



FIGHTING SPIRIT

Activity report **2013**
Cockerill Maintenance & Ingénierie

Spirit of **initiative**

5 continents

**Cohesion &
Commitment**

Combined strength:

4 086 skilled people

Tactical intelligence

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THE CHAIRMAN



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MESSAGE FROM
THE CHAIRMAN

In combat mode

CMI went through a year 'in combat mode' in 2013. Its goal: to continue the growth momentum initiated at the beginning of the 2000s and to gain ground against the persisting crisis that has been shaking our traditional markets since 2008.

The tactics consisted of a two-pronged approach. On the offensive side: step up the diversification of the activities portfolio through geographical and technological expansion. On the defensive side: adapt our engineering and service activities to a steel crisis that had a particularly severe impact in 2013.

CMI came out of the scrum on both fronts and registered promising progress for the years to come, thanks in large measure to the combativeness of the teams.

.../...



.../...

The right tactics for each activity

The year 2013 was a varied experience for the Group's different sectors of activities, each of which defended its positions in accordance with its own challenges in its specific environment. All came together in mobilizing to move forward and make progress for the Group.

CMI Energy confirmed its leadership in Heat Recovery Steam Generators for combined cycle power plants with a 12% share of the world market. Beyond this commercial success, the undeniable achievement of 2013 was on the thermo-solar front, where CMI Energy really carved out a position as technological forerunner: while the first CMI solar receiver was delivered for a 50 MWe power plant, the engineers of CMI Energy were developing solutions for power plants with five times that capacity. The first could be marketed as soon as 2014.

For its part, **CMI Defence** developed a missile for its 90 mm caliber and delivered its first onboard simulator. This is a world first that revolutionizes the tactical education and training of brigades. Driven by a capacity for innovation embedded in its DNA, CMI Defence now has a full range of 20 to 120 mm calibers to equip land armies. Its high onboard intelligence solutions open the way to a substantial and regular business flow for the years to come.

CMI Industry launched a program to reconfigure its organization in order to adapt to the slump in world demand for steelmaking equipment. This ambitious program aims to concentrate historically dispersed resources – the logical consequence of the acquisitions policy of recent years – to improve the competitiveness of the offering. At the same time, CMI Industry accelerated its technological developments to serve a steel market that is always open to innovation. Its innovative solutions revived the order book at the end of the year.

In December, CMI broadened its environmental offering with the acquisition of the French group Europe Environnement, a specialist in air, gas and fumes treatment solutions. CMI's range of environmental solutions now covers solid, liquid and gas waste and energy efficiency. Combined with CMI's international coverage and proven track record in technical project management, this range of expertise is generating a business flow whose relative weight will continue to increase rapidly.

And finally, **CMI Services** continued to diversify by getting a foothold in New Caledonia in the maintenance of nickel production plants, thanks to the acquisition of the Klein company. It also opened new facilities in Morocco and Congo, while other locations in Africa are under study. CMI Services also expanded its portfolio of clients with maintenance contracts in Brazil for industries active in the field of energy, mining and petrochemicals. In Europe, the definitive closing of steelmaking capacities once

Why rugby?

Rugby is particularly recognized for the commitment and the 'Fighting Spirit' of the teams that play it. This contact sport is based on the direct clash of opponents and on the close bond among team-mates.

The teams are composed of players with widely different profiles, each of whom has a specific role to play. Strength, speed, skill and clear-sightedness are qualities shared by all, from the prop forward to the captain, not forgetting the flankers or forwards.

Rugby is also a tremendous school of life where mutual respect and team spirit outweigh personal success.

It is a collective sport par excellence, where ambitions are shared and victories celebrated together. The human bonds that are established are strong and lasting, conducive to the establishment of solid and shared networks. Beyond physical and technical qualities, beyond the pertinence of tactics, it's often combativeness that makes the difference.

For all these reasons, we have borrowed from rugby teams their distinctive signs and sporting world to illustrate the year that CMI went through in 2013. Like them, the teams of CMI are particularly committed to defending the colors of the Group. And though the competition is not over in our view, the desire to participate remains intact.

Thanks are in order to all CMI employees for their commitment in 2013 and for their 'Fighting Spirit', which are bound to give us an opportunity to celebrate new victories!



again obliged the teams to look for alternative outlets: in France, services to nuclear power plants and a new penetration of the market in the Rhone Alps region led to an improvement in the position of CMI Services. In Wallonia (Belgium) profitability is still difficult to achieve given the progressive contraction of the local industrial fabric.

Cultivate the 'Fighting Spirit'

During 2013, everyone held to his place and pitched in. Team spirit, commitment and tenacity were the key words for this year. Staff mobilization was encouraged through numerous channels.

The Group's strategy for 2017-2022 was given concrete shape in a multi-year plan comprising 70 projects. Managed at the highest level, these projects itemize actions needed to ensure growth for the Group based on the expansion of our offering in our four sectors of activities.

Under the aegis of the Group Development Management, we also set up a mobilizing organization capable of making innovation happen and sharing it with the many technologists of the Group. The ensuing dynamism is bearing fruit and the new technologies brought to market are sources of pride and promise success.

The move of 250 people to the Orangerie, the extension of our Headquarters, is another symbol of our determination to promote new ways of working and communicating.

Groundwork

The year 2013 closed with an operating result of €11.6 million and a turnover close to €650 million. These performances are, of course, down from the previous year, which was historic. But this twelfth year of consecutive positive results will linger in our memory especially because of the scope of the investments made in adapting our traditional markets, technological innovation,

our geographical expansion and the development of our talents.

Boosted by its many technological, operational and commercial successes, and by the return to growth of order entries, the CMI Group is facing 2014 with confidence. The promises for growth are palpable, in particular in the thermo-solar and defense equipment sectors. There are still many opportunities for development in Africa and in environmental solutions. To that end, the CMI Group is turning the page from a year 'in combat mode' to capitalize in 2014 – and even more so in 2015 – on the positive impacts of the efforts made.

Bernard Serin
Chairman
Managing Director



2013 IN BRIEF

Mark

2013 closed with an operating result of 11.6 million Euros and a turnover close to 650 million Euros. These performances, though down from the previous year, which was historic, reflect a twelfth year of consecutive positive results.

A look at 2013 through key figures, month-by-month milestones, and financial statements.

KEY FIGURES

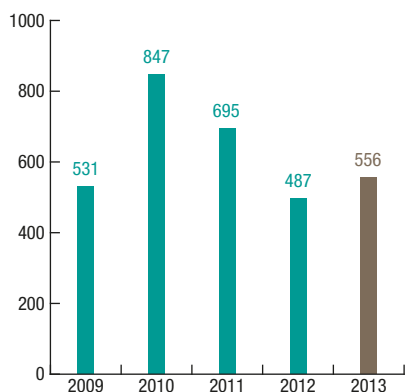
The data set out below are published in accordance with IFRS (International Financial Reporting Standards) accounting standards. They take the past five years into account. Reference is also made to 2002, the year in which CMI was taken over by its current shareholders. The full financial statement is available in the CMI Financial Report.

(in thousands of Euros)	2009	2010	2011	2012	2013
Shareholders' equity	119 699	123 244	72 075	88 586	88 108
Cash-flow	54 184	61 355	52 462	39 108	32 770
Order entries	530 958	846 722	694 635	487 010	555 873
Turnover	734 835	561 937	710 666	792 789	646 836
Operating result	11 741	10 005	20 108	32 126	11 586

Order entries (EUR Mios)

2002
208

2013
556

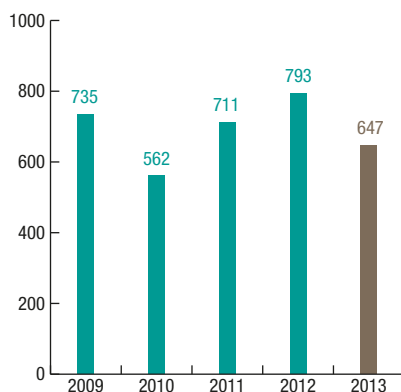


In 2013, total order intake by the Group amounted to 555.9 million Euros, 14.1% up compared to the previous year. As CMI Defence only marginally contributed to order intake during 2013, the increase attributable to the other three sectors is all the more significant.

Turnover (EUR Mios)

2002
358

2013
647



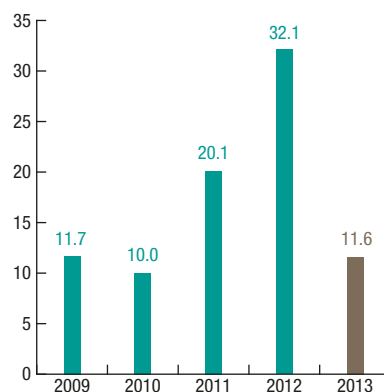
Group turnover in 2013 amounted to 646.8 million Euros, down by 18.4% compared to 2012. This decrease is a logical consequence of the slow down in order entries during 2012.

This 2013 turnover figure is spread relatively equally over the four sectors of the Group: CMI Energy, CMI Defence, CMI Industry and CMI Services.

Operating result (EUR Mios)

2002
5.2

2013
11.6

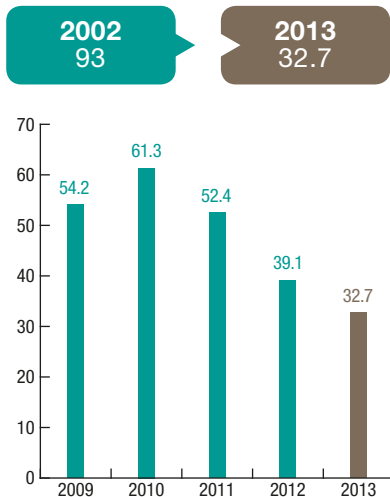


The Group's operating result amounted to 11.6 million Euros in 2013. This performance is below the historic record figure of 2012, but has to be placed within the context of a persistent economic crisis which has been affecting most of the traditional markets of the Group since 2008.



