

## Acquisition and integration of Hydro Production Partner

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# Acquisition and integration of Hydro Production Partner

1. History
2. Facts and figures
3. Key success factors
4. Market outlook and competitive landscape



# 1. History

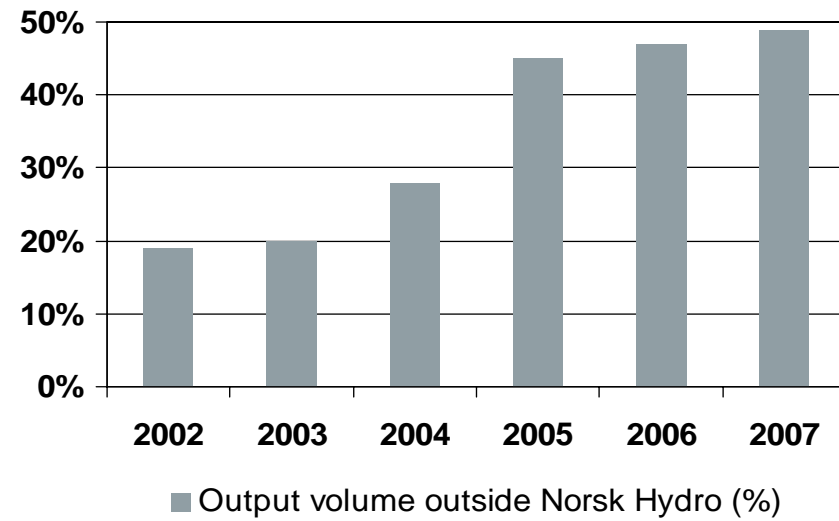
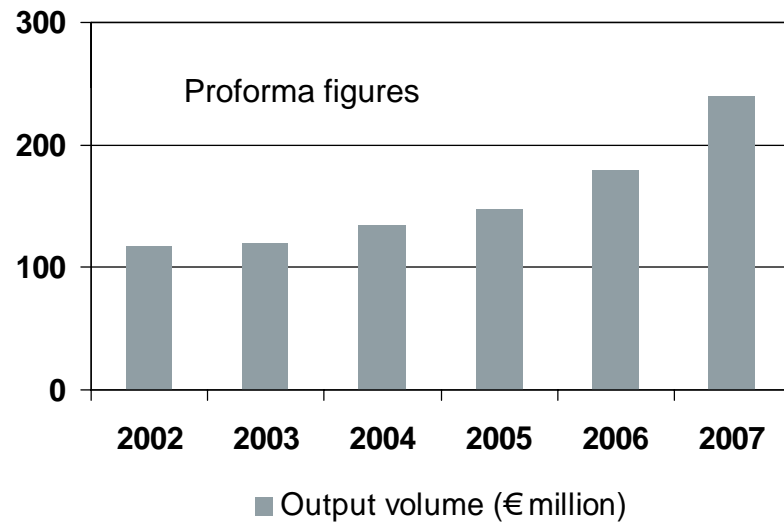
- 1996 Hydro Production Partner established as maintenance service business within Norsk Hydro  
Gradually developed the business and increased number of contracts:  
- with Norsk Hydro plants  
- with external customers
- ↓
- 2005 Established as separate legal entity wholly-owned by Norsk Hydro ASA
- 2007 Sales process initiated, with several large players showing interest
- 2008 Acquired by Bilfinger Berger Industrial Services AG April 1

The timing was right for change of ownership:

