

# BAUER Aktiengesellschaft



## Analyst Presentation for the first quarter 2008



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# BAUER Group

Services, equipment & products dealing with ground and groundwater



## Construction

- Target ~ 40 % of total Group revenues
- Global provider for specialist foundation engineering and related construction services such as structure remediation and bridge building
- Focus on complex, international projects



## Equipment

- Target ~ 45 % of total Group revenues
- Market leader in specialist foundation equipment
- 85 % of revenues from sales abroad
- Multi-branding strategy



## Resources

- Target ~ 15 % of total Group revenues
- Third segment, installed in second quarter 2007

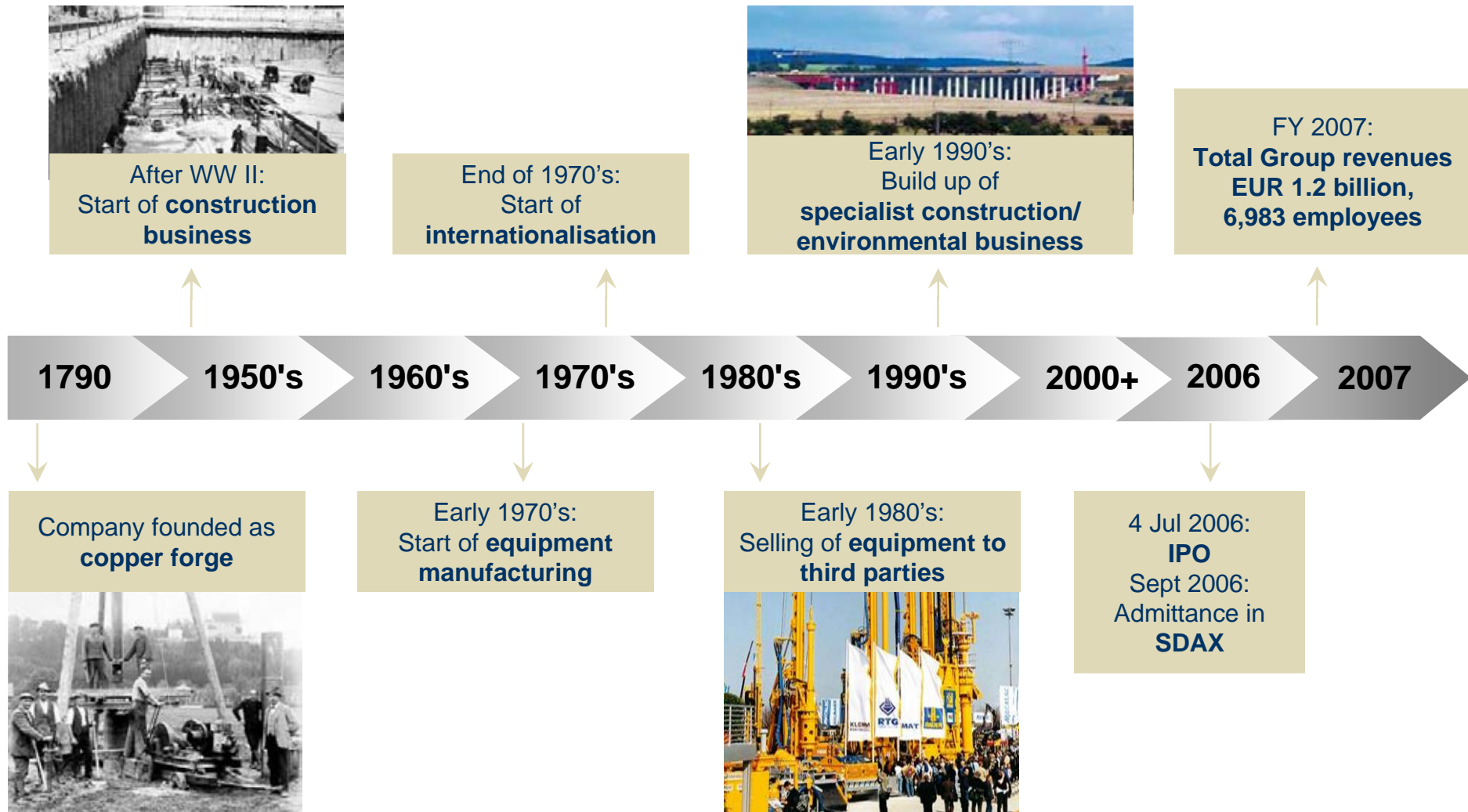


## Resources

- Activities in the field of environmental services, mining, geothermal energy, well drilling and well engineering materials

