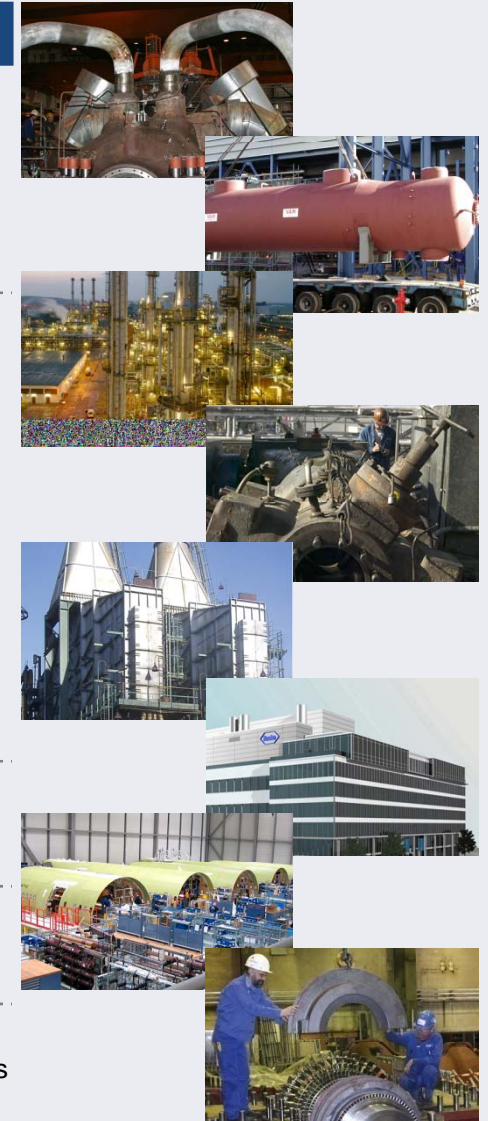


	End markets	Service scope	Select customers
Engineering/manufacturing/construction	Power Generation and Distribution (36%) <ul style="list-style-type: none"> • Energy (oil & gas, coal, nuclear, bio-mass, hydro and wind) 	<ul style="list-style-type: none"> • Pipe work incl. pressure/low pressure steel pipes, underground pipelines and gas storage, penstock/hydraulic steel structures, columns, vessels and heat exchangers 	
	Biotechnology, Pharmaceuticals, Fine Chemicals (6%) <ul style="list-style-type: none"> • Pharmaceuticals • Biotechnology 	<ul style="list-style-type: none"> • Systems and plants (incl. skids and superskids) • Modular components, apparatus sets and compact plants 	
	Plant Engineering & Steel construction (19%) <ul style="list-style-type: none"> • Energy (hydro) • Infrastructure/civil construction • Niche (wind tunnels, etc.) 	<ul style="list-style-type: none"> • Bridges, hydro-tec steel constructions, transformer boilers, generator, frames, climate wind tunnels, transportation systems, components for steel constructions 	
	Mechanical and Apparatus Engineering (6%) <ul style="list-style-type: none"> • Energy (hydro) • Chemicals 	<ul style="list-style-type: none"> • Hydraulic steel work, weldments, metallurgical machinery, spare and wear parts, apparatus engineering, special purpose machinery • Components/casings for water, gas and steam turbines, aeronautics • Control room/plant monitoring systems (e.g. electrical cabling) 	
	Industrial Services (23%), Personnel services, Engineering & Consulting (10%) <ul style="list-style-type: none"> • Paper • Chemicals and petrochemicals 	<ul style="list-style-type: none"> • Plant overhauls and revamps, integrated engineering, maintenance consultancy, maintenance services, on-site services, training and instruction • Full service partner for components, systems, plants and plant units 	

