



# AKER KVAERNER™



## **Structuring E&C Europe - Expanding services**

Helge Lund

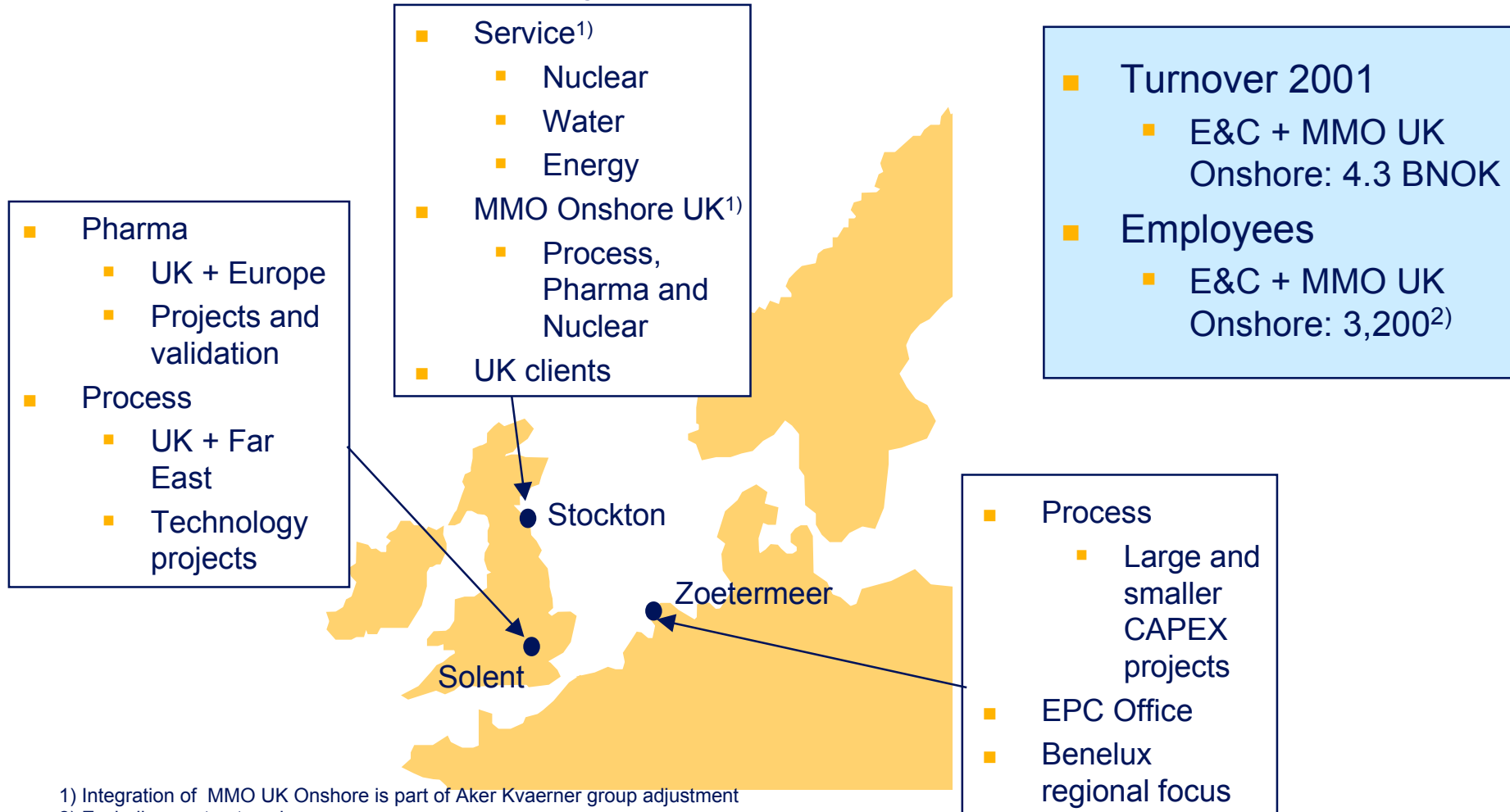
Group President & CEO

December 10, 2002

# E&C Europe (excl. Pulp & Paper)



## Home markets and key locations



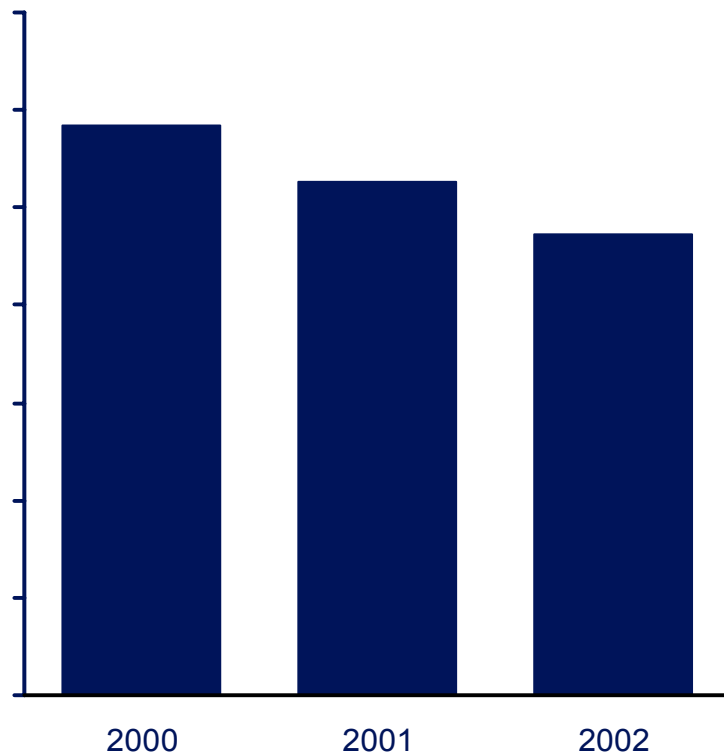
1) Integration of MMO UK Onshore is part of Aker Kvaerner group adjustment