# 1 History of Bauer

## Two centuries of experience

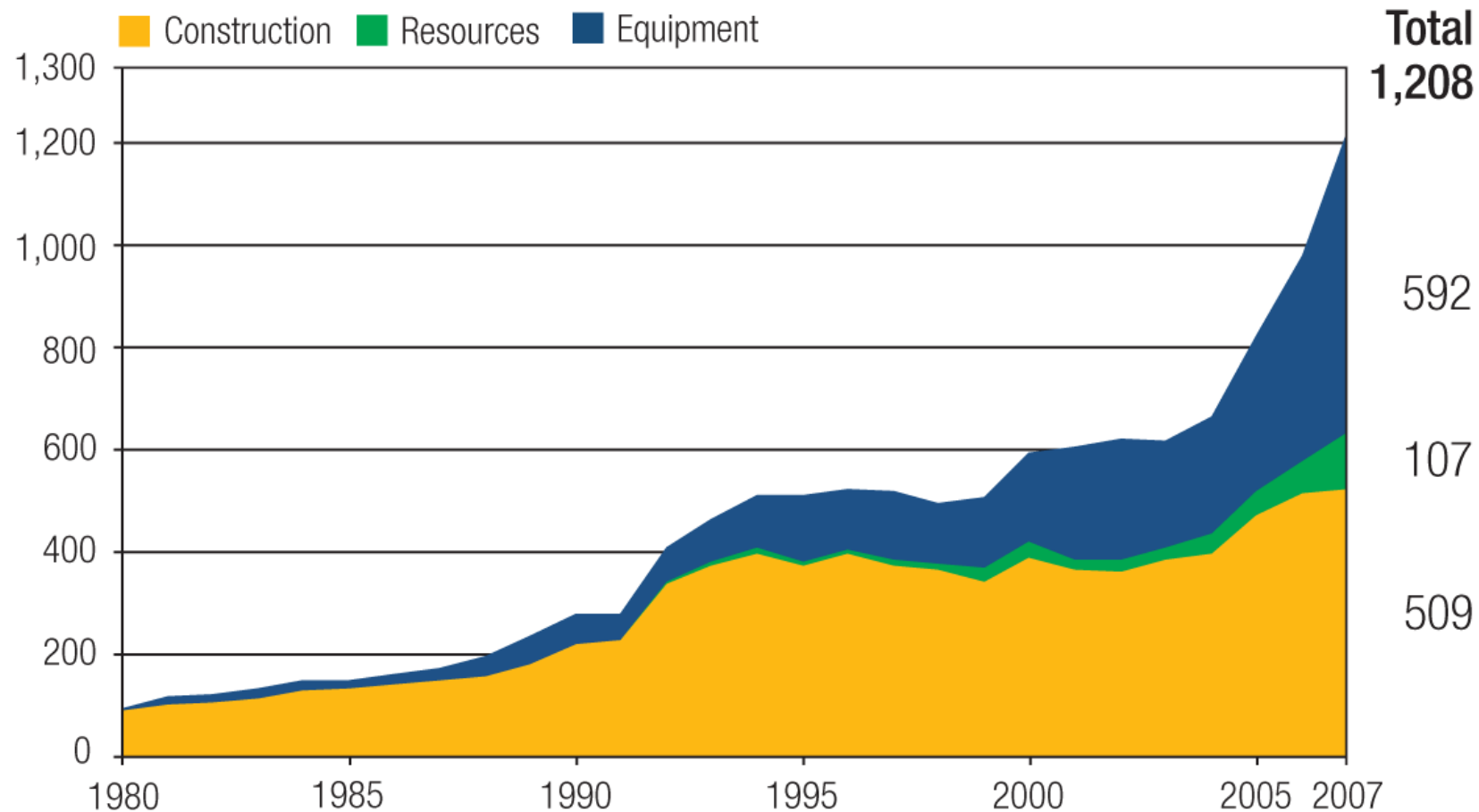


# 1 Longstanding healthy business development

## Total Group revenues 1980 - 2007



in EUR million, CAGR on average ~ 9.5 %

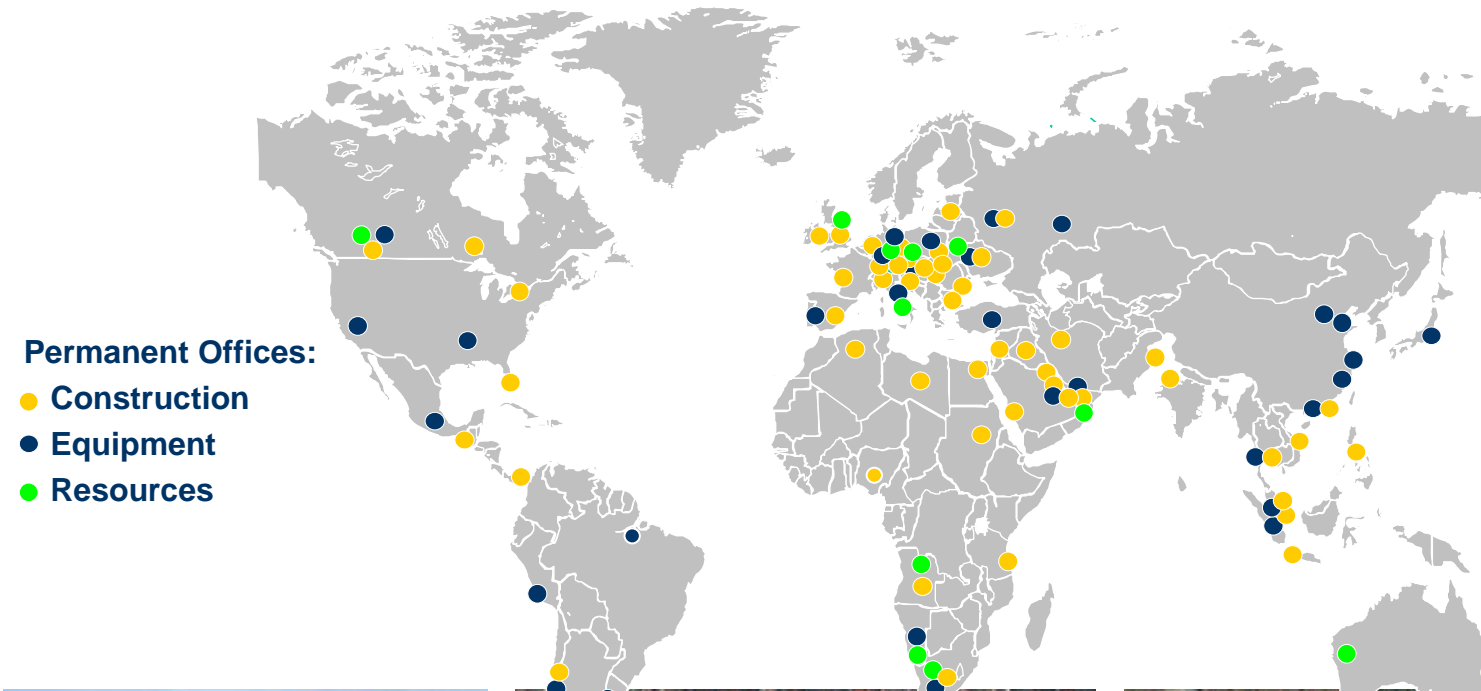


Note: 1980 – 2002 based on HGB figures, from 2003 based on IFRS figures; segment figures after deducting Other/Eliminations/Consolidations