→ Hydro changed from a conglomerate to a pure aluminium company

→ Hydro Production Partner had developed a standalone position as non-core

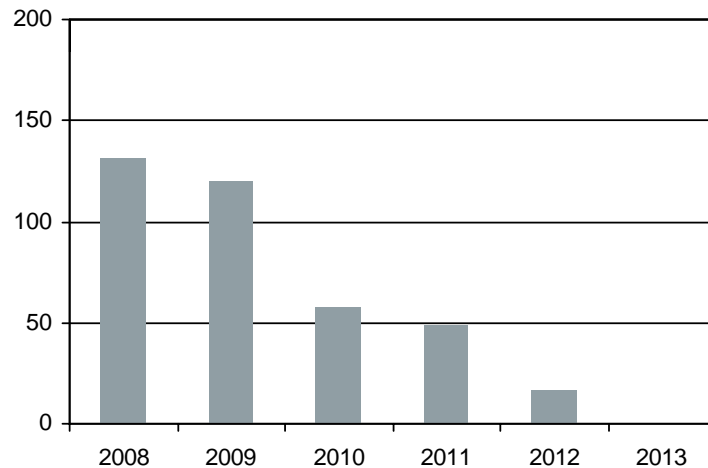
## Development until 2007



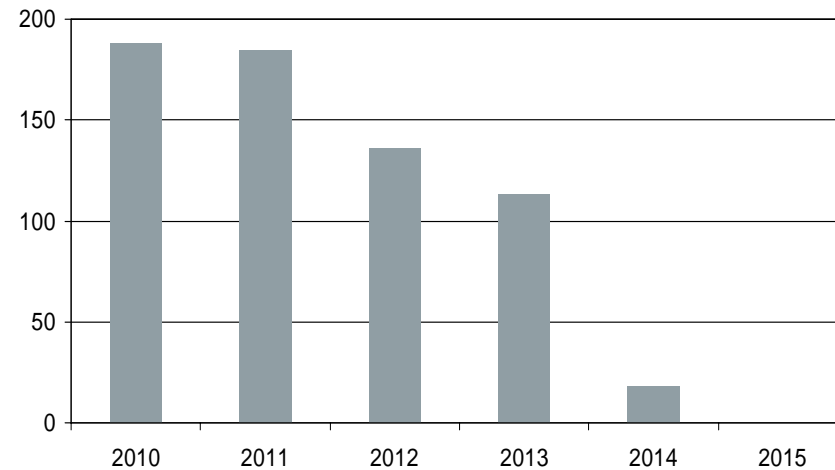
## What happened after April 1, 2008

- 2008**
  - BIS kept the existing management team
  - Changed name to BIS Production Partner
  - Successful integration process
  - All time high performance and results
  - 2 companies were acquired in Norway and Sweden
- 2009**
  - Business established at 4 new sites in Norway and 3 new sites in Sweden
  - 1 company acquired in Norway
  - Sales outside Norsk Hydro has increased to approx. 70% of total

