



Part of the **Messer** World 

Annual report 2009
for the Messer Group and the MEC Group, summary

**Dear Business Partners and Customers,
Dear Employees,**



The financial crisis triggered in 2008 had a perceptible impact on the 2009 financial year for our customers and partners as well as the Messer Group and MEC Group. Europe, North America and Japan saw a marked decline in economic performance. From the beginning of the second half of the year, the situation stabilised and gave way to a steady but slow recovery. The situation was different in the so-called emerging economies, with China posting extremely robust economic growth. Our industrial gases business, acting as the basic supplier to a wide range of applications, ultimately turned out to be less sensitive to cyclical fluctuations than our plant business with cutting and welding technologies as well as wear technology.

The extremely important development of our business in China, accompanied by a range of positive factors, even helped the Messer Group to increase its sales and EBITDA slightly in 2009, in challenging economic circumstances, compared with 2008, a record year. Group sales thus increased by 0.3 per cent to 797 million euros and the EBITDA went up by 2 per cent to 175 million euros compared with the previous year.

Notwithstanding the difficult economic conditions, we managed to hold fast to our long-term strategic corporate objective of achieving an independent and secure product supply for our customers in Europe and supporting the expansion plans of our on-site customers, especially in China, based on strong partnership. We have invested more than 166 million euros

worldwide in additional distribution assets and, in particular, the construction of new oxygen, nitrogen, argon and carbon dioxide production facilities. Following our return to the German industrial gases market, we have successfully positioned ourselves by taking our first air separation plant on the site of our partner, Deutsche Edelstahlwerke GmbH, into operation and by opening our new gas cylinder filling plant in Siegen as well as commencing construction of an air separation plant at Salzgitter Flachstahl GmbH.

“Using values to move ahead”, our report on the 2009 financial year of the Messer Group, contains all the relevant information, facts and figures. Like last year, we have made the 2009 report available for you to read online. You will find it at <http://annualreport.messergroup.com>.

2009 was an extremely difficult year for the MEC Group. Consolidated sales were 387 million euros, down 172 million euros on the previous year. Sales in connection with Messer cutting systems, oxy-fuel technology and gas supply systems as well as filler materials were very negatively affected by the global recession. However, there are signs now that the worst is over for our customers and that we can expect the order situation to improve in 2010. At BIT Analytical Instruments, 2009 was a very successful year thanks to new customer projects in the field of diagnostics, which will generate significant revenue in the coming years.

Guided by our existing corporate values and the consistent pursuit of our strategic corporate objectives, and thanks to the loyalty and commitment shown by our customers, partners, shareholders, supervisory board members and employees, we were able to successfully maintain our market position in a challenging economic environment. I am very grateful to you for this and for the trust and confidence that you have placed in us.

Yours,

Stefan Messer

CEO of the Messer Group; Chairman of the Supervisory Board of the MEC Group

Messer World



Adolf Messer

Hans Messer

Stefan Messer

The Messer brand name stands for a constant presence in the markets for industrial gases and cutting and welding technology stretching back 112 years. The **Messer Group** (Messer) and the **Messer Eutectic Castolin Group** (MEC) operate under the "Part of the Messer World" umbrella brand, signifying that they are part of the "Messer World" group of companies. 73 per cent of shares in Messer and MEC are owned by Stefan Messer and other family members, while the remaining 27 per cent are held by the non-profit-making Adolf Messer Foundation. The foundation, which promotes science and research, was established in 1978 in memory of Adolf Messer, who founded the Messer company in Frankfurt/Main in 1898.

Adolf Messer initially focused on the manufacture and sale of acetylene gas generators, among other things; he subsequently moved into the field of oxyfuel cutting and welding. In the 1940s, he exported his first production unit for air gases to a foreign customer. In 1953, Adolf Messer handed over the management of the company to his son Hans. As growth reached its limits in the early 1960s, Adolf Messer GmbH merged with parts of Knapsack Griesheim AG, which was then a subsidiary of Hoechst, the Frankfurt-based chemical and pharmaceutical company. Hoechst had a two-thirds stake and the Messer family a one-third stake in the joint venture, Messer Griesheim. Under the leadership of Hans Messer, the company rapidly developed into an international supplier of industrial gases, cryogenic systems and cutting and welding products.