2) Excluding contract workers

# 2000-2002: Market changing - actions required

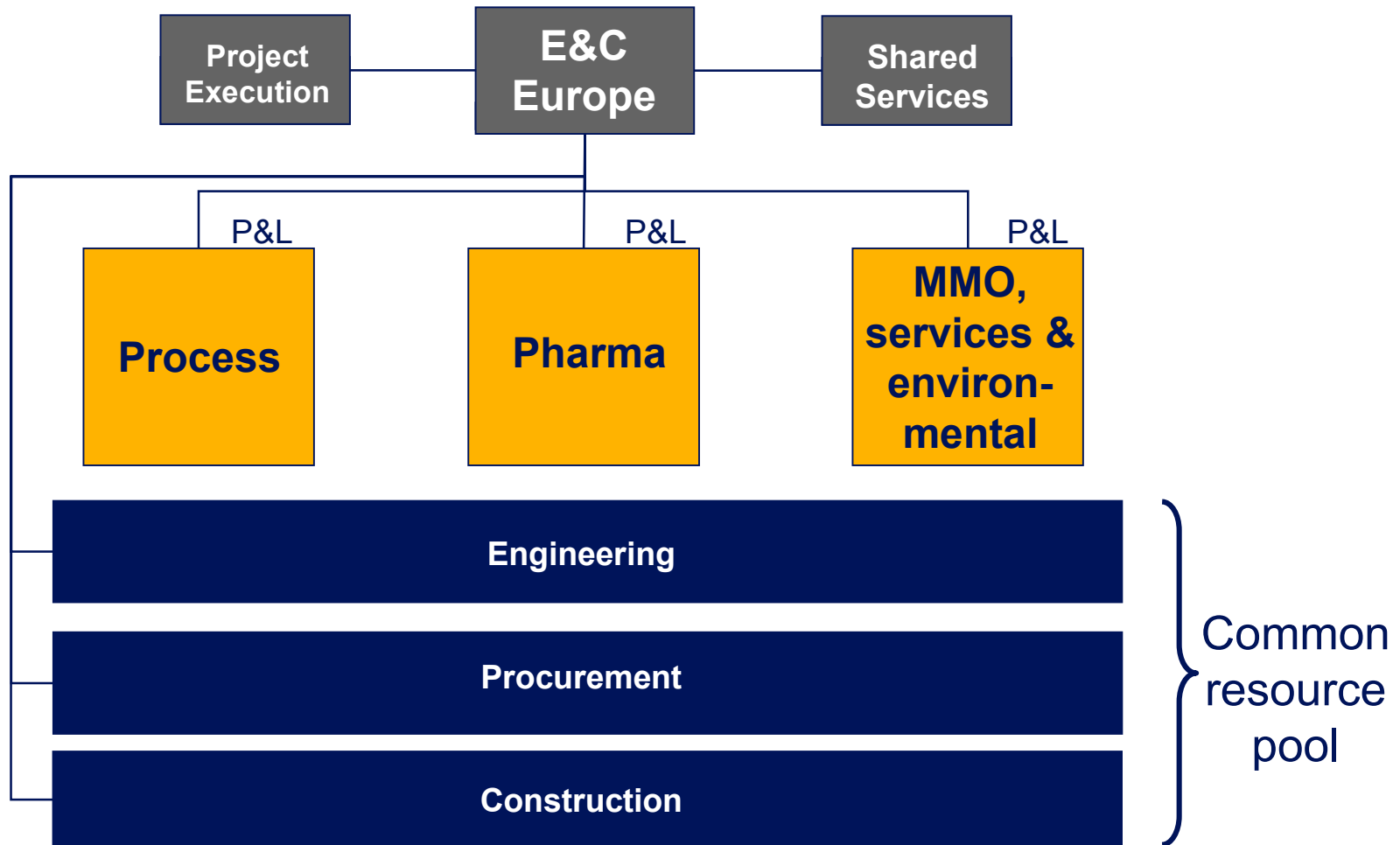


Year-end order back log E&C + MMO onshore



- Large newbuilds declining in Europe (Process)
