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**ABENGOA**

National Securities Market Commission (CNMV)  
Paseo de la Castellana, nº 19  
28046 Madrid  
Markets Division  
FAO: Mr. Felipe Izquierdo.

Ref.: Other communications

Seville, 11 May 2001

Dear Sirs,

In accordance with our telephone conversation today, I have attached, as on previous occasions, a copy of the analyst presentation made yesterday to the Spanish Institute of Financial Analysts (Instituto Español de Analistas Financieros).

This Power Point format document has also been sent today by E-mail.

Yours faithfully,

[Signed]

[Stamped: Abengoa, S.A. Jesús Pérez Rodríguez, General Secretary]

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**ABENGOA**

**Your partner in Technical Solutions and Resources**

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March 2001

## **ABENGOA**

## **Definition**

Founded in Seville in 1941. It is an industrial and technology company that provides solutions for sustainable development, information and knowledge society and the creation of infrastructures.

ABENGOA

Bioethanol – Environment - Systems and Networks - Engineering and Industrial Construction

Sustainable Development - Information and knowledge society - Creation of infrastructures

**Abengoa operates in four different areas.**

Bioethanol → Production of Ethyl alcohol from vegetable products (cereals, biomass). The alcohol (bioethanol) is used in the manufacture of ETBE (a fuel component) or it is mixed directly with petrol or diesel. Therefore reducing net CO<sub>2</sub> emissions (greenhouse effect) as it is a renewable energy.

Environment → Management and treatment of industrial wastes (metallic, non-metallic, livestock and others) and water. Construction of hydraulic and environmental engineering projects.

Systems and Networks → Integration of telecommunications networks: turn-key telecommunication projects; co-location of telecommunications equipment (Carrierhouse); hosting for internet servers (Data house).

Systems Integration: We have proprietary technology for designing, producing and operating information and control systems for clients from the energy, environment, traffic, transport and naval sectors.

Engineering and industrial construction → Engineering, construction and maintenance of electrical, mechanical and instrumentation infrastructures for the energy, industry, transport and service sectors. Development, construction and operation of industrial and conventional energy plants (co-generation and combined cycle) and renewable energy plants (bioethanol, biomass, eolic, solar and geothermic).

Consolidated data (Millions Pesetas / Millions Euros)

	<b>2001 (P)</b>	<b>% variation</b>	<b>2000</b>	<b>% variation</b>	<b>1999</b>
Sales:	233,799 □1,405	+20%- 15%	200,424 □1,204.6	+39.0	144,122 □866.1
EBITDA (*):			21,014 □126.3	+43.0	14,694 □88.3
% EBITDA /Sales:			10.5%		10.2%
Net profit attributable to controlling company	6,906 □41.5	+18%- 15%	6,012 □36.1	+64.9	3,645 □21.9
Net cash flow: (Net profit+Amortization+Provisions)			14,780 □88.8	+59.8	9,250 □55.6
Total assets			313,708 □1,885.4	+57.4	199,317 □1,197.9
Shareholders' equity			50,250 □302	+50.5	33,379 □200.6
Financial debt / Equity:			0.59		-0.61
EBITDA / Net interest income:			6.18		-5.11

(\*) EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation

**Performance of the four Business Groups**

Millions pesetas / Millions Euros

	Sales 00	% total %Δ	Sales 99	% total	EBITDA 00	% total %Δ	EBITDA 99	% of total
Bioethanol	6,937 □41.7	3.5% 1.548 %Δ	421 □2.5	0.3%	1,098 □6.6	5.2% 1.616%Δ	64 □0.4	0.4%
Environment	32,217 □193.6	16.1% 230%Δ	9,753 □58.6	6.8%	4,484 □26.9	21.3% 266%Δ	1,225 □7.4	8.4%
Systems and Networks	52,765 □317.1	26.3% 51%Δ	34,970 □210.2	24.3%	6,859 □41.2	32.6% 52%Δ	4,500 □27.0	30.6%
Engineering and Industrial Construction	18,505 □652.2	54.1% 10%Δ	98,978 □594.9	68.6%	8,573 □51.5	40.8% -4%Δ	8,905 □53.5	60.6%