Dynamic presentation of CMI key figures

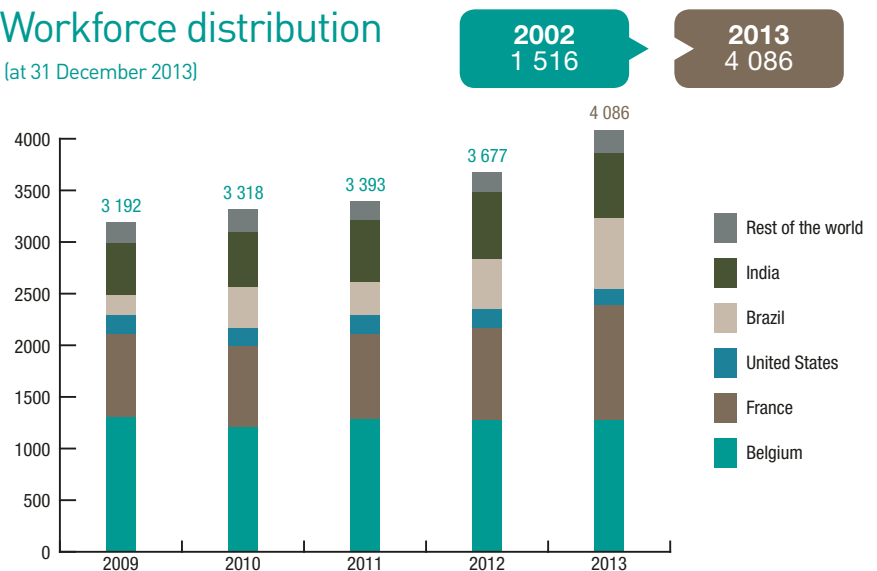
Cash-flow (EUR Mios)



Despite a difficult year in 2013, Group cash-flow was able to remain at a level virtually equivalent to that of 2012.

Workforce distribution

(at 31 December 2013)

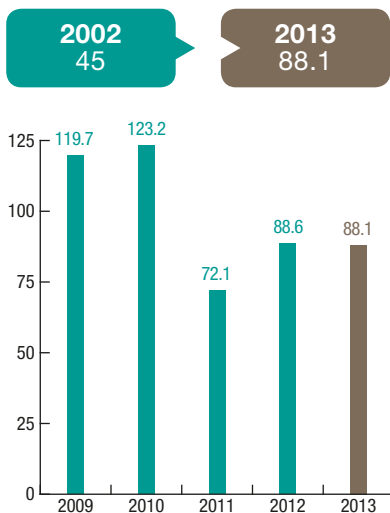


On 31 December 2013, the CMI Group numbered 4 086 persons under contract. This figure is 11% up on 2012. This increase is linked to two factors : recruitment and acquisitions carried out by the Group during the year (Europe Environnement in France and Klein in New Caledonia).

The Group currently numbers 59% of white collar workers.

Shareholders' equity

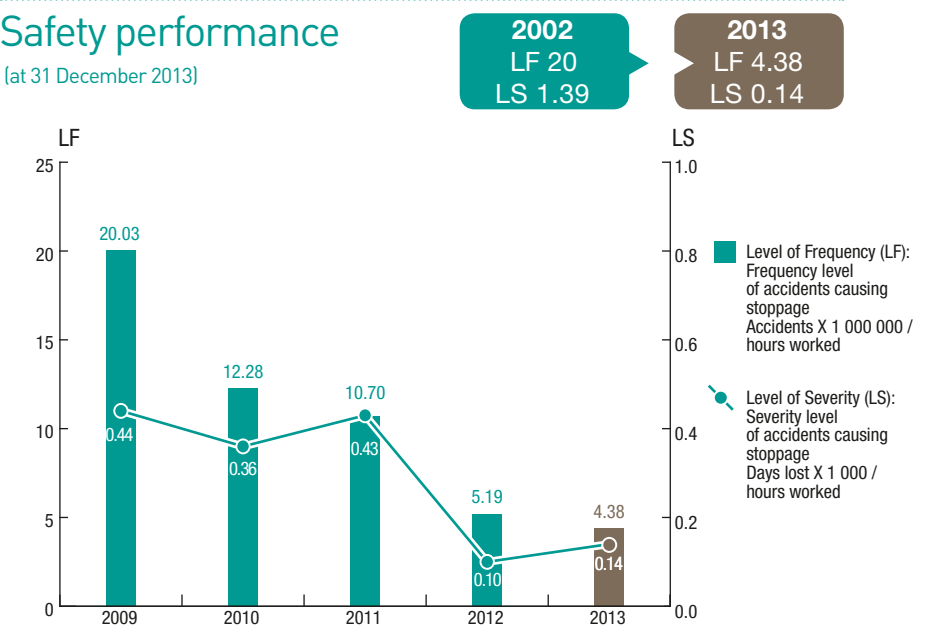
(EUR Mios)



Thanks on the one hand to positive results obtained in 2013 and to a prudent dividend distribution on the other, the Group still has stable liquid assets despite the economic situation.

Safety performance

(at 31 December 2013)



The CMI Group has achieved its objective in terms of safety performance. The level of frequency in 2013 is 4.38 and the level of severity 0.14.

Convinced of the necessity of maintaining this continuous improvement, CMI has set itself new safety objectives for the coming year, even more ambitious: a target of 4.2 for frequency and a target of 0.12 for the level of severity.



SEASON 2013

January

The year 2013 starts in a stark world economic environment. In **Brazil**, CMI Services boosts its presence and bolsters its customer portfolio by winning maintenance contracts in several industries: energy, mines, and petrochemicals.

February

CMI Defence is a big hit at the IDEX fair in the United Arab Emirates, where it demonstrates the universality of its **weapon systems** on vehicles of different origins and characteristics: a 25 mm caliber on a French wheeled vehicle, the 120 mm caliber on a Korean tracked vehicle, and a 90 mm caliber on a Ukrainian wheeled vehicle.

March

In line with the CMI 2017-2022 strategy, CMI Energy and its Indian licensee Larsen & Toubro position themselves on the market of **small capacity boilers** installed behind turbines of less than 80 MWe. Their licensing agreement covers India, South-East Asia and the Middle East.

April

Faced with a contraction in its historic market, CMI Industry launches a program to re-engineer its organization on two markets moving at quite different speeds. The 'Metals' division will concentrate on a **more technological offer for steelmaking**, while the 'Industrial Solutions' division will step up its growth in **environmental solutions, services to projects and extractive metallurgy**.

May

The maintenance contract for **offshore wind turbines** in the North Sea enters its third phase, with 54 wind turbines to be serviced until 2023.

June

The assembly of CMI Energy's first boiler dedicated to **thermo-solar technology** starts. It will be installed on top of a tower, 200 meters from the ground, and will equip the Khi Solar One power plant in South Africa.

At the same time, CMI Defence delivers its first **embedded turret simulation system**. This world first reflects the Group's innovation capacity.

July

CMI FPE, the Group's Indian subsidiary wins an order for a **galvanizing line** and a **skinpass** to be supplied to the Emirates steelmaker AGIS.

In France, in the **nuclear sector**, CMI Services delivers a temporary cover for the reactor vessel to Westinghouse, on behalf of Electricité de France (EDF).

August

CMI Services deploys its offer to new territories. In **New Caledonia**, it positions itself in the nickel sector by acquiring the maintenance operator Klein.

In Africa, CMI creates **CMI Congo** and signs a first agreement protocol with the Ministry for Transport and Infrastructures, for the supply of equipment. In **Morocco**, CMI founds the joint venture Praytech in partnership with the Liège-based group Prayon, for the maintenance of phosphate filters.

September

CMI completes its new **strategic plan**, structured via 70 projects. Through an appropriation campaign, this plan is rapidly shared by the members of the Group. A symbol of this new fresh start, the extension of the **Group Headquarters** welcomes its first occupants. This building brings under the same roof the teams of several sectors, while its exceptional architecture breathes new spirit into the company.

October

CMI inaugurates its **new facilities in Flanders (Belgium)**. Brand new offices and a workshop for CMI Services, but also for the teams dedicated to **industrial boilers** that are joining CMI Energy, in accordance with the CMI 2017 strategy.

November

CMI Energy wins an order for eight Heat Recovery Steam Generators (**HRSG**) in **Iraq**. With this new commercial success, it secures a new dominant position on its traditional market, with a 12% share in 2013, i.e. 23 boilers sold.

December

CMI acquires the French group **Europe Environnement**, a specialist in **air, gas and fumes treatment solutions**. CMI's range of environmental solutions now covers solid, liquid and gas waste as well as energy efficiency.

To end the year with a flourish, ArcelorMittal chooses CMI to supply a reheating furnace for steel slabs equipped with Double Regenerative Burners. This technological breakthrough is likely to create a new market niche, as it considerably reduces the operating costs for this type of facility.



2013 season in images



Previous seasons

Consolidated financial statements

Assets

In thousands of Euros	31/12/2013	31/12/2012	31/12/2011
NON CURRENT ASSETS	172 426	138 426	122 856
Goodwill	55 579	43 617	43 453
Intangible assets	11 655	8 520	4 933
Tangible assets	64 332	52 606	48 515
Investments in associates	8 572	1	937
Other financial assets	4 352	9 658	8 784
Other non current assets	2 400	4 277	1 596
Deferred tax assets	25 536	19 747	14 638
CURRENT ASSETS	338 568	339 018	419 379
Inventories	52 896	45 984	60 182
Trade and other receivables	245 185	243 464	294 721
Income tax receivable	1 153	2 168	2 233
Other financial assets	2 277	2 732	4 489
Cash and cash equivalents	35 120	41 137	52 854
Other current assets	1 937	3 533	4 900
TOTAL ASSETS	510 994	477 444	542 235

Liabilities and shareholders equity

In thousands of Euros	31/12/2013	31/12/2012	31/12/2011
EQUITY	75 098	80 973	65 008
Capital	42 038	42 038	42 038
Other reserves	-4 398	-1 518	-224
Retained earnings	37 458	40 453	23 194
NON CONTROLLING INTERESTS	13 010	7 613	7 067
NON-CURRENT LIABILITIES	51 040	59 201	66 953
Employee Benefits	4 392	4 077	3 351
Provisions	7 043	11 457	10 991
Borrowings	28 299	33 055	42 480
Other financial liabilities	1 144	943	2 096
Other non current liabilities	3 565	3 212	3 730
Deferred tax liabilities	6 597	6 457	4 305
CURRENT LIABILITIES	371 846	329 657	403 207
Employee Benefits	0	50	3
Provisions	6 626	8 064	6 325
Borrowings	43 811	20 366	37 215
Other financial liabilities	2 216	1 483	3 766
Trade debts	308 976	284 416	347 009
Income tax payable	3 085	8 830	1 246
Other current liabilities	7 132	6 448	7 643
TOTAL LIABILITIES	510 994	477 444	542 235

