
# TELVENT

## FY 2004 Earnings Report and 2005 Guidance

March 31, 2005

# Forward-Looking Statement

This presentation contains forward-looking statements and information relating to Telvent, that are based on the beliefs of its management as well as assumptions made and information currently available to Telvent. Such statements reflect the current views of Telvent with respect to future events and are subject to risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of Telvent to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic, political, governmental and business conditions globally and in the countries in which Telvent does business, changes in interest rates, changes in inflation rates, changes in prices, changes in business strategy and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or targeted. Telvent does not intend, and does not assume any obligations, to update these forward-looking statements.

# Agenda

1. 2004 Business Highlights
2. Financial Overview
3. Segment Discussion
4. 2005 Guidance
5. Summary

# 1. 2004 Business Highlights

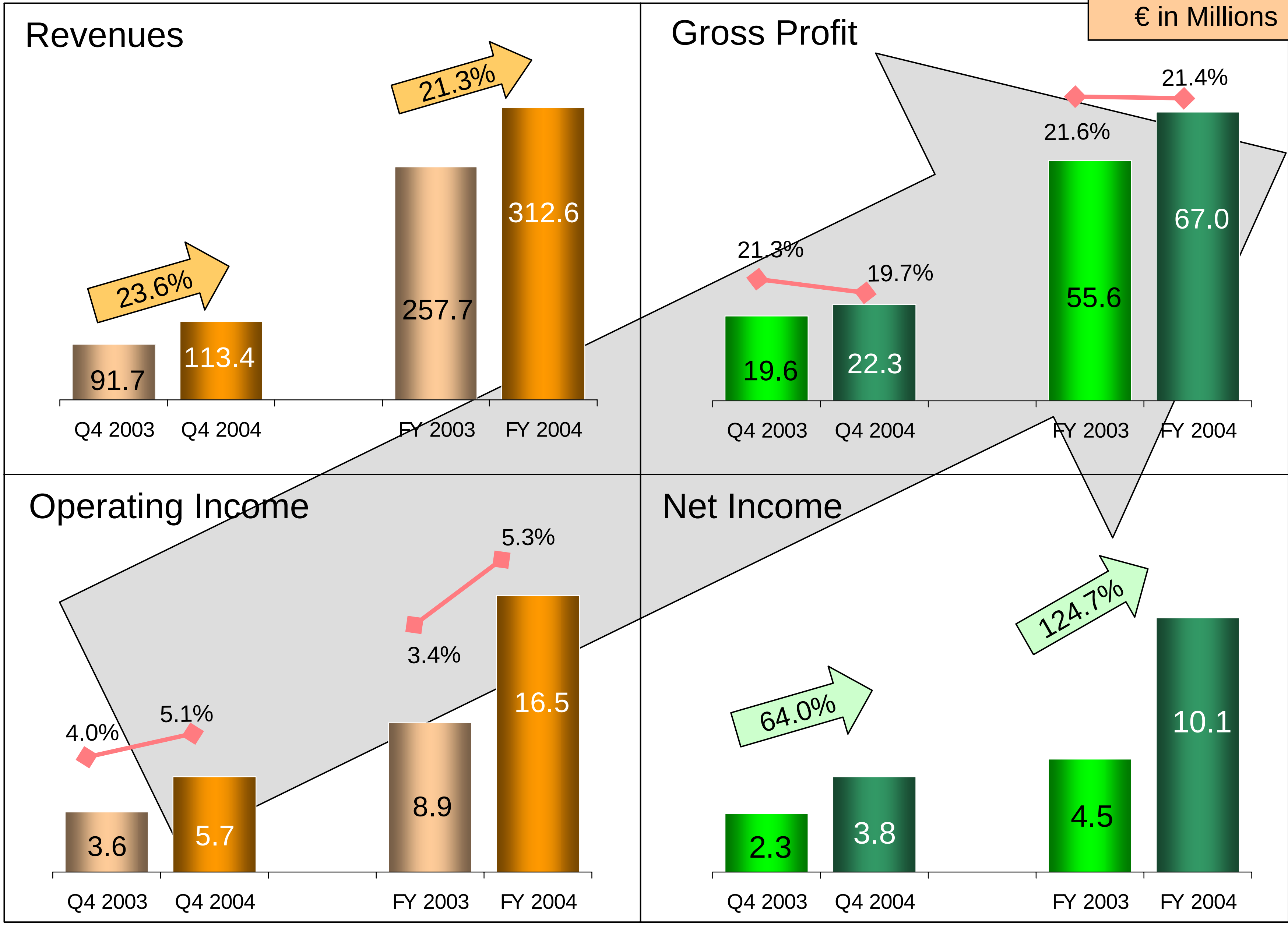
# Successful 2004…..

