

Latin America



## Latin America

In 2004, the crisis-hit economies in the region began to recover and, therefore, it is only to be expected that 2005 will be the year of their definitive consolidation, leading to new infrastructure projects in the markets in which Abengoa is active through its local companies.

During the year, the Latin America Business Unit continued to consolidate its presence in Latin America by applying its policy of diversification by countries and products, which enabled the setting up of new companies, entry into new markets, and the manufacturing of new products to meet market demands.

The objectives set for 2004, by the Latin America Business Unit, were met, and have contributed significantly to Abengoa's consolidated Balance Sheet.

### Teyma Abengoa (Argentina)

The company maintained its presence in the Argentinean Market, and achieved greater diversification and expanded its customer base.

Customers and executed works:

- Yaciretá Binational Body: design, construction and industrial installations.
- Compañía de Teléfonos del Interior (CTI): property management, detailed engineering, civil works and erection of 600 radio-link sites.
- Telefónica de Argentina: public telephone works.
- Other customers: Transener, Repsol YPF, Transba, Nortel.



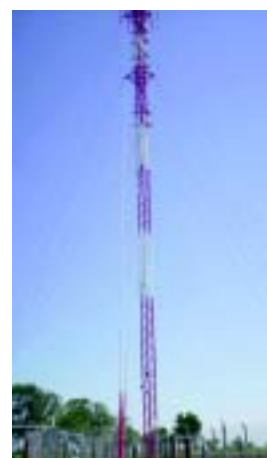
The Quality Management System was re-certified in accordance with standard ISO 9001:2000, and implementation of the Environmental Management System according to standard ISO 14001 advanced. Its certification is scheduled for during the first quarter of 2005.

### Befesa Argentina

Plants in Pacheco and Campana. Industrial wastes carrier and handler.

Customers and executed works:

- Edesur, Dupont, Daimler Chrysler, PBB Polisor-Dow Chemical, Dana Argentina, Monsanto and Unilever: PCB conditioning and exportation. New contracts with Coca-Cola, FEMSA of Buenos Aires, Pilkington Automotive Argentina, Edesur, Metrovías.
- Operation Alfa Laval Plant and US Filter Plant: hydrocarbon recovery plant Slop Oil unit, tank 265. Catre area waste collection and treatment, at La Plata refinery, for Repsol YPF.
- Government of the city of Buenos Aires: conditioning of thallium sulfate and lindane waste.
- Daimler Chrysler, Ford, Peugeot-Citroen, Toyota Argentina and Volkswagen (Automobile



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Industry), Esso, Repsol YPF and Shell CAPSA (Oil Industry), Bayer Argentina, Lanxess, Raffo, GlaxoSmithKline Argentina, Cardinal Health (Pharmaceutical Laboratories), Rohm & Hass, TFL, Procter&Gamble (Chemical Industry): collection, incineration, inerting and final disposal at a security deposit.

Befesa Argentina continued to work on improving its Integral Management System, based on standards ISO 9001 and ISO 14001, which were re-audited by TÜV Rheinland on December 2 and 3, during the 1<sup>st</sup> Follow-up Audit.

Licenses and authorizations obtained and/or renewed during the year:

- Pacheco Facility: annual environmental certificate.
- Campana Facility: special authorization certificate and annual environmental certificate.
- Handler/exporter: annual certificate.
- Carrier: annual environmental certificate, industrial and hazardous waste carrier, and special authorization certificate, non-hazardous industrial waste carrier.

### Abengoa Chile

Important projects were completed and others commenced, while the recurrent telephone network and high-voltage line maintenance works continued.

Customers and executed works:

- HQI Transelec: transformation to 500 kV high voltage line of the 2 x 220 kV Charrúa-Ancoa 1-2 lines, and terminations of the 1 x 220 kV

- Charrúa-Ancoa 3 high voltage line, and replacing of conductors at SET Antuco.
- Chilectra: route modification of the 110 kV Cerro Navia-Renca line.
- Minera Collahuasi: construction of the filter yard, belts sector.
- Aguas Andinas: El Monte sewage system.

