



COMPANY PROFILE

2020

ERIKS



Mixed Sources

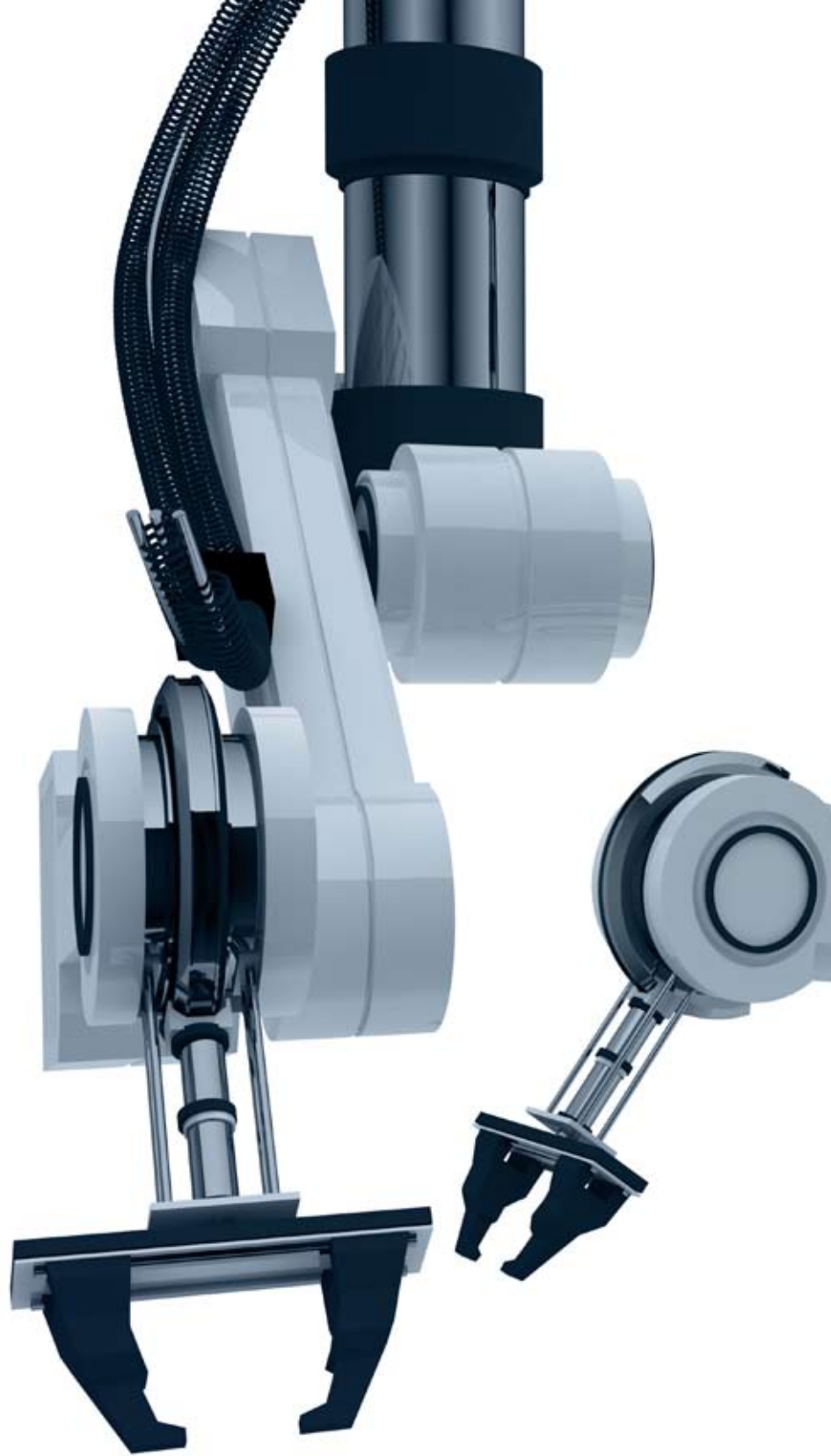
Productgroep uit goed beheerde bossen
en andere gecontroleerde bronnen.

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Cover photo: Smith forged steel valve.

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Assembly robot

MACHINE and EQUIPMENT CONSTRUCTION

ERIKS is happy to share its know-how with its customers. In doing so, ERIKS plays a positive role in its customers' development processes, helping them to reduce their development costs, keep their cost price low, increase efficiency, cut energy costs and improve safety. ERIKS constantly strives to offer enhanced functionality for less outlay. It is continuously developing new materials in its in-house material research centre, producing new control technologies and offering the latest technological developments in the fields of power transmission and flow technology. Machine and equipment manufacturers can rely on ERIKS' extensive range of power transmission, machined plastic, rubber technology, hydraulic and pneumatic actuators, bearings, linear technology, motion control and flow technology. ERIKS also supplies a wide range of industrial maintenance products. In recent years ERIKS power transmission has carved out a position for itself in the medical and laboratory technology markets.

Foreword by the chairman of the executive board

2009 was an eventful year for ERIKS. Demand for our products and services fell dramatically throughout the group. Fortunately we started to glimpse the first tentative signs of recovery in the machine and equipment construction (OEM) market at the end of the year. Orders from these customers began to pick up slightly in what was essentially an empty supply chain. Sales fell still further in the first quarter of 2010, compared with a relatively good first quarter in 2009. From April/May 2010 onwards, however, increasing demand and a turnaround in the supply chain for several ERIKS companies led to marked organic growth.

In 2009 ERIKS was still achieving outstanding results in the energy and shipbuilding sectors as a result of a well-filled order book at the end of 2008. In 2010 capacity was adjusted to the lower volume in these market segments. From a consolidated perspective, ERIKS ended the third and fourth quarters of 2010 with satisfactory organic growth and an increasingly full order book. ERIKS has also clearly benefited from the cost-cutting measures put in place in 2009.

After a year of decline, 2010 witnessed a turnaround. We were able to transfer employees internally to activities that were developing strongly, dozens of vacancies were opened up and the number of employees rose again. ERIKS was back on track for growth and development.

Ten major and minor acquisitions were completed in 2010 with the help of ERIKS' parent company SHV. In Benelux, the product groups rubber technology and plastics were strengthened by the acquisitions of Alfa Techniek and Kubra Kunststoffen (the Netherlands), and SKF Economos (Belgium). After a long absence from the acquisitions market in Germany we were once again able to report two acquisitions there: Fischer Kunststoff Präzision and valve distributor AMG Pesch.

In the United States we took our first step towards setting up an ERIKS Flow operation with the acquisition of Rawson Inc. in Texas. Further acquisitions followed in December, with Diamond Gears Company (Houston) and The Newdell Company (Houston), a specialist

distributor of valves to the refinery and petrochemical markets. A branch was taken over in Warsaw, Poland. With the acquisition of Valtor Offshore in Denmark, we fulfilled the wish to gain a foothold in the Scandinavian market.

In 2009 the decision was taken to actively develop our policy on Corporate Social Responsibility. This policy was fleshed out in 2010 with the help of an external advisor. ERIKS' greatest contribution to a better world stems from our product and application know-how and ERIKS technology. Policy is also being developed in the business environment in which ERIKS operates, in its own organisation and for its employees.

Over the next few years ERIKS intends to develop further as an international industrial service provider with a strong focus on technology and knowledge sharing. The organisation is ready for this, and it has been investing heavily in a modern infrastructure over the past year. Cost savings through technology, operational excellence and dedication are in good hands at ERIKS.

By way of this Company Profile, we aim to give all ERIKS stakeholders insight into who ERIKS is, what ERIKS stands for and into its objectives and strategy.

Jan van der Zouw

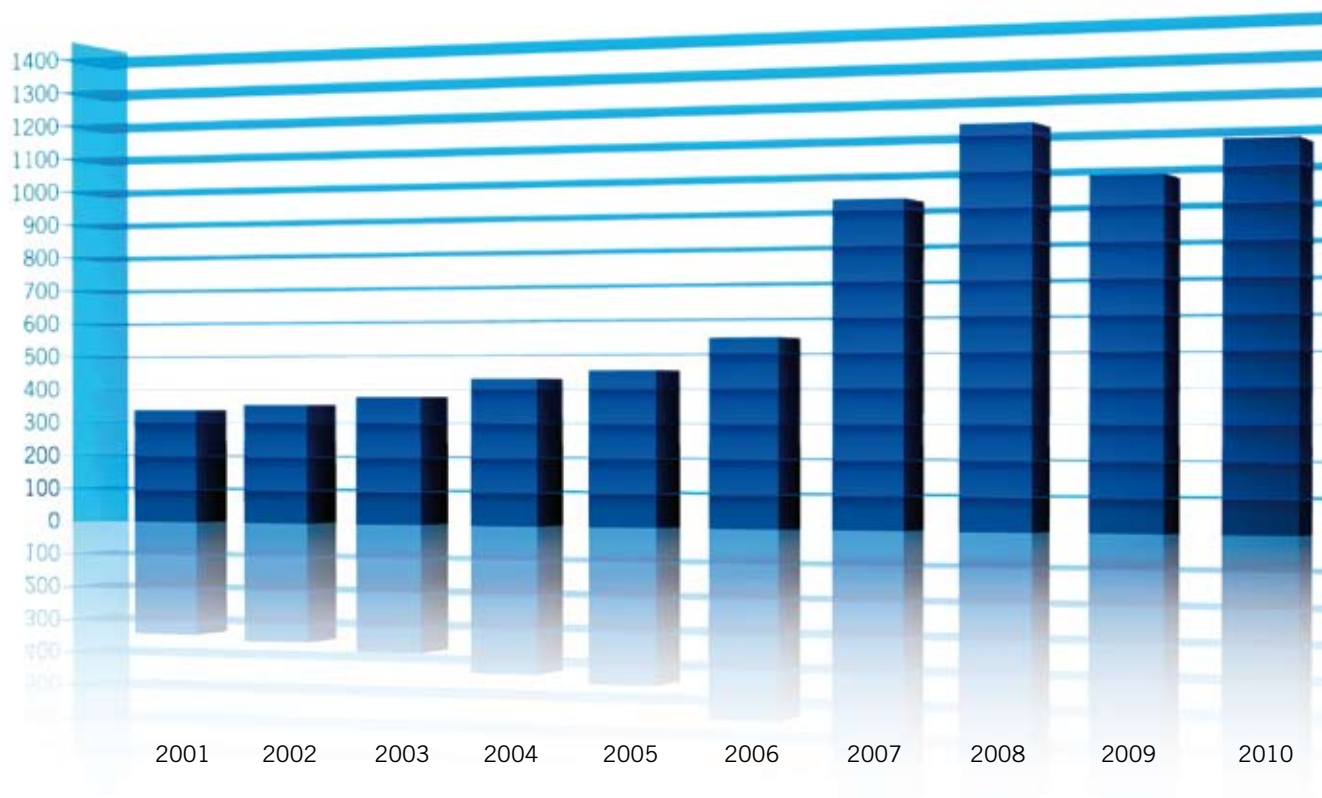
Chairman of the executive board
of ERIKS nv