- Growth in upgrades, debottlenecking and outsourcing of maintenance
- Key chemical and petrochemical companies investing in Far East
- Fierce competition

# New organisation and governance model

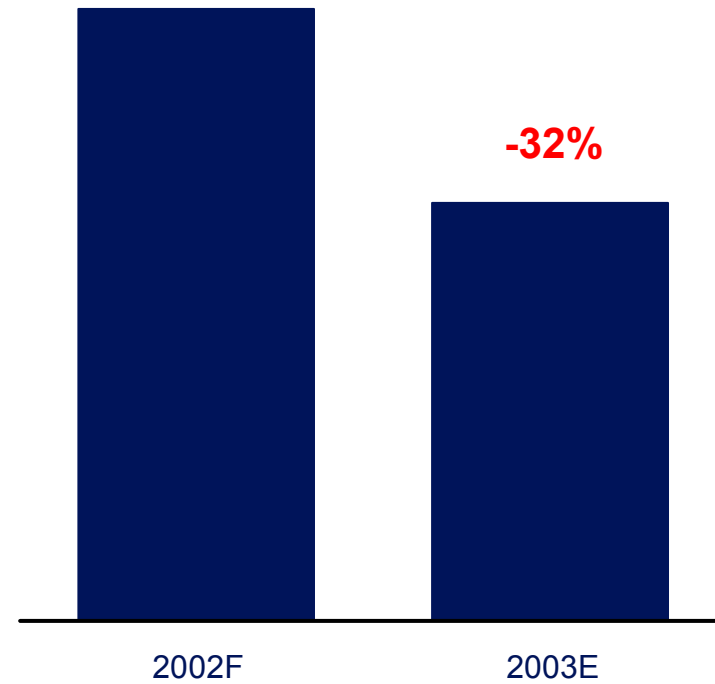
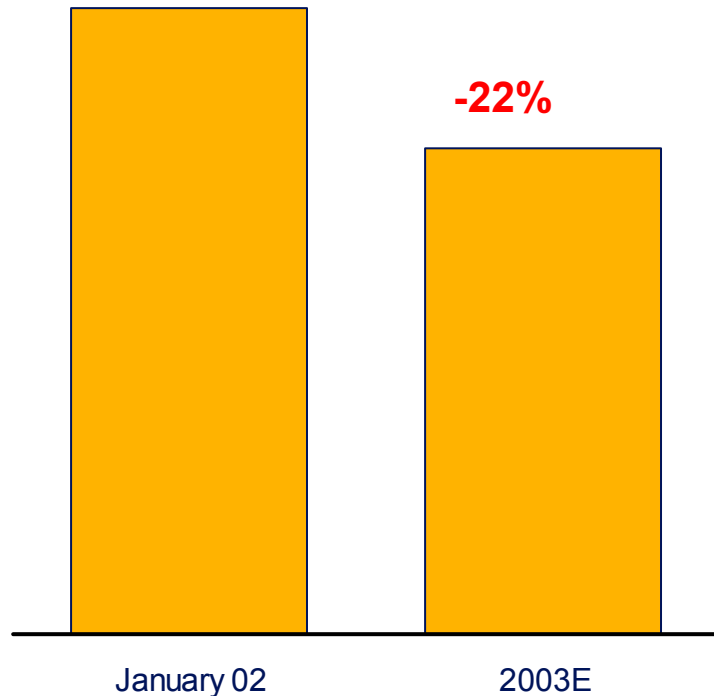