Group overview



	Client	Service scope
Energy	 	<ul style="list-style-type: none"> • Detail engineering, prefabrication, supply and erection of a BoP-plant; fabrication of pressure pre-heaters; erection of pipe systems • Thermotechnical dimensioning, detail engineering and manufacturing of heat exchangers for a combined gas and steam turbine plant
	 	<ul style="list-style-type: none"> • Maintenance contract for Chemiepark Leuna including full service maintenance, services under framework contract, workshops and 24 hour on-call service • Full service maintenance contract for Borealis Polymere plant in Linz
Industrial Services		<ul style="list-style-type: none"> • Shut down refinery incl. TÜV inspection of lube oil block, cleaning, scaffolding, liming and installation of new pipes for heat exchangers
		<ul style="list-style-type: none"> • Construction of plant for biotechnical production of monoclonal antibodies in Penzberg
Steel		<ul style="list-style-type: none"> • Turnkey construction of an equipment assembly line for Airbus A330/A340 AC, A350 XWB
Mechanical & apparatus engineering		<ul style="list-style-type: none"> • Framework agreement for mechanical manufacturing of steam and gas turbine components



- **Market leading provider of products and services for the process-industry in Central Europe**

End customer base

- Focus on industries with long-term planning horizon
- Focus on “mega-trend” growth industries
 - energy, healthcare, chemicals
- Blue chip customers
- Geographic diversification
- Strong end-customer relationship
- Strong base of framework agreements in service business

Risk/return profile

- Balanced mix of service and project business
- Diversified end markets
- Focus on “engineered” products and services with higher margins
- Focus on business with adequate “performance” risk (no overall plant performance risk)
- Superior project management controls risk with project management-tools and control of value-added chain
- Highly skilled engineers
- Flexible workforce - 1/3 leased externally

Financial performance

- Track record of outstanding performance
- Business highly cash-generating
- No bank debt
- High visibility of revenues

- Group overview
- **Market and strategy**
- Financial Development
- Summary



Power generation and distribution

- Characterised by **low seasonality and continuous growth**
 - long term planning horizons
 - strong long-term pipeline
- Underlying dynamics unaffected by short-term economic cycles
- **Increasing levels of capital expenditure** driven by
 - aging infrastructure
 - liberalisation of the European power industry
 - increase in energy demand
 - environmental issues



Oil, gas, chemicals & petrochemicals

- Tight supply and demand balance expected to lead to sustained high oil and gas prices over the medium term, despite recent decline
- **Capacity utilisation rates remain at historic highs**
- Oil and gas companies looking through current prices when making capital investment decisions
 - **continued capital spending required to upgrade and expand aging installed base**



Biotech and pharmaceuticals

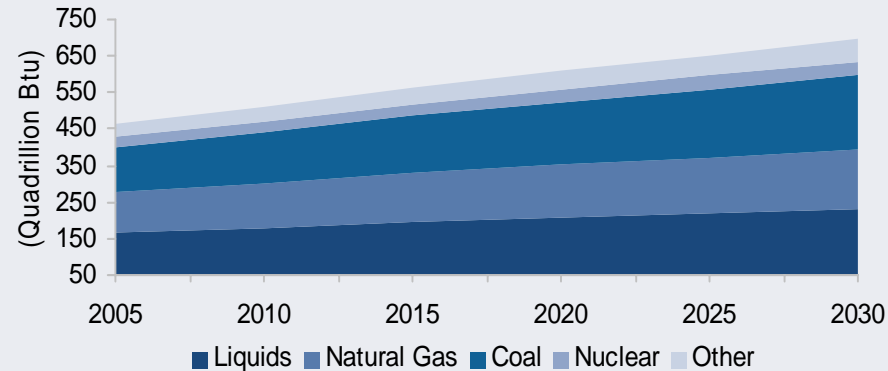
- **Expected to demonstrate highest growth rates** across the chemicals industry
- **Shift from classical pharmaceutical to biotech**
 - biotech market expected to demonstrate double digit growth for the next 5–10 years
- Industry facing unprecedented challenges (cost pressure, patent expirations, lack of new products ...) **driving investment in new R&D centres, pilot plants, other research facilities**