In progress:

- Endesa Chile: Optic fiber links for Maule power plants.
- Codelco Norte Chuquicamata: relocation of 100 kV electric feeders, line 4 Tocopilla-km 6, and the Chuquicamata-Calama Line, and contract no. 25064-TK-04 electric substation, 13.8 kV distribution and mine loop.
- Minera Collahuasi: southern distribution system.
- HQI Transelec: 1 x 220 kV Charrúa-Chillán line and repair of the 2 x 220 kV Tarapacá- Lagunas line.
- Codelco División el Teniente: assembly and commissioning of the Diablo Regimiento project ventilation system.
- BDS: Pichincha freshwater well system, Inca and Coposa pavilion at Collahuasi Mine.
- Codelco Norte Chuquicamata: installation of the third 220/110 kV auto-transformer in consortium with Siemens Chile, Siemens Brazil and Siemens AG.
- Esva: Héroes del Mar drinking water networks.



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### Recurrent activities:

- Chilectra: maintenance and minor works on high-voltage lines. Contract SOT-SOC 2004/08.
- Telefónica CTC Chile: external plant and service order works. Contract PRI 47.

### Certifications:

Renewal of the ISO 9001:2000 Quality Management certificate and ISO 14001 Environmental management certificate.

Risk Prevention Management (OHSAS 18000) certifying process under way.

### R&D activities:

Activities continued within the framework of the bioethanol development project, study of key variables of the hydrolysis and fermentation process, in collaboration with Universidad de Concepción and CORFO.

### Befesa Chile

An industrial waste treatment plant at study stage. Integral waste treatment for mining companies. Contract with Minera Noronda for waste management and treatment.

### Teyma Uruguay

Subsequent to the crisis the country went through, Teyma Uruguay met the objectives established for 2004, doubling 2003's billing figures, and the workforce returned to an average of one thousand employees.

### Customers and executed works:

- Montevideo City Corporation (IMM):
  1. Sewage network rehabilitation and recovery works, strengthening of collectors and piping replacement on the Arteaga network.
  2. Road repair and paving works in Montevideo.
  3. Pumping stations, Cañada Jesús María, Colón and Pantanoso pressurized pipelines and Pantanoso main collector.
  4. Rehabilitation of the Teatro Solís prior to contracted dates.
  5. Through Consorcio Ambiental del Plata (CAP), in a 1,210 ha area with a population of 150,000,



household refuse collection service, street cleaning and removal of material to final destination. Innovative collection system employed.

- Obras Sanitarias del Estado (OSE): liquid waste treatment plants in the city of José Pedro Varela, with three pumping stations and their respective pressurized pipelines. Enlargement of the city of Florida's sewage network. Treatment of the Arroyo Carrasco catchment basin.
- Banco Hipotecario del Uruguay: design, project and construction of the "curtain wall" for head offices façade change, including the disassembly of more than 3,000 pieces of reinforced concrete (1,000 kg each).
- Gaseba Uruguay: project and installation of polyethylene pipes, household connections with their respective regulating systems.
- Hospital de Clínicas: hanging of the "curtain wall" on the main façade.
- Administración Nacional de Usinas-UTE: improvements to the low, medium and high voltage distribution network in the Central Distribution Sector's management area.
- Corporación Vial del Uruguay: construction of the new bridge of the Arroyo las Espinas on route 10.
- MVOTMA: housing construction for passives.
- Administración Nacional de Puertos: Montevideo port infrastructure maintenance works and replacement of the water network in its northern sector.
- Chipper S.A.: chipboard stockyard at La Tablada.
- Ence-Eufores: construction of the new chipboard



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stockyard in the Peñarol district of Montevideo. Construction of workshop and changing-room building at the logistics terminal of M Bopicua, in Fray Bentos. Enlargement of the chipboard plant at Young.

- Ambev: construction of a new brewery and a liquid waste treatment plant (partnership with Abengoa Peru).
- Servicios Forestales: through its subsidiary Pandelco, with a 10% market share, crop services for the country's main operators.

