

MARKET OVERVIEW

industrial & automotive

Industrial – Key market drivers:

- Industrial activity
- Industrial capital expenditure
- Commodity prices and production
- Agricultural activity

Automotive – Key market drivers:

- Automotive production
- Automotive replacement
- Average age of cars in use
- Number of cars in use
- Car usage (measured by miles driven)
- Oil and fuel prices

Key market trends:

Industrial OE and replacement (28.3% of ongoing Group sales)

- US industrial production declined on average by 10% in 2009.
- European industrial production declined on average by 14% in 2009.
- Industrial production in India and China increased by 7% and 12% respectively in 2009.

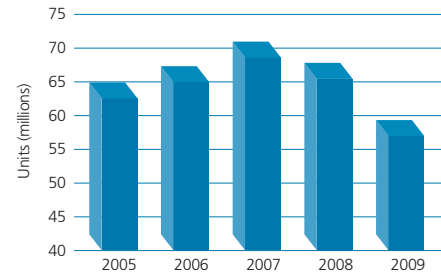
Automotive aftermarket (22.9% of ongoing Group sales)

- Lower gasoline prices.
- Miles driven higher in the second half of 2009 compared to the first half of 2009.
- Destocking appears to be complete.

Automotive OE (22.6% of ongoing Group sales)

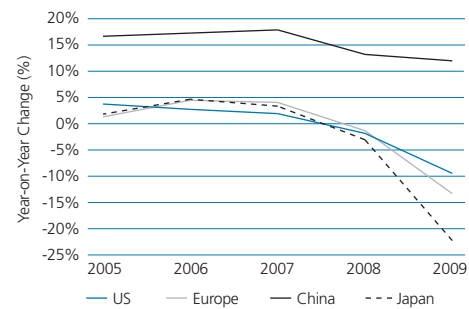
- North American auto production declined by 32% in 2009, with global volumes down 13%.
- North American auto production improved by 46% in the second half compared to the first half of 2009.
- European auto production declined by 20% in 2009.
- Auto production in India, China and Brazil increased by 17%, 47% and 2% respectively.

Global automotive production



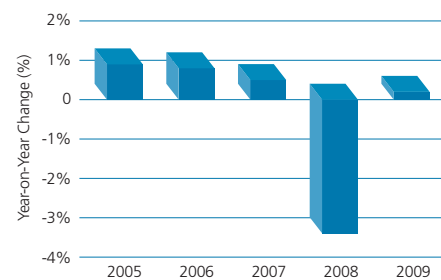
Source: CSM

Industrial production



Source: Goldman Sachs Research

US miles driven



Source: US Department of Transport

building products

Building Products – Key market drivers:

- Residential housing starts
- Square feet of construction
- Construction value
- Architectural billings
- Office vacancy rates

Key market trends:

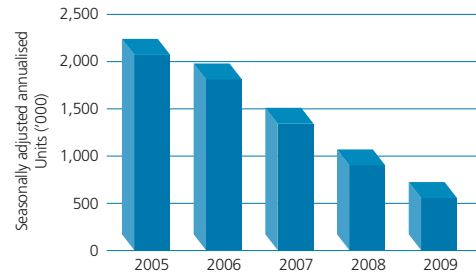
Non-residential construction (16.5% of ongoing Group sales)

- Non-residential construction declined by 46% by area and 33% by value (as measured by Dodge).
- Office vacancy rates in the US are continuing to rise, implying further contraction in activity.
- The US Architectural Billings Index remained below 50, implying contraction continuing into 2010.
- Increasing focus on 'green' buildings through demand for LEED-certified buildings.

Residential construction (8.0% of ongoing Group sales)

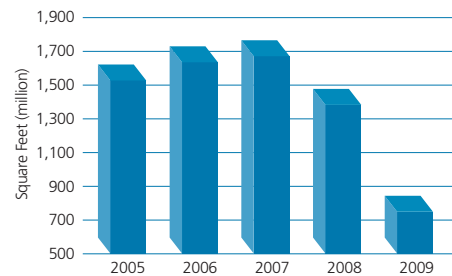
- Residential construction declined by 30% by area and 31% by value (as measured by Dodge).
- Annual housing starts in the US were 554,000 units in 2009, a decline of 39% compared to 2008.
- Inventories of unsold homes in the US decreased, standing at 7.2 months for existing homes and 8.1 months for new homes at the end of 2009.
- House prices in the US rose month-on-month in the second half of the year, but remained below 2008 levels.

US housing starts



Source: NAHB

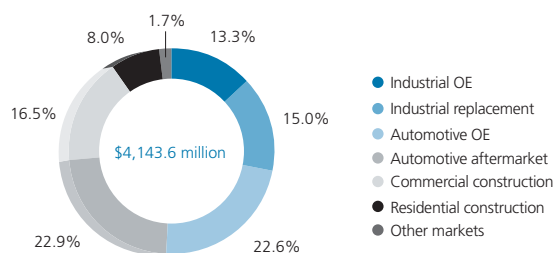
US non-residential construction



Source: Dodge

Ongoing segments

Sales by end market 2009



Sales by destination 2009