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# 1 Leading position in highly specialised markets

## Worldwide network in main business segments



**BAUER Maschinen KSM, Kurgan, Russia**



**BAUER Tianjin Technologies, Tianjin, China**



**Pileco, Houston, Texas, USA**



**BAUER AG, Schrobenhausen, Germany**

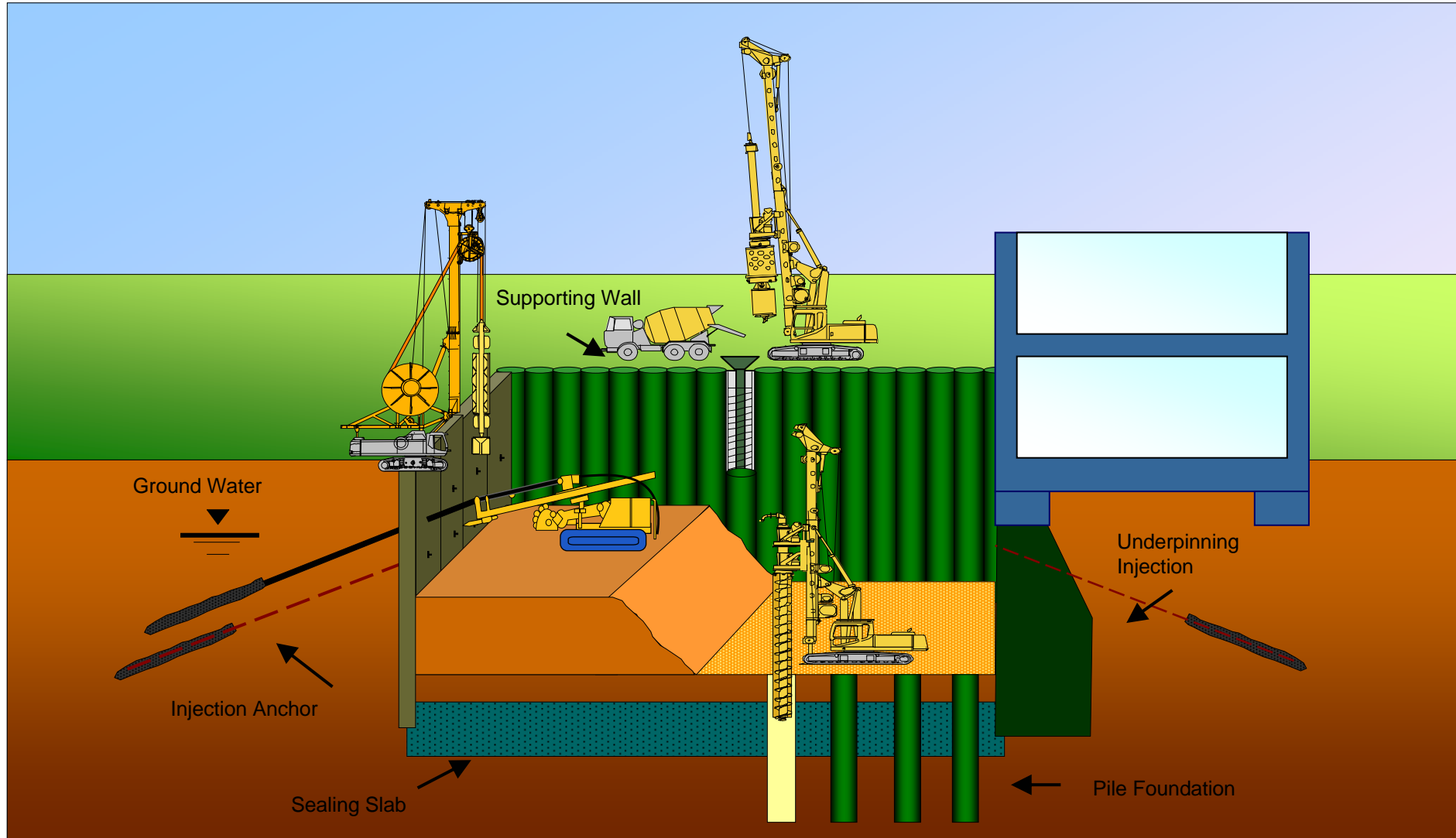


**Klemm, Drolshagen, Germany**



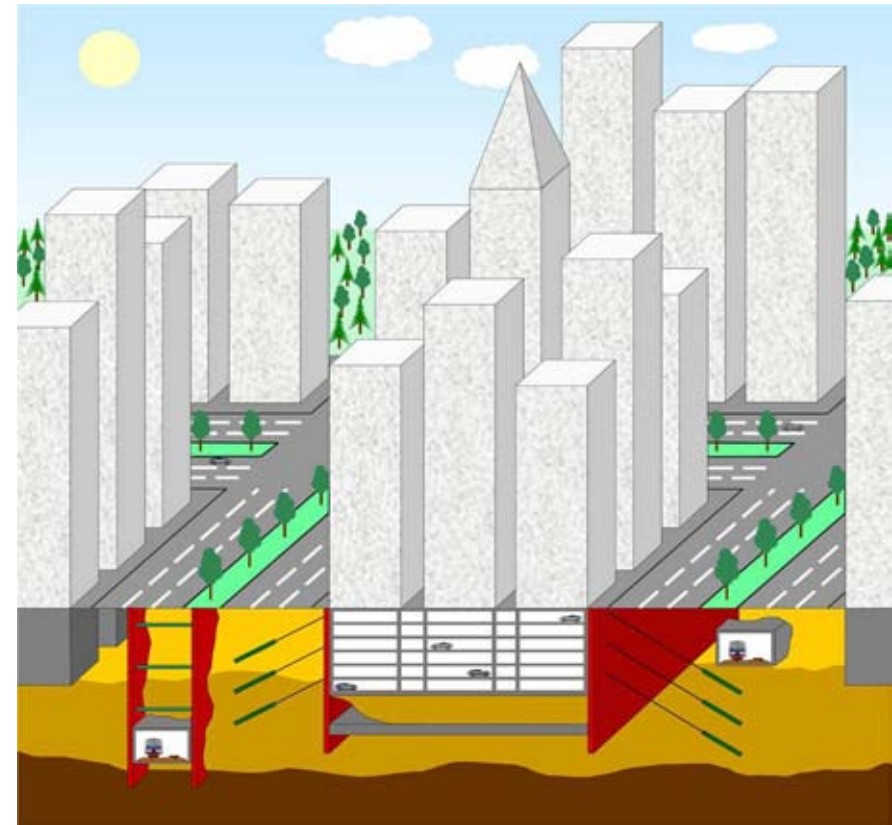
**Shanghai BAUER Technologies, Shanghai, China**

# 2 What is specialist foundation? Building an excavation pit



2

## What is specialist foundation used for? Applications for infrastructure projects



Project portfolio: ~ 50 / 50 infrastructure (Government) / large industrial buildings  
⇒ **very little exposure to residential construction**

## 2 Construction Typical excavation pit

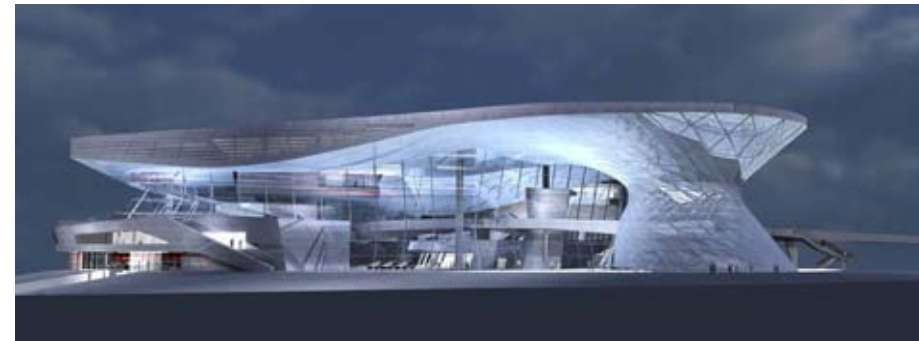


Excavation pit ...