Consolidated profit and loss account

In thousands of Euros	31/12/2013	31/12/2012	31/12/2011
Revenue	646 836	792 789	710 666
Cost of sales	-548 188	-655 001	-606 945
GROSS MARGIN	98 648	137 788	103 721
Research and development costs	-8 041	-6 428	-5 162
Sales and marketing costs	-33 449	-26 526	-20 472
General and administrative costs	-65 570	-68 872	-65 799
Other operating income / (expenses)	19 998	-3 836	7 820
OPERATING PROFIT BEFORE RESTRUCTURING COSTS	11 586	32 126	20 108
Restructuring costs	0	0	0
OPERATING PROFIT (EBIT)	11 586	32 126	20 108
Interest income	414	272	938
Interest charges	2 950	2 968	2 587
<i>Net finance cost</i>	<i>-2 536</i>	<i>-2 696</i>	<i>-1 649</i>
Other financial income / (expenses)	-2 583	-790	-3 007
Share of the net result of associates	1 455	-516	326
RESULT BEFORE TAX	7 922	28 124	15 778
Income taxes	1 167	-9 735	-3 189
RESULT AFTER TAX	9 089	18 389	12 589
Non controlling interest	-529	357	639
GROUP NET RESULT	9 618	18 032	11 950





OPERATIONAL ACTIVITIES

Winning the scrum

CMI designs, integrates, modernizes and maintains technical equipment for energy, defense, steelmaking and industry in general. It assists its clients throughout the whole life-cycle of their equipment, to improve its economic, technical and environmental performance. Its engineering activities are organized in three sectors: CMI Energy, CMI Defence and CMI Industry. The Group's fourth sector, CMI Services, brings together services activities for all industries.

In 2013 these four sectors experienced very differing conditions on their respective playing fields. In order to win the scrum, they deployed similar character traits: commitment, desire, pugnacity and tenacity.



Our success in 2013 is the result of the daily commitment of all our team members. Their ability to be permanently there on the ground, their capacity to work both seriously and with skill, are just some of the qualities whose real value our clients appreciate.„

Jean-Luc Maurange
Executive President of CMI Energy

CMI Energy

Power, efficiency, flexibility

CMI Energy designs, supplies and installs steam generators for gas turbines of all capacities. These steam generators constitute a key element for the increased energy efficiency of electric power plants, whether they be combined cycle (gas and steam or integrated solar combined cycle), cogeneration or dedicated to industry. CMI heat recovery boilers are particularly suitable for cycling operation (frequent starts and stops of electric power plants depending on electricity demand) and can be installed behind turbines burning all types of fuels.

CMI Energy has drawn on its vast experience in steam generation to design boilers for thermo-solar power plants with tower. Installed on top of the tower, these boilers capture the energy reflected by mirrors on the ground and generate steam, which feeds a turbine to generate electricity.

The CMI Energy offering was recently expanded to include industrial boilers for sectors such as chemicals, petrochemicals, biomass, etc.

In parallel, CMI Energy provides expertise, technical assistance, retrofitting and upgrading services for all types of boilers.

In all these fields, CMI Energy has imposed its know-how throughout the world for nearly two centuries. Its teams are based in Liège and Willebroek (Belgium) and Erie (Pennsylvania, USA). Its licensees, Wuxi, S&T and Larsen & Toubro, cover in particular China, South Korea, India and South-East Asia.



KEY FIGURES

175 388 (EUR 000)
Turnover

167 100 (EUR 000)
Order Entries

316
Workforce (at 31 December)

12%
A 12% market share made CMI Energy the world's number two heat recovery boiler maker in 2013.

2013 SEASON

In a relatively difficult market, the CMI Energy teams have taken the plunge to achieve commercial, operational and financial results in line with expectations. With a 12% share of the world market for heat recovery steam generators (HRSG) for combined cycle power plants, 24 projects taken on simultaneously, and first-rate

technical developments, 2013 was a fruitful year, one in which the activities of CMI Energy made a substantial contribution to the Group's results. CMI Energy is embarking on 2014 with a well-rounded portfolio of products and services, a dominant position on its traditional market, a role of technological pioneer in the thermo-solar sector and ambitions to diversify into other sectors of renewable energy generation.



▲ CMI boilers perfectly meet the current market requirements for power, efficiency and flexibility.

N°2 in the world

The highly reputed Mc Coy Report ranked CMI Energy number two in the world among the constructors of heat recovery boilers in 2013. With 23 boilers sold, CMI Energy accounts for nearly 12% of the market.

This leading position crowns the performance of the marketing teams of CMI Energy on a market that remained very strained in 2013. While a recovery was delayed in the United States, and demand in Europe continued to be sluggish, CMI Energy concentrated its efforts in other regions, particularly in the Middle East, where it managed to impose its know-how in the Iraqi Kurdistan region. Having sold eight boilers there in 2012, CMI Energy won two new contracts in 2013 for 16 additional boilers in this region. The promising success in Bangladesh is also worth noting, as CMI Energy managed to win three contracts there in just one year.

At the cutting edge of service

In 2013, the After Sales Department of CMI Energy, specialized in the inspection and retrofitting of boilers of all makes, was also



▲ The efficiency of its teams enables CMI Energy to provide expertise and related services throughout the world and throughout the entire life-cycle of its thermal equipment.

highly successful, particularly in the Middle East. Its teams won a major order for the Dubai Electricity & Water Authority (DEWA). In Saudi Arabia, they supplied the first CMI Boiler Stress Evaluator. Designed entirely by CMI, this intelligent software guides power plant operators in the maintenance of their boilers. It can estimate the constraints to which boilers are subjected and allow the maintenance plan to be adapted accordingly.

Solar at its zenith

In 2013, the first CMI thermo-solar boiler was delivered with success. With a capacity of nearly 300 MWth, this boiler was made for the 'tower' power plant in Upington (South Africa). The CMI Energy teams will supervise its assembly in 2014, with commissioning also scheduled this year.

In parallel, within this field CMI Energy has continued its developments

INNOVATION Midnight sun

The sun does not shine at night. It would therefore be logical to expect that a thermal solar power plant generates electricity only during the day. That would be true if it were not possible to store energy accumulated during the day for use at night...

In 2013, CMI Energy proceeded specifically to design technology for the storage of solar energy. The underlying idea is to adapt its current technology to a new heat storage fluid. Rather than use water, the new CMI technology uses melted salts, whose storage density and low costs make it one of the best heat storage fluids. Thermal solar power plants equipped with it will thus generate electricity day... and night.



▲ Installed at the top of a 200 m high tower, the first CMI thermo-solar boiler will equip a 50 MWe power plant. The next CMI boilers of this type will be suitable for power stations which are five times more powerful.

in two directions. It has for one optimized the design of CMI thermo-solar boilers. Its teams have developed a thermo-solar boiler for units with far higher output (250 MWe against 50 MWe in Upington). These new solar receivers have a thermal power of 750 MWth and generate steam at higher pressure and temperatures, which improves the yield and competitiveness of 'tower' solar power plants.

On top of this, in 2013 CMI engineers developed a solar receiver with melted salts. This fluid enables solar energy to be stored at high temperature and then be recovered to generate steam on demand, allowing electricity to be produced even at night.

THE COMING SEASONS

In 2013, the CMI Energy teams held their ground to perfection. In 2014, they will maintain the offensive, building on commercial, operational and technological strengths to consolidate CMI's position. Challenges will not be in short supply.

On the recovery boilers market, CMI Energy plans to confirm its leadership. To that end, CMI wants to extend its presence on the North American market, where shale gas is opening up interesting prospects. CMI will also go on supporting its licensees so that they can be successful again, particularly on the Chinese market. Russia, Eastern Europe and Africa are also target markets. Finally, CMI Energy will further reinforce its position in the Middle East for marketing new boilers and developing service and revamping activities.

On the thermo-solar front, CMI will capitalize on its technological advance and assume its pioneering role. At a time when its first 50 MWe power plant is still under assembly, CMI Energy is ready to push back the current limits of performance and offer far more powerful boilers. This type of receiver is expected to be marketed for the first time in 2014.

And to extend its diversification, CMI Energy plans to demonstrate the competitiveness of its industrial boilers in Western Europe, while remaining attentive to the opportunities of other energy generation sectors, such as biomass and geothermal energy.

An expanded offering on two fronts

As uncontested specialist of recovery boilers for high capacity electric power plants, in 2013 CMI Energy also carved out a place for itself on the market of smaller capacity boilers. In March, CMI and its Indian licensee Larsen & Toubro (L&T) extended their cooperation to market recovery boilers installed behind gas turbines with a capacity of less than 80 MWe. This new agreement covers India, South-East Asia and the Middle East. It led to joint work to improve the design of these small CMI boilers so as to boost competitiveness and meet the specific needs of this market. Together, CMI and L&T are striving to conquer more than 10% of the market in the short term.

Along with this, CMI has given its industrial boiler range a new lease of life. The teams in charge of these products, particularly suited to chemical and petrochemical sites, have joined the ranks of CMI Energy. They will capitalize on new commercial and operational synergies to market these boilers in the Benelux, Germany, France and the United Kingdom. Symbolic of this new impetus, this activity has been provided with new facilities in the Antwerp region of Belgium.



energy@cmigroupe.com



▲ The technical quality of CMI Energy's industrial boilers makes them particularly suited for use in the petrochemical sector.



Our strength in innovation and our operational excellence have affirmed the supremacy of CMI Defence in systems for land forces. This rapid growth is both a source of pride and a challenge. Humility and cohesion will be the key words in taking it up.”

