The Resurrection of Foster Wheeler

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Rice Global E&C Forum – Monthly Roundtable
June 9, 2006
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Agenda

• About Foster Wheeler
• What happened?
• Actions taken
• Accomplishments
• Lessons learned
• 2006 priorities
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About Foster Wheeler

Foster Wheeler – in a nutshell

• A leading international engineering, construction and project management contractor and power equipment supplier
• In business for more than 100 years
• Operations in 26 countries
• Two business groups:
  - Global Engineering & Construction (E & C) Group
  - Global Power Group
About Foster Wheeler

The Foster Wheeler brand - cost-competitive quality

- A reputation for safe, on-time, on-budget delivery of high-quality, technically advanced facilities and equipment, which start up as planned and perform reliably
- A large technical resource pool - highly regarded for professionalism, integrity, expertise and experience
- Proven track record of executing world-scale, technically complex projects in challenging locations
About Foster Wheeler

What we do - Global E & C Group

- Front-end design, engineering, procurement, construction and project management for:
  - Upstream oil & gas
  - LNG & gas-to-liquids
  - Oil refining
  - Chemicals & petrochemicals
  - Pharmaceuticals, biotechnology & healthcare
  - Power project development & EPC
  - Environmental remediation

Delivering projects from concept to commissioning
About Foster Wheeler

What we do - Global Power Group

- Design, manufacture and erect steam generating and auxiliary equipment for electric power generation
  - Full range of fluidized-bed and conventional boilers firing coal, oil, gas, biomass, municipal solid waste
  - Market leader in circulating fluidized bed (CFB) technology – sold over 250 units
  - Strong position in emission control products: low NOx burners, SCRs
  - Replacement parts and services

Delivering leading-edge technology solutions and services
About Foster Wheeler

Global resources: around 9,000 highly skilled people

We have intelligently and cost-effectively increased our Global E&C Group’s capacity by over 30% during the last 12 months
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What happened?

Net earnings and net debt change: 1994 – September 2004

Net earnings 1994 – 2000: $29 million
Net loss 2001 – 2004: ($1,033) million

Net debt\(^1\) (increase)/decrease 1994 – 2000: ($669) million
Net debt\(^1\) (increase)/decrease 2001 – 2004: $574 million

\(^1\) Net debt equals total debt less cash and short-term investments
\(^2\) September 2004 net earnings excludes $175.1m loss on equity for debt exchange

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What happened?

Major drains on liquidity: 1994 – September 2004

Liquidity impact totalling $1.3 billion
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Actions taken

Reduced total debt by $842 million since 2003

Leverage now comparable with our competitors

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<td>$1,033</td>
<td>$570</td>
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Leverage now comparable with our competitors.
Actions taken

Transformed operational performance

Operating EBITDA

$ millions

$300

$250

$200

$150

$100

$50

$0

1999-2003 Average

2004

2005

$48.9

$76.2

$125.1

$216.4

$272.9

Robbins operating losses & write-downs

1 Operating EBITDA excludes Corporate & Financial Services expense and inter-company eliminations. Such amounts were $102.8, $321.2, and $264.2 for the 1999-2003 average, 2004, and 2005, respectively. Consolidated EBITDA equals Operating EBITDA less the Corporate and Financial Services expense and inter-company eliminations.
Actions taken

Excellent bookings and backlog performance

New Orders Booked

$ Billions

Backlog at Year-End

$ Billions

$4.2

$3.7

$2.2

$2.3

$2.4

$2.0

$0

$0.5

$1.0

$1.5

$2.0

$2.5

$3.0

$3.5

$4.0

$4.5

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Accomplishments

A focused team with clear priorities

- Transformed our capital structure
- Operations performing strongly and consistently
- Embedded a clear strategic focus with sustainable differentiators
- Delivered very strong bookings and rebuilt backlog
- Significantly broadened our client base

Woodside LNG, Australia:

Foster Wheeler is leading the EPC JV which is adding a fifth LNG liquefaction train

Picture courtesy Woodside Energy Ltd
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Lessons learned

Five key critical success factors

- Company must have potential sources of competitive advantage
- Find the people who “get it”
- Focus on the basics and embed very high standards of excellence
- Lead by example
- Have the courage to take systemic action
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2006 Priorities

**A focused team with clear priorities**

- Maintain adequate corporate liquidity and ensure robust corporate cash flow
- Optimize strategic and tactical performance of our two business groups: Global E&C Group and Global Power Group
- Achieve optimized capital structure
- Demonstrate performance sustainability
- Achieve material earnings growth
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