- Strong Q4 and full fiscal year 2004 financials:
  - 21.3% increase in revenues, year over year
  - 97.4% increase in pro forma net income, year over year
  - Net Cash position of €64.5 million
- Successful completion of Telvent IPO
- Annual recurring revenues of more than 80% in every sector
- Successful completion of planned acquisitions: ICX, Xwave and Miner & Miner
- R&D reorganization in place, leading to optimized investment
- Growth of North America business: second largest region by staff numbers
- Growth of China business: strong bookings in 2004, €47 million in backlog
- First concession project signed (Almería Digital City)

# … and Good Outlook for 2005

- Revenue visibility: Backlog and bookings at the end of 2004 showing 19.2% and 45.7% increases, respectively, from 2003 figures
- Enhanced business prospects in North America: leveraging newly acquired customers (through our Miner & Miner acquisition), and our business efforts in Traffic Sector
  - First Traffic Contract awarded in North America (RWIS Alberta)
- Strong outlook for China operations from both execution of new projects and the launch of our Transport business activity in the country
- R&D investment in our “Up-The-Hour-Glass” strategy

€ in Millions


Revenues
23.6%
91.7
113.4
21.3%
257.7
312.6
Q4 2003
Q4 2004
FY 2003
FY 2004
Gross Profit
21.3%
19.7%
19.6
22.3
21.6%
21.4%
55.6
67.0
Q4 2003
Q4 2004
FY 2003
FY 2004
Operating Income
4.0%
5.1%
3.6
5.7
3.4%
5.3%
8.9
16.5
Q4 2003
Q4 2004
FY 2003
FY 2004
Net Income
64.0%
2.3
3.8
124.7%
4.5
10.1
Q4 2003
Q4 2004
FY 2003
FY 2004

# Telvent has closed three acquisitions during 2004

## ⇨ ICX (May 2004)

- Based in Spain, Seville. 30 people.
- Dedicated to Health Care Information Technology. This area may become the fifth core sector of Telvent, in addition to Energy, Environment, Traffic and Transport. ICX has a very strong software product which will be the core of the Health Care IT solution suite offered by Telvent, and which is currently installed in 170 health care centers in Spain.

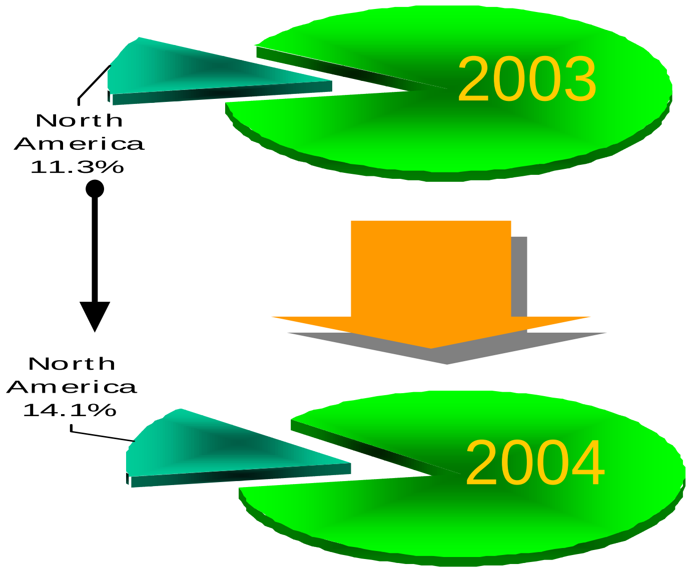
## ⇨ XWave Western Region Division (August 2004)

- Based in Calgary, Canada. 85 people.
- Dedicated to IT outsourcing for energy companies, which fits perfectly with the upper side of our “Hour Glass” strategy. Xwave has many long standing customers, like Encana Energy and Talisman. Also, its multi-year service contracts increase the revenue visibility of Telvent.