At the beginning of the 90s, Hans Messer retired from active management and joined the Supervisory Board. A strategy of globalisation failed because of the massive investment costs

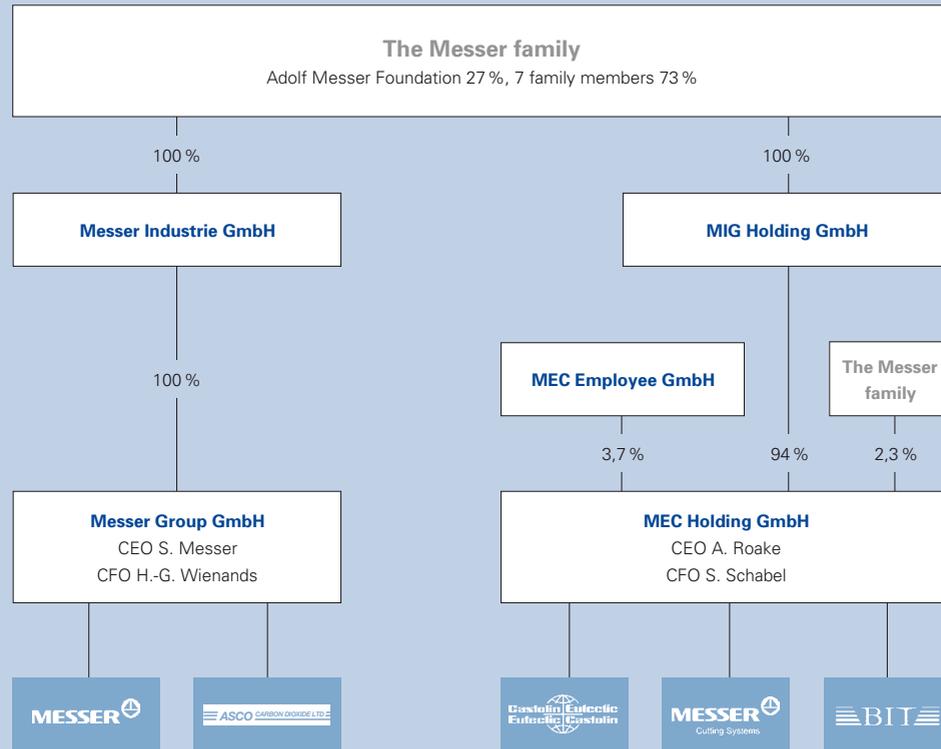


Messer Industriegase, Messer Group, Messer Cutting Systems and Castolin Eutectic had a joint stand at "Schweissen & Schneiden" in Essen, the sector's leading trade fair.

involved, resulting in excessive debts. In 1999, Stefan Messer bought back the cutting and welding division for the family in the shape of Messer Cutting & Welding GmbH. One year later, with the help of a financial investor, Messer Cutting & Welding GmbH bought the Swiss company Castolin Eutectic and merged the two companies to form the MEC Group. The Messer family held a 36 per cent stake in this enterprise. In 2001, Hoechst, subsequently Aventis, sold its two-thirds majority stake in the Messer Griesheim Group to financial investors who, together with the Messer family, streamlined and restructured the business. In May 2004, the family acquired all the shares held by the financial investors and split from its three largest subsidiaries in Germany, Great Britain and the USA for financing reasons. Since then, the industrial gases division has once again been trading under the Messer family name as Messer Group GmbH. The Swiss company ASCO Carbon Dioxide Ltd, a supplier of individual and complete CO₂ solutions, has been a subsidiary of the Messer Group since 2007. In the middle of 2008, a majority stake was acquired in ASCO in New Zealand, followed in February 2009 by the takeover of ASCO in France.