Teyma Uruguay and its subsidiaries Pandelco and CAP are the only companies in Uruguay to simultaneously hold the ISO 9001 Quality, ISO 14000 Environmental and UNIT 18001 Occupational Health and Safety certificates.

### Abengoa Mexico

23 years after its arrival in Mexico, Abengoa maintains its position as one of the main transmission line and electric substation electromechanical installations integrator companies for the Comisión Federal de Electricidad (CFE).

Abengoa México also participates in infrastructure projects for Petróleos Mexicanos (Pemex), and in the water treatment and management market.

Customers and executed works:

- Comisión Federal de Electricidad (CFE): 55 TL transmission network for the Baja California Sur I CCPP (contract: PIF 001/2003), execution of the works required for the construction and installation of two transmission lines, 230 kV and 115 kV, length 49.6 km-C; two substations, 230 kV and 115 kV with total capacity of 133.3 MVA; ten high voltage feeders in the State of Baja California Sur (consortium formed by Abengoa México, Elecnor, S.A. e Isolux de México).
- Comisión Federal de Electricidad (CFE): 28 TL network associated with Altamira II, III y IV (3<sup>rd</sup>



phase) (contract: PIF 018/2002), execution of the works required to construct and install three 400 kV transmission lines, total length almost 291 km, in the states of San Luis Potosí, Zacatecas, Jalisco and Aguascalientes (Abengoa México and Elecnor, S.A. consortium).

In progress:

- Comisión Federal de Electricidad (CFE): 104 SLT 706 Sistemas Norte (1<sup>st</sup> phase), execution of the works required for the construction and installation of eleven transmission lines – 230 kV, 138 kV and 115 kV, total length almost 432.8 km, and ten transformation substations – 400, 230, 138 and 115 kV, with a total capacity of 1,533.33 MVA, 18.0 MVAR, of the inductive type, and thirty feeders, in the states of Coahuila, Chihuahua, Durango and Baja California Norte. Contracted value: US\$ 78,249,980.25.
- Mitsui de México: substation for a combined cycle in Valladolid (Yucatan). For the 500 MW combined-cycle plant being constructed by Mitsui-Toshiba-ICV for the CFE, in the city of Valladolid (Yucatan), construction of the electric substation that links the power plant and CFE's electric substation.



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### Befesa Mexico

Its establishment process in the country continues through the development of all its business activities.

It has presented a contaminated land remediation bid to Petróleos Mexicanos (Pemex).

### Comemsa (Mexico)

Its factory is at full production capacity and it has greatly improved on the expected performance ratios. Its main objective for 2005 is to consolidate its entry on the North American market.

Customers and executed works:

- Actividades Industriales y de Servicios, S.A. (Cobra): transmission towers for Project 70 TL Rivera Maya, supply of five 400 kV dc types and three types of towers for 115 kV dc, for a total of 7,600 tons.
- Abengoa México, S.A. de C.V.: transmission towers for Project 104 TL 706 Sistemas Norte 1<sup>st</sup> phase. Design and manufacturing of towers for 230 and 400 kV, for a total of 2,900 tons.
- Elecnor, S.A.: transmission towers for Project 104 TL 706 Sistemas Norte 1<sup>st</sup> phase. Design and manufacturing of towers for 400 kV, for a total of 1,500 tons.
- Control y Montajes Industriales CYMI, S.A.: transmission towers for TL 614 and 615. Supply of fifteen types of ac and dc towers for 230 kV, for a total of 2,300 tons.
- Abengoa México, S.A. de C.V.: substation structures for Project 104 TL 706 Sistemas Norte, Herradura, Quevedo, Menonita, Durango and Cautlan substations. Design, manufacturing and supply of high and low voltage structures, for a total of 500 tons.
- Elecnor, S.A.: Valladolid substation structures – supply of high and low voltage structures, for a total of 500 tons, and Piedras Negras substation – supply of 150 tons of high voltage structures.
- Euroinsta México, S.A. de C.V.: 1,150 tons of telecommunication towers for the development of the telephone network of Telefónica Móviles de México.
- Mexsemi, S.A. de C.V.: 800 tons of telecommunication towers, for the development



of the telephone network of Telefónica Móviles de México.