# Capacity adjustments being implemented



Capacity adjustment # of employees

Overhead cost reduction # of employees



- Align capacity with sustainable business potential
- Increase share of agency resources

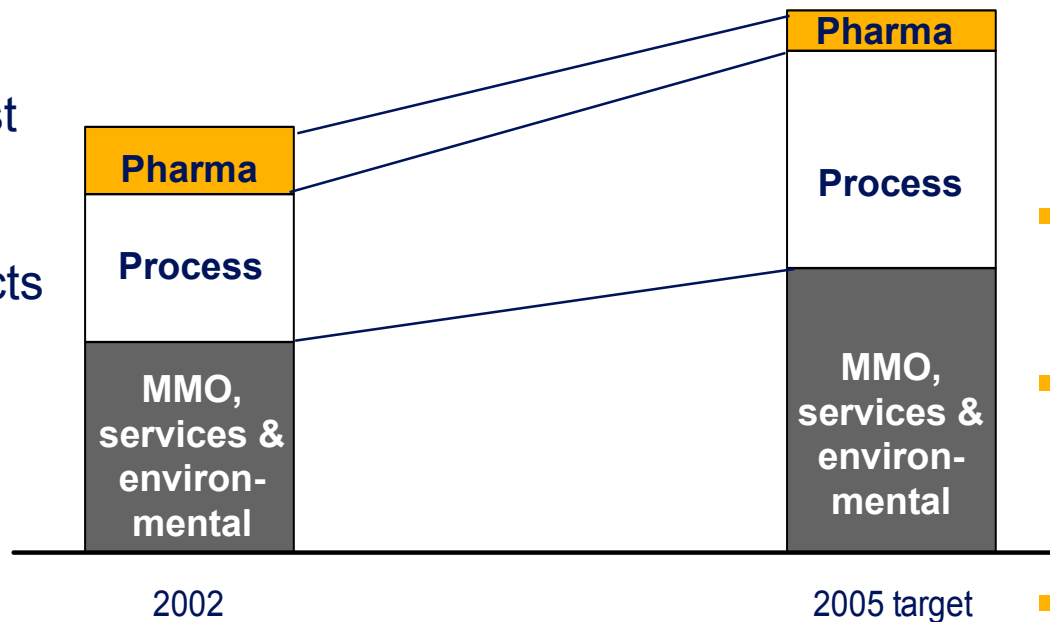
- Support functions consolidated in Shared Services unit
- Outsourcing when appropriate

# Target: +4% EBIT margin in 2005; growth from services

*Illustrative*



- Market in transition
- High fixed cost level
- One-off projects
- Inconsistent project performance



- Predictable, sustainable and profitable business model
- Strong customer relations
- High share of repetitive business and services
- Platform for growth

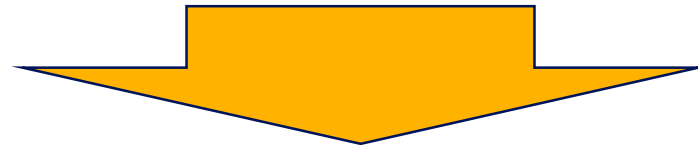
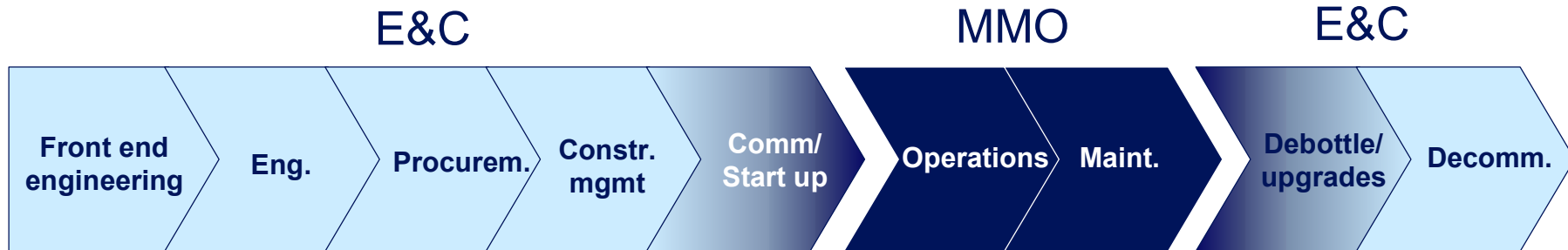
**EBIT margin**