KEY FIGURES 2005-2010

(taken from the annual accounts drawn up in accordance with IFRS rules)

In EUR thousands	2010	2009	2008	2007	2006	2005
Net sales	1,075,370	993,857	1,131,496	949,139	543,313	448,549
Movement (in %)	8,2	-12,2	19,2	74,7	21,1	5,9
Organic movement (in %)	1,8	-19,6	4,7	11,1	10,5	2,9
EBITA (excluding exceptional gains)	80,314	58,038	93,111	76,326	44,019	33,922
EBITA (as % of sales)	7,5	5,8	8,2	8,0	8,1	7,5
Cash flow	53,177	39,944	70,343	50,297	35,126	28,324
Net result	35,814	21,812	52,538	43,701	27,763	22,059
Average number of employees	4,921	5,073	5,138	4,495	2,434	2,081
Group equity as % of total liabilities	50	49	40	55	27	56
EBITA as % of average net capital invested	15.8	11.4	18.2	19.3	23.0	20.8

Net sales (x EUR 1 million)



OIL and GAS

The oil and gas market is an important market segment for ERIKS. Production, transportation, storage and processing of oil and gas require the highest quality piping components. This is ERIKS' world. ERIKS supplies ball valves for high-pressure process and piping for oil and gas facilities, both above-ground and on the seabed, to customers all over the world. ERIKS takes over total project management for international contractors, including supplying valves and actuators. Flange gaskets, instrumentation, hydraulic components and systems, process hoses and special seals are supplied to producers of oilfield equipment and for maintenance applications. ERIKS services the North Sea oil and gas market with specialist companies in England, the Netherlands, Scotland and Denmark. ERIKS also has a presence in the Middle East, Houston and Singapore.





Profile

ERIKS is an international industrial service provider offering a wide range of high-quality mechanical engineering components and associated technical and logistics services.



Over the past ten years, ERIKS has become a leading-edge, innovative supplier to certain defined segments of industry, fulfilling the twin roles of specialist and broad MRO supplier. ERIKS' customers are primarily in the OEM and project markets and the maintenance market.

Sales of EUR 1,075.4 million were achieved in 2010 with an average workforce of 4,921 employees.

As a leading supplier to industry, ERIKS recognises the role it plays in the distribution chain and in society as a whole. Present-day views on sustainability and corporate social responsibility are anchored in its strategy and operational management.

ERIKS offers its products and services to the industrial end-user based on its passion for technology, its broad and deep knowledge of market developments, product properties, product applications, product processing, logistics and its state-of-the-art infrastructure. This enables ERIKS to make a positive contribution to the business operations of its customers and suppliers and its social environment.

ERIKS supplies approximately 100,000 industrial customers (business-to-business), markets a range of more than 600,000 articles and sends out more than 3 million shipments every year.

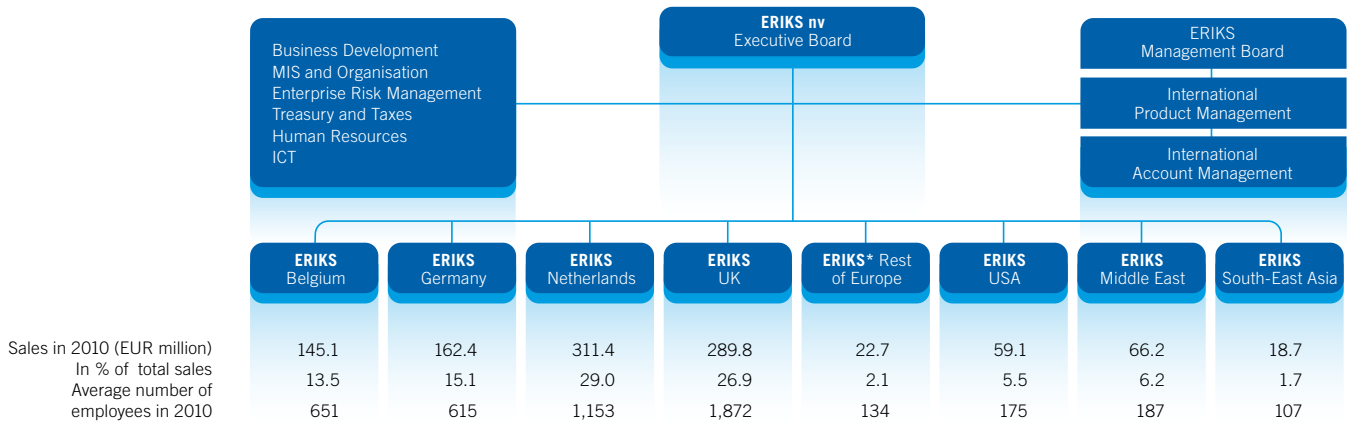
The ERIKS group currently consists of more than 60 group companies with branches in 25 countries. The geographical focus of the group's activities is in Europe, the USA and the Middle East where it achieves some 95 percent of its sales. ERIKS also has branches in Mexico, India, Nigeria, China and South-east Asia.

ERIKS' current product range, including the technical and logistics services that form part of it, is divided into five core activities:

- Sealing technology
- Power transmission, including electromechanical services and condition monitoring
- Flow technology
- Industrial plastics
- Tools and maintenance products

ERIKS WORLDWIDE

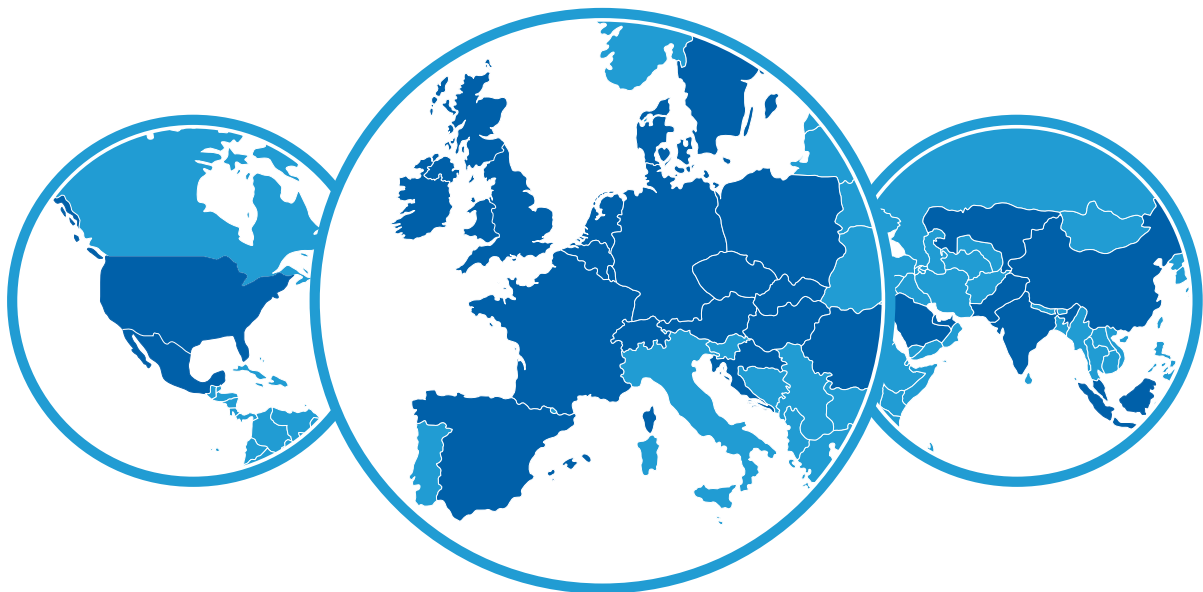
Organisation chart as at 1 January 2011



ERIKS nv employed an average of 26 people in 2010.

