



**Agbar**

**AGUAS DE BARCELONA**

AGBAR GROUP

**March 9, 2006**



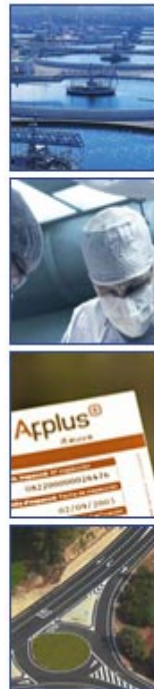
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# Agbar Group



# HIGHLIGHTS

## 2005





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# Water and wastewater & Corporate Holding




 The buildings which, up to the present time, housed the headquarters of the Agbar Group in Paseo San Juan (Barcelona) have been transferred on October 21 in favor of the Government of Catalonia:

- 💧 Transaction amount: €42.8 million
- 💧 Capital gain: about €25.2 million before taxes



 The Agbar Group sells to Hidrocartera (70% Unicaja and 30% Caja Granada) the 50% of Aquagest Sur (100% Agbar Group):

- 💧 The agreement will strengthen the presence of Aquagest Sur, S.L. in the Andalusian market. New privatization process in the coming years.
- 💧 Capital gain (before taxes): €30.9 million

 Sorea (100% Agbar Group) has acquired Aigües del Terme de Calvià (Aterca) thus reinforcing its presence in Mallorca:

- 💧 Shareholding: 69.11%
- 💧 Investment: €5 million
- 💧 Population served: 13,000 inhab.



 New contracts (January – December 2005)

- 💧 Drinking Water: 30 contracts (161,334 inhabitants)
- 💧 Wastewater Treatment: 20 plants (1,044,971 equivalent inhabitants)
- 💧 Sewerage: 15 municipalities (162,067 inhabitants)


 Renewals (January – December 2005)

- 💧 Drinking Water: 24 contracts (845,560 inhabitants). Among them: Granada (238,300 inhabitants) and Albacete (156,466 inhabitants).
- 💧 Wastewater: 17 contracts and 3 wastewater treatment plants (more than 400,000 equivalent inhabitants).
- 💧 Renewal ratio: 97%



CHILE

 **Aguas Andinas** has signed with the Government of Chile a new tariff framework for 2005 - 2009.

 **Inversiones Aguas Metropolitanas, S.A. (IAM):** Group Agbar and Suez have concluded the public offering of shares, it has been placed up 43.4% of the total shares representing its share capital, both in the Chilean (10%) and international markets (33,4%). SUEZ is no longer a shareholder in IAM, thus the new capital share structure is the following:

- 56.6% Agbar Group
- 43.4% Free-float



Total divestment for Agbar: €163 million





### BRASIL

Transmission of **Aguas de Guariroba** to a Brazilian consortium.

➡ Total amount: BRL 57 million (€21.2 million)

### ARGENTINA

**Aguas Argentinas** due to the impossibility to continue with the concession, the Government was invited to recover it. Negotiations with the Government and investors to transfer Aguas Argentinas.

**Aguas Provinciales de Santa Fe:** the water concession was given up and the company dissolved.

**Aguas Cordobesas** has reached a satisfactory agreement which makes both the company and the concession feasible.





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# Health



 **ADESLAS** has consolidated its leadership in the Spanish private health insurance market:

- 💧 Market share of 20% (leader since 2001)
- 💧 No. 1 in the ranking of the Spanish private health companies in the “MERCOS 2005” report on company reputation.

 Awarding of INISAS, a Spanish private health insurance company in Madrid, its main figures are the following:

- 💧 Total Investment: €15.8 million
- 💧 Total Revenues: €12 million (in 2004)
- 💧 Insured: 40,000 policyholders



⚡ Médéric has executed its last call option of an additional 10% of the share capital of ADESLAS, as a result AGBAR shareholding in ADESLAS amounts to 54,79%

➡ Capital Gain of €41.1 million (before taxes)

⚡ Definitive formalisation of the agreements of taking of participation of 25% in IMQ Seguros, with a call option of an additional 20% in 5 years.