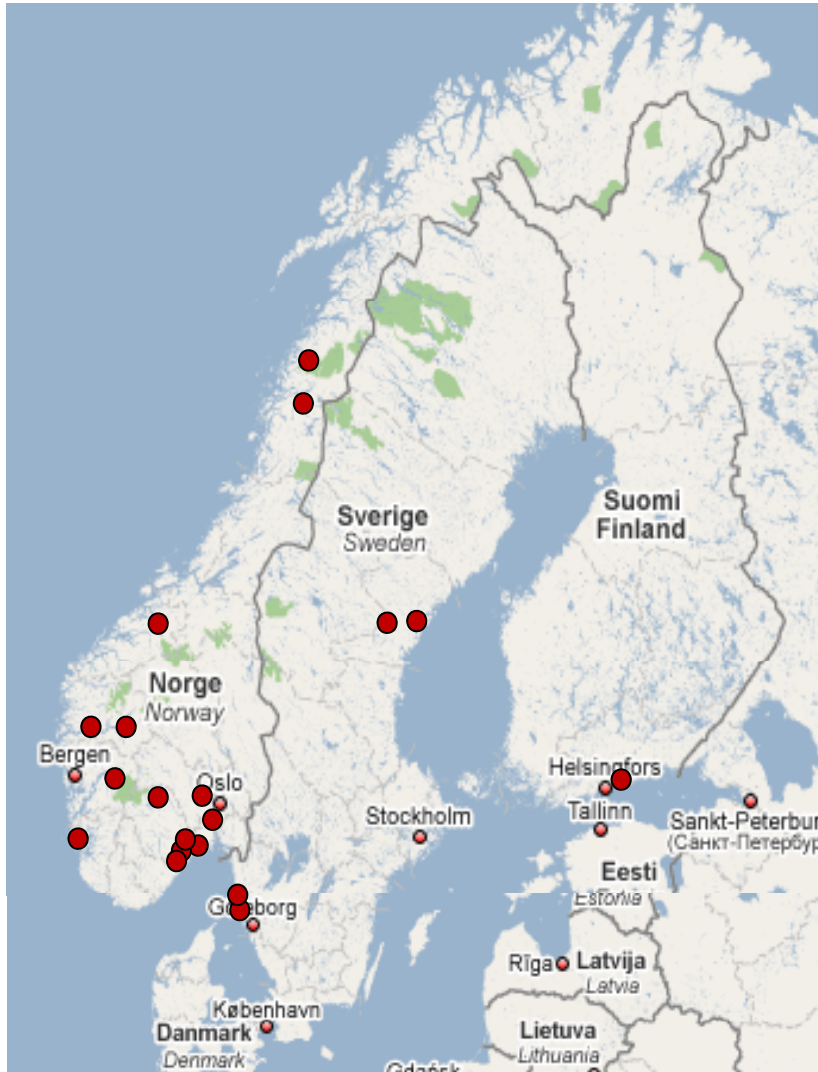
Order backlog long-term contracts per April 01, 2008  
Total € 375 million



Order backlog long-term contracts per November 01, 2009  
Total € 660 million



## 2. Facts and figures



Output volume 2008	€ 260 million
Employees	1800

Locations	Norway Sweden Finland	14 sites 4 sites In process
Head office	Porsgrunn Norway	

● BIS Production Partner locations

## BIS Production Partner service areas:



**Maintenance services**



**Workshop services**



**Projects and engineering**



**Refractory work**



**Maintenance and HSE consultancy**



**Contractor services**



**Logistics services**



**Industrial park services**



**Industrial manning**

## Main customers

### Chemical / Petrochemical industry 45%

- Akzo Nobel
- Borealis
- Ineos
- Isola
- Kongsberg Maritime
- National Oilwell
- Norcem
- Perstorp Oxo
- Pronova Biopharma
- Yara International
- YaraPraxair

### Metallurgical industry 40%

- Alcoa
- Boliden
- Elkem Solar
- Energos
- Eramet
- Hycore
- Hydro Aluminium
- Kubikenborg Aluminium
- Norsun
- Qatalum
- REC
- SIC Processing

### Others 15%

→ 2/3 of yearly volume on long-term partnership contracts

### 3. Key success factors

1. Long-term leadership commitment
2. Performance oriented business model
3. Strong customer focus
4. Longstanding process industry experience
5. Proven delivery concepts
6. The right owner

## 3.4. Longstanding process experience

We are working in complex and demanding facilities developing Best Practice:

Chemical industry  
Herøya Industrial Park,  
Porsgrunn, Norway:



Brage platform  
Norwegian continental shelf:



Petrochemical site,  
Stenungsund, Sweden



Hydro electric powerstation,  
Rjukan, Norway:



Metal plant,  
Karmøy, Norway



## 3.5. Proven delivery concepts

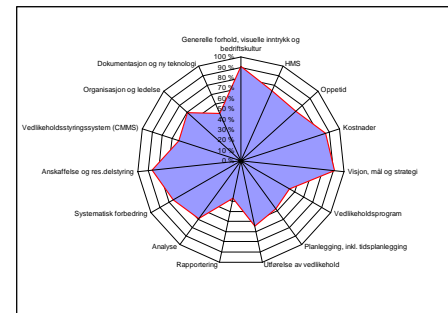
BIS Production Partner business target is:

- To deliver industrial services
- To address customers in the process industry and energy producers
- To provide a unique form of delivery through proven concepts and commercial partnership with our customers

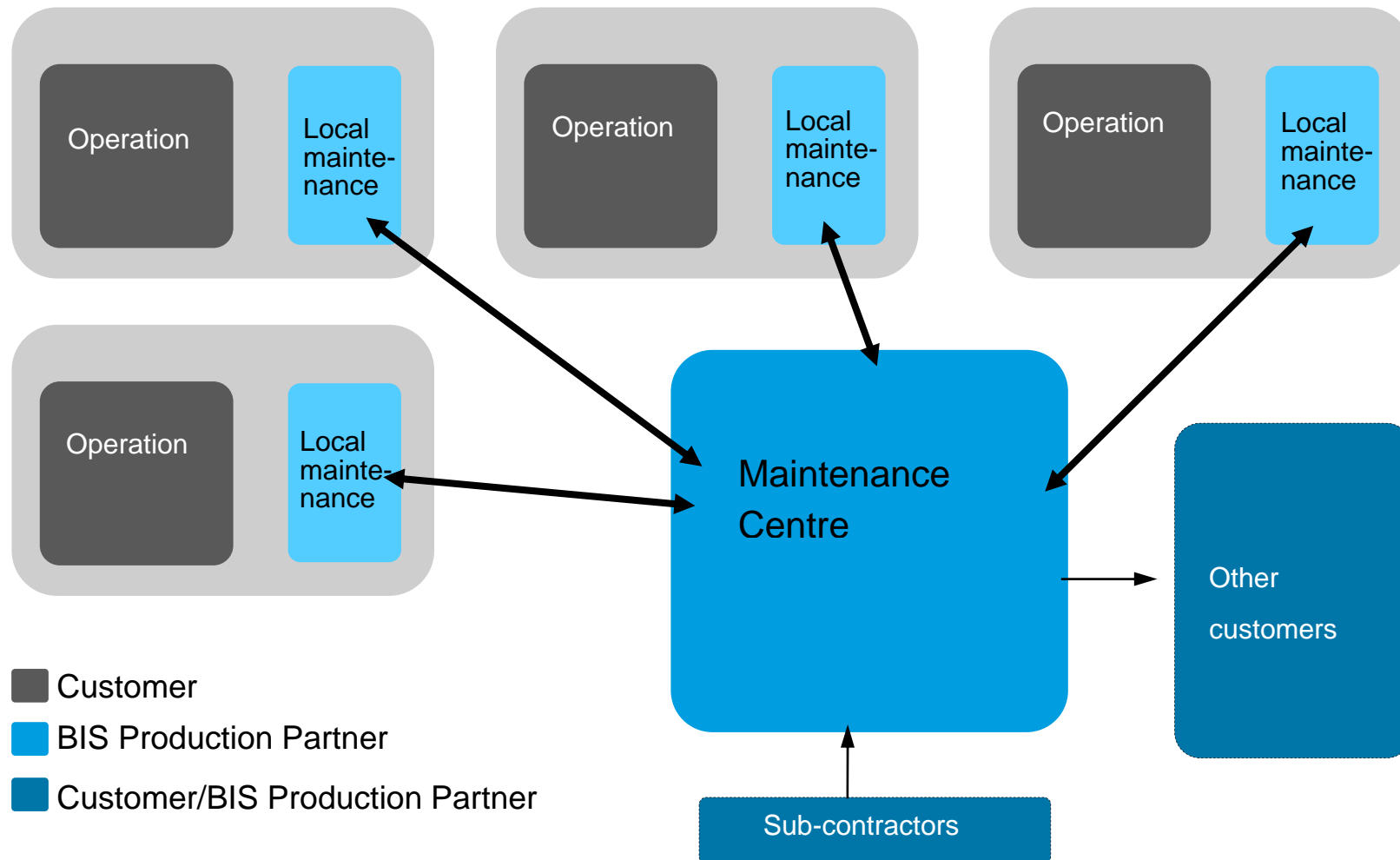
→ Maintenance Partnership Concept

## Maintenance Partnership Concept: The key elements – based on Best Practice

- Maintenance analysis as basis for improvement targets
- Execution excellence
  - High safety awareness with proven toolbox
  - Best practice work processes for planning and execution