* ERIKS Rest of Europe covers activities in Poland, France, Spain and Denmark (from December 2010). Each of these countries is managed separately.

Branches as at 1 January 2011



Europe

- Belgium
- Czech Republic
- Denmark
- Germany
- France
- UK
- Ireland
- Luxembourg
- Netherlands
- Poland
- Russia
- Slovakia
- Spain

North America

- California
- Oklahoma
- Texas
- Washington
- Wisconsin
- Louisiana
- Alabama

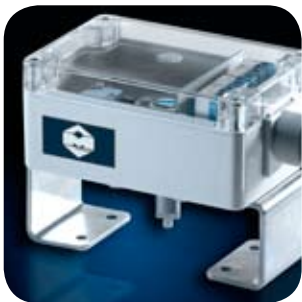
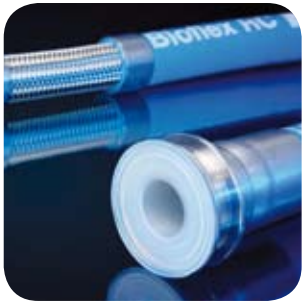
Middle East and neighbouring countries

- United Arab Emirates
- Kingdom of Saudi Arabia
- Qatar
- India
- Pakistan

Asia

- Malaysia
- Singapore
- Indonesia
- China

ERIKS also has branches in Nigeria and Mexico.





CHEMICAL INDUSTRY

Having started out in the food industry, it was a small step for ERIKS to move into the chemical industry. Sanitary applications, often in polished stainless steel, are closely related to the material needs of the chemical industry. A wide range of hoses, valves, seals and instrumentation is combined with in-depth knowledge of materials, applications, regulations and extensive in-house assembly and production capacity.

The history of ERIKS



Arie Eriks

As the son of the director of a dairy factory, Arie Eriks saw the need for maintenance products in process systems and established ERIKS Pakking en Rubber in Alkmaar in 1940. Since its inception, ERIKS has supplied the processing industry with seals, rubber hoses, moulded rubber parts, and later valves and power transmission.

ERIKS found that the expertise it was developing could also be applied to other processing industries (chemicals, oil and gas, energy, food), but also to providing advice on and supplying products for machine and equipment construction. ERIKS expanded its market position in the Netherlands, and opened its first branch in Belgium in 1956.

During the 1960s and 1970s ERIKS continued to develop its sealing technology, flow technology and power transmission core activities in the Netherlands and Belgium with great success. It also made its first move into industrial plastics. With its already extensive and high quality product range, it started to approach industrial end-users (maintenance and OEM) directly.

In 1977 ERIKS applied for stock exchange listing, and ERIKS shares were traded on the Amsterdam Stock Exchange.

ERIKS continued to expand throughout the 1970s and 1980s. Following its industrial customers, branches were opened in Singapore (1979) and Malaysia (1980), and the first French branch opened for business in 1977.

ERIKS' growth really began to take shape in the mid-1980s with a series of acquisitions. In addition to acquisitions in the Netherlands and Belgium to boost its market position, ERIKS acquired its first specialist sealing technology distributor in North America in 1988. More acquisitions were to follow.

ERIKS' first move into the German market came in 1994. The acquisition of Heusinger + Salmon in 1997 gave ERIKS a prominent position in the German market, which was subsequently expanded with further acquisitions.

In the late 1990s ERIKS developed a new strategy based on a new business model (the twin business model). To achieve this, major acquisitions were made in the Netherlands and Belgium.

The acquisition of Wyko in 2006 gave ERIKS a prominent position in the British market. This takeover, along with the acquisition of some other specialist distributors, laid the foundation for the development of the twin business model and further growth in the United Kingdom. With the acquisition of Passerotti in 2006 ERIKS entered the Polish market.

In 2008, ERIKS acquired Econosto. Together, ERIKS and Econosto significantly expanded their market position in the flow technology core activity in the Netherlands, Belgium, Germany, the United Kingdom and South-East Asia. ERIKS has also acquired branches in Spain and the Middle East. Econosto has a strong position in the project market with branches in the Middle East, Germany and the Netherlands.

ERIKS was acquired by SHV Holdings N.V. and delisted in 2009. Going forward, ERIKS intends to continue to develop as an independent group within SHV.

ERIKS continues to pursue its policy and strategy with the full support of its new shareholder, SHV Holdings N.V. The latest acquisitions have given ERIKS a strong position in its core activity of Flow Technology in the USA (Texas and Louisiana) and have enabled it to establish its first branch in Denmark (Valtor Offshore).



Unloading Saunders diaphragm valves at the Alkmaar warehouse

PETROCHEMISTRY and REFINING

High pressure, cracking units, high temperatures, hazardous liquids and gases and critical processes are all features that characterize the world of petrochemistry and refining. This is a world in which ERIKS feels at home with its sealing technology, valves, instrumentation and process hoses. Extensive inventories, on-site testing, system monitoring and local in-house seal production units make ERIKS a reliable industrial service provider.





Information on the organisation, core activities, markets and market position



ERIKS nv

The holding company acts as a strategic parent company. It acts as capital provider, initiator, motivator, implementer, monitor and coordinator of the strategy developed for ERIKS. The holding company ensures that added value is created for the group in relation to its individual companies. This means that the management of ERIKS nv is closely involved in defining and detailing the strategy of the various clusters and companies.

A decentralised organisational structure gives the companies the flexibility, inventiveness and quality they need to serve their customers properly and act as partners to their suppliers. ERIKS has been divided into clusters in order to control the envisaged organic growth and growth through acquisitions.

Cluster

A cluster, a group of companies, serves a specific geographical market area. A cluster engages in one or more core activities and has at its disposal all the disciplines it needs to carry out complete operational management independently. ERIKS has 10 clusters.

Every cluster has one or more business units (Core Competence Centres). The business unit managers and account managers are responsible for developing the product groups in these Core Competence Centres. Supported by product and application engineers, these business units maintain direct contact with OEM customers, maintenance customers with specific requirements and the national and international project markets for the flow technology core activity. For the purpose of developing the product groups within a cluster and the associated services and expanding the number of product groups, the cluster and business unit managers are supported by International Product Managers who are specially appointed at group level.

Within each cluster, the regional managers are responsible for developing the market position in their defined region. This takes place through their own regional branches, which primarily maintain direct contact with the maintenance market, offering the complete range of products and services. This commercial concept, which supports two business models (the twin business model), allows ERIKS to fulfil both the role of specialist and of broad-based MRO supplier. Both models use the same suppliers, stocks, services and know-how available in the cluster. This twin business model forms the basis for further development of ERIKS and will be rolled out to all clusters and their associated companies.

Core activities

ERIKS' range of more than 600,000 mechanical engineering components is divided into five core activities and their associated product groups.

■ Sealing technology

- Rubber technology
- O-rings
- Dynamic sealing elements

■ Power transmission

- Hydraulic components and hoses
- Mechanical and electrical power transmission
- Bearings
- Pneumatics
- Electromechanical services and condition monitoring

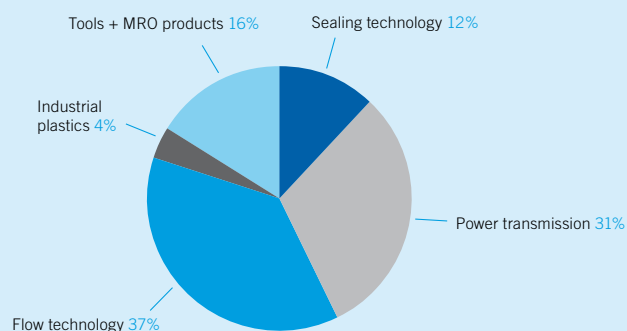
■ Flow technology

- Valves and instrumentation
- Plastic and metal piping
- Hoses and accessories
- Flange gaskets

■ Industrial plastics

■ Tools and maintenance products

Sales by core activity in 2010



ERIKS emphatically presents itself as an innovative supplier of goods and services to industry and in doing so makes a substantial contribution to the business operations of its customers and suppliers. It can only achieve this by ensuring that sustainability is at the heart of its operations and the advice it gives to its customers. In addition to a high-quality product range, it also requires an organisation with a passion for technology and an advanced level of knowledge to achieve the innovative capacity that is essential for this. ERIKS makes this knowledge and passion available for technology to its customers and suppliers. Given the above, and with its position in the market, it is logical that ERIKS is actively involved in project management and in the development of the various product groups.

Each of ERIKS' activities is subdivided into six know-how domains:

1. Market know-how

ERIKS has in-depth knowledge of the demand side (customers) and the supply side (sourcing) of the market. This enables it to develop new products and services and enter new markets proactively and promptly.

2. Product know-how

ERIKS has in-depth knowledge of its products and their properties. It shares this knowledge with its customers through various forms of technical documentation, electronic media and personal advice.

3. Application know-how

ERIKS is able to

- understand present and future applications and translate them into the use of the right products;
- translate issues facing its customers into new products (product development);
- brainstorm with customers on engineering for the design and maintenance of new products and systems (research and development).

4. Product processing know-how (customising)

ERIKS translates its customers' wishes into new product specifications and ensures the availability of facilities to adapt products. ERIKS offers maintenance facilities and services for maintaining the components and systems it supplies.

5. Logistics know-how

ERIKS employees analyse and streamline logistics channels and develop logistics concepts tailored to customers' requirements (from identification of the customer's needs through to payment) for both the administrative and physical sides of the process. ERIKS handles the entire procurement process in collaboration with the customer.