Paul Thonon
Executive President of CMI Defence

CMI Defence

Cockerill, the authority on weapon systems integrated on highly mobile armoured vehicles

CMI Defence is the undisputed worldwide leader in multifunctional, high-power weapon systems for light and medium weight armoured vehicles. Independent from any and all vehicle manufacturers, CMI Defence supplies:

- gun-turret systems for the entire 20 mm to 120 mm caliber range and gun-fired guided anti-tank missiles for the largest calibers;
- simulation systems (onboard or not);
- a range of related services to optimize the integrated logistics of armies: tactical and technical assistance (on location or remotely), training, maintenance, upgrading, documentation, spare parts, tools, etc.

This equipment benefits from the cutting edge expertise of the CMI Defence teams in software, ballistic and mechatronic engineering. Embodying the essence of the Cockerill brand, it combines great fire power with light weight to guarantee performance, mobility and protection for the crew. The Cockerill systems are modular and designed so that they can be upgraded at modest cost to keep pace with the evolving needs of their users.

The innovation strength of CMI Defence anticipates the growing needs for versatility on the part of highly mobile ground forces. Its teams are constantly developing new solutions to improve the use of Cockerill systems throughout their entire life-cycle.



▲ Cockerill weapon systems are able to evolve and adapt to new requirements from armed forces. CMI Defence thus finalized the modernization of 144 Cockerill LCTS90 systems in 2013.

KEY FIGURES

94 367 (EUR 000)
Turnover

4 860 (EUR 000)
Order Entries

274
Workforce (at 31 December)

228
Number of turrets in work in 2013

2013 SEASON

The year 2013 marked a new milestone in the history of CMI Defence.

CMI Defence proved its worth on the commercial front by demonstrating the advantages of its products through exhibitions, conferences and demonstrations. No new order was booked in 2013, but the final negotiating phases of important contracts got under way. 2014 thus certainly starts with a very promising order book. On the operational front, the teams of CMI Defence successfully concluded two important programs to the entire satisfaction of its customers while improving the estimated margins. An existing agreement materialized, enabling CMI Defence to improve its operating result even more.

Also in 2013, CMI Defence delivered its first onboard turret simulation system, finalized the development of the Falarick® missile for 90 mm guns, and launched a program to make its turrets modular so as to even more precisely meet the needs of its customers.

Finally, CMI Defence increased its production capacities by integrating two workshops of the CMI Group, one based in Aubange (Belgium), the other in Distroff (Lorraine, France).

Assuming its position as technological leader

With a portfolio of products that now covers the entire 20 to 120 mm caliber range, in 2013 CMI Defence increased meetings with its customers at international fairs and demonstration grounds. Its teams went in turn to Abu Dhabi, Brazil, Turkey, France, Poland, Brunei and Indonesia, where they proceeded to show their weapon and simulation systems in different configurations, on wheeled or tracked vehicles for the ones, onboard or PC based for the others. They also established valuable contacts with current and prospective customers. 2013 consequently closed with a very promising order book.

Phased deliveries

The CMI Defence operational teams carried out four programs concurrently in 2013. These included the finalization and upgrading of 144 Cockerill LCTS 90MP systems, the order for which was booked in 2010. The last phase of this order consisted of integrating the upgrading kits produced in Belgium on the customer's vehicles, in its workshops thousands of miles from the Headquarters of CMI Defence.

Within the terms of an FMS contract, CMI also delivered to a Middle Eastern country most of the 84 Cockerill LCTS 90MP systems ordered in 2011. This program will be finalized during 2014.

Finally, in 2013, CMI Defence delivered its first onboard simulation system – a world first.

Among the top players in digital stimulation

The very first simulators in the history of CMI Defence were delivered in June 2013. This innovation was unveiled for the first time at the Eurosatory international defense fair 2012 in Paris (France). Two orders have already been placed for the CMI Defence simulation systems, one in June 2011, the other in December 2012. Associated with the turrets or in the form of external stations, the CMI simulators are used to simulate varied military operations and missions and to have crews operate in a flexible, controllable space-time framework analyzable at will. The innovative solution developed makes it possible to take part in collaborative training exercises – which are now needed more than ever before in armed forces when preparing for all operations.



▲ CMI Defence is a forerunner in simulation systems, whether integrated onboard turrets or located remotely as external stations.

In 2013, CMI Defence took a step further in its development in simulation and modeling applied to the decision-making assistance and simulation tools: one of its teams moved to the Ter@tec campus (Paris region, France). Located in the very heart of the high performance digital simulation skills cluster, this branch is giving a boost to developments at CMI Defence in this domain and is confirming its involvement in the network of French defense specialists. By way of reminder, since 2011 the French subsidiary of CMI Defence has been a member of GICAT, the 'Groupement des

Industries Françaises de défense et de sécurité terrestres et aéroterrestres' [Grouping of French Land Defence Industries].

An expanded capacity for a wider range

CMI Defence expanded its production capacity throughout 2013 by bringing into its ranks the teams and workshops of the CMI Group in Aubange (Belgium) and Distroff (France). CMI Defence thus now boasts a versatile infrastructure based at three sites, and has thereby boosted its capacity to carry out

▼ In 2013, the marketing and sales teams have attended trade fairs and demonstration grounds throughout the world to intensify even more the penetration of CMI Defence on the world defense market.



INNOVATION

Platforming: modularity and commonality of its clients' fleets

Conscious that its commercial success is the result of investments in innovation, CMI Defence has been undertaking a program of continuous technological development for more than ten years. Following the digitalization of its weapon systems, gun-fired anti-tank missiles and digital simulation, in 2013 the technicians of CMI Defence turned their attention to the optimization of the overall architecture of the Cockerill weapon systems.

This is how they applied to their offering the industrial concepts of 'platforming' and 'made-to-measure' series production. The principle is to structure the Cockerill range into families of products, each based on a standard turret platform onto which different gun calibers are integrated, along with the various CMI technological modules required by the client. The advantages are numerous: a reduction in development costs and delivery time, modularity enabling the operational complementarity of variations of the equipment family, and the simplification of maintenance and training operations thanks to a high level of commonality. This development will be on the agenda of the engineers of CMI Defence for the months to come. It marks the culmination of the remarkable technological evolution of the range of Cockerill systems designed by CMI Defence.

THE COMING SEASONS

After ten years of remarkable technological developments, CMI Defence has a full range of logistics services and systems to enable land armies to perform their missions. Its innovative offering is being recognized more and more. Certain projects on the drawing board should turn into firm orders in 2014 and fuel a recurrent business flow for many years to come.

In the future, CMI Defence will keep up its development efforts with a view to an ever more global offering. In terms of products, its efforts will be geared chiefly to medium calibers and platforming. In terms of services to armed forces, these will play a growing part in the offering of CMI Defence. CMI will thus invest in an infrastructure capable of training the crews and technicians of customers on how to use and maintain the equipment.

On the commercial front, CMI Defence will capitalize on the growing reputation of its offering to position itself in the military programs of emerging economies, in Africa, Poland or in Indonesia.

several programs at the same time.

On the human level, CMI Defence has made it a point of honor to welcome these new colleagues under optimal conditions. To enable them to grasp the merits of the change and the added value that they can each personally bring to the overall project of CMI Defence, they are being integrated in a structured and supervised manner, particularly thanks to the sector's knowledge management project. When the staff recruited in 2013 are added, CMI Defence has bolstered its workforce by 100 people, an increase of 57%.

Falarick® 90, newcomer in the range

CMI Defence has finalized the development of the 90 mm version of its anti-tank guided missile. The Falarick® 90 is a missile fired from the gun of the Cockerill LCTS90 system. It enables the crews of these turrets to reach distant targets without being detected as missile launchers. The fruit of an industrial partnership, this missile is now marketable and has already attracted interest.

Like its predecessor, the Falarick® 105, which can be fired by the Cockerill CT-CV® 105 system, the Falarick® 90 boosts the target effect of a light, rapid vehicle even more, while keeping its crew safe. This brainchild of the CMI Defence engineering offices demonstrates yet again that the Cockerill weapon systems combine flexibility, protection and fire-power.



defence@cmigroupe.com



▲ Cockerill gun-turret systems cover the range of calibers from 20 to 120 mm. Here, the remotely operated Cockerill CPWS station equipped with a 25 mm gun.



Act as one and go for direct customer contact: this is the state of mind of the CMI Industry team, truly determined to take up the technological and commercial challenges of 2014.”

Jean-Marc Kohlgruber
Executive President of CMI Industry

CMI Industry

Engineering for industrial competitiveness

As an expert in industrial processes, CMI Industry has made it its mission to improve the overall performance of its customers' facilities. Its offering involves four segments:

- equipment and services for the treatment of flat and long steel, heavy duty sheet metal and parts for mechanical industry, for all types of grades. CMI solutions integrate and put into operation both proven and innovative processes which enable all products required by the market (complex metallurgical variations, different formats and surfaces...) to be produced economically and reliably;
- environmental solutions dedicated to industries: equipment for the treatment of solid, liquid and gas waste and energy efficiency solutions;
- assembling services for all industries, assuming full charge of projects for the installation or upgrading of industrial capacities;
- solutions dedicated to extractive metallurgy.

Whether complete industrial complexes, specific equipment or technical solutions, CMI Industry offers comprehensive management customized to the needs of its clients, during the whole life-cycle of their equipment: from design to commissioning of facilities, and even to their transformation and modernization. CMI Industry also provides technical assistance and support to its customers to improve the performance of their facilities through training, expert services and remote assistance.

Always close to its customers, CMI Industry operates facilities in North America, China, Europe, India and Russia, and can also call upon the facilities of CMI in other geographic areas.



▲ The double regenerative burner technology developed and patented by CMI Industry drastically reduces the operating costs of slab furnaces and revolutionizes the cost of hot-rolled coil.

2013 SEASON

CMI Industry went through an eventful year in 2013, mainly due to the structural difficulties encountered on its historic market: the steel industry. The orders booked in 2012 and 2013 did not result in sufficient work for the teams. They neither did not cover the too substantial fixed overheads. Within this context, CMI launched a re-engineering programme named 'Swing', to reconfigure its organization and restore its profitability. The implementing costs of this program, worsened the operating losses for 2013. Its first positive effects are expected in 2014.