  - Efficient execution of work
  - Competent and well trained people
  - Improvement focus and proactive approach
- Resource utilization through our area concept
- Proven contract model and a commercial partnership with customers
- Tight follow-up structure



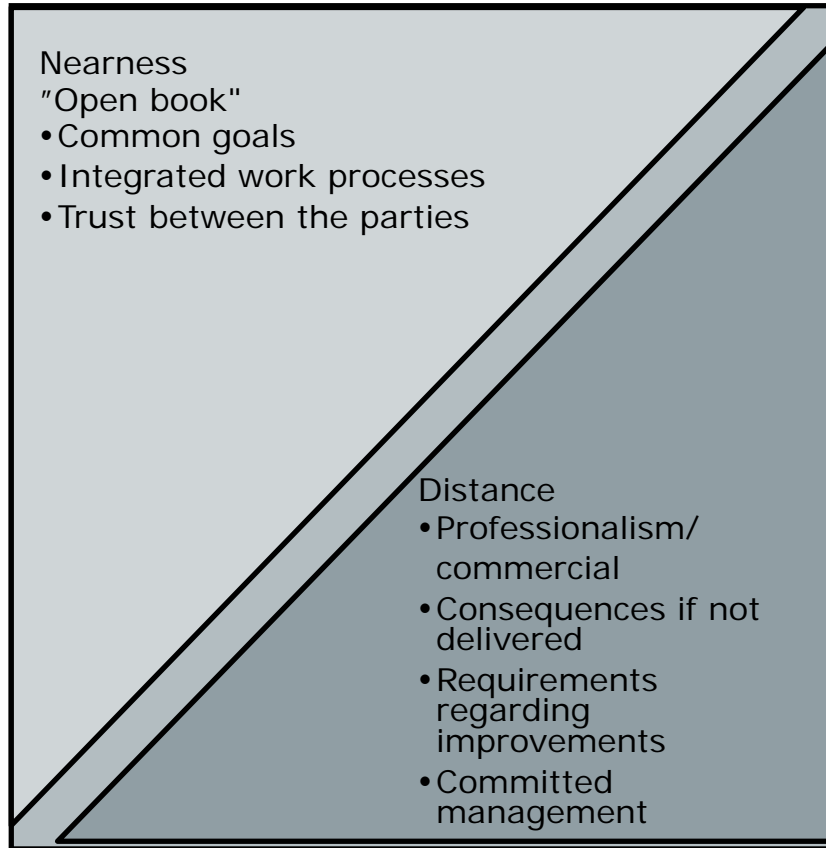
## Maintenance Partnership Concept: An area concept



# Maintenance Partnership Concept: Commercial Partnership – “Close but not too close”

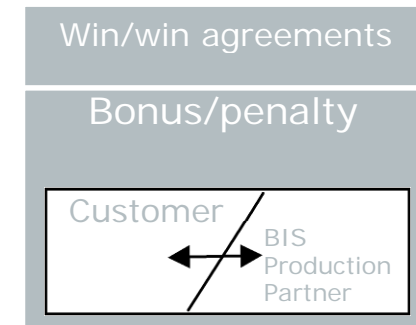
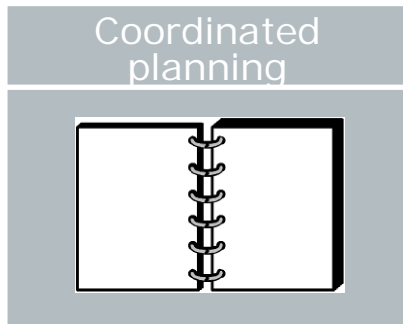
**Integrated KPI's**