💧 Price for 25% of IMQ seguros: €40.6 million

💧 Increase presence in the Basque Country with the health insurance company leader in the region.



 **Insured:** growth of 3.6%

	<u>Dec. 2005</u>	<u>Dec. 2004</u>
Private	2,033,635	1,957,790
UTE Alzira	<u>241,871</u>	<u>237,809</u>
TOTAL	2,275,506	2,195,599

 **Own and concerted clinics:**

Concerted clinics	280
Own clinics & policlinics	<u>35</u>
TOTAL	315





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## Inspection and Certification






 **Integration of Soluziona Calidad y Medioambiente and Applus+**


New shareholding structure of Applus+ in 2005:

- 75% Aguas de Barcelona
- 25% Unión Fenosa, S.A.

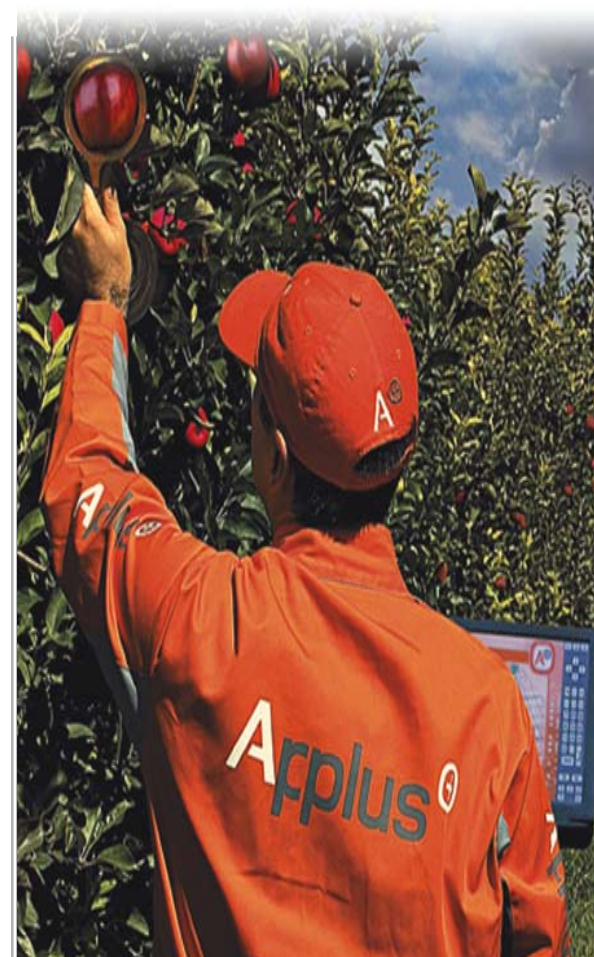
 On December 29 it was definitely formalised the agreement between Agbar, Soluziona and **Sociedad de Promoción y Participación Empresarial Caja de Madrid (Corporación Financiera Caja de Madrid)**, according that the latter **enters into the capital of Applus+** resulting in:

-  Capital increase of €133 million
-  Shareholding: 19%, which could be increased in the future up to 21.9%
-  Capital gain (before taxes): €41,6 million



 The shareholding structure of Applus+ in January 2006 is the following:

-  56% Aguas de Barcelona
-  25% Unión Fenosa, S.A.
-  19% Sociedad de Promoción y Participación Empresarial Caja de Madrid, S.A.






## INSPECTION AND CERTIFICATION - ACTIVITIES

### Vehicle and Emissions Inspections:

(n° of vehicles inspected)	Dec. 2005	Dec. 2004	Var. (%)
SPAIN	3,180,809	3,075,537	3.4%
UNITED STATES	10,694,313	9,552,547	12.0%
DENMARK	997,923	--	100.0%
OTHERS (Portugal, Argentina)	259,632	437,570	-40.7%
<b>TOTAL REVISIONS</b>	<b>15,132,677</b>	<b>13,065,654</b>	<b>15.8%</b>

- Spain's n° 1 in vehicle inspections (including emissions).
- United States: emissions inspections

 **Certification:** Inspecting, testing, designing, verifying and analyzing any product of any sector to guarantee its quality.