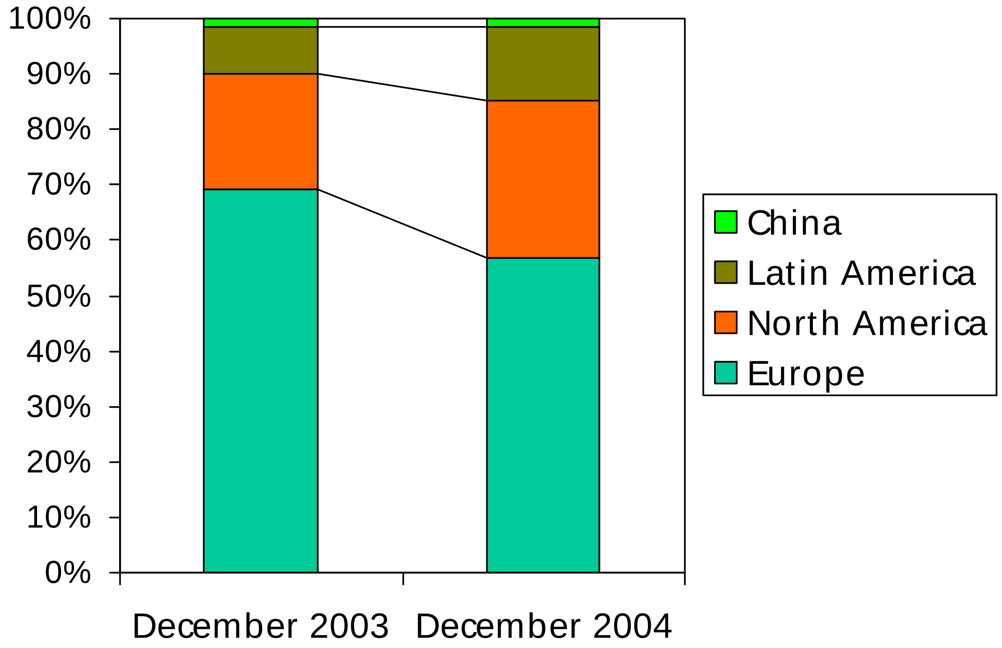
## ⇨ Miner & Miner (December 2004) (we acquired a 70% interest)

- Based in Fort Collins, Denver. 100 people.
- 157 customers distributed among electric, gas and water utilities, mainly in North America.
- Strong software development agreement with ESRI. Dedicated to the development of software applications around geo-spatial information. It includes assets management, investment planning and outage management.

# Business and Operations Growth in our North American Region




Revenue Breakdown by Geography




Staff by Geography

**With more than 600 professionals, our North American Region is now the second largest in the world**

Note: The North America percentage of 2004 revenues in the chart above is calculated from revenues that exclude the effect of including our joint venture partners´portions of revenues and cost of revenues in our consolidated results

# Implementing our Three-Axis Growth Strategy

1

Consolidate leadership in core geographies and sectors

- Organic growth in Europe and Latin America
- Strengthen presence and develop sectors in North America
- Capture growth in China
- Acquisition opportunities

2

Complete a distinctive, fully integrated RealTime IT solution in core sectors

- R&D
- Alliances
- Acquisitions

3

Capture “vertical” RealTime Process co-sourcing opportunities

- Value-added applications and solutions
- Leverage existing client relationships

1

- Electricity growth in NA
- RWIS Alberta contract awarding
- Strong backlog in China