14 metres deep, covering an area of 15,500 square metres, 775 piles of 880 mm diameter, back-anchored in two layers with 13,000 metres of anchoring, drilling of 6,000 metres of auger piles and 1,200 square metres of king pile retaining wall ...

... for BMW World, Munich

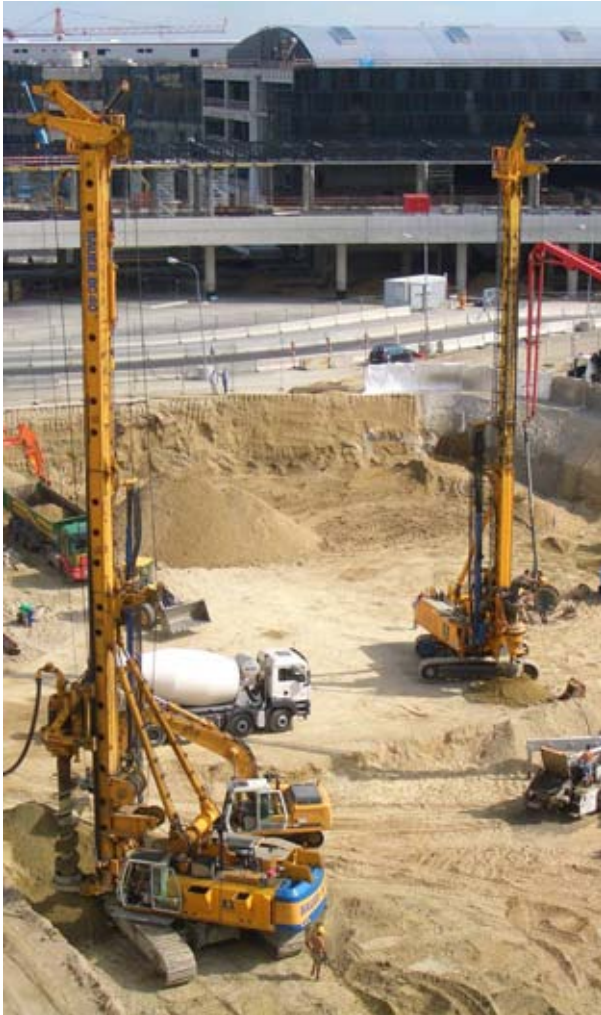


... laying the foundation of the futuristic BMW experience and hand over centre in Munich, opened in 2007

## 2 Construction Exemplary projects



Austria, Vienna



Ireland, Dublin



Indonesia, Batam Quaywall



Egypt, Cairo



## 2 Construction Exemplary projects



Turkey, Istanbul



France, Metz



Malaysia, Kuala Lumpur



Australia, Gold Coast



Abu Dhabi



## 2 Equipment

Product range: BG-systems (large diameter drilling rigs)



- 11 different versions BG-line rigs
- Height 15 to 36 meter
- Weight 50 to 250 to
- Torque 10 to 50 to.m (100 to 500 kNm)
- Engine power 150 to over 600 kW
- Drilling depth up to ~ 120 meter
- Compact drilling rigs in M-Line
- Range of rotary drilling systems
  - kelly drilling system
  - double rotary drive system
  - displacement drilling system etc.