- Swecomex, S.A. de C.V.: manufacturing and supply of a total of 400 tons of steel structures.

In progress:

- Control y Montajes Industriales CYMI, S.A.: TL 709, supply of seven types of dc towers for 230 kV, coming to a total of 2,000 tons.
- Control y Montajes Industriales CYMI, S.A.: TL 615 b supply of four types of towers for 230 kV, coming to a total of 100 tons.
- Inabensa, S.A.: Cóbano, Palmar and Cahuita substations (Costa Rica). Supply of a total of 270 tons of high and low voltage structures.

### Abengoa Peru

In a small and highly competitive market, Abengoa Peru increased its customer portfolio and expanded its activities, increasing its capacity to offer and executing projects under alliances with other local companies and Abengoa. This situation allows it to look to a very promising 2005.



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### Customers and executed works:

- Red de Energía del Perú S.A.: changing of the Lima Zapallal-Chimbote 1 conductor to 220 kV.
- Electronorte S.A.: remodeling of distribution networks and rehabilitation of low voltage networks in the business units of Chiclayo and branches.
- Hidrandina S.A.: expansion of the primary and secondary distribution networks, and household connections at three settlement areas. El Porvenir, three populated centers. Libertad Noroeste, two populated centers. Huanchao, province of Libertad, for 5,172 beneficiaries.
- Electrocentro S.A.: enlargement of the distribution networks in the city of Tingo María. 400 beneficiaries.
- Asociación Cultural Peruano Alemana de Promoción Educativa "Alexander Von Humboldt": construction of the youth center.

### In progress:

- Lima Airport Partners: electric substation civil works at Jorge Chávez International Airport.
- Ambev Perú: civil works at Ambev Peru's brewery, executed jointly with Teyma Uruguay.
- Codistil Dedini: effluent treatment plant at Ambev Peru's brewery.
- Banco de Materiales: edification of 1,512 single family dwellings, conditioning and paving works for the El Mirador de Pachacutec pilot project.
- Electronorte S.A.: rehabilitation of medium voltage feeders at the business units of Chiclayo, Cajamarca and branches – 2<sup>nd</sup> phase.
- Electronoroeste S.A.: 60 kV Piura-Sullana transmission line.
- Electronoroeste S.A.: remodeling of the 33 kV Zorritos-Cabeza de Vaca transmission line.
- Hidrandina S.A.: Unit VI: feeders and links at Chimbote, Casma, Huaraz, Caraz, Paiján and Chepén.
- Minera Barrick Misquichilca S.A.: electric and instrumentation works for the Alto Chicama mining project.
- Ministry of Energy and Mines: Unit I of the electric frontier expansion program, consisting of the construction of an 80 km, 60 kV transmission line and four small electric systems



in the Province of Piura which includes 855.4 km of primary lines plus primary and secondary networks and household connections for 26,268 beneficiaries.

### Quality:

Once the training, environmental evaluation and definitive documentation stages for the system had been completed, the implementation of the ISO 14001 Environmental Management System commenced for the activities at head office.

### Human Resources:

The implementation of the HHRR Management System commenced back in September 2003. It is based on the competences the work station description and classification must cover, recruiting and selection and training. The first stage was completed in 2004.

### Befesa Perú S.A.

Chilca Environmental Complex

In 2004, Befesa Peru increased its customer portfolio by more than 50% compared to the previous year and also expects to increase it again in 2005. It currently has more than 120 customers.



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During the last year, it gained important customers in the mining (Yanacocha and Antamina), oil (Repsol, Exxon Mobil, Shell, Petroperú) and electric (Edelnor, Edegel, Eletroandes, Etevensa) sectors, and, although in lesser numbers but by no means of less importance, in the pharmaceutical laboratory and analysis sector which is arranging for the management of its wastes in accordance with the legislation in force.

