


Enterprising a common responsibility

Summary of 2008 annual report for the
Messer Group and the MEC Group



Part of the Messer World 



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

Since September 2008 the financial crisis has spread massively around the world and triggered a global economic crisis. We, like our customers and partners in extremely diverse markets worldwide, have been challenged to a greater or lesser degree by the sudden, major economic fluctuations that have checked global economic growth. Despite all this, in the 111th year of our company history, we can look back on a positive business development for our corporate groups Messer and Messer Eutectic Castolin (MEC). All of the essential key financials show that we have exceeded our targets.

Corporate sales amounted to 795 million euros, while EBITDA jumped to 172 million euros at the Messer Group, up nine per cent over previous year. To guarantee independent product supply for our customers, last business year the Messer Group invested 195 million euros in new plants for producing air gases, such as oxygen, nitrogen and argon, in Bosnia-Herzegovina, Germany, France, Poland, Romania, Switzerland, Spain and Turkey, as well as in China and Vietnam, including funds for distribution assets. In addition, on 7th May,

after a period of three years from a contractual non-competition clause and a subsequent one-year ban on using the brand, we were once again able to return to our home market in Germany under the Messer brand.

For the first time our “Enterprising Responsibility” report, containing all the facts and figures related to the Messer Group in business year 2008 will not be presented to you in paper form but in an online version on the Internet. It is available at

<http://annualreport.messergroup.com>

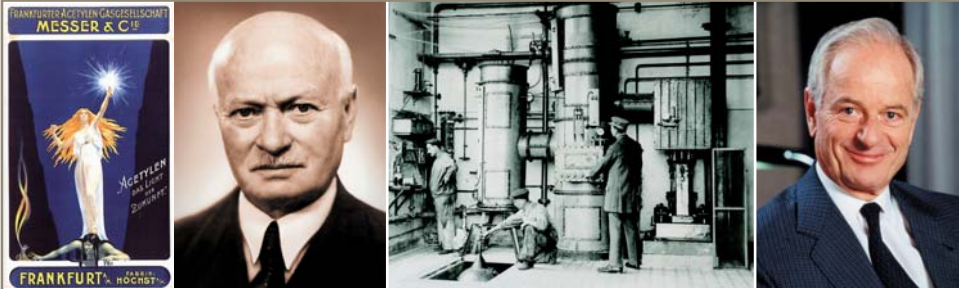
Business development at the MEC Group in 2008 has in no way lagged behind that at the Messer Group. Corporate sales for the business year amounted to 559 million euros, 13 per cent up on the previous year, and EBITDA rose to 71 million euros, impressing 23 per cent higher. This is a great success thanks to the efforts of all the divisions of the MEC Group.

We have profited from the resolute implementation of our corporate strategy and the loyalty and commitment of our customers, partners, shareholders, members of the supervisory board and employees. I would like to thank you most heartily for this and for the trust you have shown in us.

Best regards,
Stefan Messer

A handwritten signature in blue ink, appearing to read 'Stefan Messer', written in a cursive style.

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



The Messer brand name stands for a constant presence in the markets for industrial gases and cutting and welding technology stretching back 111 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

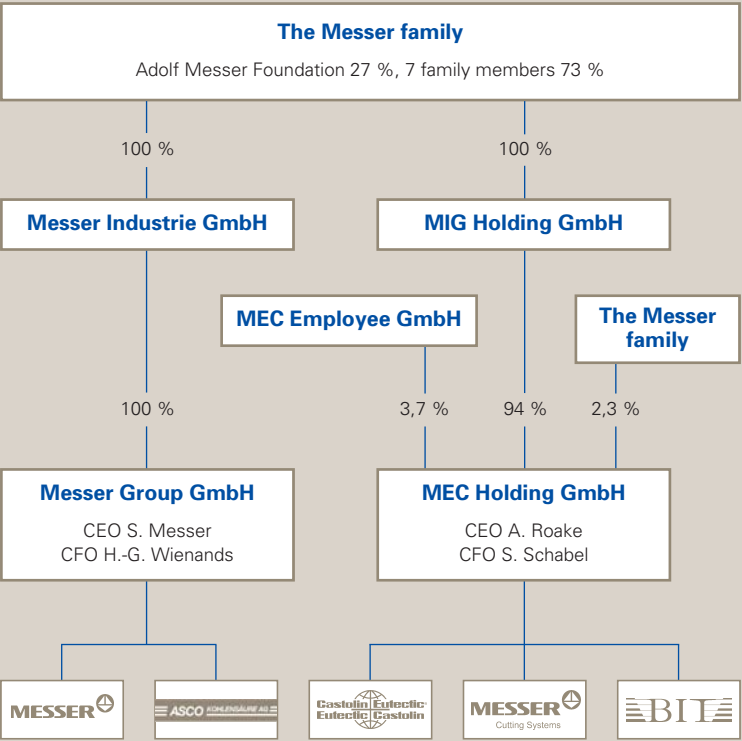


the massive investment costs involved, resulting in excessive debts. In 1999, Stefan Messer bought back the cutting and welding division for the family in the shape of Messer Cutting & Welding GmbH. One year later, with the help of a financial investor, Messer Cutting & Welding GmbH bought the Swiss 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 Kohlensäure AG, 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, 111 years ago and continued by his father, Hans Messer, for over 40 years.