Steel and infrastructure

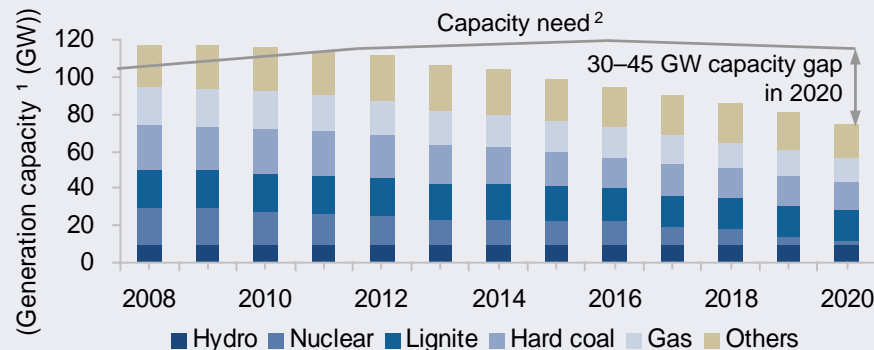
- **State stimulus packages driving infrastructure investment globally**
- New EU member states and emerging economies still “catching up” regarding infrastructure
 - Eastern European civil construction expected to sustain double digit growth and remain resilient through 2011
- **Aging infrastructure in developed countries**

Global energy consumption



Source: Energy Information Administration/International Energy Outlook 2008

Developing capacity gap in Germany



Notes:

- 1 Source: RWE, Boston Consulting Group, trend:research 2008, terms of German nuclear phase out 2022 new builds currently under construction included; without announced new builds; without offshore wind farms
- 2 Required capacity to assure today's level of security of supply

Commentary

Energy

- Growing realisation within the EU for the need to diversify mix of energy supply, phase out of nuclear in Germany
- **Aggressive capital expansion projects** driven by historic underinvestment and liberalisation of EU power industry
 - average age of power plants > 25 years
 - capital expenditure on emission control technologies due to legislation (e.g. LCPD, Kyoto Protocol)

Oil, gas and chemicals

- **Substantial capital investment by refineries** to expand capacity - oil companies looking through current prices when making capital investment decisions