An important milestone in the wastes sector was the recent approval of the Regulations of the General Law on Solid Wastes No. 057-2004/SA, which enables the first steps to be taken towards putting the sector in order and also puts a stop to excessive informality, something that adds value to Befesa Peru's treatment facility. In 2005, Befesa Peru will try to capture a share of the generators sector that continues to dispose of its waste at land refill sites and dumps.

The Environmental Management System was standard UNE EN: ISO 14001 certified in June. This was an objective that had been established for 2004. Likewise, for 2005, the objective is to implement the ISO 9001 Quality Management System.

It is expected that Befesa will obtain the definitive authorization to export PCB and PCB-contaminated transformers by year-end.

### Quality:

The Environmental Management System was standard ISO 14001:1996 certified for the activities at the safety deposit located in Chilca.

The National Industries Society awarded us, through its quality management committee, the "ISO Acknowledgement" prize for having obtained the ISO 14001 certificate in 2004.

### Human Resources:

A Citizen Assistance Plan was put into practice, and is reflected through collaboration in providing breakfasts at state-run colleges, participation in school competition activities, collaboration in festivity organization in the provinces in which the company is active, and in activities as auspicious as the "Adopt an Athlete" aid program, through which the participation of an athlete in the Special Olympics of Japan 2005 was assured.



**Bargoa** (Brazil) (Manufacturer of components for the telecommunications, automobile and ancillary industries)

Bargoa continued to grow and increased its volume of business by more than 150% compared to the previous year.

Its traditional customers are Brazil's main stationary telephone operators, in particular Telemar.

On the foreign market, Telefónica de Argentina's activity was important. Our traditional USA, Japanese, Latin American and Central American countries' markets continued to be active, and the commencement of activities in the Spanish and Egyptian markets is noteworthy.

The Fundación Instituto Miguel Calmon de Estudios Sociales y Económicos awarded the company the prize for the sector's best company of Rio de Janeiro in 2003.

Important improvement works have been undertaken at our Camorim and Lagaos facilities, some of which will be completed in 2005.

Bargoa was extremely active in the development of new products, which enabled it to attend to the new needs of the market. An ambitious Product Development program has also been established for 2005.





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### Abengoa Brazil

It continues to occupy a leading position among the companies involved in Brazil's high voltage transmission lines market. Of a total of 2,869 km of contracted lines, 1,562 km are in operation (Expansión, ETIM, NTE and STE), 370 km under construction (ATE) and 937 km (awarded under competition-auction at Sao Paulo Stock Exchange are awaiting signing of the concession contract in March 2005.

Customers and executed works:

- Nordeste Transmissora de Energia (NTE) (concessionaire)-Agencia Nacional de Energia Elétrica (ANEEL): construction and operation of the 500 kV, 200 km Xingó/Angelim transmission line, and the 230 kV, 186 km Angelim/Campina Grande transmission line. In operation since January 2004.
- Sul Transmissora de Energia (STE) (concessionaire)-Agencia Nacional de Energia Elétrica (ANEEL): construction and operation of the 389 km, 230 kV Uruguaiana/Maçambará/Santo Ângelo/Santa Rosa transmission line. In operation since July 2004.
- Expansión Transmissora Itumbiara (ETIM)-Marimbondo (concessionaire)-Agencia Nacional de Energia Elétrica (ANEEL): construction and operation of the 212 km, 500 kV Itumbiara/Marimbondo transmission line. In operation since June 2004.

In progress:

- ATE Transmissora de Energia (concessionaire)- Agencia Nacional de Energia Elétrica (ANEEL): construction and operation of the 370 km, 525 kV Londrina/Assis/Araraquara transmission line.

New contracts:

- Lot A- Leilão 002/2004 (concessionaire): Agencia Nacional de Energia Elétrica (ANEEL): construction and operation of the 937 km, 500 kV Colinas/Ribeiro Gonçalves/São João do Piauí - Sobradinho/Ribeiro Gonçalves Substation transmission line. The concession contract is to be signed in March 2005.



### Befesa Brazil

Projects and documents are in the process of being studied. Its field of activity will be established in 2005.