 **Vehicle Engineering, Testing and Homologation:**  
Applus+ IDIADA



## INSPECTION AND CERTIFICATION - Vehicle Inspection

### SPAIN:

- 💧 Purchase of 27.82% of Iteuve Euskadi thus attaining a 100% capital share. The current concession expires in 2024.
- 💧 Extension of the Catalan vehicle inspection concessions until the summer of 2007.



## INSPECTION AND CERTIFICATION - Vehicle Inspection

### INTERNATIONAL:

💧 **Denmark:** on March 2005 Applus+ was awarded of the privatization of state network of vehicle testing stations in Denmark:

- Final investment: €61.7 million
- Revenues in 2005: €45 million (9.5 months)
- Vehicle inspections in 2005: 997,923 vehicles

💧 **Chile:** start in May of the two new vehicle inspection concessions awarded in Chile.

- Chile's total vehicle fleet: 930,000 vehicles
- Inspections are compulsory and held annually

💧 **Portugal:** Applus Iteuve Portugal was sold in March  capital gain of €10.1 million.



The turnover volume (€199 million) is three times higher than the obtained in 2004:

- Integration of ACYMA Group.
- Increase in the activity of ISO 9000 and 14000 certifications.
- Energy certification of buildings, supported by the Energy Efficiency Plan 2005-2007 from the Spanish Ministry of Development.
- Strong technical and commercial boost of environmental services related to the Kyoto protocol for industry.



 Applus+ attains a shareholding of 95% in LGAI Technological Centre through a capital increase:

- 💧 Total amount: €236 million
- 💧 Mainly by the contribution of companies, the most relevant:
  - Applus+ Calidad y Medioambiente (ACYMA)
  - Labaqua







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# Construction and Installations




 Formalisation of the **agreement between Agbar and Finycar S.L. (Sorigué Group)** according to which the latter would acquire ACSA Agbar Construcción:

 Shareholding: 60% and an option to increase to 100% in two steps (two and four years later).

 Amount (100%): €50.7 million

 Capital Gain (sale of 60%): €19.6 million



 In order to reinforce the main lines of activities, three new companies joined the Emte Group:

- 💧 Omnilogic Telecomunicaciones (Systems Unit) : joined in the second half of 2004.
- 💧 The Rochina Group (Mechanical Installations Unit): reinforcing the presence in the East Coast of Spain and Murcia.
- 💧 Benito, S.A. (Electrical Installations Unit): in Madrid and as a main contractor for Iberdrola.

 The activity of facilities management was added to Emte Service in July:

- 💧 Acquisition of a division of Servihabitat XXI ("La Caixa" group).
- 💧 Main customers: General Electric Capital Bank, Inmobiliaria Colonial, Inforsystem and the subsidiaries of the insurance group of "La Caixa".







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## Economic and Financial Data



## Change in accounting standards - IFRS

In the elaboration of the consolidated financial statements, both in the present year and in the comparative previous years, the **International Financial Reporting Standards (IFRS)** were applied.

The main impact in the statement of income is in the consolidation goodwill amortization.