**ABENGOA****Non-domestic activity**

(Exports and sales by local companies)	2000			1999		1998	
	Millions pesetas	Millions Euros	%	Millions pesetas	%	Millions pesetas	%
Latin America	59,077.3	355.1	29.4	57,671.5	40.0	58,212.0	44.6
Europe (rest)	12,723.3	76.5	6.3	6,953.8	4.8	4,001.2	3.1
Africa	2,367.0	14.2	1.2	2,060.5	1.4	1,156.1	0.9
Asia	1,761.6	10.6	0.9	776.6	0.6	3,496.5	2.7
<b>Total non-domestic</b>							
Total non-domestic	75,929.2	456.4	37.8	67,462.4	46.8	66,865.8	51.1
- Local	42,170.8	253.5	21.0	45,284.0	31.4	44,443.6	34.0
- Export	33,758.3	202.9	16.8	22,178.4	15.4	22,422.2	17.1
<b>Spain Total</b>							
Spain Total	124,495.0	748.2	62.2	76,659.6	53.2	63,780.2	48.9
<b>Consolidated Total</b>							
Consolidated Total	200,424.2	1,204.6	100.0	144,122.0	100.0	130,646.0	100.0

This area contributed 29.4% of total group sales in 2000 compared to levels greater than 40% in the last three years.

- Solid presence for more than 30 years.
- Use of local companies
- Reduced financial risk
- Reduced exchange-rate risk
- Traditional activities
- Managed under standard group policies

Dominican Republic – Sales: 5.3 million Euros

Puerto Rico – Sales: 10.8 million Euros

Mexico – Sales: 127.4 million Euros

Trinidad/Tobago – Sales: 4.5 million Euros

Ecuador – Sales: 3.4 million Euros

Brazil – Sales: 63.6 million Euros

Peru – Sales: 30.8 million Euros

Chile – Sales: 6.6 million Euros

Uruguay – Sales: 36.6 million Euros

Argentina – Sales: 61.7 million Euros

Others – Sales: 4.3 million Euros



**Average Workforce 2000**

Total 9,590 (100%)

6,322 (66%) Unskilled workers and auxiliary personnel

1,722 (18%) Certified engineers and qualified personnel

823 (9%) Technical personnel

723 (7%) Administrative personnel

Number of direct employees 2000: Spain 5,562 (58%), Non-Spain (4,028 (42%).

## **ABENGOA**

## **Clients**

The large majority of Abengoa clients are private companies, of which only Telefónica constitutes more than 2.5% of the group's sales.

## ABENGOA

Bioethanol / Environment – Sustainable development  
Systems and Networks – Information and knowledge society  
Engineering and industrial construction – Infrastructure creation

## Corporate area

Corporate services – Human resources – Economic/Financial – Systems and Organisation  
– Legal and Risks

Corporate functions – Synergy and value creation – Planning – Control and budgeting –  
Financial co-ordination – Human resources policies – Corporate systems – Market  
development – Corporate development and R&D&I

## Latin America

Abengoa has had a solid presence in this market for more than 30 years via local companies that carry out all the activities of the Business Groups with operational autonomy and applying Abengoa central management policies.

- Each Business Group has a lead company that allows it to approach the capital markets to finance its growth. Abengoa acts directly as the lead company in various activities (Bioethanol and Strategic Corporate Development).
- Under Corporate Development Abengoa takes financial or technological positions in new business areas or in previously established areas. It is responsible for the co-ordination of new activities as well as R&D&I. This strategic management role gives Abengoa a single company structure, comprising several Business Groups.

#### Corporate Area

Corporate Services → Human Resources – Economic/Financial – Systems and Organisation – Legal and Risks

→ Corporate functions - Synergy and value creation – Planning – Control and budgeting, Financial co-ordination – Human resources policies – Corporate systems – Market development – Corporate development and R&D&I.

- Abengoa develops corporate strategies to achieve its objective of maximising shareholder value. It therefore directs and co-ordinates the operations of the four Business Groups by means of:
  - Creation of strategic corporate objectives (short, medium and long term).
  - Establishing management processes that promote value creation (objectives for the Business Groups, their financial planning, strategic planning, technological development, system for measuring results, compensation policy, etc.)
  - Continuous revision of process efficiency.
  - Optimal structure for financial resources, technical resources, human resources, ... assignment.
  - Communication - Internal information interfaces (standardization of management policy etc.). External information (Communication with the market, shareholders, principal clients) of changes in strategy, achievement of objectives, etc.

- The whole of Abengoa is supported via several corporate systems that comprise various common management processes and that produce synergies and create value by being employed across all Business Groups.
  - Common system for managing sales policy and the co-ordination of clients and markets.
  - Common system for R&D&I development. (Each Business Group carries out its own research, development and innovation work but it is co-ordinated under the corporate management to avoid duplication, to combine efforts and set priorities).
  - Common financial policy. The raising of funds, control of risks and treasury management is managed under a twin structure with the responsibility of each business on one side and by corporate risk control systems and centralised treasury on the other.
  - Corporate management system for legal, tax and risk control areas.
  - Common policy for human resources, training, compensation and careers.
- The network of local companies in Latin America, co-ordinate directly via Abengoa at the service of the Business Groups, as local partners in the operation of their businesses.