6. Knowledge needed to optimise the infrastructure

ERIKS constantly works both in-house and with its customers to improve processes and the associated infrastructure.



Container terminal

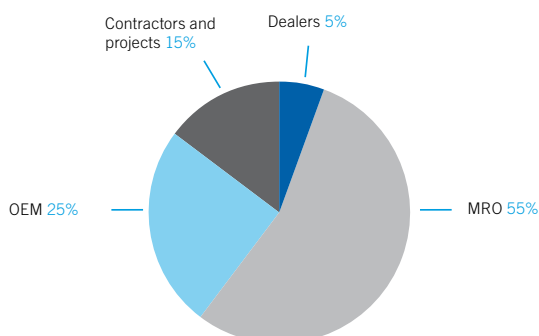
Customers

The ERIKS group serves some 100,000 customers in many branches of industry, including chemicals, petrochemicals, oil and gas, pharmaceuticals, food, biotechnology, machine construction, semiconductor, refining, energy, shipbuilding and the base industry. ERIKS distinguishes between the following types of customers or purchasing profiles:

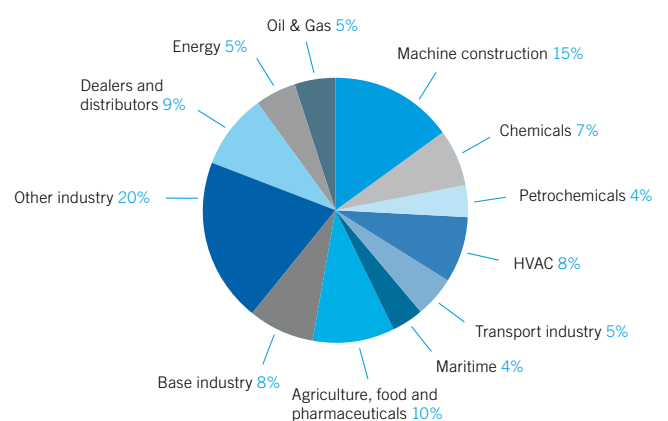
- Maintenance market (MRO - Maintenance Repair Overhaul)
- OEM (Original Equipment Manufacturers)
- Projects
- Distribution and exports

ERIKS also offers its international customers a wide range of products and services that significantly reduce their total costs.

Sales by customer type in 2010



Sales by market segment in 2010



Paper mill





ERIKS constantly adapts to its changing role in the supply chain and makes a positive contribution to its customers' and suppliers' business operations. Identifying, developing and maintaining the necessary know-how are some of the most challenging elements in this respect. This has enabled ERIKS to develop from a traditional distributor into an industrial service provider.

With its twin business model, ERIKS offers

- its OEM and maintenance customers in need of know-how and processing:
 - assistance with research and development;
 - components, sub-assemblies and systems tailored to fit the application;
 - its quality assurance role;
 - efficient procurement and logistics.
- its maintenance customers with general requirements:
 - product and application know-how;
 - lower total costs for the customer, by offering products and services that help
 - reduce the customer's purchasing budget and capital resources;
 - increase the customer's available time for production;
 - reduce energy costs;
 - reduce liquid and gas emissions (cleaner production);
 - maintenance services and repair facilities;
 - an efficient administrative and logistics concept for supplying a broad and deep product range (reducing transaction costs).

With the know-how and skills available in-house, ERIKS can also act as a purchaser and quality controller for the delivery of an extensive range of components and associated services for the national and international project markets.

Market position

It is important for ERIKS to expand its geographical coverage for its various core activities and to be in a position to offer its suppliers adequate volume and market share.



ENERGY

ERIKS' in-depth knowledge of both the demand and supply side of the market enables it to play a major role in the supply of special valves for steam boilers and power stations. We find the best product for every application worldwide without compromising on safety and quality. If a valve does not exist, we design it. Thanks to its extensive inventories, ERIKS can offer attractive delivery times even on large-scale projects. We also produce all the necessary documents, drawings, pressure certificates and certificates of conformity for each project. Furthermore, ERIKS is closely involved in the development of alternative energy sources such as biodiesel, solar energy and wind turbines.

ERIKS supplies a wide range of seals in compounds developed in-house which meet the most critical process requirements. ERIKS hydraulic assemblies and bearings are widely used in wind turbines.



Mission, objectives and strategy



Mission

ERIKS' ambition is to grow and be the international leading-edge and innovative industrial service provider that provides a wide range of high-quality mechanical engineering components and related technical and logistics services to industrial customers in all its market areas. It intends to achieve this growth in a sustainable way, so that, in addition to shareholder value, it can deliver value for the other stakeholders involved in the company.

The following core values are pivotal in terms of who ERIKS is and what ERIKS stands for:

- know-how of, and a passion for, technology
- durability
- integrity
- mutual trust and respect
- customer satisfaction and performance orientation.

Objectives

■ Commercial

In line with its mission, ERIKS is striving to boost its market position and expand its international presence. Aspects of sustainability also play a role in achieving these objectives. More details of these can be found on pages 35 and 36.

■ Organisational

ERIKS aims to be a modern, innovative and performance-oriented employer to its employees. In order to give its customers a satisfactory service and act as a partner to its suppliers, responsibilities are anchored deep in the decentralised organisational structure. This requires our employees to have a technology-driven and customer-oriented attitude, in which mutual cooperation, trust, respect and fellowship are expressly evident.

In its endeavour to be a modern company in every respect, ERIKS will continue to invest in the development of its employees, its range of products and its infrastructure (ICT, machinery, storage methods and buildings).

Strategy

In recent years ERIKS has significantly boosted its position as European market leader in all clusters.

In order to achieve its objectives, and taking into account external and internal developments, it has categorised its strategy spearheads as follows:

Organic growth

ERIKS can only grow organically if the way it conducts its business is focused on meeting its customers' wishes and if it has a distinct edge over its competitors. This requires the clusters and their group companies to adopt an innovative and flexible stance in order to identify developments in the market and adapt their ranges of products and services accordingly. ERIKS has a modern infrastructure which enables it to guarantee adequate, efficient and modern services to its customers and also to remain attractive to its employees.

Further development of the twin business model is of prime importance for ERIKS' growth. Important aspects in the development of the twin business model are:

Entrepreneurship and management development

In a highly decentralised organisational structure with a matching decision-making process, achieving growth hinges on our employees having a strong sense of entrepreneurship. In order to control our growth it is essential for us to retain experienced and good management in the years ahead. ERIKS therefore offers an extensive range of Management Development programmes.

Know-how - Well-trained employees

The level of know-how is monitored and, where necessary, improved through training programmes at the ERIKS University, through contact with schools and training organisations and also by recruiting new employees.

Development of the product range

In its role as an advisor to its customers (market), ERIKS is closely involved in the development of the different product groups. Basically, ERIKS aims to offer and maintain a range of products and services which can be offered to the whole market in each product group. Where possible and necessary, ERIKS takes the lead in developing the product groups. To achieve this, it develops direct or indirect relationships with manufacturers (manufacturing alliances) or opts to manufacture under its own responsibility.



Logistics services and ICT

All stakeholders in the industrial column (suppliers, distributors and customers) need to control order flows, reduce transaction costs and control the costs of maintaining inventories (supply chain management).

Supported by advanced ICT and an e-portal (TradCom) developed in-house, ERIKS has a wide range of logistics services that respond directly to this. It intends to expand these services (e-business) and the Integrated Solutions model developed by ERIKS UK. ERIKS offers logistics services tailored to the needs of individual customers.

'Couleur locale'

A basic requirement is to approach customers in the maintenance market in all regions with 'couleur locale'. This is achieved by having a presence in key industrial centres in the form of ERIKS branches.

International Account Management

ERIKS has a platform to actively support customers with an international presence in the supply of products and services and in reducing their Total Cost of Ownership.

International projects

ERIKS branches in Germany, the Middle East, the Netherlands, Scotland and Denmark have in-house specialists who support the coordination of certification, quality control and supply of large packages of valves and associated products for major infrastructural projects. The focus in this area is mainly on construction of new power plants, refineries, chemical facilities, oil and gas plants and major infrastructural projects.





Employees

The decisive factor in a company's success is the quality of the organisation and its employees. The ingredients for a good relationship between ERIKS and its 5,000-strong workforce are a clear strategy with related targets that are achievable but challenging, open and honest labour relations and good employment terms and benefits in line with market norms. This includes offering good opportunities for self-development.

The human resources policy agreed at group level is translated into concrete plans of action at cluster level.

We expect our employees to contribute actively to achieving the necessary growth and to demonstrate a high degree of personal responsibility.

Efficient business operations

Management is devoting undivided attention to both administrative and physical logistics. The group has invested in advanced systems and accommodation appropriate to its operations and will continue to do so.

Advanced business information system

The objective is that all the companies within a cluster should utilise one and the same business information system (one cluster – one system). The functionalities are being expanded in all clusters. The business information systems in some clusters will be upgraded in the coming years.

To create more uniformity in the range and improve communication between the clusters and with customers and suppliers, ERIKS is investing in cross-cluster product and customer information systems.

Physical logistics

In physical logistics, a distinction is made between bulk (for all clusters), cluster and branch level warehousing. The ideal split of these three areas is always geared towards developments in the distribution channel. All companies in the group conduct an annual review to establish whether their operational management could be improved by making adjustments to their accommodation and logistics structures.