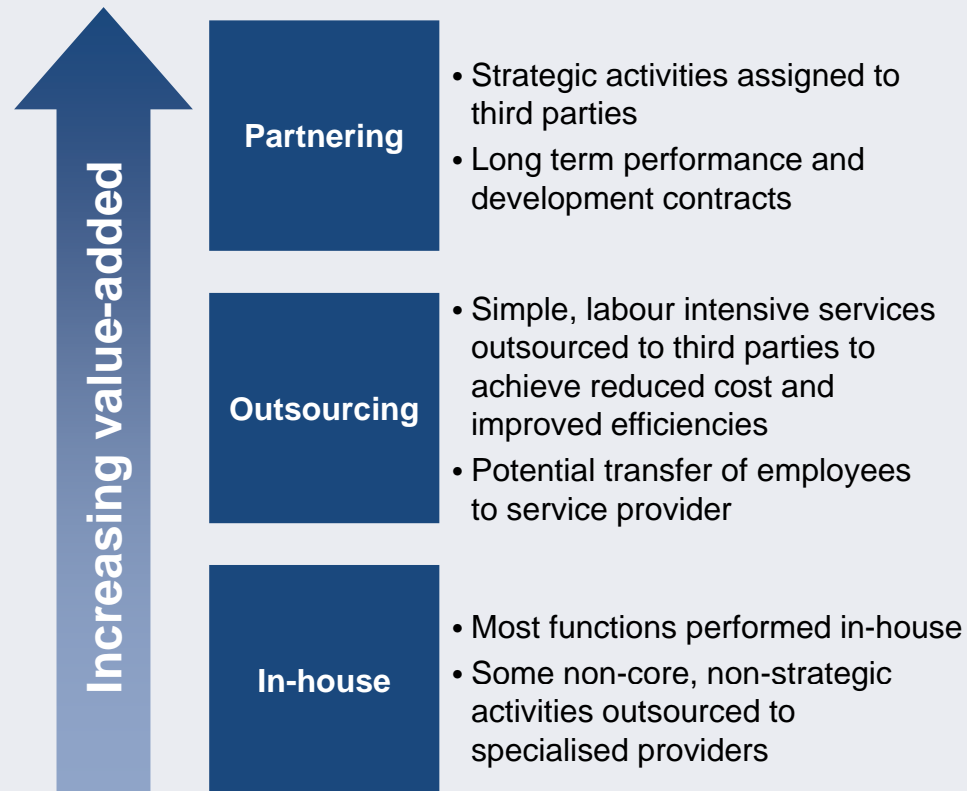
Pharma and biotech

- Increasing focus on R&D productivity in light of upcoming patent expirations and lack of new products – **increasing investment in new development centres, pilot plants, other research facilities**

Impact on MCE

- MCE well placed to benefit from environmental legislation and trend towards diversifying mix of energy supplies given
 - expertise across oil & gas, coal, nuclear, biomass and hydro
 - carbon capture and storage capabilities

Evolution of outsourcing services model



Commentary

- Theme of streamlining focus to core activities amongst customers, facilitating real annual growth in the contracted-out market
 - **increased focus on cost efficiency and flexibility driving willingness to outsource a greater scope of services** to external service providers/partners
- Increased emphasis on value proposition with higher engineering and technical skills - not just maintenance and repair services
 - secured plant availability more important than pure maintenance cost
 - safety concerns and environmental regulations driving maintenance consultancy and engineering services
- Imperative to maintain “prime” supplier status, given general trend towards outsourcing to “multi-service” providers

Impact on MCE

- MCE well placed to benefit from trend towards partnering given its positioning as a full service provider—“Life-Cycle Partner”

MCE's growth strategy supported by key market drivers

Strategic initiatives

- 1** • **Maintain focus on growth industries (energy, pharmaceutical and biotechnology)**
 - Increase power engineering and manufacturing capacities
 - acquire pharma / biotech engineering expertise
 - expand focus on steel and hydropower
 - leverage penstock expertise
 - strengthen nuclear capabilities
- 2** • **Expand product coverage and capabilities**
 - expand power plant service offerings
 - expand pipeline capabilities (300mm to 1,000mm)
 - establish product competencies through acquisitions / partnering / licences
- 3** • **Broaden geographic reach -“follow the customer”**
 - maintain focus on Central Europe
 - continue regional expansion into West Germany
 - leverage medium-term growth opportunities in CEE and Middle East

Supporting market drivers

- **Strong investment patterns in energy and chemical markets driven by globally stable demand and historic underinvestment**
- **Increasing outsourcing scope to external service providers/partners with greater emphasis on value proposition**
- **Central and Eastern Europe remain stable markets and are growing at above average rates compared to Western Europe**

- Group overview
- Market and strategy
- **Financial Development**
- Summary

- Order intake and sales expected to remain stable at € 900 million level
- Further growth expected in EBT, EBIT: EBIT margin > 5%
- Good cash position
- Market position in Germany and Eastern Europe to be strengthened – new organisation supports strategic focus on energy and the process industry
- Main focus on growth industries
 - Energy / Process Industry
 - Pharmaceuticals, Biotechnology
- Expand product coverage and capabilities
- Broaden geographic reach – "follow the customer"



Financial Development



[T €]	2007	2008	%	forecast 2009*	%
Order intake	846,337	994,821	+17.5	894,853	-10.0
Sales	782,096	919,478	+17.6	864,812	-5.9
EBIT	31,880	45,040	+41.3	50,384	+11.9
Employees	6,422	6,655	+3.6	6,436	-3.3

* as per 2009-09-30

- Group overview
- Market and strategy
- Financial Development
- **Summary**

Summary



MCE Divisions

End market dynamics

MCE's future positioning

Power Generation and Distribution

- Characterised by low seasonality and continuous growth: long-term planning horizon
- Underlying dynamics unaffected by short-term economic cycles
- Increasing level of capital expenditure

- Increase engineering and manufacturing capacity
- Expand pipeline capabilities
- Expand range of power plant services

Biotechnology, Pharmaceuticals, Fine Chemicals

- Highest growth rates across chemical industries expected
- Shift from classical pharmaceutical to biotech
- Driving investment in new R&D centers, research facilities