2

- R&D Reorganization
- Miner & Miner Acquisition
- Xwave Acquisition

3

- Almería – Digital City
- Xwave Acquisition

# 2. Financial Overview

# Financial Highlights

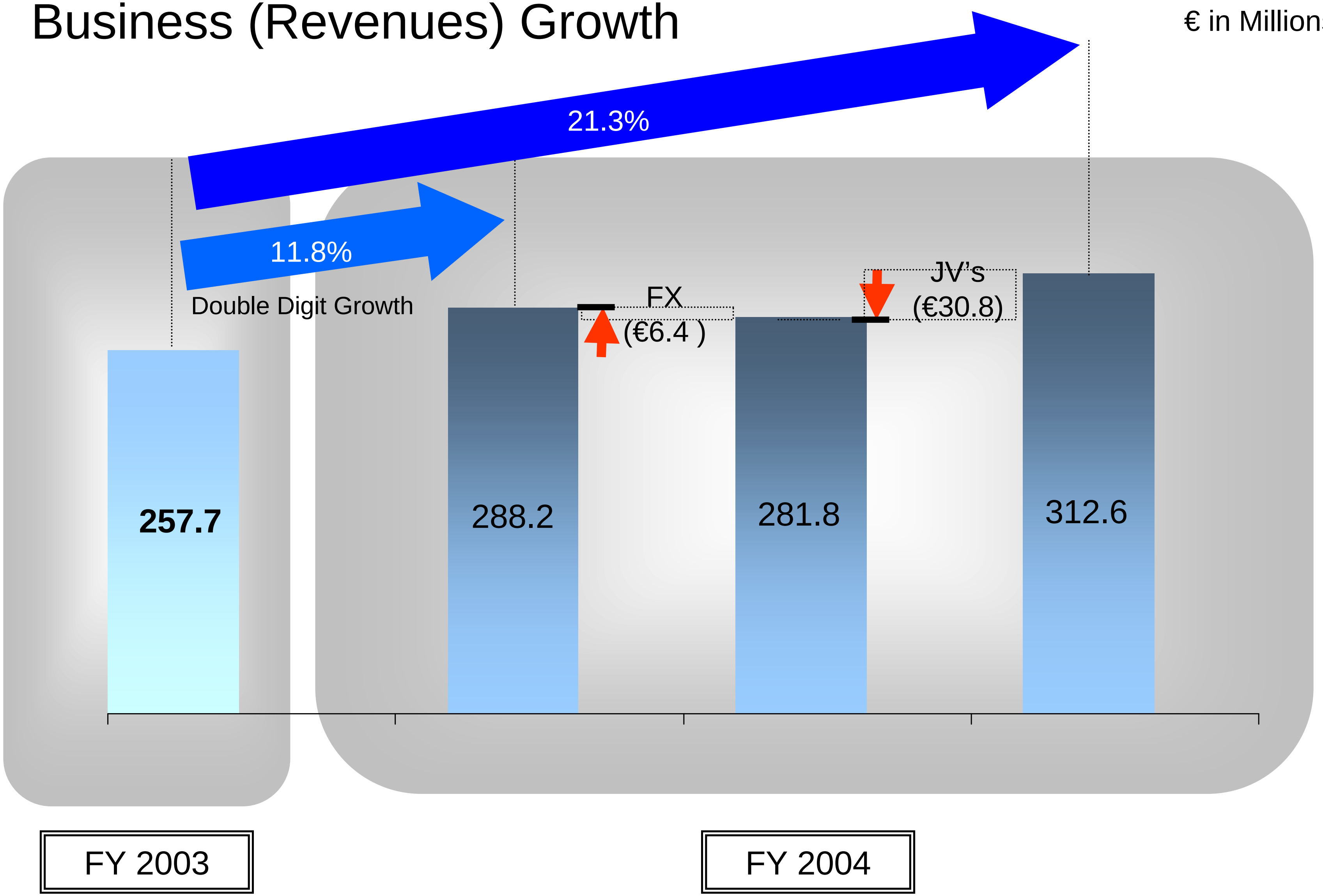
- Telvent applied FIN46-R to all joint ventures (temporary consortiums) created after January 1st, 2004. As such, all joint ventures in which the Company is the primary beneficiary are consolidated. The consolidation of these entities affects certain assets, liabilities and the profit and loss account
- Impact of the translation of our non-Euro denominated revenues. In 2004, 28.0% of our revenues was recorded in currencies other than the Euro
- Total FY2004 revenue increased 21.3% to €312.6 Million. Q4 2004 revenue was €113.4 Million, an increase of 23.6% year-over-year
    - The increase in FY 2004 revenues includes €30.8 million from the consolidation of revenues from venture partners in temporary joint ventures
    - Partially offset by the negative effect of the currency exchange rate on revenues in other currencies: €6.4 million; mainly impacted Energy sector (€ 5.3 million)
    - Revenue attributable to acquisitions was €5.2 million
- Gross margin grew to 23.7% after eliminating the effect of including our joint venture partners´ revenues and cost of revenues from our consolidated results
- Total net income increased by 124.7% to €10.1 million. Q4 2004 net income was €3.8 million, an increase of 64.0% year-over-year