## 2 Equipment

Product range: Trench cutters, Grab systems, Tools



## 2 Equipment

Product range: Other equipment



# 2 Resources

## Areas of strategic development



Materials (Water)



Mining



Environment



# Resources

## Areas of strategic development



### Divisions: Current market position

#### Materials

- 4 production sites in Germany, 1 in Poland
- Market leader for well drilling materials and well extension (screens, filters, sealing material) in Germany

#### Mining

- Track record of longstanding cooperation with mining companies e.g. De Beers
- Mining projects in Namibia (Bogenfels diamond area), Angola, Botswana, South Africa, Canada (Diavik diamond mine, Shore Gold bulk sampling)
- Off shore projects, e.g. Alaska Barrow Sea

#### Environment

- Leading service provider and manufacture for drilling rigs for geothermal drilling (EWN)
- Leading provider for environmental works in Germany (Leuna refinery, 3 ground improvement centres)
- First projects abroad: Italy (on-site remediation), Qatar and Doha (purification plant)

### Divisions: Future strategy

#### Materials

- Focus on Europe, Africa, Middle East

#### Mining

- Focus on South Africa, Canada, Australia, Europe
- Foundation of subsidiary in South Australia in 2008

#### Environment

- Focus on Europe, UAE

### Overall Segment Strategy

- **Development & Internationalization of an additional business - using the existing network - that is completely independent of construction cycles but deals with scarce resources, environment, energy, raw materials**
- **Geothermal drilling (close- to-the-surface & deep depth)**

# Market environment - Global economy

## Attractive forecast for construction & specialist foundation



### Global GDP outlook 2008\*

- Expected GDP growth World 3.6 %, thereof
- Asia (w/o Japan) 7.7 %
- China 9.5 %
- India 7.9 %
- Europe 1.3 %
- Middle East & Africa 6.0 %
- USA 1.1 %
- South America 4.3 %

**'The world is our market'**

### Construction market 2008\*\*

- Expected Construction growth World 3.6%, thereof
- Asia (developing) 12.7 %
- Asia 7.7 %
- Eastern Europe 9.2 %
- Western Europe 3.4 %
- Middle East & Africa 7.3%
- North America -5.6 %
- South America 7.6 %
- **Global construction market 2008**  
**US\$ 4700 billion**

**Attractive growth potential**

### Specialist foundation

#### Construction

- Higher density in metropolitan areas
- Increased complexity of projects
- Infrastructure projects

#### Equipment

- Key driver of process cost reductions
- New applications through innovation
- Growing installed base

**High structural growth**

Source:

\* Deutsche Bank Outlook, Economy and Markets, April, 2008

\*\* Global Insight, published by KHL World Construction Week, March, 2008

# Market environment - Germany

## Recovery of German construction market



February 2008	Absolute Figures		Change in %					
	2007		West Germany			East Germany		
	West-Germany	East-Germany	2007/1994	2007/2006	Jan-Feb 2008/2007	2006/1994	2007/2006	Jan-Feb 2008/2007
Employees in 1000	529.4	184.4	-46.4	0.7	0.4	-58.8	-0.2	-2.5
Turnover in EUR billion	62.4	18.3	-24.7	-0.4	14.0	-42.0	-1.2	10.9
Building construction	40.6	10.1	-27.3	-1.5	11.8	-52.5	1.7	10.2
Foundation engineering	21.8	8.3	-18.4	1.8	18.9	-23.0	-4.5	12.0
Orders received * in EUR billion	38.8	1.8	-36.3	9.3	13.6	-57.0	5.5	-5.4
Housebuilding	6.3	1.2	-60.0	-6.4	0.1	-78.8	-0.1	-9.4
Industrial building	17.0	4.8	-31.4	11.5	14.1	-55.2	8.0	1.1
Public sector	15.5	4.9	-22.2	14.6	20.2	-40.6	4.5	-10.9
of which								
public buildings	2.7	0.9	-45.0	6.1	32.8	-58.6	8.3	2.0
road building	6.9	1.3	7.1	11.9	22.3	-16.2	0.7	-8.1
foundations	5.8	1.7	-31.9	22.9	12.3	-49.3	7.8	-20.0

\*) only companies > 20 employees

Source: Federal Statistical Office, Statistical Office Bavaria

# Market environment - Trends

## Orders & US-Dollar exposure



### Order backlog

	Q1 2008	Reach in months in relation to total Group revenues Q1 2008
<b>TOTAL</b>	<b>EUR 743.3 million</b>	<b>6.6 months</b>
Construction	EUR 485.3 million	9.7 months
Equipment	EUR 225.1 million	3.7 months
Resources	EUR 33.0 million	4.4 months

### Expected order intake

	2008	2009
Construction Germany	●	●
Construction International	+	+
Equipment BMA	++	+
Equipment Subsidiaries	++	+
Resources	●	●

● adequate, + well adequate, ++ very well adequate

### US\$ Exposure / Currency Risks

- Decentralized sales network operating out of Europe, Middle East, Far East, America with > 90 subsidiaries