- Expand product competencies through acquisitions / licences
- Acquire engineering expertise

Plant Engineering and Steel Construction

- State stimulus package driving infrastructure investment
- New EU member states still catching up in infrastructure
- Aging infrastructure in developing countries

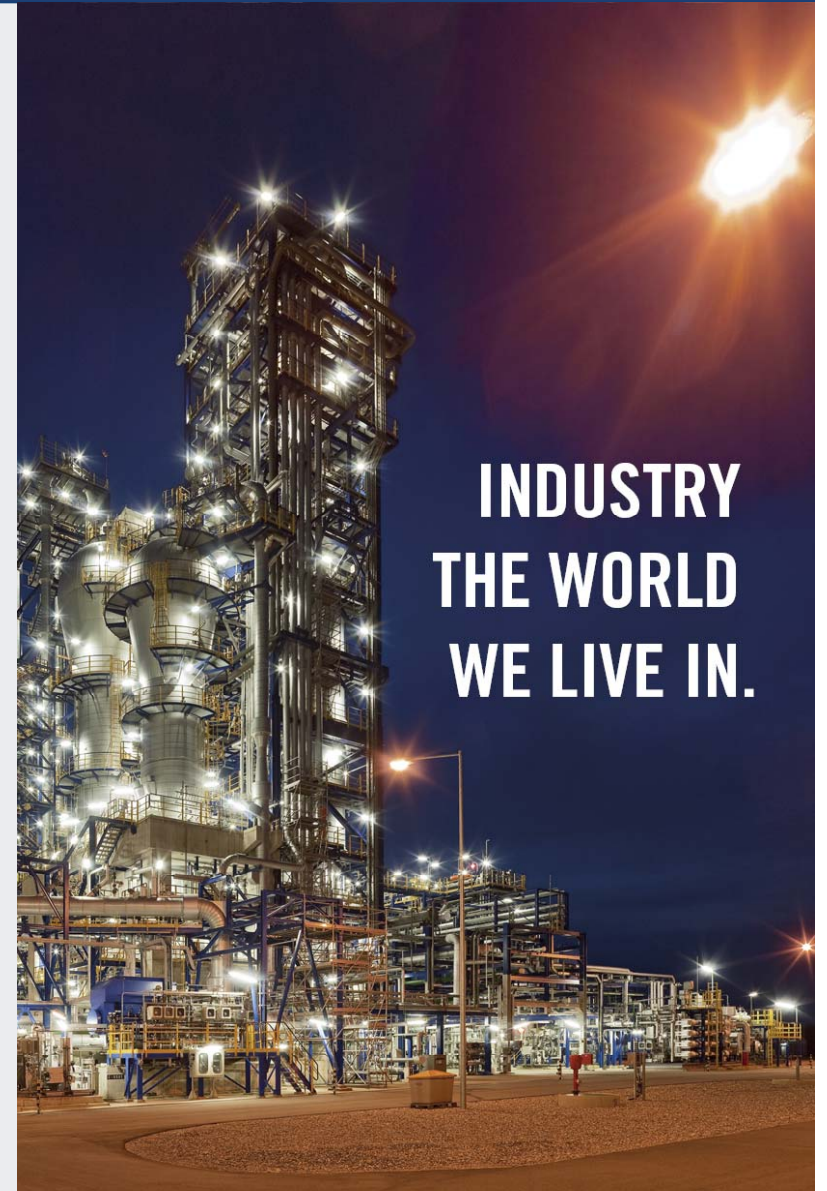
- Expand focus on niche markets
- Leverage penstock expertise

Industrial Services (focus on Oil, Gas, Chemicals, Petrochemicals)

- Tight supply & demand balance – increase in oil & gas prices expected
- Capacity utilisation rates increase
- Continued capital spending required to upgrade and expand installed base

- Expand outsourcing partnerships
- Expand product competencies through acquisitions / licences

Thank you for your attention.



**INDUSTRY
THE WORLD
WE LIVE IN.**