



>>> W ABRASIVES, YOUR KEY SUCCESS FACTOR



Dear customers,

You are probably wondering if your suppliers can or cannot get over the current crisis and what kind of measures they are putting in place to accompany you up to the recovery.

I am taking this opportunity to share some information with you.

The steel abrasive market is a good indicator of the industrial climate as it addresses all kinds of industries, from steel processing to surface preparation for the transport and building industries.

Thanks to its worldwide presence and its market shares, Wheelabrator Allevard constitutes an interesting barometer of global industrial activity.

Since the last quarter of 2008 our group has recorded a severe slowdown in its activity: our customers have massively reduced stocks and slowed down their production in almost every industry and every geographical zone.

Wheelabrator Allevard has taken every possible step to deal with the situation.

EDITO

NOW PREPARING TOMORROW'S BLASTING

By reducing our fixed costs, we have been able to pass on the entire fall in the price of raw materials, the extra cost of scrap having fallen on average by over 250 euros worldwide since September 2008. Few industries have reduced their prices to such an extent in the same period!!!

Even though we have reduced our production and inventory level, all our efforts are focused on delivering orders within the usual deadlines, thus sparing you any additional risk in this period of low visibility.

We are preparing the future.

We are continuing our industrial investment programs: we will be inaugurating a new plant in Russia during the second semester.

We are strengthening our research and development efforts to provide you with the steel abrasive of tomorrow: our research centre in the Czech Republic is functioning and we have launched several new products, in particular STELUX for stainless steel applications and ProWheelium to obtain the same performance inside wheel machines as with air blasting for surface preparation before metalizing and painting, for instance.

We are taking care to maintain the excellence of our teams: the WA Sales University will be rewarding its first graduates in a few weeks' time.

We are trying to advance with you. For example, we have launched the WA Stone Institute in Italy dedicated to stone-cutting applications.

Our responsible financial policy means that our cash flow largely exceeds the needs of the group.

Despite declining volumes, the group's operating result will allow us to service our debt, maintain our industrial facilities at their best and noticeably increase investments in research and development.

Thank you for your confidence.

With my best regards,

Yves Barraquand
Chairman and C.E.O.



TONY PREZEAU
Innovation Manager of Wheelabrator Allevard

W ABRASIVES AND THE INNOVATION

Innovation is one of the most popular issues nowadays. Everybody talks about innovation and the importance of being innovative. Is it really the case in the abrasive industry?

T.P. : I think innovation is a relatively new concept in the abrasive industry. For the last decades, the improvement has been incremental. If we look at Wheelabrator Allevard, we see that the innovation between the 1960s and 1990s was a new approach brought to the abrasive industry.

We stepped beyond the traditional role of a product seller to a solution provider with a value proposition rather than standard products. Starting from 2000, we witness a more radical innovation process. Today the solutions we are offering are not limited to abrasives, we offer an all-inclusive package including product, service and training designed exclusively for different applications. We show that blasting, traditionally an underestimated process can be turned into a real value creation step for surface performance enhancement.

What is the role of innovation in Wheelabrator Allevard?

T.P. : Innovation has always been one of the core values at Wheelabrator Allevard. Today in order to gain a competitive advantage, it is a must to offer effective and innovative blasting solutions for meeting new material and surface requirements. By continuously improving our blasting media, we provide a higher blasting performance. We also offer a leading edge technical assistance with our continuously trained team of experts. In addition to product and service innovation, production processes are constantly being improved, too. All these innovative activities are being realized in our three innovation centers in Japan, France and the Czech Republic.

Do you think the role of innovation has been affected due to the actual economic context? Has there been any limitation in the innovation activities due to the global economic slowdown?

T.P. : No it has not been affected. On the contrary, innovative activities are gaining impetus. We offer new blasting solutions to our customers who are now more open to disruptive solutions. Old models are constantly being challenged and with our continual emphasis on customer-focused innovation, we help them to turn blasting process into value creation, which is a real competitive advantage during economic gloom.

You have talked about customer-focused innovation. Can you explain more about this approach?