#### Construction

- Project size EUR 100,000 up to EUR 20 million
- Offices in over 58 countries with ~ 600 projects p.a.
- Local financing (natural hedge) for project duration
- Translation risk (consolidation) hedged
- US\$ business (~ 7 %) hedged, e.g. swaps

#### Equipment

- ~ 80 % of invoicing in EUR
- US\$ business (~ 19 %) hedged with permanent translation of individual machines
- Production expansion to US to counteract currency risk Euro / US\$

## 4

# Financial results

## Revenues Q1 2008



in EUR '000	Q1 2007	Q1 2008	change in %	FY 2007
<b>Total Group revenues</b>	<b>263,114</b>	<b>339,698</b>	<b>29.1%</b>	<b>1,208,100</b>
Sales revenues, Construction	104,677	130,317	24.5%	433,405
Sales revenues, Equipment	91,498	113,456	24.0%	509,733
Sales revenues, Resources	7,529	17,590	133.6%	89,612
Sales revenues, Other	38	56	47.4%	211
Sales revenues, Cons./Eliminations	0	0	n/a	0
<b>Sales revenues (external)</b>	<b>203,742</b>	<b>261,419</b>	<b>28.3%</b>	<b>1,032,961</b>
<b>Consolidated revenues (P&amp;L)</b>	<b>252,557</b>	<b>328,220</b>	<b>29.9%</b>	<b>1,159,377</b>
<b>Orders in hand</b>	<b>419,200</b>	<b>743,427</b>	<b>77.3%</b>	<b>618,036</b>

n/a not applicable (a) of sales revenues (b) pre-minorities

# Financial results

## Earnings Q1 2008

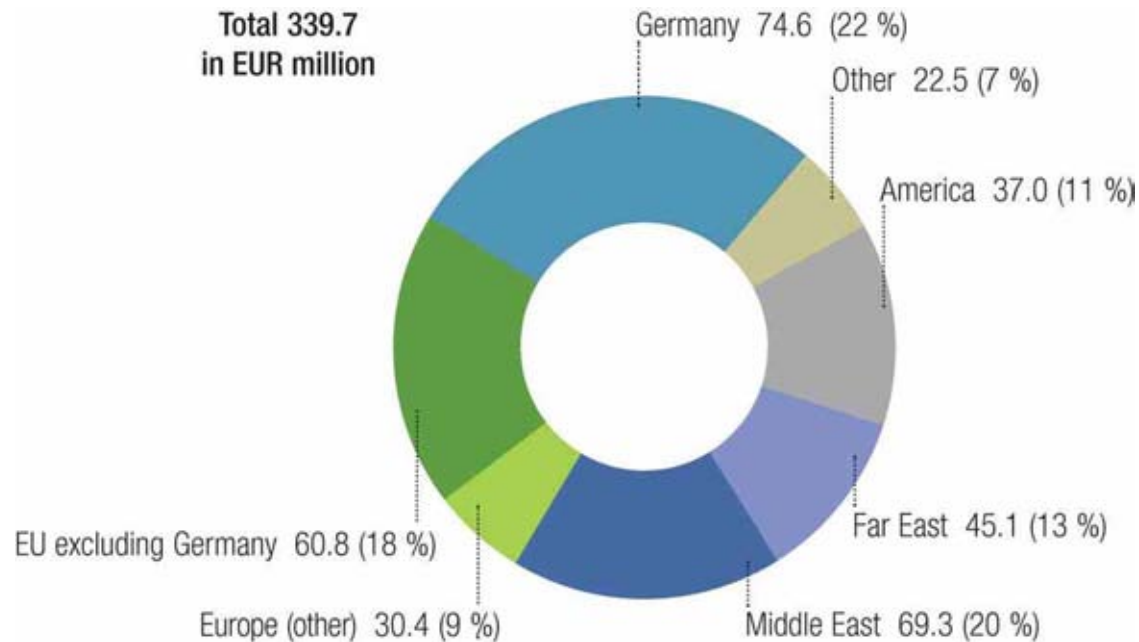


in EUR '000	Q1 2007	Q1 2008	change in %	FY 2007
<b>EBITDA</b>	<b>23,507</b>	<b>38,254</b>	62.7%	<b>185,406</b>
<i>Margin<sup>(a)</sup></i>	11.5%	14.6%	n/a	17.9%
<b>EBIT</b>	<b>11,918</b>	<b>25,408</b>	113.2%	<b>131,810</b>
<i>EBIT margin<sup>(a)</sup></i>	5.8%	9.7%	n/a	12.8%
EBIT Construction segment	-207	3,288	n/a	24,847
<i>EBIT margin, Construction segment<sup>(a)</sup></i>	-0.2%	2.5%	n/a	5.7%
EBIT Equipment segment	15,658	23,691	51.3%	105,894
<i>EBIT margin, Equipment segment<sup>(a)</sup></i>	17.1%	20.9%	n/a	20.8%
EBIT Resources segment	-584	-1,276	118.5%	253
<i>EBIT margin, Resources segment<sup>(a)</sup></i>	-7.8%	-7.3%	n/a	0.3%
<b>Net income<sup>(b)</sup></b>	<b>3,555</b>	<b>12,430</b>	249.7%	<b>74,385</b>
<i>Margin<sup>(a)</sup></i>	1.7%	4.8%	n/a	7.2%
<b>Earnings per share (in EUR)</b>	<b>0.20</b>	<b>0.70</b>	249.9%	<b>4.23</b>