The CMI Industry teams dedicated to steelmaking made enormous efforts to improve their commercial and technological positioning. They paid the utmost attention to completing orders in progress and to technological innovation. CMI Industry thus achieved a first rate breakthrough in 2013, with a first reference for its new generation of slab reheating furnaces, now equipped with its patented double regenerative burner technology.

The other markets of CMI Industry continued to develop over the course of 2013. The main strategic advance concerns the expanding of its offering of environmental

solutions for the treatment of gaseous industrial waste, with the acquisition in December of the French company Europe Environnement.

Reduction of fixed costs and reinforcement of innovation

The current crisis in the worldwide steel industry has prompted CMI Industry to review its organization. The year 2013 was consequently marked by an important internal reorganization endeavour which led to a restructured segmentation of its offering. Those activities dedicated to steelmakers were reconfigured and concentrated under a common division, to improve cost control and speed up innovation. This division is named 'Metals'.

For their part, environmental solutions, services to industrial projects and extractive metallurgy activities were brought into the 'Industrial Solutions' division, where they should grow rapidly.

Launched in April 2013, the implementation of this transformation program took up a good part of the year and entailed sizeable costs. Progress at the end of the year offers promise of a reduction of fixed costs by 50% as of 2014.

KEY FIGURES

198 564 (EUR 000)
Turnover

183 510 (EUR 000)
Order entries

1 244
Workforce (at 31 December)

4
The number of constituent segments of the revised offering of CMI Industry

'Metals': for all types of steel

Within this inauspicious context for the worldwide steel industry, CMI Industry scored some tries in 2013.

On the flat carbon steel front, its teams commissioned several facilities, including the new sinter hoods of ArcelorMittal Asturias (Spain), the skinpass of ArcelorMittal Eisenhüttenstadt (Germany) and ArcelorMittal Dofasco (Canada). These constitute excellent references for the growing expertise of CMI Industry in rolling technologies. In parallel, in addition to the biggest slab reheating furnace in Europe (see page 26), CMI Industry booked several important orders, such as the upgrading of the pickling line of NLMK Europe at La Louvière (Belgium) and the supply of the galvanizing line and the skinpass of Emirate steelmaker AGIS.

On the stainless steel front, CMI Industry commissioned the annealing and pickling line of Aperam Gueugnon (France) and a treatment line for the account of its Chinese customer ZPSS. The latter represents the first operation of this type since the partnership agreement concluded in 2012 with Siemens VAI concerning stainless



▲ With its environmental solutions, CMI Industry responds to energy efficiency requirements and to the needs in waste treatment (solid, liquid and gaseous) encountered by all types of industry.

and silicon steel. The joint sales team also booked an additional order for a treatment line for Aperam Gueugnon.

Finally, regarding steel tubes, CMI Industry won several large projects throughout the world. For instance, it was chosen as partner for thermal treatment furnaces in Saudi Arabia, Belgium and the United States. These tubes

are used for widely varying and high-end applications such as aeronautics, petrochemicals and shale gas exploration.

Full range of environmental solutions

In December 2013, CMI Industry acquired the French group Europe Environnement, specialised in air and gas treatment solutions. This activity adds to CMI's offering for the treatment of solid waste ('The Nesa Solutions®' range) and liquid industrial effluents ('Proserpol™' solutions).

Located in Alsace (France), Europe Environnement will benefit from the global commercial presence of the CMI Group to deploy its solutions far beyond the boundaries of France. Its customer and technology portfolio offers promising synergies with other activities of CMI Industry, and also those of CMI Services and CMI Energy.

The acquisition of Europe Environnement and the integration of its industrial gaseous waste treatment technologies constitute a major strategic advance that enables CMI Industry to provide a complete range of environmental solutions for all industries.

In addition, CMI Industry continues to deploy its energy efficiency offering. In particular, in 2013, it carried out a strategic rapprochement with a major world player on the utilities market by becoming its technological partner for activities in France.



▲ The teams of Europe Environnement specialized in air, gas and fumes treatment solutions, joined CMI Industry at the end of 2013.

INNOVATION

Innovation creates markets

Innovation is the main response of CMI Industry for steelmakers not only to produce new grades of steel but also to improve their competitiveness.

In 2013, this innovative force led to a winning comeback to the slab reheating furnace market, where CMI Industry won a major contract to replace an existing furnace. The new CMI furnace is a real technological revolution: not only is it the largest in Europe, but above all, it is equipped with double regenerative burners, an innovation that considerably reduces facility operating costs through combustion of gas from the blast furnaces.

Still in 2013, CMI Industry completed another major technological development: a steel strip cooling process that uses hydrocarbon as a cooling liquid instead of water. Named Ultra Dry Cooling, this non-oxidizing process avoids the necessity for acid pickling which follows cooling by water. There is a dual advantage in this: it considerably reduces investment and production costs and maximizes the flexibility in use of production lines.

These two examples illustrate the way in which CMI Industry calls on innovation to respond to the operating needs of its customers and to bolster its position as technological key partner on a stable steel market.

THE COMING SEASONS

The re-engineering program launched in 2013 will be continued in 2014. It will enable CMI Industry to address the future with fresh eyes.

On the steelmaking front, CMI Industry will continue to offer technological solutions adapted to the specific needs of its customers. Whether to reduce their operating costs, improve the product mix or adapt their facilities to the latest environmental standards, they will find in CMI Industry a partner ready to meet their needs and capable of providing innovative and competitive solutions in mature and emerging markets alike.

As for environmental solutions, the latest arrival, Europe Environnement, will be integrated through a structured project in 2014. The relative weight of these solutions will continue to increase within the offering of CMI Industry. Whether developing project management capacities, broadening the international canvassing effort or expanding an already relatively complete offering, CMI is keen to seize the opportunities offered by this high growth market to help industries of all types to reduce their environmental footprint.

Additionally, CMI Industry will continue to expand its offering to industries, both via services to industrial projects and via solutions dedicated to extractive metallurgy.

Always in the service of industrial projects

Since 2010, CMI Industry has provided support to its customers in all industries in setting up new production units. With its networks (partners, suppliers and subcontractors), its mastery of specific local legal contexts, and its experience in technical project management, CMI Industry is developing its 'services to industrial projects' throughout the world.

The support provided to French giant Michelin in its worldwide expansion is a fine case in point. In 2013, the teams of CMI Industry launched four rubber mixing plants in China, India and Brazil. In addition to the complete installation of the equipment, their services include assistance for input and output tests. The same teams have also started to install a plant in the United States which in particular produces tyres for civil engineering machinery used for major infrastructure projects.



▲ CMI Industry makes its services to projects activities available to all industries to supply them with complete installations, across the world.



industry@cmigroupe.com



I am full of admiration for the capacity of the CMI Services teams to score tries on the counter-attack, thus turning difficulties into opportunities.”

Franck Pasqualini
Executive President of CMI Services

CMI Services at your side

CMI Services provides advice and support to industries and operators of public infrastructures for the erection, operational management, maintenance and modernization of their facilities. It supplies them with scheduled or unscheduled specialized interventions, and provides local services to improve the technical, economic and environmental performance of their equipment.

Its offering ranges from simple repair of parts to the complete overhaul of facilities, and also includes maintenance, specific studies and expertise services. With its scheduled interventions, CMI Services assumes the full management of a project, from preliminary studies to implementation by specialized staff.

CMI Services is able to call upon a network of local intervention units, workshops and a network of specialized engineering offices. It has a permanent presence in Belgium, France, Luxembourg, Brazil, New Caledonia and Africa, and a presence in the Middle East and South-East Asia as required.

Thanks to a very broad, technological offering, CMI Services caters to a large number of industries: chemicals, steelmaking, petrochemicals, rail, cement works, mines and quarries, conventional, renewable and nuclear power generation, etc.

CMI Services also designs and supplies certain types of equipment, industrial components and sub-assemblies (shunting locomotives, gears, gearboxes, butterfly valves, Diesel engines...) along with spare parts.



▲ Africa constitutes a new territory for development for CMI Services.

KEY FIGURES

178 517 (EUR 000)
Turnover

200 403 (EUR 000)
Order entries

2 096
Workforce (at 31 December)

3
New territories where CMI has gained a foothold: Morocco, the Republic of Congo and New Caledonia

2013 SEASON

The life of an industrial maintenance specialist has become hazardous since the economic crisis of 2008: in most traditional industries, where plants are not being shut actually down, maintenance expenses are systematically revised downwards or deferred. Against this background, CMI Services has long opted for diversification. This was again the case in 2013.

CMI Services established locations in Africa and Oceania, developed its activity in Brazil and in mining, widened its scope of activities with the plastics industry, and continued to serve a dynamic and varied clientele. The closing of steelmaking plants in Belgium and France, along with the postponement of the gigantic investment program in French nuclear power plants have not made things any easier.

All of these parameters have led to an operating result which is no more than moderate. Nevertheless, strategic advancements carried out in 2013 could bear fruit as of 2014 and lead CMI Services to sustainable growth, even if certain residual local difficulties are to be expected, particularly in its historic perimeter.

New Caledonia, a mine of success

In 2013, CMI Services established a foothold in New Caledonia, a French Overseas Territory where the soil is very rich in cobalt and nickel. CMI Services acquired a majority stake in the Klein company, specialized in mechanical industrial

maintenance. Re-named CMI Klein, in 2013 this company won an important contract for one of the three nickel industry operators in the country – a renowned Brazilian group – for the maintenance of its hydrometallurgical site.

In addition to a growth-oriented geographic expansion, the acquisition of Klein has enabled CMI Services to develop further in the maintenance of mining sites, an activity it had launched in 2012 in Brazil, for which it has great ambitions.

Increasingly more present in Africa

CMI Services has been active in Africa for a number of years through contracts won by its European teams. This was again the case in 2013 with the overhauling of shunting locomotives for the Ivory Coast, the supply of parts for Diesel engines in Algeria, along with gears and gearboxes in South Africa, Libya, and in the Republic of Congo.