Customer focus is our prescription for the innovation. With customer focused innovation we take a hands-on approach. By staying in tune with our customers and sensing an unmet need, we apply our technology and knowhow to create and add value to their blasting process. We observe customer blasting experience, find out and offer the best fitting technological solution. Each customer is considered unique deserving a unique service. This is why we built a customer-centric culture. Our aim is to exceed customer expectations in pioneering ways.

What is the impact of this approach in terms of product offer?

Concerning the products, for example we are offering a product called ProWheelium, specially developed for surface preparation before coating, painting, enameling and metalizing. This product is a high-performance alternative to hard steel grit in wheel blasting operation. It enables higher cleaning efficiency and higher stability of the operating mix in the machine along with a strong reduction of consumption and machine wear. Our dedicated offers are not limited to surface preparation. We offer a range of premium abrasives specially developed for foundry application, HPG (High Performance Grit). Another Premium product is Stainium, a new range specially developed to provide optimum performance in the descaling of stainless steel sheets prior to acid pickling as an alternative to fine shot commonly used in such applications.

And what about the services?

For us customer service is a process innovation in action. As we all know, it is not enough for customers to benefit from an innovation or a high quality product. They need follow-up and help in applying the process effectively. This is why at Wheelabrator Allevard, customer service makes up an essential link of innovation. We offer a dedicated technical assistance to our customers under the name of Walue, a service package based on four areas of competence:

On-site solutions: enable our customers to develop proficiency in blasting thanks to the experience and in-depth analysis of our technical teams in terms of machines operative mix, installation efficiency, process results and operation costs.

Test Centre solutions: enable us to test new products and processes, understand sources of defects and customer needs in order to determine the best set of parameters to achieve their objectives.

Training solutions: Internal training involves wheel blasting, air blasting and shot-peening. On the practical level, workshops are organized for machine audits, adjustments and process validation. External training involves numerous programs for workers, technicians and managers with a reference to their real working conditions.

E-solutions: enable an estimation of real costs and assessment of potential profits and help them achieve technically feasible, economic and environmentfriendly projects.

With all these new products and services how do you make sure your sales teams stay up-to-date?

We are fully aware that an essential part of Wheelabrator Allevard's image, the quality of its associated services relies mainly on the skills and motivation of the sales and technical assistance teams. Our group is the first in the industry to set up its own university, Wheelabrator Allevard Sales University (WASU) to improve and disseminate the knowledge and knowhow required by the company's teams throughout the world. WASU provides ongoing vocational training, promotes the pooling of experience, trains and motivates new salespeople.

It also aims to further research and development in new services and to evaluate achievement levels and progress. As its "students" are scattered across five continents, WASU relies heavily on the latest e-learning techniques. With this in-house training organization, Wheelabrator Allevard guarantees the same quality of service worldwide and ensures that its customers will receive optimum care and attention regardless of their geographical location.

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SUCCESS STORY PREMIUM

PROFILUM : THE BEST ABRASIVE BLASTING SOLUTION IN SHIPYARD INDUSTRY

Over the years the expertise of Wheelabrator Allevard has been implemented in shipbuilding industry and top players have come to trust its know-how, reliability and high quality service. Today WA is the indispensable partner of major companies such as South Korea's "big three" shipbuilders Hyundai Heavy Industries, Samsung Heavy Industries and Daewoo Shipbuilding & Marine Engineering.

Specific needs of shipbuilding industry

As the leading manufacturer for metallic abrasives, WA is well aware of the challenges faced by the marine industry and determined to offer better performance and serious cost savings.

With the objective to turn blasting process into a value creation step through innovative solutions, a new product is developed by WA, which guarantees optimum efficiency for the crucial surface treatment process: Profilium, specifically designed for surface preparation has been tested by top players of marine industry and confirmed to perform well above of the expected levels in terms of blast efficiency, surface roughness and paint consumption.

WA's premium approach

After test trials with Profilium, the top players of shipbuilding industry acknowledged WA's

advanced blasting technology. They documented an improvement of -8.7% in their total blasting costs along with a total saving of 10% in terms of labour cost and electricity. One of them could even save a major investment by cancelling a project of new air blast rooms to increase the production thanks to the high blast efficiency achieved by Profilium.