Synergy

Our group companies work together wherever there is potential synergy. Specially recruited International Product Managers are actively involved in and jointly responsible for realising synergy and sharing knowledge both inside and outside the company.





FOOD and PHARMACY

ERIKS founder Arie Eriks started out in 1940 supplying gaskets, seals, V-belts and hoses to the dairy industry. A number of ERIKS companies still have a strong position in the food industry today. By specialising in sanitary and polished 'clean' products, it was a small step to move into the pharmaceutical industry and later the semiconductor industry. ERIKS has developed a wide range of seals, valves, special hoses, instruments and plastics for use in the food and pharmaceutical industries. ERIKS' in-house materials development centre is on the cutting edge of developments in special rubber compounds for the food industry. ERIKS Power Transmission supplies the food industry with a wide range of actuators for internal transportation. In addition to production and assembly capacity, ERIKS also has a state-of-the-art clean room.

Sustainability / Corporate Social Responsibility

Nowadays CSR is a key aspect of corporate business and a great example of how global thinking is changing. With more people realising that any long-term future has to be a sustainable one, ERIKS has taken its usual pragmatic approach and found that there are solid practical benefits to be had from a partnership approach to the high and mighty aspiration of building a sustainable global future.





Sustainable development is widely defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It is not something that can be achieved in isolation; it rather requires a comprehensive approach to meet the challenges of a broad range of issues, from generally investing in innovation to specific areas of improvement such as offering energy saving solutions, reducing friction in power transmission systems and providing high technology sealing solutions.

The biggest contribution ERIKS can make to ensure more effective use of our natural resources is through our customers' use of

our products and services. Sustainability is at the core of who we are and what we do. Energy efficiency – with its large social, economic and environmental implications – is a benefit tied to many of ERIKS' products and services.

We have made significant steps during the past year by developing many new sealing compounds, new energy saving power transmission parts and high-performance flow control components. We have set enterprise-wide environmental, energy and safety goals, and we will continue to use our skills and solutions to help our customers meet their goals.

Some ERIKS operations are already ISO 14001 accredited, an internationally

accepted standard that sets out how you can go about putting in place an effective Environmental Management System (EMS). The standard is designed to address the delicate balance between maintaining profitability and reducing environmental impact; with the commitment of an entire organisation it can achieve both objectives. Achieving ISO 14001 involves active measures such as designing, planning and implementing environmental policy, setting up regular reviews, making continuous improvements, and checking and taking corrective action. It is our objective that most of the ERIKS operations will be ISO 14001 certified before the end of 2012.

ERIKS' commitment to sustainable development is underlined by the appointment of a senior ERIKS employee to support and shape ERIKS' CSR at group level.

We have set a series of objectives for 2011 to 2013; these include defining the 'green' products in our product portfolio, extending our 'green' product range and introducing a code of conduct for our suppliers with regards to our CSR requirements. We are also investigating options for green electricity, a greener vehicle fleet and even switching to fair trade coffee and tea for our canteen supplies. Another interesting process is that we are encouraging ERIKS employees to take an active role in the community, which will make a real contribution simply due to the size of the organisation.

Finding efficiencies and reducing waste can also be accomplished in ways that are not obvious. An example of how a comprehensive approach has resulted in less waste and increased profit is 'Storeroom Services', a service improving efficiency and productivity in warehouses.

CSR



ERIKS moving towards a more sustainable future

In early 2010, the executive board decided that sustainability should become one of the cornerstones for ERIKS' future growth.



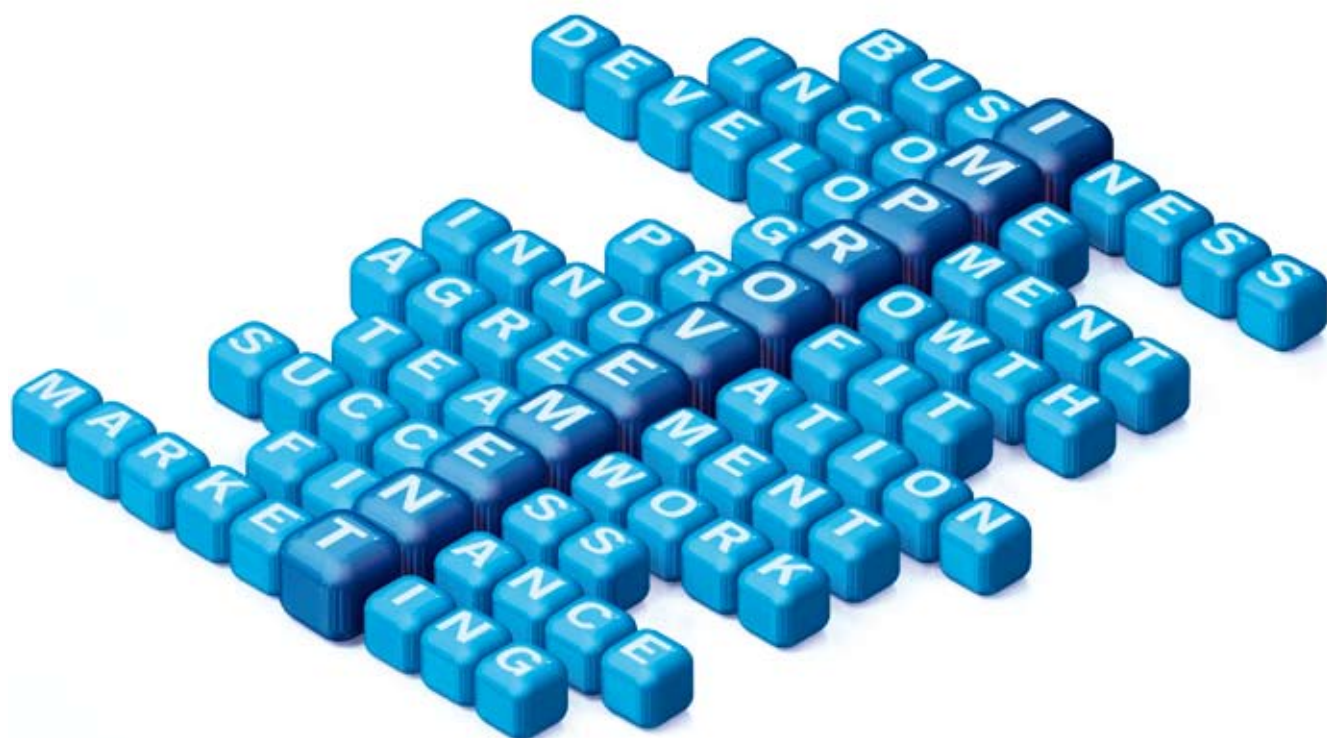


PROJECTS

In the world of construction projects, the oil and gas industry, petrochemistry, the energy sector, shipbuilding and major infrastructural works, ERIKS focuses on specifying and selecting the right materials and designing and building special valves, flange gaskets, hoses and couplings. It also handles total project management with the highest degree of professionalism. In 2007, for example, ERIKS supplied a €50 million order for valves for the construction of a petrochemical complex in St. Petersburg.



Developments in 2010



Market developments

The year 2009 saw the market shrink significantly in size as a result of the credit crunch and the worldwide recession. For ERIKS, 2009 was characterised by cost-cutting and working capital management. The organisation adjusted to the considerably lower sales volume, and at the end of 2009 the outlook was still gloomy.

Helped by the steadily growing economies in the emerging markets (BRIC countries), however, demand for machinery and equipment manufactured in the west picked up, so that sales of our products and services to both OEM and maintenance customers have been increasing since the second quarter. Unfortunately this was not the case in all markets. The shipbuilding and project markets (oil and gas and power stations)

declined again in 2010 following a stronger year in 2009.

After a relatively weak first quarter, organic growth of 1.8 percent was achieved over the whole of 2010. The prospects for the coming period are positive for almost all ERIKS companies.

Financial

- Sales increased by 8.2 percent in 2010 to EUR 1,075.4 million (2009: EUR 993.8 million). The increase in sales breaks down as follows:
 - organic growth of EUR 18.2 million, or 1.8 percent;
 - increase of EUR 50.6 million due to acquisitions made in 2010;
 - decrease of EUR 4.9 million due to the disposal of activities in 2009;
 - increase of EUR 17.7 million due to higher exchange rates.

- The EBITA before exceptional expenditure increased by 38.4 percent to EUR 80.3 million (2009: EUR 58.0 million).
- A return on average capital invested of 15.8 percent (2009: 11.4 percent).

Expansion

A number of acquisitions were made in 2010, giving ERIKS a market position in flow technology in the USA and Denmark, fully in line with its strategy, and strengthening its market positions in seals and industrial plastics in the Netherlands, Belgium, Germany and Poland.

Acquisitions in 2010

Date of acquisition	Company name	Annual sales	Number of employees	Core activity
29 March	Kubra Kunststoffen (The Netherlands)	EUR 5.0 million	15	Industrial plastics
31 March	Alfa Techniek (The Netherlands)	EUR 9.0 million	14	Rubber technology
1 June	Fischer Kunststoff Präzision (Germany)	EUR 16.0 million	150	Industrial plastics
30 June	SKF Economos (Belgium)	EUR 2.5 million	20	Industrial plastics
31 August	Rawson (USA)	USD 100 million	192	Flow technology
1 December	Valtor Offshore (Denmark)	DKK 100 million	23	Flow technology
20 December	Gasket Passerotti (Poland)	PZL 1.0 million	3	Sealing technology
27 December	The Newdell Company (USA)	USD 40 million	75	Flow technology
27 December	Diamond Gear Company (USA)	USD 5.5 million	17	Flow technology

For more information, please refer to our press releases at www.eriks.com.

