>>> W NEWS
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W Abrasives®
your key success factor

SPECIAL ISSUE

WHEELABRATOR ALLEVARD: A NEW PLANT IN RUSSIA

>>> W ABRASIVES, YOUR KEY SUCCESS FACTOR

WHEELABRATOR ALLEVARD CONTINUES ITS DEVELOPMENT AND INVESTS. THE GROUP OPENS A PLANT IN RUSSIA, WHERE THE MARKET IS PROMISING. IT CONFIRMS ITS DYNAMIC INTERNATIONAL GROWTH AND ITS POSITION AS WORLD LEADER IN ITS CORE BUSINESS. THE NEW KURGAN PLANT IS A BENCHMARK IN TERMS OF BOTH PRODUCT QUALITY AND ENVIRONMENTAL PROTECTION.

RUSSIA: A PROMISING MARKET

Wheelabrator Allevard has been actively present in Russia since the early 1990s, selling its products either directly or via agents. With the creation of Wheelabrator Allevard Ural in 2002, it became a permanent set up.
The creation of the new plant at Kurgan will enable Russian customers to be supplied rapidly with high-quality, low-cost products, while limiting imports.

A fast-expanding market

Group sales of steel abrasives in Russia in 2008 reached 10,200 tonnes, worth €8.6 million.
The Kurgan plant is designed to produce 20,000 tonnes a year, doubling the Group's sales, which should eventually cover almost half the demand from the Russian market (currently around 40,000 tonnes). The local market prospects are encouraging: the world recession is getting over and Russian industries step up the production of capital goods to meet the demands of the country's economic development.

A favourable situation

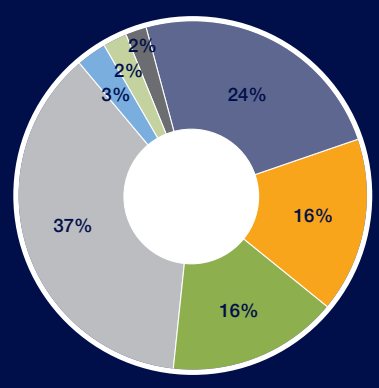
Located in the Urals, 1700 km from Moscow and close to Yekaterinburg, Kurgan lies at the heart of a region that boasts extensive reserves of raw materials and natural gas.

These supply activities that account for 15% of Russia's total industrial output. Energy, chemicals (fertilizers), metallurgy (45% of national output) and mechanical engineering are the main sectors that have driven the region's industrial development

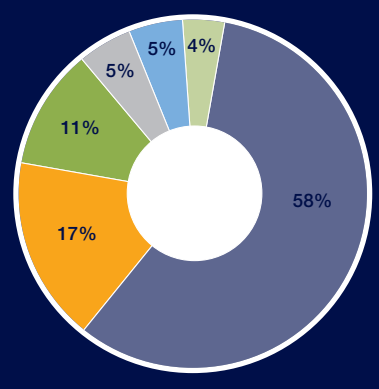
Wheelabrator Allevard's decision to open a plant at Kurgan is based on four positive arguments:
• The availability of energy (gas) and raw materials (scrap iron) needed for its production.
• A major market for metallurgical products in the immediate area of the Urals and beyond that throughout the entire Russian market, with potential demand from neighbour countries (Kazakhstan, etc.).
• The very positive reception on the part of both the central and local authorities - especially the Governor of Kurgan - who are interested in foreign investment and job creation.
• The opportunity of creating a fruitful joint venture with the Russian steel bridge-building group KSM, which helped finance the project, provided the land and made skilled staff available.

The WAK plant recently opened by Wheelabrator Allevard is situated in the Urals, 1700 km east of Moscow and south of Yekaterinburg, in the heart of a major industrial region.

Made from treated steel beads, the steel abrasives produced by Wheelabrator Allevard are used in many applications in the metallurgical and stone industries: metal cleaning (desanding and descaling), surface treatment, shot-peening and granite cutting. The main sectors that use steel abrasives in Russia are the automobile industry (engines, springs), railway equipment, heavy equipment (agricultural machinery, public works vehicles, heavy goods vehicles), the oil industry (pipelines), shipbuilding and steel construction.



RUSSIAN MARKET



WHEELABRATOR ALLEVARD SALES RUSSIAN MARKET

- Pipes
- Surface preparation (exc. Pipes)
- Desanding
- Descaling
- Granite
- Steel mill rollers
- Shot-peening

KURGAN : A BENCHMARK INDUSTRIAL FACILITY

Construction of the Kurgan plant began in 2009, in spite of the economic recession. It represents an investment of €15 million, most of which is financed by Wheelabrator Allevard and the rest by the Russian group KSM and a private investor.

Kurgan is the first plant Wheelabrator Allevard has built from scratch. This has enabled the Group to make use of the latest technologies on site and to create a benchmark facility in terms of both the very high quality of its products and its compliance with environmental requirements.

The new plant has taken advantage of the technical progress resulting from research and experience obtained in the Group's 13 other plants and two research centres spread throughout the world.