(Millions of euros)

	Dec. 2004 IFRS	Dec. 2004 PGC (*)	Var. (%)
OPERATING REVENUES	2,588.8	2,656.2	-2.5%
<b>OPERATING RESULT (EBIT)</b>	<b>238.0</b>	<b>247.3</b>	<b>-3.7%</b>
Financial result	(43.9)	(42.6)	3.1%
Result for asset deterioration	(30.0)	0.0	n/a
Share in results accounted for by the equity method	13.7	14.0	-2.1%
Other results	171.2	133.0	28.7%
Consolidation goodwill amortization	0.0	(24.4)	-100.0%
<b>RESULT BEFORE TAXES</b>	<b>349.0</b>	<b>327.3</b>	<b>6.6%</b>
Income tax	(82.7)	(80.1)	3.2%
<b>NET RESULT</b>	<b>266.3</b>	<b>247.2</b>	<b>7.8%</b>
Result attributed to minority interests	(50.2)	(49.2)	2.0%
<b>NET RESULT PART GROUP</b>	<b>216.1</b>	<b>197.2</b>	<b>9.6%</b>

(\*) Spanish national accounting standard

## CONSOLIDATED STATEMENT OF INCOME

(Millions of euros)

	Dec. 2005 IFRS	Dec. 2004 IFRS	Var. (%)
OPERATING REVENUES	3.123,4	2.588,8	22,3%
<b>OPERATING RESULT (EBIT)</b>	<b>321,5</b>	<b>238,0</b>	<b>35,0%</b>
Financial result	(60,4)	(43,9)	37,7%
Result for asset deterioration	(4,6)	(30,0)	-84,7%
Share in results accounted for by the equity method	13,6	13,7	-0,7%
Other results	139,1	171,2	-18,8%
<b>RESULT BEFORE TAXES</b>	<b>409,1</b>	<b>349,0</b>	<b>17,2%</b>
Income tax	(71,0)	(82,7)	-14,1%
<b>NET RESULT</b>	<b>338,1</b>	<b>266,3</b>	<b>26,9%</b>
Result attributed to minority interests	(86,0)	(50,2)	71,2%
<b>NET RESULT PART GROUP</b>	<b>252,1</b>	<b>216,1</b>	<b>16,7%</b>

International financial reporting standards adopted.