# Financial Highlights (2)

- Full year pro forma net income increased by 97.4% to €13.8 million. Q4 2004 pro forma net income was €4.3 million, an increase of 69.7% year-over-year
- Full year pro forma EPS was €0.63 (21,775,752 shares), versus €0.35 (20,000,000 shares), for fiscal year 2003
- Operating cash flow in 2004 was €25.1 million, including €8.1 million from the consolidation of the temporary joint ventures
- Net cash position of €64.5 million at the end of 2004. Net debt position of €37.8 at the end of fiscal year 2003.
- Bookings in the fourth quarter were €123.9 million, driving the accumulated bookings for the full year to €392.0 million, representing 45.7% growth versus 2003
- Pipeline, measured as management´s estimates of real opportunities within the next 6 to 12 months was approximately €1.3 billion
- Backlog at December 31, 2004 was €317.0 million, representing growth of 19.2% over December 31, 2003

# Business (Revenues) Growth

€ in Millions



TELVENT



# Profit and Loss Account (FY2004)

€ in Millions

| | 2004 | % O/R | 2003 | % O/R | % Change Year-Over-Year | 2004 * | % O/R |
|---|---|---|---|---|---|---|---|
| Revenues | 312.6 | *100%* | 257.7 | *100%* | 21.3% | 281.8 | *100%* |
| COGS | 245.6 | *78.6%* | 202.1 | *78.4%* | - | 214.9 | *76.3%* |
| Gross Profit | 67.0 | *21.4%* | 55.6 | *21.6%* | 20.5% | 66.9 | *23.7%* |
| Operating Expenses | 50.5 | *16.2%* | 46.7 | *18.1%* | - | 50.5 | *17.9%* |
| Income from Operations | 16.5 | *5.3%* | 8.9 | *3.4%* | 85.5% | 16.4 | *5.8%* |
| Other Income (Expense) | (2.2) | *0.7%* | (5.0) | *2.0%* | - | (2.2) | *0.8%* |
| Income Before Income Taxes | 14.2 | *4.6%* | 3.8 | *1.5%* | - | 14.2 | *5.0%* |
| Net Income | 10.1 | *3.2%* | 4.5 | *1.8%* | 124.7% | 10.1 | *3.6%* |

Growth in profitability

* Excluding the effect of the inclusion of our joint venture partners´ revenues and cost of revenues in our consolidated results

# Pro Forma vs. GAAP

| | FY 2004 | FY 2003 |
|---|---|---|
| GAAP Net Income | € 10.1 M | € 4.5 M |
| GAAP EPS | € 0.47 | € 0.23 |
| Pro forma Net Income | € 13.8 M | € 7.0 M |
| Pro forma EPS | € 0.63 | € 0.35 |
| Shares Outstanding | 21,775,752 | 20,000,000 |

Pro forma net income excludes the amortization of intangible assets from the NMS Division of Metso and Xwave acquisitions´purchase price allocations, stock compensation plan expenses and mark to market hedging, which we believe are not indicative of our core performance or results. It also excludes impairment charges accounted in 2003.