In January 2011 ERIKS took over the activities of AMG Pesch in Cologne, Germany (see press releases of 22 December 2010 and 3 February 2011).

Disposal of participating interests/activities

No participating interests or activities were disposed of in the year under review.

Commercial and organisational

- Market positions in the core activities of flow technology and industrial plastics were strengthened.
- Significant progress was made developing the twin business model at ERIKS UK and ERIKS Germany.
- Product and application know-how was strengthened in all clusters, allowing ERIKS to play an even more substantial role in the development of its product range.
- The organisation around the International Product Managers was strengthened and the product range was harmonised over the various clusters.

Operational management and infrastructure

- The business information systems in use in Benelux and Germany were rolled out to all the acquired companies.
- Ongoing focus on improving the structure of the business processes and the logistics organisation.
- The ERIKS University became fully operational with training programmes for management development and maintenance and improvement of the six know-how domains.



SHIPBUILDING

The shipbuilding industry has experienced something of a boom in recent years by specialising in special ships and offshore modules. ERIKS and Econosto have benefited from this to the full. In addition to a full range of marine valves and fittings for new ships and for maintenance uses, ERIKS also supplies hydraulic actuators, plastic piping systems, seals and hoses.

ERIKS Power Transmission in Schoonhoven has developed and supplies a range of electrical actuators for automatic opening and closing of glass doors on passenger ships and luxury yachts. Revolve, ERIKS' own manufacturer of split roller bearings, has developed a special bearing for use on propeller shafts.





RESULTS 2010

Consolidated profit and loss account

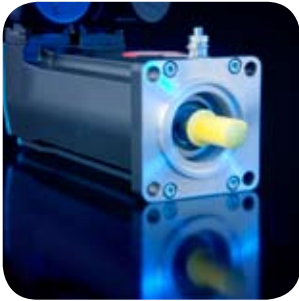
In EUR thousands	2010	2009
Net sales	1,075,370	993,837
Operating result (EBITA)	78,681	58,038
Exceptional gains and losses including cost of acquisitions	-1,854	-10,263
Amortisation of intangible fixed assets	-6,059	-6,627
Operating result	70,768	41,148
Financial income and expenses	-23,059	-13,915
Result before taxes	47,709	27,233
Taxes	-11,768	-5,372
Result after taxes	35,941	21,861

Consolidated balance sheet (31 December 2010)

In EUR thousands	31 December 2010	31 December 2009
ASSETS		
<i>Fixed assets</i>		
Intangible fixed assets	361,439	279,573
Property, plant and equipment	76,659	74,544
Outstanding loans	1,423	1,318
Deferred tax assets	14,012	16,423
Derivative financial instruments	490	6,722
Total fixed assets	454,023	378,580
<i>Current assets</i>		
Inventories	158,124	123,736
Accounts receivable trade	211,719	173,167
Other receivables	11,328	9,032
Liquid resources	118,755	75,734
Total current assets	499,926	381,669
Total ASSETS	953,949	760,249
SHAREHOLDERS' EQUITY AND LIABILITIES		
<i>Shareholders' equity</i>		
Share capital and reserves at the disposal of shareholders	398,386	324,666
Minority interest	743	1,061
Total shareholders' equity	399,129	325,727
<i>Long-term liabilities</i>		
Loans and provisions	255,328	184,369
<i>Short-term liabilities</i>	299,492	250,153
Total SHAREHOLDERS' EQUITY AND LIABILITIES	953,949	760,249

UTILITIES

A great number of ERIKS products are used in large-scale construction projects such as office blocks, hotels, hospitals, museums and institutions. They range from electro-mechanical actuators for lifts, escalators, doors and ventilation systems to plastic piping, hoses and valves for refrigeration and heating systems. For example, Econosto was a major contributor to the refrigeration system at the indoor ski slope in Dubai, and ERIKS UK is involved in maintaining pumps and electrical actuators for London's water utility company. ERIKS Power Transmission supplies bridge operation systems.





Human Resources Management

ERIKS aims to be the best industrial service provider in its defined markets. It also has an ambitious growth strategy. These key objectives call for a highly professional workforce. ERIKS also wants to be an attractive and modern employer.

In 2010 and over the next two years, additional attention has been and will be focused on the following aspects:

- Employer branding
- Succession Planning and Management Development
- Know-how: ERIKS University
- Career flexibility: Flex Career
- Modern communication: Personnel Online
- Spotlight on the employee: the You Policy (what does ERIKS mean to you, the employee?).

Employer branding

ERIKS endeavours to position itself as a brand in the labour market. We focus on both young and experienced employees. This branding policy was pursued energetically in 2010. Many clusters have a presence at major job fairs and at career and technical events, and company visits and presentations at technical schools also play an important role. In addition, ERIKS promotes itself on social networks like LinkedIn. Starting in 2010/2011, the largest clusters will position themselves as major employers in the technical labour market. The aim is for the name ERIKS to be associated with a professional image. ERIKS Netherlands recently received the 'Top employers 2011' certification, a highly regarded international HR standard.

Succession planning and Management Development

In order to ensure continuity in key positions at all levels and offer employees the opportunity to develop within the internal organisation, ERIKS pursues a policy of succession planning and Management Development (MD). There are MD programmes on three levels: each programme covers a period of two years, and more than 100 employees from the four biggest clusters take part each year. Training sessions, workshops and seminars take place each month. All participants are supervised by in-house executive board level mentors. MD participants are actively

included in ERIKS' succession and career planning; on average, three-quarters of the participants go on to new challenges within ERIKS after completing the MD programme.

Know-how: ERIKS University

The ERIKS University is a virtual platform whose purpose is to record know-how and make it available for sharing right across the globe. The ERIKS University was launched in January 2010 and updated in September 2010 with all the product training courses available at ERIKS. In 2011 a series of e-learning tools for the different product groups will be developed with the aim of giving new and existing employees broad knowledge





and understanding of the product groups and their specific applications. In-depth knowledge will be passed on in product training sessions developed by the clusters themselves and taught by their own employees. All employees are able to constantly refresh their knowledge of ERIKS and ERIKS products online via the ERIKS University, which is accessible 24/7.

Career flexibility: Flex Career

ERIKS has an ambitious growth strategy which it can only achieve if it can attract and retain high-calibre people. ERIKS offers employees of all ages choices that reflect the different life phases and the laws in the different countries in which it

operates. We call this focus on the careers of both young and older employees Flex Career. This policy specifically takes account of the phases Career Start, Mid Career and Late Career.

Contemporary communication: Personnel Online

In the second half of 2010 preparations got under way for the launch of a 'Personnel Online' pilot project in the Netherlands Cluster on 1 January 2011. If this pilot is successful, the other clusters will follow in 2012 and 2013. Personnel Online is an online self-service point where employees can interactively access aspects like salary and HR information, staffing arrangements, pensions and insurance. It also serves as an information desk and knowledge centre.

Spotlight on the employee: the You Policy

ERIKS believes that human resources policy should be transparent and concrete. We also want to answer the question 'What's in it for me?'. ERIKS has articulated these aspects in the 'You Policy', which is available to all employees both visually (in the form of a video) and physically (in the form of an information box) in four languages.

This policy is being rolled out in all ERIKS clusters. ERIKS stands for a modern infrastructure in which its employees can perform to the very best of their abilities in a pleasant working environment. The particular focus on the development of knowledge and skills and career flexibility plays a key role in ensuring that employees have appropriate duties and remain motivated in every phase of their lives and careers.

ERIKS believes it is essential that all employees are involved in defining its objectives and company strategy, so that the decisions and actions taken within the company are properly understood and supported.

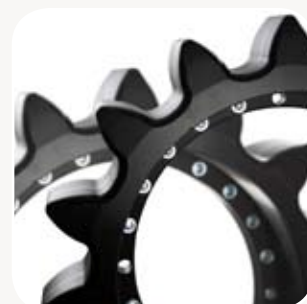
The ERIKS companies operate according to clear guidelines and procedures. Working conditions and safety rules comply with all the relevant requirements and norms in accordance with the legal and social standards in each country. This also applies to terms of employment and social insurance, which reflect at least local market conditions and standards in the various countries. ERIKS' shared values are set out in the Code of Conduct. ERIKS stands for business and personal integrity.



TRANSPORT and AVIATION

ERIKS' hydraulic hoses, components and systems are widely used in truck and trailer manufacture and in earthmoving equipment. The electrical actuators on the London Underground are inspected and serviced by ERIKS.