In 2005, Stefan Messer and his family also succeeded in taking over the financial investor's majority stake in the MEC Group. BIT Analytical Instruments GmbH, a leading full service provider for medical and analytical instruments based in Germany and the USA, is also part of the MEC Group. It too was formed from the Messer Group. Ever since, Stefan Messer has been writing a new chapter in the history of the family business which was started by his grandfather, Adolf Messer, 112 years ago and continued by his father, Hans Messer, for over 40 years.

Organisational structure

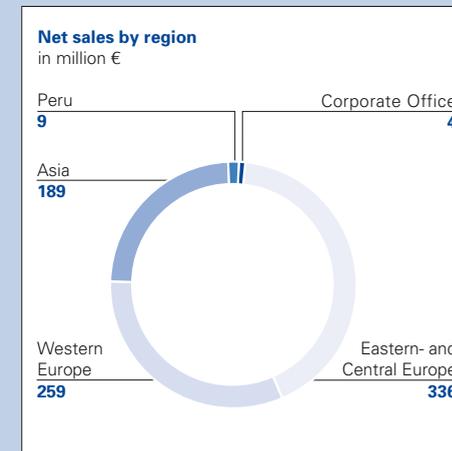


The Messer Group and the Messer Eutectic Castolin Group stand together under the single banner **“Part of the Messer World”**. This includes a host of well-known brand names, all of which stand for quality, expertise and customer satisfaction.

Part of the **Messer World**

Key figures for 2009

Total	2009
Turnover Messer Group in million €	797
Messer Group employees	5,211





For 112 years, the name Messer has been associated with expertise in the field of industrial gases. Messer does business via 60 companies in over 30 different countries throughout Europe and Asia as well as in Peru, making it the world's largest owner-operated industrial gas supplier.

From acetylene to xenon, Messer offers a product portfolio that must surely count as one of the most diverse in the market – the company produces industrial gases such as oxygen, nitrogen, argon, carbon dioxide, hydrogen, helium, shielding gases for welding, specialty gases, medical gases and various mixed gases.

Just as varied as the product spectrum are the industries that benefit from these gases and from the expertise of Messer employees in the area of applications technology. In ultra-modern research laboratories and centres of expertise, Messer is developing applications for the use of gases in almost every sector of industry, including food processing, environmental technology and medicine as well as research and development.



ASCO Carbon Dioxide is a provider of individual and complete CO₂ solutions. The product range covers automatic dry ice production machines, CO₂ production and recovery plants, dry ice blasting equipment, CO₂ storage tanks, cylinder filling systems, vaporisers and other CO₂ accessories.

Product development and service rest on two main pillars: firstly, the more than 80 years of practical experience in the CO₂ and dry ice sector, and secondly, the highly qualified and deeply loyal workforce. Thanks to this high degree of expertise and broad range of products, customers benefit from having a one-stop provider of individual, complete solutions.

With the acquisition of Swiss-based ASCO Carbon Dioxide Ltd, Messer has broadened its product portfolio to encompass the full spectrum of CO₂ technologies, particularly in the field of dry ice production and application. The Romanshorn site is available to the whole of the Messer Group as a centre of expertise for CO₂ production and application. In addition, Messer is steadily increasing its share of the industrial gases market in Switzerland where it is the second-biggest supplier of liquid carbon dioxide and dry ice.



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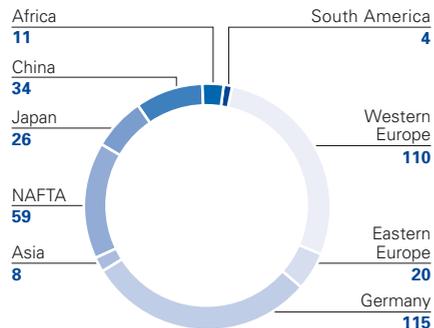
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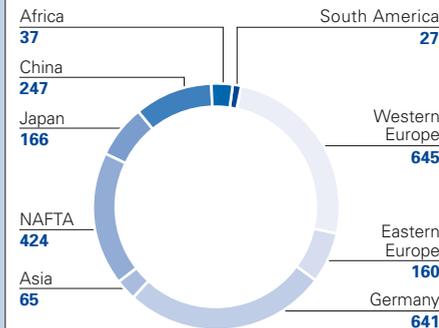
Key figures for 2009

Total	2009
Turnover for MEC Group in million €	387
MEC Group employees	2,412

Net sales by region in million €



Number of employees by region



Messer Cutting Systems has developed from a medium sized engineering company to a global innovative technology group.