The success achieved with Profilium is the result of Wheelabrator Allevard's premium approach in the abrasive industry. With a dedication to customer value creation, WA takes a step forward from the traditional abrasive manufacturing and offers customer exclusive products and services, specially designed to the needs of each customer from numerous industries. By developing new solutions to higher productivity and peak efficiency, WA not only contributes to the overall improvement of blasting process but also achieves complete customer satisfaction.

>>> [HTTP://WWW.PROFILUM-GRIT.COM](http://www.profilium-grit.com)



3 QUESTIONS TO....

ENNIO TORRIGLIANI,
Group Product Manager for Stainless Steel Shot

A NEW PRODUCT : STELUX

What can you tell us about your new family of stainless steel shot?

E.T. : The WA Group has recently developed a completely new family of stainless steel shot under the brand name of STELUX. Compared to our previous product, the STELUX family introduces improved chemical composition and shape. STELUX is available in C and CN types, respectively for chromium and chromium/nickel shot. Depending on what type of surface preparation we wish

to achieve, stainless steel shot is indicated for blastcleaning and surface finishing of aluminium castings, stainless steel components and parts made of alloy metals. Our laboratory and field tests indicate that the quality of our STELUX family allows us to compete with the main producers of stainless steel shot worldwide.

What are the main difference between C and CN types?

E.T. : C type is more aggressive, having an average hardness of about 42 HRC and a slightly more irregular shape, thus making it suitable for surface roughening before coating or painting. On the other hand, CN type, thanks to its average hardness of about 30 HRC and its rounder shape, is more suitable for achieving a smoother finish. Its higher

nickel content also ensures better protection against oxidation, especially on components which remain in view on the finished part.

How will the product be available?

E.T. : A typical stainless steel shot blastcleaning machine uses a much lower volume of operating mixt compared to a machine using high carbon shot. For this reason, the STELUX family will be available in 25 kg plastic bags on pallets of either 500 or 1000 kgs with a cardboard cover indicating the type and batch number and shrink wrapping. In addition, the same information will be repeated on each bag.





CUSTOMER CARE

WALUE'S ADDED VALUE

The WALUE team - Wheelabrator Allevard Leading Unit for Expertise – is made up of 23 technicians based on all continents. Their mission? Provide you with the services that have been making Wheelabrator Allevard's strength and specificity since day one: improve productivity, reduce blasting process costs, share knowledge and expertise and innovate to progress.

Practically speaking, the WALUE team offers its clients the opportunity to:

- **benefit from technical expertise** on their sites to help them identify improvement opportunities,
- **optimise their processes** by having access to our trial centres where they will be able to safely test the benefits of our products and recommendations,
- **train their staff** in their plants or in our training centres,
- **work out actual blasting costs** and actual reduction.
- **validate their processes** requiring precise specifications (Shot peening, surface preparation),
- **set blasting orientation** through the turbines.

Beyond that, the WALUE team also has a higher purpose: imagine and develop new innovative services originating from perfect knowledge of our clients' needs. For the specific pre-painting surface preparation business for instance, it has come up with a system that enables its experts to recommend the most suitable abrasives based on roughness requirements and to evidence –with figures– the savings generated by a better mastery of the deposit coating process.

The various WALUE services address all Group clients whatever their field of activity (foundry, shipyard, stainless steel, pre-painting surface preparation, Shot Peening...) or their blasting process (turbine, compressed air). In fact, they address all those who want to improve their performance by teaming up with the world leader.

AGENDA

STEEL ABRASIVES AND DIAMOND TOOLS ACTIVITIES ON A SAME BOOTH

It is a first for Wheelabrator Allevard. The Group will be bringing together its two core activities at the Verona fair from 30 September to 3 October 2009, presenting its abrasives via the brands WAbrasives and Abrasivi Metallici and its diamond tools via Winterstone.

Come and find out about the group's latest innovations and technologies at our 200 m2 stand C4 D4 in Hall 2.

We look forward to seeing you there.

MARMOMACC

44th International Exhibition of Stone Design and Technology



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