## **ABENGOA**

## **Growth Strategy**

- Growth Strategy
- Investment program
- Outlook for the Business Groups

Development of activities with increased growth and added value →

Bioethanol →      Leader in Europe  
Development of new technologies  
Developing the market

Environment →      Leader in industrial waste  
Provision of comprehensive environmental service to clients

Systems and Networks →  
Leader in systems and networks integration in the energy, environmental, transport and telecommunication markets.  
Progress in new technology, infrastructure and internet content businesses.

Maximise profitability of traditional businesses →

Consolidate international presence outside of Latin America  
Promote greater value-added activities



**Bioethanol****Objectives**

- **Leader in Europe through Ecocarburantes Españoles and Bioetanol Galicia.**
- Incorporation of new technologies to reduce production costs by the use of biomass (BCI).
- Development of ethanol demand in Spain via two approaches
  - Agreement with Repsol and Ebro-Puleva for blending with petrol
  - Investment in R&D&I for blending with diesel
- Presence in other European markets: Portugal, Sweden, Ireland and United Kingdom
- Gradual establishment in Latin America
- Development of biorefinery (Post-oil industry): Manufacture of chemical compounds from biomass using biotechnology processes, that to date have been derived from petrol
- Assessment of distinct sub-products by means of biotechnology processes.

**Bioethanol**

Support for new energies →

The Energy White Paper states that 12% of the energy consumed by the European Union by 2010 must originate from renewable energy resources (currently less than 6%).

There is plenty to do in Europe →

By 2010, Biofuel production will be 18 METP (equivalent to 22,000 million litres/year of Bioethanol).

The Green Paper on energy supply security indicates that by 2020, 20% of transport fuel will come from renewable sources. This would signify a requirement for 1,500 plants in Europe, such as the one in Cartagena, in order to meet demand.

... and in the United States →

They currently produce 5,000 million litres/year and expect this to triple in the next few years.

**Bioethanol**

Expected production

*Gráfico:*

Millions of litres / year

*Cuadro:*

Status

Product sales contract

Tax revaluation

Construction permission approved

Europe 2

Europe 1

Biocarburantes Andaluces

Biocarburantes Castilla y Leon

Biocarburantes fuel Galicia

Ecocarburantes

In 2004 production will be 426 million (only three plants in Spain)

In 2005 Biofuel Andaluces and Europe 1 will start production

In 2006 Europe 2 will be included (50 million)

**Environment**

## Objectives

1. Metallic wastes

- Aluminium → Expansion in Europe and USA via strategic alliances or acquisitions
- Zinc → Doubling the current capacity by construction of a new steel powder treatment plant to recover zinc with a capacity of 100,000 metric tonnes.

2. Non-metallic industrial wastes

Complete the product range by opening new centres, so that a comprehensive service can be offered to waste generating industries.

3. Water

Growth in the construction of hydraulic and water treatment projects taking advantage of the growth in infrastructure investment (National Water Plan, European Funds, ...)

4. Latin America

Presence in the most developed countries in the environmental sector (Argentina, Chile, Uruguay, Brazil, Mexico...). In Argentina an industrial waste treatment plant is currently managed and a security depositary.

Strategic vision for Nueva Befesa →

- Leader in integrated environmental services
- Developing its capacity
  - Technological capacity
  - Identify acquisitions and alliances
  - Relationship network

3 platforms	Consolidate current businesses	+	New Markets and development of new activities	+	Create new opportunities
Recycle Metallic Wastes	European Secondary Aluminium		European saline slag		American saline slag
	Special saline slag		European steel powder		
	Spanish steel powder				
Non-metallic wastes	Consolidate leadership in Industrial wastes		New installations in Europe		New techniques
			Acquisition		
			Latin America		
Environmental Engineering	Water projects in Spain		Latin America		New technologies
	Purifying plant, Desalinating plant and sewage treatment stations				
	Solid Urban Wastes				



## **ABENGOA**

Befesa Today



Nueva Befesa

### **From**

Principally national company

Significant presence in specific niche markets

Operation and production focussed

### **To**

International company: Europe,  
Latin America, USA

Comprehensive waste  
management service for its  
industrial clients

Client focussed

**Abengoa – Befesa integration**

Abengoa – Befesa

**Industrial waste recycling** → Non-metallic PCB equipment – Environmental platform  
– Non-metallic used sulphurous oils – Metallic, Aluminium and Zinc

**Non-industrial waste recycling** → Urban solids – livestock waste – plastics

Environmental projects and services → Hydraulic construction projects – Water  
treatment – Environmental engineering

Complementary activities and markets



**Systems and Networks**

Objectives

- Leading supplier of system and network integration for target vertical markets: energy and environment, transport and telecommunications, Europe and Latin America in Spain.
- Telvent seeks to be the leading value creator of innovative business concepts based in technology, infrastructures and content.