Organisational structure



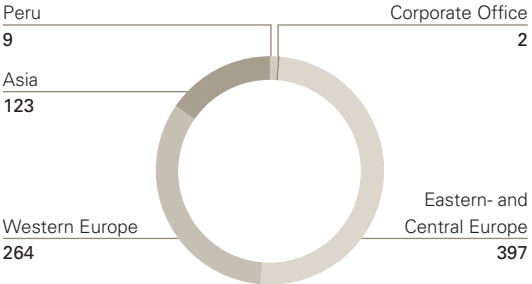
The Messer Group and the Messer Eutectic Castolin Group stand together under the single banner “Part of the Messer World”. This includes a host of well-known brand names, all of which stand for quality, expertise and customer satisfaction.

Part of the Messer World

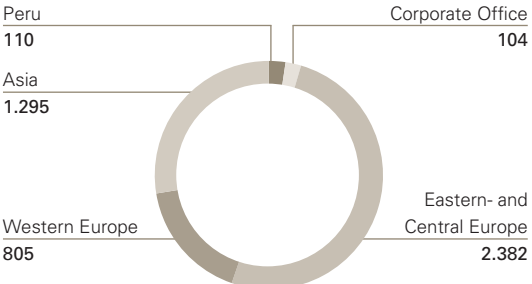
Key figures for 2008

Total	2008
Turnover Messer Group in million €	795
Messer Group employees	4.696

Net sales by region
in million €



Number of employees by region






For 111 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.



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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.

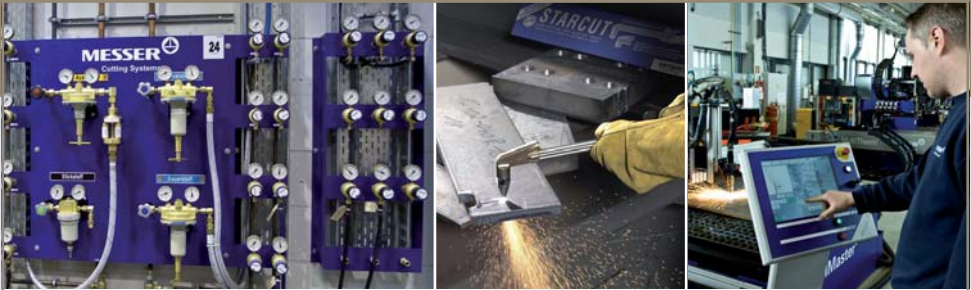
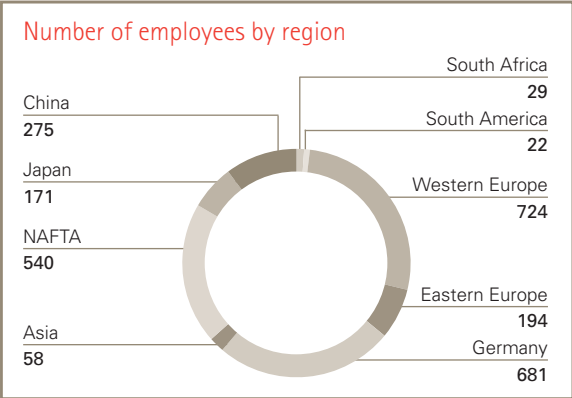
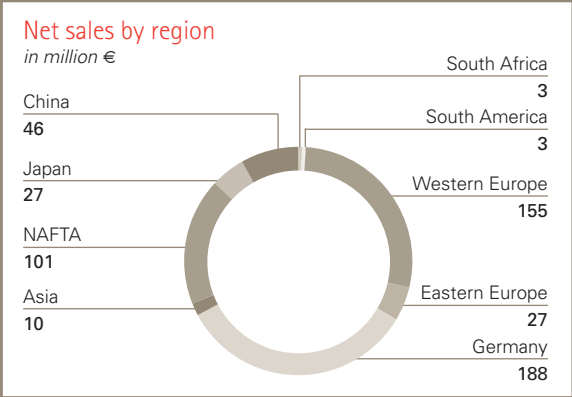



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Key figures for 2008

Total	2008
Turnover for MEC Group in million €	559
MEC Group employees	2.694



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

Our cutting systems experts design, develop and manufacture thermal cutting machines for the metal working industry. The subsidiary MesserSoft complements this by offering suitable software for the optimisation of order-based production in cutting technology. A service for spare parts, repair and modernisation services rounds out the product range - in this way, the customer's entire needs can be met from a single source.

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 900 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.



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BIT Analytical Instruments is the leading complete service provider offering a broad range of analytical and medical equipment. We are a company with an international focus operating from sites in Germany and the USA and 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 ISO13485, ISO 9001 and registered with the FDA.



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The distribution network of Messer Group and MEC Group at a glance