**+4%**

# Goal to offer "life of asset" support to key clients



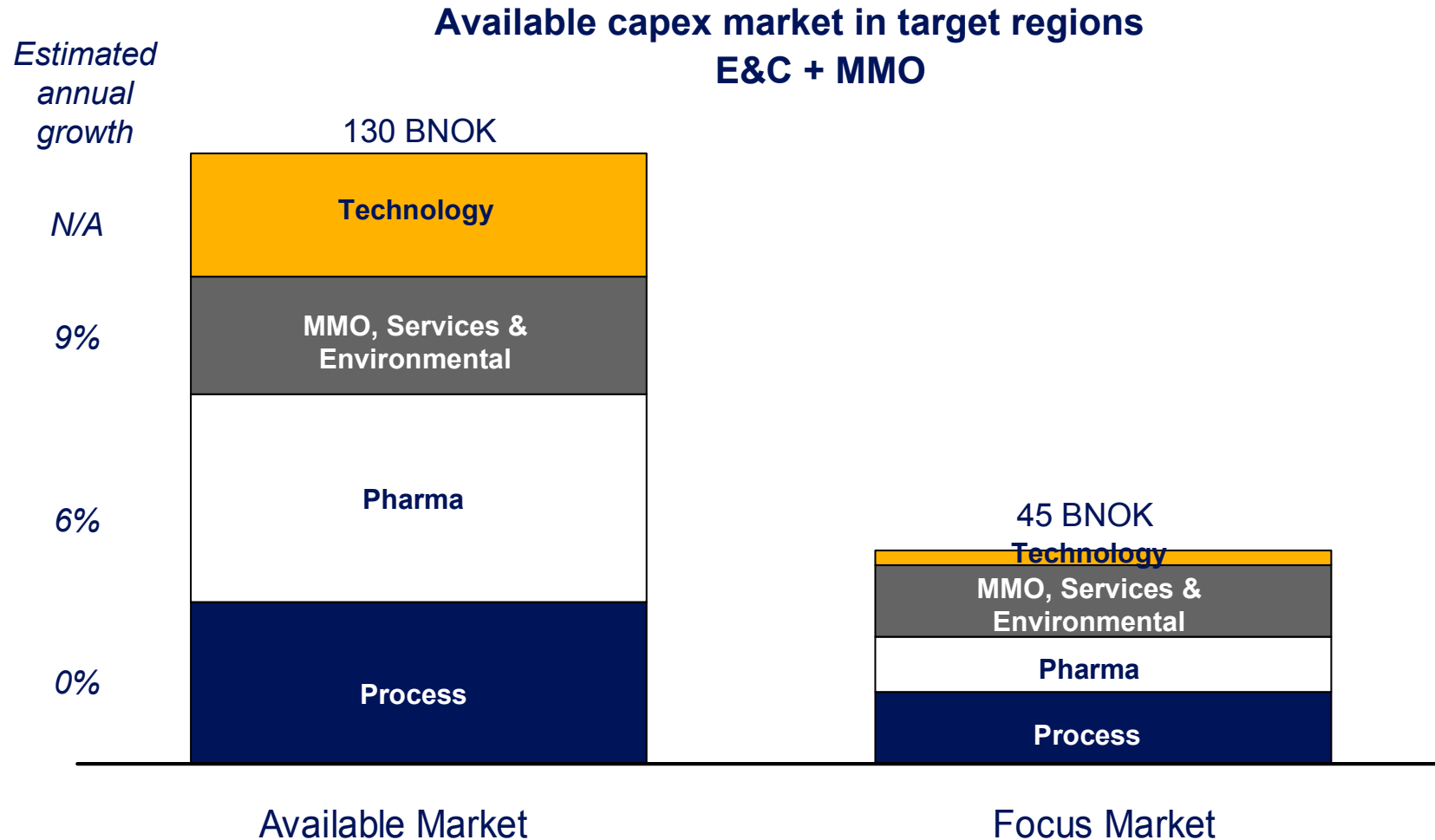
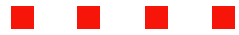
Current situation - "Value chain split"



New business approach - "Life of asset support"



# Profitability focus, market share secondary



Source: Aker Kvaerner, European Industrial Forecasting, Arkwright estimates

# Summary



- New management with strong turnaround and project execution track-record
- Capacity being reduced to sustainable level; common resource pool and shared services
- Focus on improving project execution and client relations
- Increase service and repetitive business

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