n/a not applicable (a) of sales revenues (b) pre-minorities

# Regional breakdown

## Total Group revenues Q1 2008

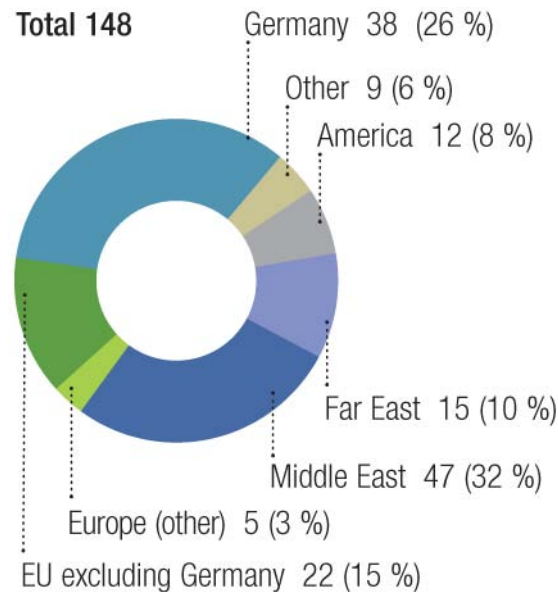


in EUR '000	Q1 2007	in %	Q1 2008	in %	change in %
Germany	87,383	33%	74,569	22%	-15%
Europe (EU)	50,471	19%	60,790	18%	20%
Europe (not EU)	23,980	9%	30,439	9%	27%
Middle East	34,940	13%	69,342	20%	98%
Far East	26,024	10%	45,050	13%	73%
Americas	25,615	10%	36,977	11%	44%
Others	14,701	6%	22,531	7%	53%
<b>Total group revenues</b>	<b>263,114</b>	<b>100%</b>	<b>339,698</b>	<b>100%</b>	<b>29%</b>

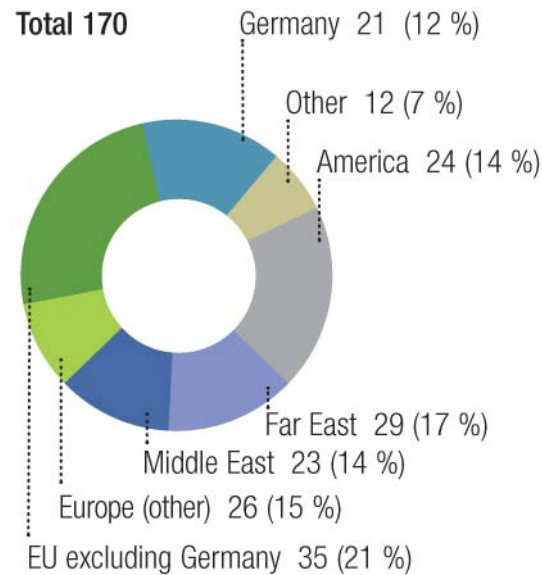
# 4 Regional breakdown Construction, Equipment, Resources Q1 2008



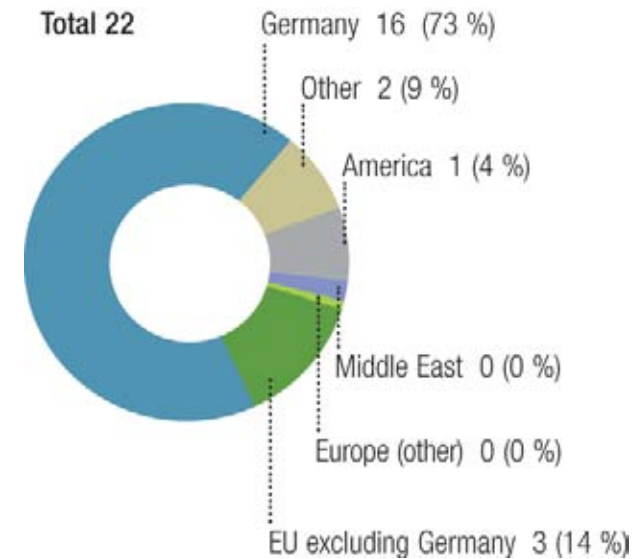
**Segment Construction**  
in EUR million



**Segment Equipment**  
in EUR million



**Segment Resources**  
in EUR million



Figures after deducting Other/Eliminations/Consolidations

# Financial results

## P&L items Q1 2008



in EUR '000	Q1 2007	Q1 2008	change in %	FY 2007
Consolidated revenues (P&L) <sup>(a)</sup>	252,557	328,220	30.0%	1,159,377
<b>Sales revenues (P&amp;L)</b>	<b>203,742</b>	<b>261,419</b>	28.3%	<b>1,032,961</b>
Material costs	144,059	182,125	26.4%	632,714
Personnel costs	45,108	56,597	25.5%	214,860
Depreciation	11,589	12,846	10.8%	53,596
Other operation expenses <sup>(a)</sup>	39,883	51,244	28.5%	126,397
<b>EBIT</b>	<b>11,918</b>	<b>25,408</b>	113.2%	<b>131,810</b>
Financial income	762	565	-25.9%	4,704
Financial expenses	5,047	6,287	24.6%	22,666
Result from associated entities	465	441	-5.2%	2,234
<b>Profit before tax (EBT)</b>	<b>8,098</b>	<b>20,127</b>	148.5%	<b>116,082</b>
Income tax	4,543	7,697	69.4%	41,697
<b>Net income</b>	<b>3,555</b>	<b>12,430</b>	249.7%	<b>74,385</b>
Minority interest	117	501	328.2%	1,917
Net income attributable to shareholders of Bauer AG	3,438	11,929	247.0%	72,468