In 2013, CMI Services took a new step in its business relations with the African continent: it established two subsidiaries and developed new activities there. CMI Services thus

created a joint venture in Morocco with the Prayon group from Liège (Belgium). Named Praytech, this new structure is dedicated to maintenance and service operations for the account of a Moroccan group, one of the world leaders on market for phosphates and derivative products. From this first installation, CMI Services is expanding its scope of activities to other industries in the country.

CMI Services also established in the Republic of Congo and signed a memorandum of understanding with the Ministry of Transport and Infrastructures for the modernization and renovation of existing installations and the supply of new equipment. CMI Congo has also identified other development paths, in particular on the oil, port and mining markets. Other projects for installation in Africa will be undertaken in 2014.



▲ The acquisition of a New Caledonian player in industrial maintenance for mining and metallurgical companies (nickel) is in line with the three strategic development axes of CMI Services: a new geographical region, a new sector of activities and services with high added value.



▲ CMI Services serves customers across a wide variety of industries: energy, nuclear, steel, petrochemicals, mines and quarries, hydro, harbours and waterways...

Brazil low-key, but still strategic

In a subdued economic context in Brazil, CMI Services was able to count on a well diversified clientele to get through a difficult year in 2013. Certain contracts are particularly representative of the ability of CMI Services to assert itself on varied markets: energy with Tractebel Energia, mines with the Ferrous group and the Vale group, steelmaking with of ArcelorMittal Tubarão and petrochemicals with Petrobras Tranpetro.

Steel industry on stand-by

CMI Services is responding to the challenges faced by French and Belgian steelmakers by providing ingenious solutions based on their specific technical skills as well as on the strength they derive from belonging to a worldwide group.

CMI Services thus supplied nearly 500 new continuous casting sleepers to ArcelorMittal Fos-sur-Mer (France). The 15000 parts that compose these sleepers were made in China, under the supervision of local experts of CMI Beijing Engineering and CMI Tech5i/Pastor before being shipped to Marseille, where the CMI Services teams assembled and then delivered them. In Belgium, CMI Services and CMI Industry won a contract together to replace a pickling line inlet section at NLMK Europe at La Louvière. Their winning asset: being able to provide a one-stop-shop to the customer for the design, repair, assembly and commissioning of the line. In France, CMI Services was able to capitalize on the cutting-edge expertise in gears and gearboxes of its Belgian entity CMI De Malzine to obtain different maintenance contracts for this type of sub-assemblies.

This innovative approach did not however fully compensate the decline in activity due to the closure of steelmaking plants in 2013 in France and Belgium. The decrease in activity that ensues is a particular cause for concern in Wallonia (Belgium), where the industrial base, which has contracted considerably, does not offer many possibilities for diversification, in spite of the efforts by the local teams.

CMI Services takes to the water

CMI Services has been developing port, maritime and river maintenance activities for several years. It operates on several sites of the VNF (Voies Navigables de France) in France and provides service to major French ports (Marseille and Calais), along with the naval companies working there. In 2013 it won a series of contracts with new clients such as the SNCM and the Macor group.

Nuclear industry, confirmation of competencies

In France, Electricité de France (EDF) has decided to launch a vast investment program aimed at extending the operation of its nuclear French plants and to take safety measures in the wake of the Fukushima accident. Known as 'Grand Carénage' (Major Overhaul), it has been put into operation much more gradually than was initially announced by EDF. CMI Muon, CMI's entity dedicated to the nuclear industry, was highly affected as a result, but remains well positioned to take part in this program. Its teams have remained active for EDF, with services for valve maintenance, reactor vessel head opening and closing, metalworks, rotating machine maintenance in the

INNOVATION

Innovation day-to-day

Every day the technicians of CMI Services in the field are looking for improvements they could make to the facilities of their customers. The teams in charge of maintenance in nuclear power stations have accordingly devised an anti-seismic locking system for trolleys. These trolleys are positioned on rails placed at height and are used to move heavy loads. To eliminate any risk of displacement in seismic conditions, they must be blocked when they are not used.

The innovative system developed by CMI Services enables automatic locking and manual unlocking of these trolleys without having to use scaffolding. It saves considerable time and neutralizes any risk of falling from height for the personnel. This proposition for operational and safety improvement was given a prize by EDF during its 2013 Innovation Day in Paris.

French nuclear plants. But even more important, they were congratulated by EDF for the quality of their services by getting the maximum 'A' grade on three occasions.

In parallel CMI capitalized on 2013 to bolster its nuclear engineering departments. It has thus become a recognized name for the design and fabrication of activated waste containers.

Plastics industry: to keep an eye on!

Since 2013, CMI Services has developed a new area of

THE COMING SEASONS

The growth of CMI Services is underway. More and more international, its performances provide added value to first rate industrial customers as well as to public infrastructures. This strategy is pursued along three axes. The first is geared to sectorial and geographic diversification with, on the one hand, the development of a new offering in the nuclear, wind, and hydropower sectors, and public procurement, and on the other hand, geographic expansion in those regions where the expertise of CMI Services can be highly beneficial. The second axis involves the move upscale of services, supported by studies, expertise and cutting edge technologies. These two axes enable CMI Services to improve its global profitability by gradually getting out of less profitable activities, particular in its historical perimeter (French and Belgian steelmaking). The third axis involves operational efficiency by optimizing resources allocated to activities. In 2014, CMI Services consequently plans to increase the range of its services: further enhance its presence in Brazil, while pursuing its deployment in Africa and Oceania.

specialization in the plastics industry: project management, detailed studies and installation of plastic and composite equipment and pipes. This new area of specialization enhances the offering of services to industries with high potential such as chemicals, petrochemicals, pharmaceuticals or the nuclear sector. This plastics activity will also leverage on liquid and gas industrial waste treatment solutions provided by CMI Industry.

Energy still at the core of the fundamentals

Energy maintenance activities remain a sound value for CMI Services. In 2013, its boiler specialists overhauled in particular the boiler rooms of the Compagnie Parisienne de Chauffage Urbain (France) and a biomass boiler for Stora Enso (Belgium). The teams of CMI at Willebroek moved to a new facility from where they will be able to better cater to the needs of the industry in the Antwerp area (Belgium).

On the wind energy front, CMI Services has continued with its work on the Thornton Bank offshore wind farm (North Sea). Satisfied with the services provided since 2011, its client REpower Systems has broadened the scope of the contract: to the electro-mechanical maintenance of 54 wind turbines, in 2013 it added the commissioning of 18 of them. This contract runs until 2023.

CMI Services also kept on developing its interventions at hydropower plants and dams.



▲ Whether through its work on hydropower facilities, on boilers or, as shown here, on wind turbines, energy maintenance activities remain a sound value within the offering of CMI Services.



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STRATEGIC ORIENTATIONS

Esprit de corps

In 2013, the CMI Group teams held together. Their task was anything but simple, following a rather tricky year in 2012 in terms of orders booked. In the face of competition, they defended their positions very hard and tackled every challenge to get the upper hand. In so doing, they scored fine victories. Even better, they managed to find the energy to organize the Group's growth in the long term by making certain strategic runs to the try-line.

Here, a description of proactive management in 2013 based on a sustainable industrial vision.

CUSTOMIZED RESPONSES TO A STEEL INDUSTRY THAT HAS BROKEN DOWN

The steel industry is an important outlet for two of the Group's four sectors. CMI Industry has long been supplying it with equipment and technologies, while CMI Services has been servicing its European and Brazilian plants for some twenty years. This history was bound to have repercussions on the current state of health of CMI's activities. Stalled for five years now, the European steel industry has drastically cut costs for the maintenance and modernization of its plants.

The steel market deteriorated even further in 2013. Several sites closed their doors definitively in Europe, in the steelmaking regions of Wallonia (Belgium) and Lorraine (France).

CMI Industry response: reconfiguration of its organization

CMI Industry, a supplier of steelmaking equipment, was particularly affected in 2013 by the low level of steelmaking investment throughout the world. Demand for steel stabilized at a worldwide level, which caused a decline in investments in new plants. Within this context, CMI Industry lost ground in the face of its increasingly more numerous competitors.

Once this had become clear, its management therefore launched a vast program to reconfigure its organization.



Named 'Swing', this plan aims to improve the competitiveness of the offering by focusing on two measures. Firstly, reduce fixed costs by concentrating historically dispersed resources (a logical consequence of the acquisitions policy of recent years), and secondly, accelerate the development effort to serve a steelmaking market that is still open to technological innovations.

CMI Services response: head for new territories

The difficulties experienced by the European steel industry led CMI Services to take an interest in other industries and other regions. Its sectorial diversification has been under way for a number of years already. The teams of CMI Services are today active in the nuclear, wind power, petrochemical, energy, hydraulic and mining sectors as well as in navigable waterways. Starting in 2012, and even more so in 2013, CMI Services focused on its geographic expansion by seeking regions where it could capitalize on its increasingly broader areas of expertise.

This first led to Africa, where the development of infrastructures and facilities and the wealth of the subsoil are teeming with opportunities for its experienced technicians. In 2013, CMI Services thus established Praytech in Morocco, a joint venture with the Prayon group, to provide

maintenance services to a world leader on the phosphate market. CMI Services also established a presence in the Republic of Congo. The first contracts of its new subsidiary, named CMI Congo, were signed with the Chemins de Fer Congo Océan. Other opportunities have been identified, particularly in Gabon and Angola, which could materialize in 2014.

CMI Services also hoisted its flag in New Caledonia. In 2013 it took over Klein, a company active in nickel plant maintenance. In addition to a geographic expansion that provides opportunities for growth, the takeover of Klein enables CMI Services to develop further in mining maintenance, for which it nourishes substantial ambitions. These strategic advancements are not isolated initiatives. They are expected to multiply in the years to come.



▲ In 2013, CMI Services continued its geographic expansion by establishing itself in several strategic regions in Africa and here, in New Caledonia.

EVEN MORE ENVIRONMENTAL SOLUTIONS



▲ By adding the gas waste treatment solutions of Europe Environnement to the current environmental solutions of its portfolio (energy efficiency and solid and liquid waste treatment), CMI is positioning itself as a global partner to reduce the environmental footprint of industries.

Thanks to its experience in mechanical, thermal and chemical solutions, CMI is capable of helping industries reduce their environmental footprint and operating costs. The Group is therefore developing an increasingly more complete range of environmental solutions for them.