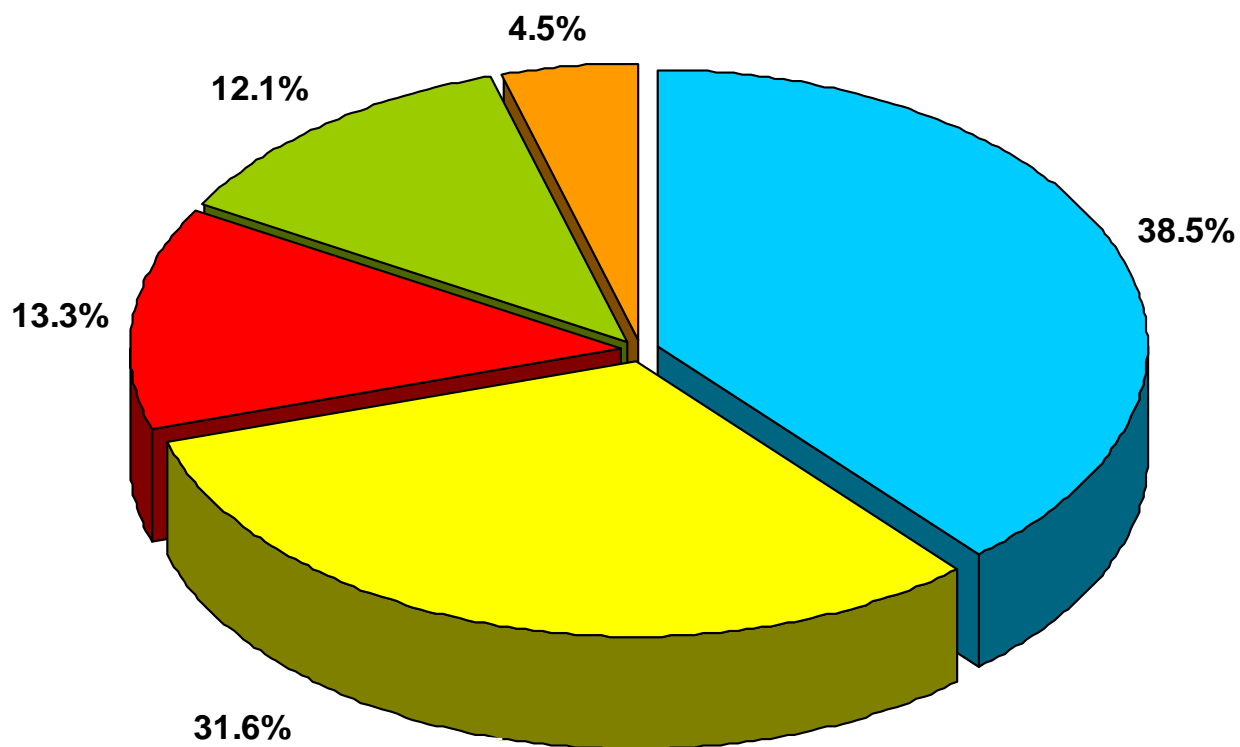
## CONSOLIDATED FINANCIAL DEBT

(Millions of euros)	Dec. 2005 IFRS	Dec. 2004 IFRS
Net wealth Group	1,549.4	1,264.2
Minority interests	1,019.8	342.0
<b>NET WEALTH</b>	<b>2,569.1</b>	<b>1,606.1</b>
Debtures payable to credit institutions and other financial debts	1,608.7	1,497.0
Short-term investments	-222.9	-101.1
Cash and equivalent liquid means	-447.7	-267.1
Adjustment financial assets value derivatives long-term (*)	-35.3	-
<b>Net indebtedness with financial institutions and investors</b>	<b>902.9</b>	<b>1,128.8</b>
Other debt (**)	102.2	115.5
<b>TOTAL NET INDEBTEDNESS</b>	<b>1,005.1</b>	<b>1,244.3</b>
<b>Indebtedness / Net wealth</b>	<b>39%</b>	<b>77%</b>
<b>Indebtedness / (Net wealth + Net indeb.)</b>	<b>28%</b>	<b>44%</b>

(\*) Corresponding to the market value of derivative instruments in hedging operations whose contra item is a higher value of the gross debt.

(\*\*) Provisions risks of Argentina

## CONSOLIDATED OPERATING REVENUES: December 2005

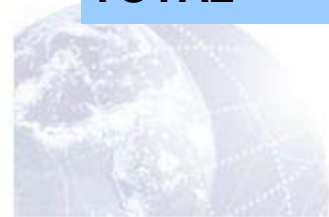


- Water and Wastewater + Corporate Holding
- Health
- Inspection and Certification
- Construction and Installations
- Businesses in progress

