

## Procurement

Purchasing materials and subcontractor services at optimal terms is one of the key factors for the financial success of our Group. At present, high levels of demand are a feature of many markets, which can lead to shortages of materials and personnel resources and thus to price increases. It is therefore particularly important to plan our purchasing processes carefully and well in advance. We generally secure the availability and prices of raw materials and major subcontractor input as early as the bidding phase by means of preliminary agreements.

The operational units know their regional markets and make use of decentralized purchasing channels. In order to ensure efficient purchasing processes, Group Procurement exercises a Group-wide controlling function, organizes regular training and further-training events, and promotes the formation of national and international networks among our buyers by means of targeted projects.

In our construction divisions, the use of subcontractor services and purchased materials is particularly high compared with other industries. Large volumes of purchased materials are

also processed in the services business, especially in connection with industrial and power-plant services. The share of purchased subcontractor services and materials in the Group's cost of sales amounted to 68% in the 2007 financial year. Due to the growth in output volume, the procurement volume increased to €5.2 billion. Subcontractor services accounted for 68% of this total, while purchased materials accounted for 32%.

### Group-wide databases

Numerous instruments are available on the Group's intranet for the optimization of procurement processes. Transparency is enhanced by a continually updated contract database containing all the relevant information on contracts concluded by companies of the Group, also involving joint ventures, consortiums, framework agreements, bonus agreements etc. And with our high-performing suppliers and subcontractors, we have established premium partnerships offering rapid online access.

In addition, we keep a close watch on the development of prices in our procurement markets. Our Group-wide monitoring of the world market for key resources such as steel and oil products provides an important basis for purchasing decisions.

### **Market-focused purchasing strategies**

We develop purchasing strategies with which we can selectively influence the structures of the procurement market, allowing us to ease market access for new, cost-efficient suppliers and to improve the efficiency of existing suppliers. By expanding such action throughout the Group, we intend to combine and further strengthen our purchasing power. The companies in the services sector that we have acquired in recent years will be integrated into the Group's procurement process and will be supported with the implementation of their own purchasing strategies.

For this purpose, data on suppliers will be uniformly classified throughout the Group all over the world. This will allow us to prepare more effective analyses and statistics. Our goal is to clearly identify the best suppliers, to continue combining our purchasing power, and thus to reduce costs.

### **Exchange of experience and further training**

The Group's predominantly decentralized procurement structures require a close and continuous exchange of experience between the buyers of the various operational units. Regular meetings held last year at the international, national and regional level served above all to integrate the companies we acquired in the services business. This promotes not only the exchange of specialist information, but also the development of useful personal networks.

The increasing complexity of procurement markets places high demands on training and further training for our staff in purchasing functions. By providing support to students with their dissertations and by maintaining close contacts with universities and professional colleges, we are able to gain suitably qualified junior executives for the Group's purchasing departments. Our spectrum of staff support is rounded off by a training program for young buyers, courses on the Group's purchasing strategies and systems, and numerous specialized further-training possibilities.