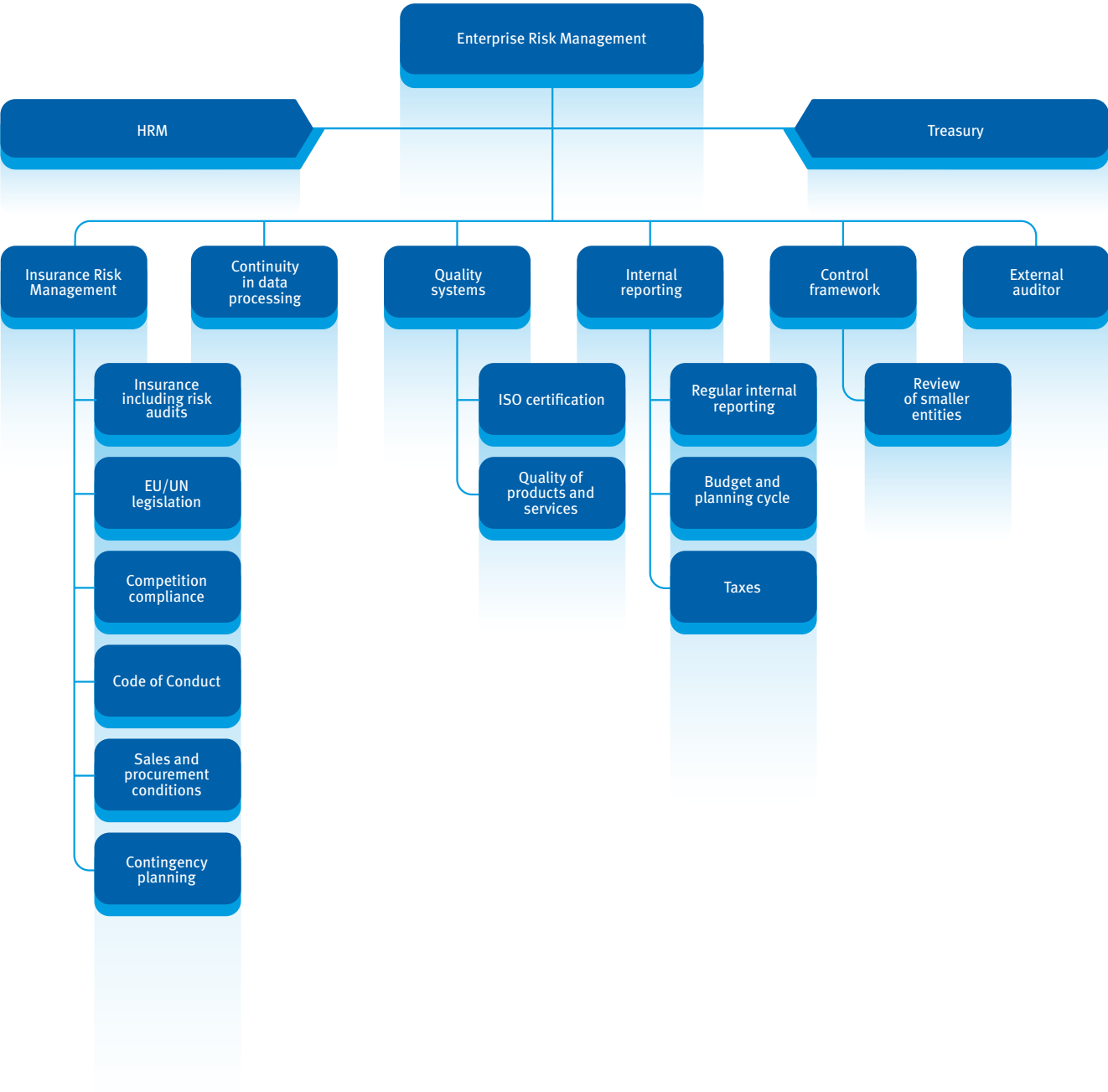
ERIKS also supplies a wide range of maintenance products for the aviation industry and airports. An aircraft manufacturer buys ERIKS plastic components, and ERIKS ensures problem-free operation of the electromechanical actuators at a major European airport.



Risk and risk management

The executive board is responsible for putting effective internal risk management and control systems in place and for the functioning of these systems. The purpose of these systems is to enable ERIKS to manage the biggest risks to which the company is exposed as effectively as possible, achieve its operational and financial objectives and comply with laws and regulations.

All measures for controlling market, operating and financial risks have been brought together in an 'Enterprise Risk Management' framework. This framework can be illustrated as follows:





In recent years this framework has been introduced in the clusters and companies belonging to the ERIKS group. The framework's operation and set-up are continuously evaluated and adjusted as necessary.

The entire Enterprise Risk Management framework has been structured so that:

- every cluster and company has sufficient insight into our market position and clearly understands the strategy and the financial and operational results to be achieved;
- reliable information on the course of affairs in the various clusters and companies and their respective core activities can be obtained promptly;
- sufficient information is obtained to assess whether the continuity of the day-to-day operations is assured;
- sufficient management information (performance indicators) is obtained to assess and improve the effectiveness and efficiency of our primary business processes;
- the company's assets and resources are properly managed and protected;
- sufficient information is obtained on any pending product liability claims and the extent to which these risks are adequately insured;
- we obtain timely information on the quality and availability of the management we need;
- we obtain adequate and prompt information on our present and future needs for financial resources and ensure that the use of financial derivatives is in accordance with the defined guidelines.

The managers of the group companies are responsible for the structure and functioning of the risk management and control system in their own companies. Each year they report on this matter directly to the executive board and issue a Letter of Representation which is appended to the financial statements. With each company we agree - on an annual basis if necessary - an action list for improving the risk management and control system for each part of the framework.

Each year the external auditor is required to audit the main aspects of the group companies' accounting organisation and internal control measures and report its findings to the supervisory board, the executive board and the local management teams.

The executive board of ERIKS nv is aware that however professional the management systems may be, they cannot offer absolute certainty that the company's objectives will be achieved, nor can they entirely prevent material inaccuracies, losses, fraud or contraventions of laws and regulations.

The executive board discusses the structure, functioning and findings of the complete risk management and control system with the supervisory board once a year.

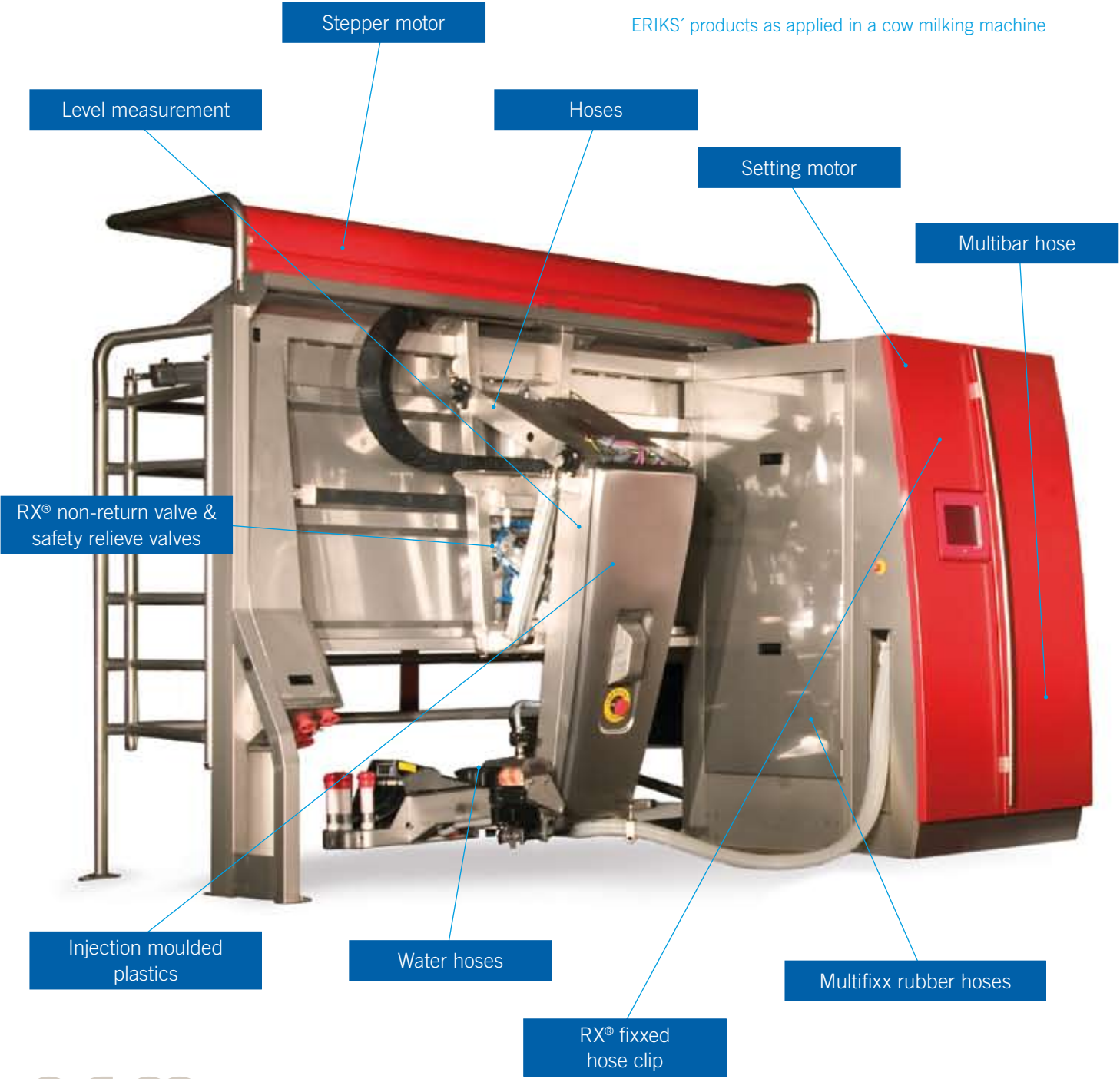


HEAVY INDUSTRY

Production and processing of steel, aluminium, cement, paper, bricks and other raw materials demand big capacities and power transmission systems that meet the highest process standards. In this field too, ERIKS is in its element, supplying complete hydraulic systems, large non-standard special bearings, electromechanical power transmission and system monitoring equipment. Our application engineers help prevent malfunctions, prolong service life and cut energy costs.