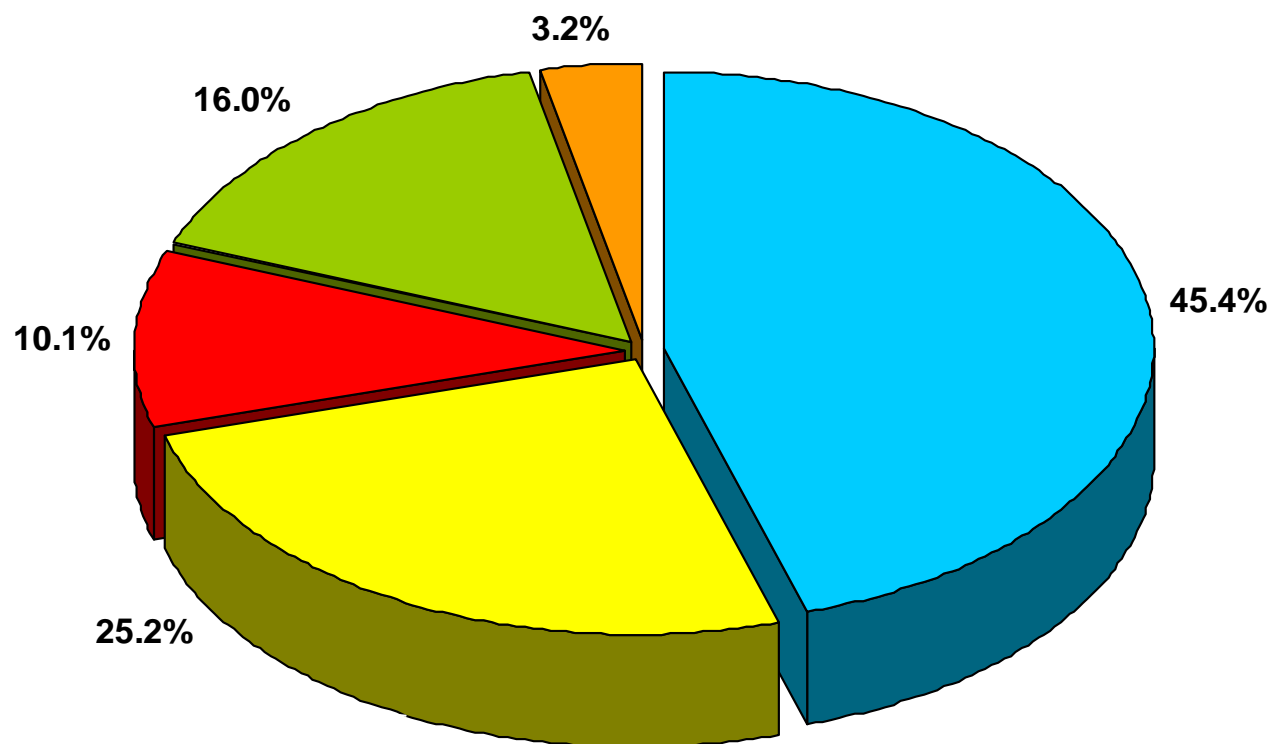
## CONSOLIDATED OPERATING REVENUES BY ACTIVITY: Evolution

(Millions of euros)

	Dec. 2005	Dec. 2004	Var. 05/04
Water and Wastewater + Corporate Holding	1,203.8	1,057.1	13.9%
Health	987.4	873.0	13.1%
Inspection and Certification	414.4	220.3	88.1%
Construction and Installations	376.4	314.0	19.9%
Businesses in progress	141.4	124.4	13.7%
<b>TOTAL</b>	<b>3,123.4</b>	<b>2,588.8</b>	<b>20.7%</b>



## AGGREGATE OPERATING REVENUES: December 2005



- Water and Wastewater + Corporate Holding
- Health
- Inspection and Certification
- Construction and Installations
- Businesses in progress