# Reconciliation between GAAP and pro forma net income and EPS

€ in Millions

| | FY04 | |
|---|---|---|
| GAAP Net Income - as reported | € 10.1 | |
| • Amortization of Intangibles | | € 2.3 |
| • Stock Compensation Plan Expenses | | € 2.3 |
| • Mark to Market Derivatives | | € (0.2) |
| • Income tax provision | € (0.7) | |
| Net Income - Pro Forma | € 13.8 | |
| EPS - Pro Forma | € 0.63 | |

# Net Cash / Cash Flow

€ in Millions

| | As of Dec.31, 2004 | As of Dec.31, 2003 |
|---|---|---|
| Cash and cash equivalents | 88.5 | 27.7 |
| Due from/to related parties, net | 20.8 | (6.7) |
| Short-Term Debt | (28.0) | (33.0) |
| Long-Term Debt | (16.9) | (25.8) |
| Net cash / Net debt | 64.5 | (37.8) |

Cash generated during the year

+102.3

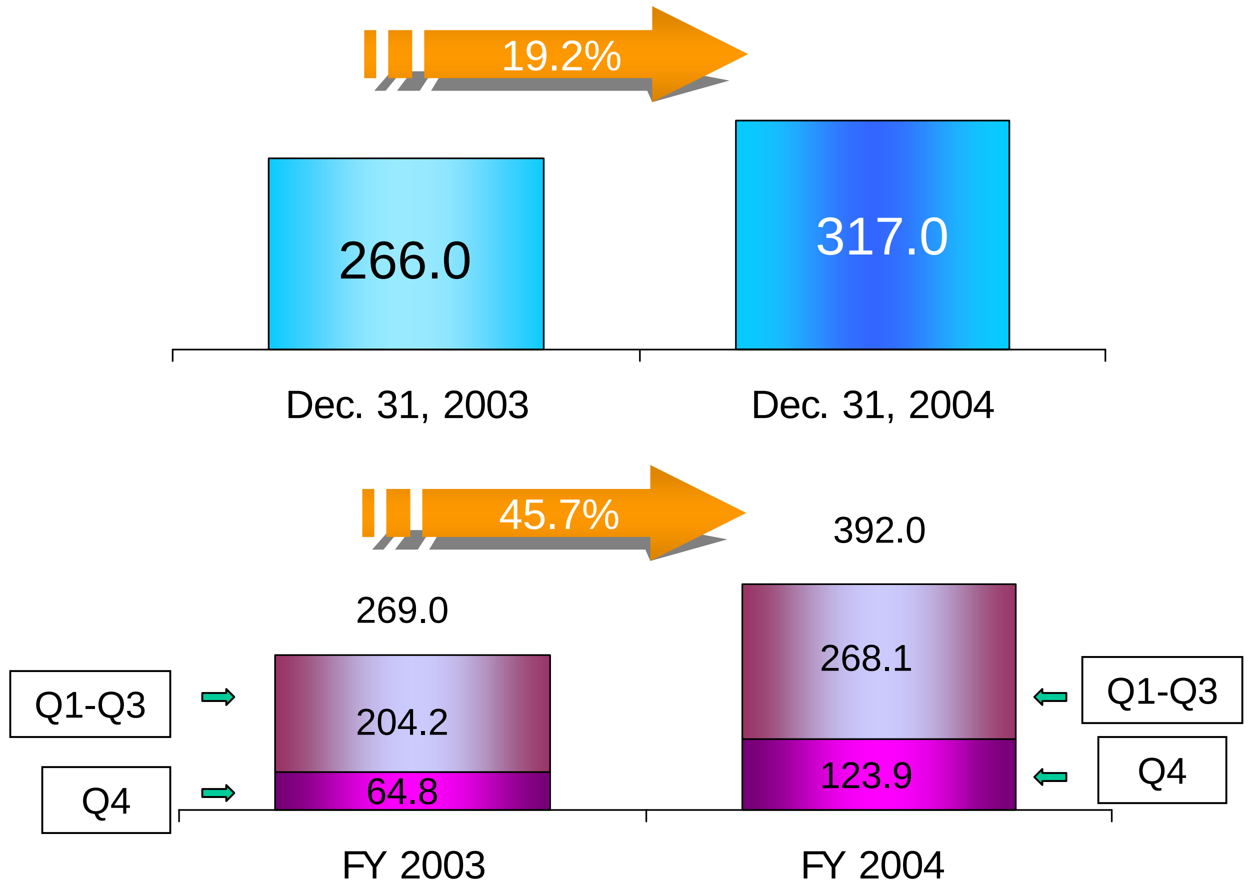
| | |
|---|---|
| IPO Proceeds | 60.5 |
| Cash-Flow from Operations | 16.7 |
| Cash-Flow from JV's | 8.4 |
| CAPEX | (4.9) |
| Acquisitions | (7.0) |
| Disposal of minority interests | 30.9 |
| Others | (2.2) |