The Cutting Systems division designs, develops and produces thermal cutting machines for the metalworking industries. The range of services and supplies offered is supplemented by the products of the subsidiaries: Messer EnviroTec supplies the environmental technology to suit the system; MesserSoft offers appropriate software solutions to optimised order based production for cutting processes. The Messer Cutting Systems Service offers spare parts, repairs and modernisation services to round off the programme so that the customer really has a Single Source Supplier.

The product portfolio of the oxyfuel technology includes equipment and systems for oxyfuel welding, cutting, soldering and heating. The regulators for gas supplies meet the highest standards for safety, gas-sealing and purity. From simple valves for technical gases right up to gas cylinder enclosures for semi-conductor gases – the complete range of applications is covered.

With more than 800 employees world-wide, Messer Cutting Systems is active in over 50 countries with operating companies or in cooperation with local partners.



Castolin Eutectic is the leading company worldwide in fighting wear and providing specialist joining solutions in harsh operating conditions. We provide products with application know-how to customers and are increasingly moving to become a service-based business. More than 100 years of experience in welding, brazing and thermal spraying technologies stands for professional and innovative solutions. Castolin Eutectic is your partner with industrial expertise in surface protection, repair and joining solutions.

Our products and services improve the lifetime of your machinery and equipment, increase productivity and reduce costs. Castolin Eutectic is a one stop solution provider with the most comprehensive range of products in this sector, including maintenance operations and ready-made components. The main focus of our applications technology expertise is on industry. Castolin Eutectic employs 1,500 people in over 100 countries, of which 700 are highly qualified engineers and international applications specialists working in the field.

BIT Analytical Instruments is the leading complete contract service provider offering a broad range of analytical and medical equipment.

We are a company with an international focus operating from sites in Germany, the USA and China delivering our services worldwide. Our customer base of many years' standing includes dynamic young companies as well as world market leaders.

BIT offers the full range of services in the area of contract development and manufacturing as well as after-sales service in the field of equipment for medical, diagnostic and industrial OEMs. We are the independent market leader in Europe for high-quality IVD analytical instrumentation for the high-end OEM market.

BIT core competencies

Individual contract development and manufacturing of medium to complex instrumentation, complete systems and customised automation solutions. Instrumentation For Life – your partner of choice for product development, manufacture and after-sales service. Always applying the highest quality standards in compliance with ISO 13485, ISO 9001 and registered with the FDA.



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The distribution network of Messer Group and MEC Group

- Messer Group
- Messer Cutting Systems
- Castolin Eutectic
- BIT Analytical Instruments
- ASCO