## AGGREGATE OPERATING REVENUES BY ACTIVITY: Evolution

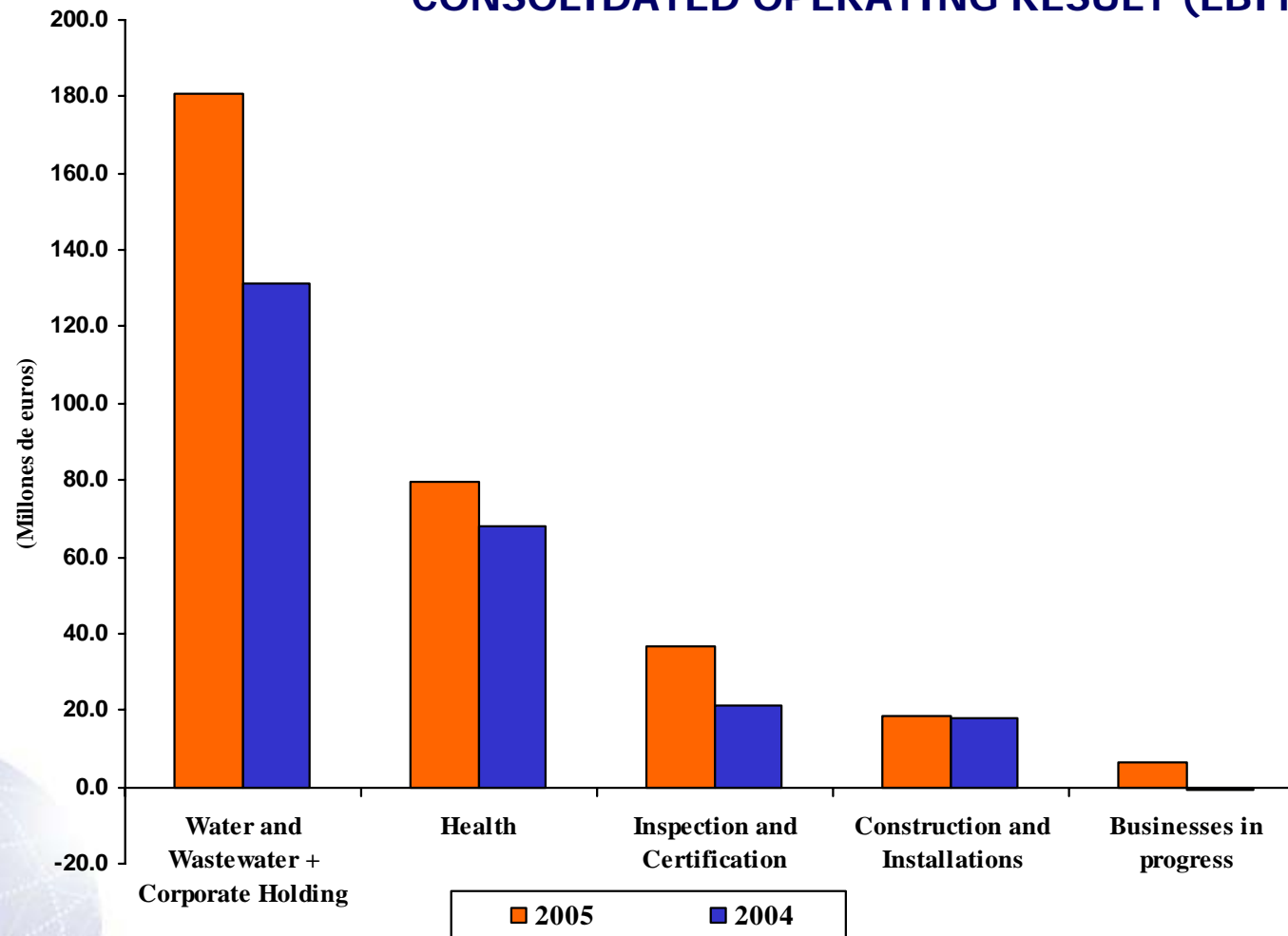
(Millions of euros)

	Dec. 2005	Dec. 2004	Var. 05/04
Water and Wastewater + Corporate Holding	2,073.5	1,827.8	13.4%
Health	1,152.3	976.2	18.0%
Inspection and Certification	463.3	222.7	108.1%
Construction and Installations	732.1	637.7	14.8%
Businesses in progress	147.9	127.8	15.8%
<b>TOTAL</b>	<b>4,569.2</b>	<b>3,792.2</b>	<b>20.5%</b>





## CONSOLIDATED OPERATING RESULT (EBIT): Evolution



## CONSOLIDATED OPERATING RESULT BY ACTIVITY: Evolution

(Millions of euros)

	Dec. 2005	Dec. 2004	Var. 05/04
Water and Wastewater + Corporate Holding	180.7	131.4	37.5%
Health	79.6	68.1	17.0%
Inspection and Certification	36.4	21.1	72.3%
Construction and Installations	18.5	17.9	3.3%
Businesses in progress	6.2	-0.5	n/a
<b>TOTAL</b>	<b>321.5</b>	<b>238.0</b>	<b>35.0%</b>





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**Grupo Agbar**