TELVENT	
<b>Shared services</b> Administration Operations, quality and systems Human resources	<b>Innovation Factory</b> Energyworkspace.com Home automation (Santel)
Systems integration	Networks integration
Energy and Environment SAINCO	Projects ABENTEL
Traffic and transport SAINCO TRAFICO	Co-location CARRIERHOUSE
Defence SAINSEL	Data housing INTERNET DATAHOUSE
Iberia + Latin America + Asia/Europe	

The Innovation Factory allows the convergence of the integration businesses with innovative internet models (ASP) to be accelerated in new geographical markets.

**New Businesses**

**Carrierhouse** → Purpose built space (co-location) and value-added services for telecommunications operators. More than 50,000m<sup>2</sup> in Madrid, Barcelona and Lisbon (Q4 2000). The next phase is expansion to Latin America.

**Internet Datahouse** → Housing, connectivity and management platform for hosting "dotcom" company servers, ISPs, ASPs. A leading data centre operating in Madrid. The next phase is geographical expansion.

**Telvent Interactiva** → Systems integration for internet as a support to the remaining businesses. It has two fields of expertise: Java Centre (with Sun Microsystems) and WAP development Centre (agreement with Ericsson).

**Content** → Development and management of vertical portals in the energy, environmental and traffic sectors for ASP and B2B services. The first portal in operation is energyworkspace.com developed by the company ISI (40%, 1,500m Peseta investment).

*Gráfico 1: Sales forecast (millions of Euros)*

*Gráfico 2: Estimated revenue distribution by business area (%)*

2000

Traffic and transport 28.6%

Co-location and data-housing 2.3%

Energy and Environment 29.7%

Networks and others 39.4%

2003 (E)

Traffic and transport 20.6%

Co-location and data-housing 18.3%

Energy and Environment 23.7%

Networks and others 37.4%

**Engineering and Industrial Construction**

Objectives → Growth through new products and competitive improvements

- Solid international presence → Latin America, North Africa and Asia
- Incorporation of increased value-added products → Construction of combined cycle and renewable energy plants (Bioethanol, Biomass, Solar and Geothermic)
- Increasing flexibility and improvements in the production structure → Growth in internet use

- Abengoa's strategy is based on utilizing the cash flow generated by traditional activities operating in three large growth markets: Infrastructures, environment and communications.

Infrastructures → (Cash Flow) Environment – Communications

Engineering and industrial construction – Environment – Bioethanol – Systems and Networks

Mature business – Solid client base – Stable cash flow

Recurrent revenues (Dividends + O&M)

Greater margins – Growing businesses

	Millions of Euros	1999 accumulated	2000 accumulated	2001 (E)	2001 accumulated
Strategy focus	Bioethanol	25.5	43.4	23.4	66.7
	Environment	42.1	322.8	14.8	337.6
	Systems and Networks	43.5	55.3	20.4	75.8
	Engineering and industrial construction	35.8	53.4	23.8	77.2
		146.6	474.9	82.4	557.3

- The strategy is based on growth in the areas with greatest margins: Systems and Communications, Environment and Bioethanol.

*Gráfico:* % Sales      % EBITDA

Bioethanol

Environment

Systems and Networks

Engineering and industrial construction

Growth + balanced structure by area

*Gráfico1:* Sales – Millions Pesetas – Millions Euros

*Gráfico2:* EBITDA

*Gráfico3:* Profit attributable to controlling company (*ó Profit attr. to contr. Co.*)

*Gráfico4:* Net cash flow

*Para conseguir el formato inglés, en cada gráfico: quitar los puntos en el formato de cada año. En los números, reemplazar los puntos con comas y las comas con puntos.*

## Bioethanol →

- Leader in Europe
- European Union momentum
- EU directive on supply security

## Environment →

- Metallic wastes: Leader. Increase international activity
- Industrial wastes: stricter development legislation
- Environment: Government infrastructure plan 2000-2006, National Water Plan Fund: 19 billion pesetas. (30% of European funds)

## Systems and Networks →

- Infrastructure of new telecommunications operators
- New businesses for traditional clients (Carrier House, Datahouse)
- Outsourcing of services for traditional operators

## Engineering and industrial construction →

- Energy generation projects
- Development of new markets



## **ABENGOA**

## **Change in market capitalisation**

*Gráfico:* Millions of Ptas

Abengoa's market capitalisation has increased nearly 5 times since the 1996 IPO.

- Abengoa has strong growth prospects both in terms of sales and margins.

Attraction of business

Growth

Increase in margins

Systems and Networks

Bioethanol

Environment