Key parameters to trend and follow up	Unit	Result YTD	Target 2009
<b>Contract KPI's</b>			
TBI		3.7	4
Sickleave	%	3.9 %	4 %
Maintenance cost	MW/KC	85	120
Monthly customer meeting accomplished	#	8	12
UpTime (according to customers measurement)		96 %	95 %
<b>Release of work orders</b>			
REWS (if relevant)	%	75 %	80 %
Emergency work	%	15 %	20 %
Maintenance performed by Operation	%	22 %	20 %
<b>Planning</b>			
Planned and scheduled work	%	74 %	75 %
WO's with estimated work load	%	87 %	88 %
Resources according to periodized budget	#	90	100



**Commercial contracts**

Product	Service level	Price	Volume
A			
B			
C			
D			



→ Our proven contract model - chosen by all customers

# Maintenance Partnership contracts awarded in 2009

## Total contract volume of € 147 million

Customer	Site	Segment	Contract process	Services	Yearly volume	Duration in years
Boliden	Odda, Norway	Zinc	Competition Former supplier ISS	Maintenance, all skills	€ 5m	5
Bautas	Hønefoss, Norway	Equipment rental	Outsourcing from customer	Maintenance, all skills	€ 5m	5
Alcoa	Mosjøen, Norway	Aluminium	Competition Former supplier ISS	Maintenance, all skills	€ 9m	3
AkzoNobel	Sundsvall, Sweden	Chemicals	Outsourcing from customer	Maintenance, all skills	€ 6m	5
AkzoNobel	Alby, Sweden	Chemicals	Outsourcing from customer	Maintenance, all skills	€ 2m	5
AkzoNobel	Bohus, Sweden	Chemicals	Competition. Former supplier Vattenfall	Maintenance, all skills	€ 6m	5



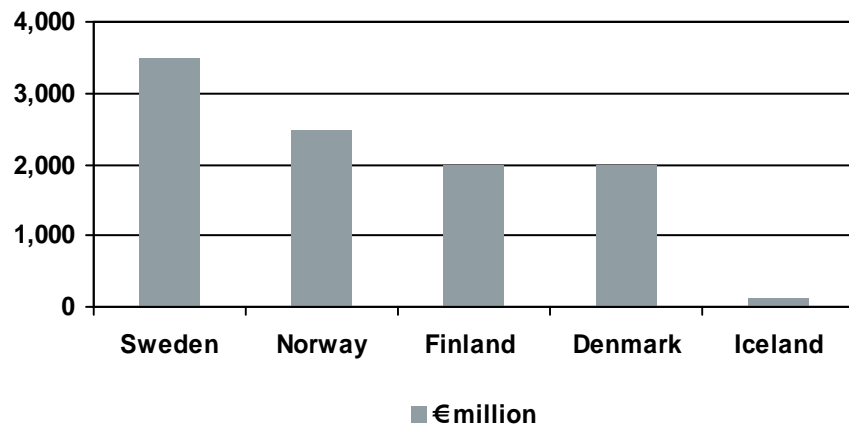
## 4. Market outlook and competitive landscape

### Market outlook

- Outsourcing of land-based maintenance services slowly maturing, driven by pressure to reduce costs
- Outsourcing of core offshore maintenance activities not yet a consideration for the large oil companies

### Estimated maintenance spending land-based industry Nordic countries

(including customer internal cost – current situation)



## 4. Market outlook and competitive landscape

### Competitive landscape Nordic countries

#### – maintenance services for land-based industry

- Few large players with strong foothold in more than one country  
- ABB, Coor, Dalkia, ISS, Maintpartner, Siemens, Vattenfall, YIT
- Several minor regional/local competitors, but very few with broad range of services
- The customer himself  
– the main challenge is to convince the customer to outsource