The characteristics of the chosen site and of the infrastructure will enable output to be doubled, when necessary, to 40,000 tonnes a year. The layout has been optimised to reduce handling distances. The induction furnace is energy-efficient. Water consumption has been cut to one-fifth of the normal requirement (see box below).

The first "cast" has been made in April 2010. The abrasives produced meet the most stringent standards in terms of quality and wear-resistance, giving Wheelabrator Allevard a real competitive edge on other producers who offer lower-quality abrasives. Products bearing Wheelabrator Allevard's worldwide trademark WAbrasives can be reused several times, enabling users to cut consumption by 50% or more. At present in Russia, treating 1 tonne of castings requires an average of 10-20 kg of abrasives. With WAbrasives, the consumption drops to just 5-7 kg per tonne.

A special attention paid to water treatment

Abrasives production consumes large quantities of water. After being used to atomise molten steel, water is at over 60°C and contains concentrations of metal oxides, so it must be treated prior to recycling.

The new plant has been equipped with high-performance facilities to cut water consumption, lower the temperature of recycled water and guarantee its quality.

This involves two stages:
1. Water settlement: this is done in a tank, where the oxides fall to the bottom and form sludge, which is then recovered and removed off site to be recycled elsewhere.
2. Cooling: after settlement, the water is directed to a second tank with an air-cooling tower. The hot water circulates by gravity inside the tower and is cooled by a strong draught of air before being recycled.

DEVELOPMENT CAPABILITY PRESERVED

The Group has enjoyed rapid expansion since it was created in 1961, through both sustained organic growth and a carefully targeted policy of takeovers:

Organic growth based on the creation of **new units** (Russia and China, for the short and medium terms), **investment in extra capacity** (extension of the French plant at Le Cheylas in October 2008), innovation, strengthening of its **sales capacity**, notably through the creation of an in-house Sales University in 2007 and **assistance to customers** (with the creation of the WA Stone Institute for diamond tools in 2008).

External growth, beginning in the 1980s, through an active policy of takeovers in France, Germany, the United Kingdom, Italy, Spain, Canada and South Africa.

Since 2003 the Group has enjoyed a significant improvement in its sales and profitability. Between 2003 and 2008 the Group's turnover rose by 75%. In 2009, the world recession weighed heavily on Wheelabrator Allevard's activity. It was the result of the difficulties affecting several industrial sectors, which are major outlets for the Group's products: capital goods, automobiles, building construction, etc.
However, stock reductions, specific industrial policies (such as scrappage schemes), the steady recovery of the Northern economies and the fact that activity remained high in the newly industrialised countries have led to a much more dynamic market in 2010.

To make the most of the recovery, Wheelabrator Allevard carried on its efforts into research and development and pursued a determined policy of commercial and industrial development, in particular on the emerging markets. The creation of the Kurgan plant in Russia illustrates this determination to pave the way for the future.

WHEELABRATOR ALLEVARD

- > WORLD'S NO. 1 STEEL ABRASIVES PRODUCER
- > EUROPE'S NO. 3 DIAMOND CUTTING TOOLS PRODUCER
- > TURNOVER: €311 MILLION, 95% OUTSIDE FRANCE
- > 2 RESEARCH CENTRES
- > 5 TEST CENTRES THROUGHOUT THE WORLD
- > 22 PLANTS IN 20 COUNTRIES
- > 80 SALES OFFICES AND WAREHOUSES IN 30 COUNTRIES
- > 240 DISTRIBUTION AGENTS
- > 30 000 DIRECT CUSTOMERS

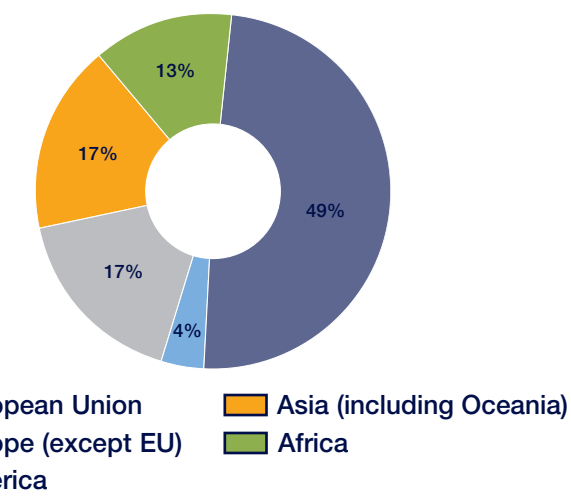
***W Abrasives*, world's leading steel abrasives producer**
In 2009, the world market for steel abrasives (industry and granite) amounted to **1.06 million** tonnes. **With 371,000 tonnes sold that same year,** Wheelabrator Allevard covered about **35%** of the market under its worldwide trademark *W Abrasives*.

Its services include high-performance products and assistance tailored to the needs of each customer.

***W Diamant* : active in Europe and throughout the world**
Wheelabrator Allevard diamond tools are distributed throughout the world. They are used for cutting and surface preparation in the stone industry, in construction and public works, and for intensive uses such as cutting prestressed concrete and refractory materials.

The Group operates 8 plants in Europe, South Africa and India and serves over 5,000 customers in 100 countries.

GROUP TURNOVER PER REGION (2009)



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