# Revenue Visibility and Stability

€ in Millions

Backlog

Bookings




**Strong visibility going forward, based on Backlog, Bookings, and Pipeline**

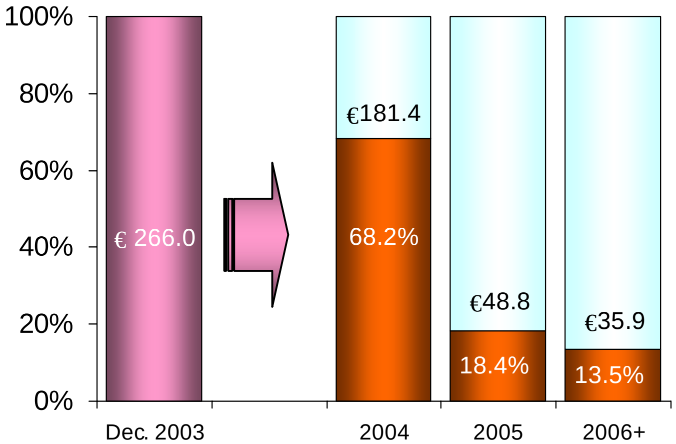


Note: Figures are in Spanish GAAP

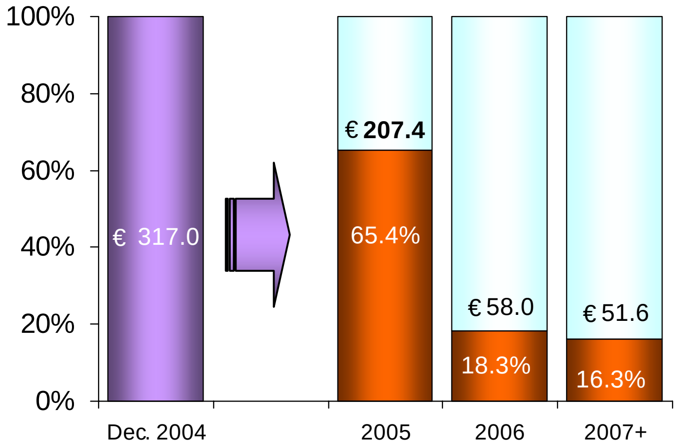
# Backlog Guidance

€ in Millions

As of December 31, 2003




As of December 31, 2004




**Revenue Visibility and Stability**

Note: Figures are in Spanish GAAP

# 3. Segment Discussion

Management includes a presentation of the breakdown of our business by Sector and Geography that excludes the effect of including our joint venture partners´portion of revenues and cost of revenues in our consolidated results.

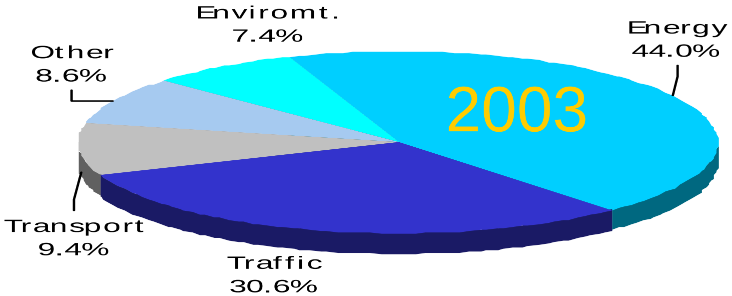
Management´s view is that this presentation gives the investor the best perspective on our year-over-year business performance by Sector and Geography.