(a) FY 2006 figures adjusted

# Financial results

## Balance sheet items March 31, 2008



in EUR '000	March 31, 2007	March 31, 2008	change in %	Dec 31, 2007
<b>Assets</b>	<b>726,751</b>	<b>899,314</b>	<b>23.7%</b>	<b>817,971</b>
Intangible assets	11,084	14,122	27.4%	14,198
Property, plant and equipment	185,405	246,771	33.1%	245,815
Long term financial assets	10,884	12,115	11.3%	12,835
Other long term assets & deferred taxes	24,778	20,218	-18.4%	19,505
Inventories	196,534	261,341	33.0%	218,978
Receivables and other assets	270,070	304,853	12.9%	268,760
Effective income tax refund claims	1,240	5,180	317.7%	4,798
Cash and cash equivalents	26,756	34,714	29.7%	33,082
<b>Equity and liabilities</b>	<b>726,751</b>	<b>899,314</b>	<b>23.7%</b>	<b>817,971</b>
Equity	225,711	289,811	28.4%	279,130
Pension provisions	35,916	40,400	12.5%	39,862
Non-current liabilities	153,897	242,585	57.6%	235,183
Current liabilities	278,065	298,628	7.4%	237,141
Other provisions <sup>(a)</sup> / tax	33,162	27,890	-15.9%	26,655
Increase balance sheet total in %			<b>23.7%</b>	
Increase consolidated revenues in %			<b>30.0%</b>	

(a) Other provisions also include short term portion of pension provisions

# Financial results

## Cash flow items Q1 2008



<u>in EUR '000</u>	<u>Q1 2007</u>	<u>Q1 2008</u>	<u>change in %</u>	<u>FY 2007</u>
Operating cash flow	-34,722	-9,114	-73.8%	67,173
Investing cash flow	-7,498	-13,719	83.0%	-89,949
Financing cash flow	51,833	24,465	-52.8%	38,715
Free Cash Flow	-42,220	-22,833	n/a	-22,776
<hr/>				
Net cash increase	9,613	1,632	-83.0%	15,939
Cash at start of reporting period	17,143	33,082	93.0%	17,143
Cash at end of reporting period	26,756	34,714	29.7%	33,082



- **Healthy market conditions worldwide, no impact of sub-prime crisis emanating from the USA**
- **Substantial increase in order backlog provides sound utilization of capacities through to year-end**
- **Construction**
  - Orders evenly spread across the various regions of the world, including a large number of major projects, such as
    - Canada: sealing wall for open-cast oil mine
    - Egypt: stations for new Cairo underground rail network
    - USA and the Netherlands: foundations for power plants
    - Australia: dam remediation and sealing (Hinze-dam near Brisbane)
- **Equipment**
  - Novelties presented to the public during inhouse-exhibition in April (MC 64 crane, small-size piling unit BG 12) well received by industry specialists
  - Manufacturing expansion according to plan: extension in Schrobenhausen and Nordhausen underway, site in Conroe near Houston for US-plant acquired
- **Guidance 2008**
  - Total Group revenues to a good EUR 1.4 billion (2007 EUR 1.2 billion)
  - Net profit to a good EUR 90 million (2007 EUR 74.4 million)

# BAUER share

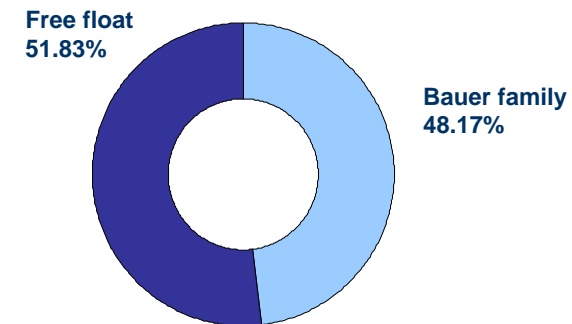


- Listed on Frankfurt stock exchange, Prime Standard since July 4, 2006
- Listed in SDAX since September 18, 2006
- Shares issued 17,131,000
- Issue price EUR 16.75
- Earnings per share 2007 EUR 4.23 (2006 EUR 2.17)
- Dividend payout 2007 EUR 1.00 per share (proposed; 2006 EUR 0.50 per share)
- Year high / Year low 2007 EUR 67.02 / EUR 32.00 (1.6.2007 / 3.1.2007)
- Market capitalisation around EUR 890 million (May 13, 2008; share price EUR 51.85)

## Share performance



## Shareholder profile



# BAUER Aktiengesellschaft



**ISIN**  
**Reuters**  
**Bloomberg**

**DE0005168108**  
**B5AG.DE**  
**B5A GR**

**Listing**



**Indices**

**SDAX**  
**C-DAX**  
**GEX**  
**Classic All Share**  
**Prime All Share**

**Investor Relations**

BAUER Aktiengesellschaft  
Wittelsbacherstraße 5  
D - 86529 Schrobenhausen  
Tel.: +49 8252 97-1918  
Fax: +49 8252 97-2900  
E-mail: [bettina.mestenhauser@bauer.de](mailto:bettina.mestenhauser@bauer.de)

# Disclaimer



This presentation contains forward-looking statements. Forward-looking statements are statements that are not historical facts, including statements about our beliefs, intentions, expectations, predictions and the assumptions underlying them.

These statements are based on factors as they are currently available to the management of BAUER AG and therefore speak only as of the date they are made. We assume no liability to update publicly or conform any of them to future events or future developments.

Forward-looking information is subject to various known and unknown risks and uncertainties, which could lead to material differences between the actual future results, financial situation, development or performance of the BAUER Group and those factors contained in any forward-looking statement. In view of these uncertainties, no assurance can be given that these forward-looking statements will prove accurate and correct, or that anticipated and projected future results will be achieved and we caution you not to place undue reliance on these forward-looking statements.