Europe and Africa

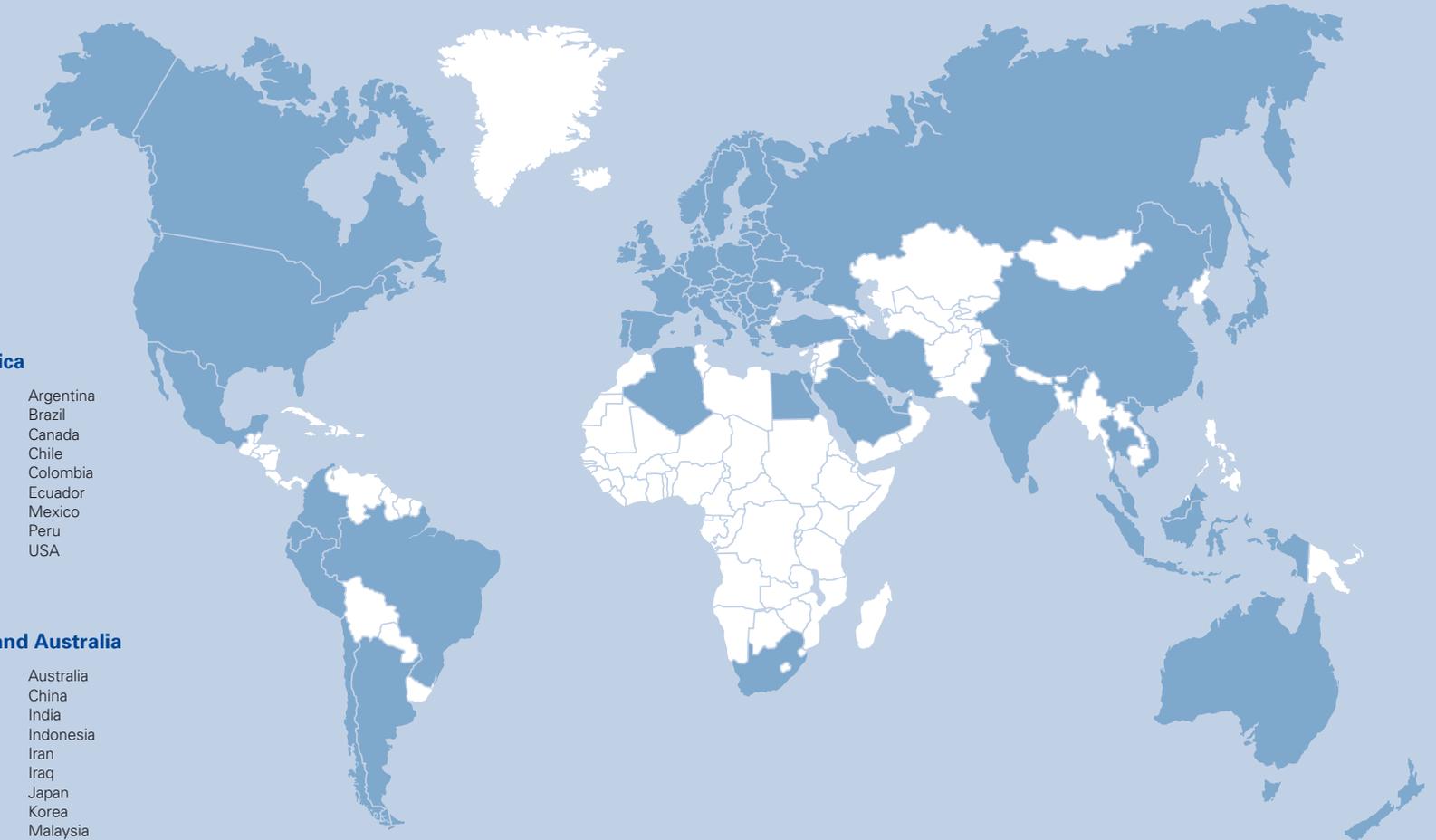
- Albania
- Algeria
- Austria
- Belgium
- Bosnia-Herzegovina
- Bulgaria
- Croatia
- Czech Republic
- Denmark
- Germany
- Egypt
- Estonia
- Finland
- France
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Macedonia
- Montenegro
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Russia
- Serbia
- Slovakia
- Slovenia
- South Africa
- Spain
- Sweden
- Switzerland
- Turkey
- Ukraine
- United Kingdom

America

- Argentina
- Brazil
- Canada
- Chile
- Colombia
- Ecuador
- Mexico
- Peru
- USA

Asia and Australia

- Australia
- China
- India
- Indonesia
- Iran
- Iraq
- Japan
- Korea
- Malaysia
- New Zealand
- Qatar
- Saudi Arabia
- Singapore
- Sri Lanka
- Taiwan
- Thailand
- United Arab Emirates
- Vietnam



■ International presence of Messer Group and MEC Group