ERIKS' products as applied in a cow milking machine



OEM

Developments start at ERIKS. With its application engineers, and in our materials testing centre, our product development departments and our materials development lab. ERIKS is happy to share its product and application know-how on power transmission, sealing technology, flow technology and machined plastic with its customers. This enables ERIKS to play an active and positive role in R&D, innovation and increasing its customers' productivity.





Executive board

as of 1 March 2011

J. van der Zouw (1954), chairman and CEO

Dutch national.

Employed by the ERIKS group since 1999.

Appointed as a member of the executive board in January 2002.

Appointed chairman of the executive board in May 2005.

Primary responsibilities:

- General and external affairs
- Business development (product and region)
- Sustainability and CSR
- Human Resources Management.

J.G. de Boer (1953), CFO

Dutch national.

Employed by the ERIKS group since 1985.

Appointed as a member of the executive board in January 1996.

Primary responsibilities:

- Financial information provision and legal affairs
- Pensions
- Enterprise Risk Management
- ERIKS group ICT policy (jointly with H.J. Maier)
- Administrative logistics.

M. Beckers (1951)

Belgian national.

Employed by the ERIKS group since 2004.

Appointed as a member of the executive board in May 2005.

Primary responsibilities:

- ERIKS UK
- Business development in the UK and Ireland
- International Product Management.

H.J. Maier (1960)

German national.

Employed by the ERIKS group since 1997.

Appointed as a member of the executive board in January 2002.

Primary responsibilities:

- ERIKS Germany
- ERIKS Central Europe
- ERIKS USA Seals & Plastics
- Business development in Germany and Central Europe
- International Product Management
- ERIKS group ICT policy (jointly with J.G. de Boer).

J.F.A.M. van Os (1954)

Dutch national.

Employed by the ERIKS group since 2008.

Appointed as a member of the executive board in August 2008.

Primary responsibilities:

- ERIKS Netherlands
- ERIKS France
- ERIKS Scandinavia Flow
- ERIKS UK (valves), Spain, Middle East, Siekmann Econosto
- ERIKS USA Flow
- ERIKS South-east Asia
- International Product Management.

J. Sleebus (1969)

Belgian national.

Employed by the ERIKS group since 2002.

Appointed as a member of the executive board in July 2010.

Primary responsibilities:

- ERIKS Belgium
- Business Development Belgium
- International Product Management
- European Account Management.

Clusters and group companies

as per 1 March 2011

ERIKS has a 100% direct or indirect shareholding in the group companies unless otherwise specified.

ERIKS Belgium	
ERIKS+Baudoin nv, Hoboken + Mol	www.eriks.be
<i>Vemoflex-group:</i>	
Vemoflex nv, Asse	www.vemoflex.be
Hydromeka nv, Wijnegem	www.hydromeka.com
LMC nv, Asse (80%)	www.lmc-couplings.com
N.V. Econosto, Wijnegem	www.econosto.be
<i>ERIKS+Baudoin Service Centres (11)</i>	
Sealing technology	
Power transmission	
Flow technology	
Industrial plastics	
Tools and maintenance products	
Electromechanical services and condition monitoring	
ERIKS Germany	
ERIKS NordWest GmbH, Bielefeld	www.eriks.de
ERIKS GmbH, Division Sealing technology, Bielefeld	www.eriks.de
ERIKS NordOst GmbH, Garbsen/Hanover + Blankenburg + Brunswick	www.eriks.de
ERIKS Nord GmbH, Glinde/Hamburg	www.eriks.de
ERIKS West GmbH, Neuss + Aachen	www.eriks.de
ERIKS Hessen GmbH, Frankfurt	www.eriks.de
ERIKS SüdWest GmbH, Stuttgart + Saarbrücken + Mannheim	www.eriks.de
ERIKS Bayern GmbH, Munich + Regensburg + Nürnberg	www.eriks.de
Schmitztechnik GmbH, Mönchengladbach	www.eriks.de
ERIKS GmbH, Division Fenner® Power transmission, Nettetal	www.eriks.de
Fischer Kunststoff Präzision, Laupheim + Anstadt	www.fischer-kunststoff.de
AMG-Pesch GmbH, Köln + Merseburg	www.amg-pesch.com
Siekman-Econosto GmbH & Co. KG, Dortmund + Zwenkau	www.econosto.de
	www.eriks.de
Sealing technology	
Power transmission	
Flow technology	
Tools and maintenance products	
Industrial plastics	

ERIKS Netherlands

ERIKS bv, Alkmaar + Rotterdam + Ede	www.eriks.nl + www.erxs.nl
Noton bv, Huizen	www.eriks.nl
ERIKS Aandrijftechniek, Roermond + Schoonhoven	www.flexion.nl + www.elmeq.nl
Econosto Nederland bv, Capelle aan den IJssel	www.econosto.nl
Betaflex bv, Hoogezand	www.betaflex.nl
Alfa Techniek, Almere	www.alfatechniek.com
Kubra Kunststoffen, Nuenen	www.kubra.nl

ERIKS Service Centres (24)

Sealing technology

Power transmission

Flow technology

Industrial plastics

Tools and maintenance products

ERIKS UK

<i>ERIKS Industrial Services Ltd., Halesowen:</i>	www.eriks.co.uk
ERIKS Industrial Distribution, Halesowen	www.eriks.co.uk
ERIKS Transportation	www.eriks.co.uk
ERIKS Electro Mechanical Services, Dudley	www.eriks.co.uk
ERIKS Integrated Solutions, Bitteswell	www.eriks.co.uk
ERIKS Sealing Technology, Dudley	www.eriks.co.uk
Revolvo Ltd., Dudley	www.revolvo.com
ERIKS Export	www.eriks.co.uk
ERIKS Hose Technology, Slough	www.eriks-hose-technology.com
Seals, Packings & Gaskets Ltd., Barnsley	www.SPG-gaskets.co.uk
<i>ERIKS International Ltd., Halesowen:</i>	
ACE Bearings and Power Transmission, Walsall	www.eriks.co.uk
Export Services, Halesowen	www.eriks.co.uk
ERIKS s.r.o., Bratislava, Slovakia	www.eriks.sk
ERIKS s.r.o., Litvinov, Czech Republic	www.eriks.cz
ERIKS Nigeria Ltd., Lagos, Nigeria	nigeria.eriks.co.uk
ERIKS Ireland Ltd., Dublin, Ireland	www.eriks.ie
<i>Econosto UK Ltd., Leicester</i>	www.econosto.uk.com

Branches and on-sites (approx. 200)

Sealing technology

Power transmission

Flow technology

Tools and maintenance products

Electromechanical services and condition monitoring

Integrated solutions

Rest of Europe

ERIKS Poland

Passerotti Sp z.o.o., Bielsko-Biala, Poland

www.passerotti.com.pl

Branches (7)

Sealing technology

Flow technology (valves and instrumentation)

Mechanical power transmission

ERIKS France

ERIKS sas, Trappes

www.eriks.fr

Vemoflex France Sud eurl, Chassieu, France

www.vemoflex.be

Vemoflex France Nord sarl, Cheminot, France

www.vemoflex.be

Sealing technology

Flow technology

Power transmission

ERIKS Spain

Econosto Ibérica S.A. with branches in Barcelona, Madrid,
San Sebastian, Leioa and Tarragona

www.econostoiberica.com

Flow technology

ERIKS Scandinavia

Valtor Offshore A/S, Esbjerg, Denmark

www.valtor.dk

Flow technology

ERIKS Seals & Plastics, USA

ERIKS Southwest, Inc., Ft. Worth, TX

www.eriksusa.com

ERIKS Midwest, Inc., New Berlin, WI

www.eriksusa.com

ERIKS West, Inc., Seattle, WA

www.eriksusa.com

Turpen & Associates, Inc., Tulsa, OK

www.turpen.com

Sealing technology

Industrial plastics

Power transmission

ERIKS Flow, USA

Rawson, Inc., Houston, Texas

www.rawsonlp.com

The Newdell Company, Houston, Texas

www.newdellco.com

Diamond Gear Company, Houston, Texas

www.diamond-gear.com

Rawson Mexicana

www.rawsonlp.com

Flow technology

ERIKS Middle East

Econosto Mideast bv with branches in Dubai, Abu Dhabi, Sharjah, Qatar, Saudi Arabia, Kazakhstan, Pakistan and India	www.econosto-mideast.com
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Flow technology

ERIKS South-east Asia

ERIKS Pte Ltd, Singapore	www.eriks.com.sg
Econosto Singapore Pte Ltd, Singapore	www.econosto.com.sg
ERIKS sdn bhd, Kuala Lumpur, Malaysia	www.eriks.com.my
Econosto Malaysia Sdn Bhd, Kuala Lumpur, Malaysia	www.econosto.com.my
Econosto Shanghai Ltd, Shanghai, China	www.econosto.com

Sealing technology

Flow technology

ERIKS International

Other countries	www.eriks.co.uk/international
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Power transmission

Tools and maintenance products

www.eriks.com

ERIKS nv

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know-how makes the difference

ERIKS