CMI has been providing solid waste treatment solutions ('The Nesa Solutions®' range) since 2005, energy efficiency solutions since 2010, and liquid waste treatment solutions since 2012 (the 'Proserpol™' range).

In 2013, CMI expanded this range of solutions to the treatment of gaseous waste with the acquisition of the French group Europe Environnement in December. Bringing these different technologies into a single unit offers numerous synergies. And, the Group's impressive marketing network gives these environmental solutions a new international dimension. The relative share of this activity in the Group's turnover should therefore quickly increase after as rapid as possible an integration phase.

INNOVATION CREATES MARKETS

Innovation being a principal source of growth, CMI is developing an innovation culture supported by an efficient organization, which achieves concrete operational results. Innovation created markets for CMI in 2013.

Dedicated organization

This organization is built around a network of Chief Technology Officers headed by the Group's Development Department. The latter coordinates and promotes all the innovation activities of CMI: shared management of a portfolio of developments, regular reviews through the Development Committees, annual organization of an International Technology Meeting, promotion of an 'innovation memo'... This culture encourages CMI technicians to constantly imagine new solutions and new applications for existing solutions.

Major actual results

Several major technological innovations materialized in 2013, some of which have already achieved a first marketing success. This was particularly the case in the steel industry, where CMI made a winning comeback with its new slab reheating furnaces. They are equipped with a new technology that enables them to use recovered gases from blast

furnaces as fuel in total safety. These new CMI furnaces are radically cheaper to use and are genuinely revolutionizing the market.

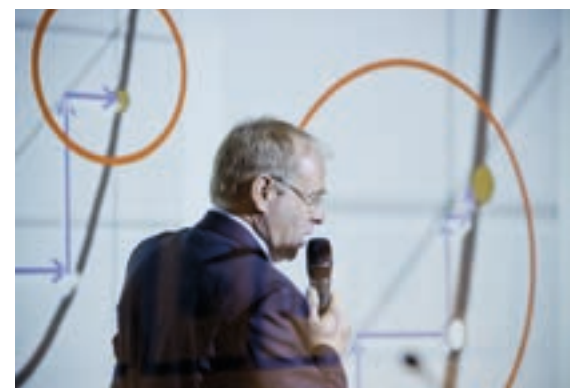
Another innovation, likewise dedicated to the steel industry, is known as Ultra Dry Cooling. This new patented solution makes it possible to cool a very hot steel strip without oxidizing it, and thus to produce new grades of steel with very high resistance in an economical manner. Here too, CMI has thus achieved a real technological breakthrough, which is expected to score its first success as of 2014.

Finally, it is thanks to innovation that CMI has become the undisputed world leader in high power, multi-functional weapon systems for light and medium-weight armoured vehicles. In 2013, CMI delivered its first turret-based simulation system. It is a world first achieved by its development teams.

Sun, sun!

It was innovation once again which enabled CMI to become one of the

forerunners in solar energy generation. In 2013, CMI delivered its first boiler for a thermo-solar tower power station, based on technology developed in partnership with Spanish company Abengoa Solar. Also in 2013, CMI continued its developments, adapting its technology for power stations with a higher capacity (twice 250 MWe, compared with 50 MWe for its first version) and extending the use of power stations, enabling them to generate electricity even at night. In so doing, CMI helps make generating electricity from solar energy more competitive compared to the traditional channels.



▲ Convinced that innovation will create the markets of tomorrow, the Group's managers are creating ideal conditions for their personnel, to enable them to come up with new ideas and to capitalize efficiently on their potential.



GENERAL MOBILIZATION

Convinced that its success will come from the personal commitment of each member of staff, in 2013 the Group invested in the mobilization of its teams around major challenges.

Adoption of the strategy for 2017-2022

In 2013, the Group implemented a multi-year plan and the organization to support its vision over ten years. CMI thus translated this vision into 70 projects managed at the highest level of the Group. Another highlight of the year, a vast adoption campaign for the CMI 2017 vision was undertaken throughout the Group. All the

employees were invited to take part in an interactive session with their managers so that they could grasp not only the strategy as a whole, but also how they can personally contribute to its achievement. The adoption campaign was launched at the beginning of October. After four months, 75% of the personnel had

already adopted the plan and shown their commitment. For the Group's managers this major investment in the sharing of the strategy is based on the conviction that the company's global success is contingent upon the personal mobilization of each and every one of its employees.

To each, an individual objective for 2014

Achieving the ten year strategy is being supported by all members of the Group. Their personal commitment is translated into concrete individual goals for 2014. A few chosen examples with a 'CMI XV' gathered around Bernard Serin:



Develop the Services activities in the area of **plastic components**.

Convert the in-house **knowledge** into a collective inheritance.

Increase our turnover in the area of **liquid industrial effluent treatment**.

Develop high added value services in **petro-chemicals**, particularly in **off-shore** areas.

Coordinate the implementation of a **training** program for a CMI Defence contract.

Give our **employees** the opportunity to give their feedback and express how they feel inside CMI Group.

Market 'Denapak' and 'Denarad' **industrial boilers** in Western Europe.



▲ An edifice with an audacious architecture, the Orangerie symbolizes the Group's confidence in the future and its insatiable determination to innovate.

Out of the ordinary Headquarters

At the end of 2013, some of CMI's Liège-based teams moved to the Orangerie, the extension of the Group's Headquarters in Seraing (Belgium). Erected on the site of a former industrial workshop, this new building has in particular an impressive 35 meter long cantilever. It provides optimal working conditions

for some 250 employees previously dispersed throughout different sites in the Region of Liège. An edifice with an audacious architecture, the Orangerie symbolizes the Group's confidence in the future and its insatiable determination to innovate.

Now consisting of a vast wooded park, a listed chateau and an ultra-

modern building, the Headquarters of the CMI Group enchants visitors. It exudes naturally an impression of longevity, robustness and the avant-garde, notions that are also applicable to the products and services that CMI offers its customers.

Professional ethics: let's talk about it!

With a desire to promote ethical professional behavior, CMI set up an Ethics Committee at the end of 2012. The first concrete effects of this decision were felt during the course of 2013. Under the guidance of this Committee, the CMI Group formalized and published a charter and general policy of ethical practices.

Aware that professional ethics is a living rather than a fixed commodity, this Committee developed a module for raising awareness about ethical practices, the first pilot sessions of which were held at the end of the year: groups of employees took part in constructive interactive exchanges involving real and fictitious situations. Their feedback on this initiative helped to refine the awareness raising module, which will be deployed through the Group as of 2014.

Men and Women, CMI's main asset

In 2013, the CMI Group reaffirmed one of its founding convictions: its 4,086 employees constitute its main asset. A plethora of actions were undertaken in 2013 for their development, motivation and professional advancement. These included, by way of example, the full revision of the process for welcoming new employees, the extension of tutorial programs in several French entities, the design and deployment of 'in-house' training modules for subjects relating to CMI's core lines of business (such as project management and the supply chain) and the organization of the adoption campaign for the CMI 2017 strategy. The constant attention paid to safety and accident prevention is another consequence of this conviction. Also in this domain, the many awareness-raising and accident prevention actions undertaken on this front have been crowned by successful results which continue to improve from year to year.







GOVERNANCE

Coherence and cohesion

CMI Group is governed by decision-making bodies that reflect the Group's organizational approach. They operate at three levels: the Group, the sectors and the operational entities.

Beyond this management hierarchy, coordinating bodies within each support function ensure the cohesion of the Group and of cross-sectorial actions.

The stable shareholders endeavour to ensure the continuity of governance and management bodies at Group level, while securing their development.



Libert Froidmont



Albert Henon



Bernard Serin



Gérard Longuet



Maurice Semer



Nicolas Serin



Louis Smal

Board of Directors

(at 31 December 2013) – Term of office expires in: April 2014

Bernard Serin
Chairman and Managing Director
(Executive)

Auris Finance SA
Represented by Pierre Meyers,
Vice-Chairman

Libert Froidmont
Independent Director

Albert Henon
Independent Director

Gérard Longuet
Independent Director
S2M Productions SPRL
Represented by Maurice Semer,
Independent Director

Nicolas Serin
Director

Louis Smal Consulting SPRL
Represented by Louis Smal,
Independent Director

In 2013 Gérard Bernard left the CMI Board and was replaced by Gérard Longuet. We also regret the passing away of Hans-Joachim Krüger whose mandate has not been replaced.

The CMI Group shareholders (at 31 December 2013)

	Percentage	Number of shares
Euremis Luxembourg SA	80.65%	659 479
Dodeca SA	19.35%	158 270

BOARD OF DIRECTORS (5 meetings in 2013)

AUDIT COMMITTEE (6 meetings in 2013)

RISK MANAGEMENT COMMITTEE (2 meetings in 2013)

ETHICS COMMITTEE (8 meetings in 2013)

APPOINTMENT AND REMUNERATION COMMITTEE (2 meetings in 2013)

DEVELOPMENT COMMITTEE (7 meetings in 2013)

EXECUTIVE COMMITTEE

EXTENDED EXECUTIVE COMMITTEE

SECTOR COMMITTEES

OPERATIONAL ENTITY COMMITTEES



More information on these
governance bodies



Jean-Marc Kohlgruber



Jean-Luc Maurange



Franck Pasqualini



Paul Thonon

Pierre Meyers



Brigitte Coppens



Yves Honhon



Jean Jouet



Pierre Melin



Patrick Paramore



Jean-Luc Taelman

Certified Public Accountant

DELOITTE Reviseurs d'Entreprises SC s.f.d. SCRL
Represented by Laurent Weerts

Rue Alfred Deponthière, 46
BE - 4431 Liège (Loncin), Belgium

End of appointment term: April 2016

Executive Committee

(at 31 December 2013)

Executive Committee

Bernard Serin, Chairman and Managing Director
Pierre Meyers, Vice-Chairman of the Board of Directors
Jean-Marc Kohlgruber, Executive President of CMI Industry
Jean-Luc Maurange, Executive President of CMI Energy
Franck Pasqualini, Executive President of CMI Services
Paul Thonon, Executive President of CMI Defence
Brigitte Coppens, Chief Communication Officer
Yves Honhon, Chief Financial and Administrative Officer
Jean Jouet, Chief Development Officer
Pierre Melin, Advisor to the Chairman
Patrick Paramore, Chief Sales and Legal Officer
Jean-Luc Taelman, Chief Human Resources Officer

Extended Executive Committee

Michel Boyer, Vice President Sales of CMI Industry
José Callegari, Vice President Sales of CMI Industry
Denis Debroux, Chief Information Officer
Jean-Marie Hansoul, Vice Executive President of CMI Energy
Gérard Kocher, Chief Safety and Environment Officer

Consolidated companies at 31 December 2013

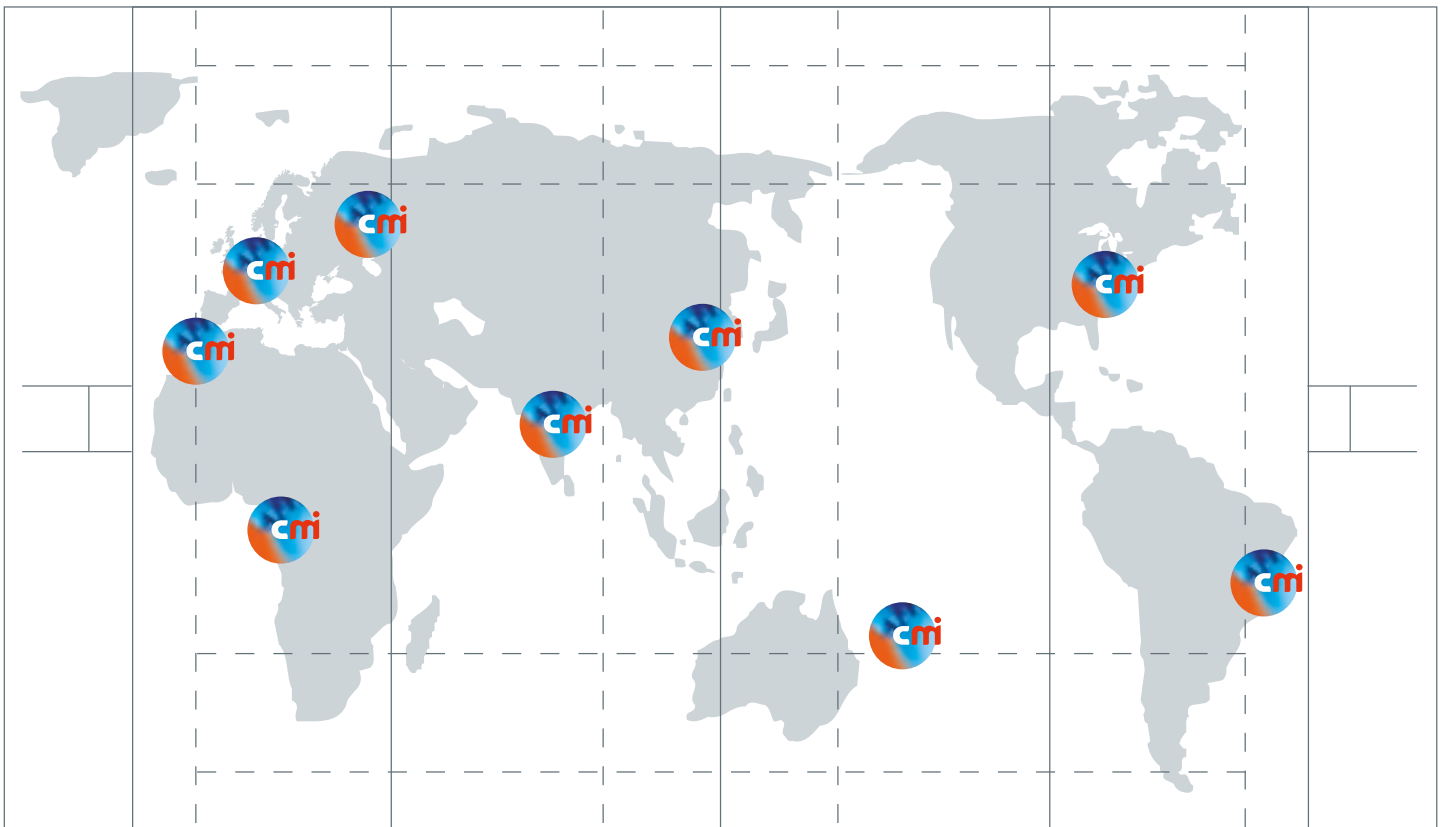
Company	Country	Consolidation Method	% ownership	ENERGY	DEFENCE	INDUSTRY	SERVICES	CORPORATE
CMI SA	Belgium	G	100.00%	●	●	●	●	●
CMI AMERICA INC	United States	G	100.00%					●
CMI AUTOMATION PVT LTD	India	G	100.00%			●		
CMI BEUGIN SASU	France	G	100.00%			●		
CMI BRAZIL LTDA	Brazil	G	99.99%			●		
CMI BRAZIL SERVIÇOS DE MANUT. EQUIP. INDUST. LTDA	Brazil	G	99.99%				●	
CMI BRAZIL PARTICIPAÇÕES LTDA	Brazil	G	99.99%					●
CMI Defence SAS	France	G	100.00%		●			
CMI Energy FRANCE SAS	France	G	100.00%	●			●	
CMI Energy SERVICES BV	Netherlands	G	100.00%				●	
CMI ENGINEERING (BEIJING) CO LTD	China	G	60.00%			●		
CMI Energy LLC	United States	G	100.00%	●				
CMI EST SCI	France	G	100.00%					●
CMI FPE LTD	India	G	75.00%			●		
CMI FRANCE SAS	France	G	100.00%					●
CMI GREENLINE SAS	France	G	100.00%			●		
CMI Industry AMERICAS INC	United States	G	100.00%			●		
CMI Industry O.O.O	Russia	G	100.00%			●		
CMI INTERNATIONAL LTD	Great Britain	E	99.98%					●
CMI KLEIN SARL	New Caledonia	G	51.00%				●	
CMI LUXEMBOURG HOLDING SARL	Luxembourg	G	100.00%					●
CMI LUXEMBOURG SERVICES SA	Luxembourg	G	100.00%					●
CMI MAINTENANCE EST SAS	France	G	100.00%				●	
CMI MAINTENANCE HAINAUT SA	Belgium	G	100.00%				●	
CMI MAINTENANCE NORD SAS	France	G	100.00%				●	
CMI MCF SAS	France	G	100.00%				●	
CMI MECAREP SARL	France	G	100.00%				●	
CMI MUON SA	France	G	100.00%				●	
CMI M+W Engineering GMBH	Germany	G	100.00%			●		
CMI Services MEUSE SARL	France	G	52.00%				●	
CMI STIMEC SAS	France	G	100.00%				●	
CMI SUD SCI	France	G	100.00%					●
CMI TECH3I SAS	France	G	100.00%				●	
CMI TECH5I PASTOR SAS	France	G	100.00%				●	
CMI TECH5I LUXEMBOURG SARL	Luxembourg	G	100.00%				●	
CMI TRACTION SA	Belgium	G	100.00%				●	
CMI UVK GMBH	Germany	G	100.00%			●		
AMCEC INC	United States	G	100.00%			●		
AMPLAST CORP	United States	G	20.00%			●		
CERI Phoenix Industrial Furnace CO LTD	China	E	20.00%			●		
CERI Yangzhou Metallurgical Science and Technology Industry LTD	China	E	20.00%			●		
EMS SA	Belgium	G	69.50%			●		
EUROPE ENVIRONNEMENT SA	France	G	99.58%			●		
NEYRTEC ENVIRONNEMENT INC	Canada	G	100.00%			●		
NICOU ENVIRONNEMENT SAS	France	G	100.00%			●		
PRAYTECH Morocco SARL	Morocco	E	50.00%				●	
PROSERPOL SAS	France	G	100.00%			●		
TMO LTD	Ireland	E	100.00%					●
VENTACID HONGRIE KFT	Hungary	G	100.00%			●		
WUHAN Cockerill Engineering and Technology CO LTD	China	E	49.00%			●		

G=Globale E=Equivalence

Non-consolidated companies at 31 December 2013

Company	Country	% ownership	ENERGY	DEFENCE	INDUSTRY	SERVICES	CORPORATE
CMI CHILE LIMITADO	Chile	95.00%	●				
CMI COCKERILL ARGENTINA SA	Argentina	95.00%	●				
CMI IBERICA SL	Spain	100.00%			●		
CMI INDIA ENGINEERING PVT LTD	India	99.99%			●		
CMI POWERINDO SE	Indonesia	45.00%				●	
COCKERILL MECHANICAL INDUSTRIES SA DE CV	Mexico	100.00%	●				
RHE AMERICA LLC	United States	50.00%			●		

CMI worldwide



Cockerill Maintenance & Ingénierie

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The Communication Department thanks all those who contributed, to a greater or lesser degree, to the making of this activity report.

Ce rapport d'activités est également disponible en français sur demande à communication@cmigroupe.com

CMI also publishes a financial report containing all the financial data in IFRS format. This financial report is available in French and English on request at group.finance@cmigroupe.com

Information on the CMI Group is available in other languages at www.cmigroupe.com

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Edited by: Brigitte Coppens Chief HR and Communication Officer CMI Group

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cmigroupe.com/en/contacts





- **ENERGY**
- **DEFENCE**
- **INDUSTRY**
- **SERVICES**

CMI designs, installs, upgrades and services equipment for energy, defense, steel-making and other general industry markets. CMI assists clients throughout the whole of the life-cycle of their equipment in order to improve the economic, technical and environmental performance of this equipment.

The benefits of CMI are numerous: a unique combination of expertise in engineering, maintenance and the management of international technical projects, a vast geographic and technological scope, and an ability to innovate in accordance with the concrete needs of its customers.

CMI numbers more than 4 000 experienced employees in Africa, Brazil, China, Europe, India, New Caledonia, Russia and the United States. With a very diversified portfolio of products and services, CMI is an attractive technological Group, motivated by a desire for sustainable industrial progress.

CMI, ever more reliable, efficient equipment, and more respectful of the environment.