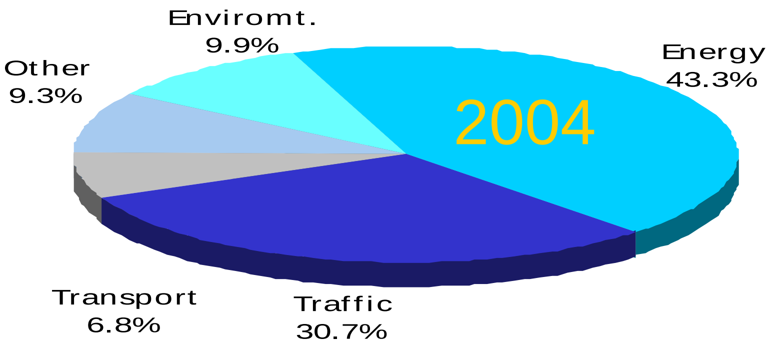
# Business breakdown by Sector showing the effect of excluding our joint venture partners´portion of revenues and cost of revenues

| | | FY 2004 | FY 2004 * | FY 2003 | Growth (2004* over 2003) |
|---|---|---|---|---|---|
| Energy | Revenues | 123.5 | 122.0 | 113.5 | 7.5% |
| | COGS | 97.2 | 95.7 | 89.4 | 7.0% |
| | Gross Margin | 21.3% | 21.6% | 21.2% | |
| Traffic | Revenues | 114.5 | 86.6 | 78.8 | 9.9% |
| | COGS | 94.7 | 66.9 | 62.1 | 7.7% |
| | Gross Margin | 17.3% | 22.8% | 21.2% | |
| Transport | Revenues | 20.1 | 19.2 | 24.4 | -21.3% |
| | COGS | 15.9 | 15.0 | 19.9 | -24.6% |
| | Gross Margin | 20.6% | 21.6% | 18.5% | |
| Environment | Revenues | 27.9 | 27.9 | 19.0 | 46.8% |
| | COGS | 21.1 | 21.0 | 15.3 | 37.3% |
| | Gross Margin | 24.5% | 24.6% | 19.5% | |
| Other | Revenues | 26.6 | 26.1 | 22.1 | 18.1% |
| | COGS | 16.8 | 16.3 | 15.5 | 5.2% |
| | Gross Margin | 37.1% | 37.9% | 29.8% | |

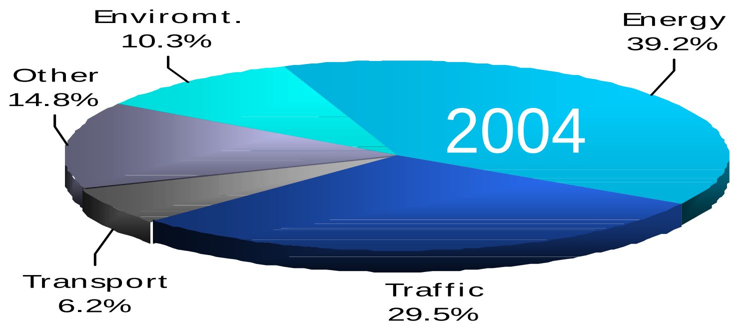
* Excluding the effect of the inclusion of our joint venture partners´ revenues and cost of revenues in our consolidated results

# Breakdown of Revenues by Sector….



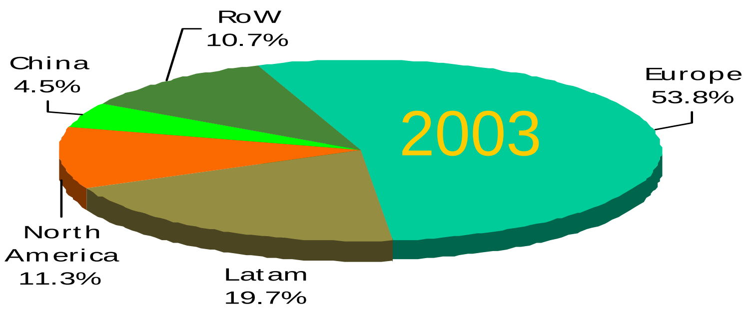

# ...and Margin Contribution

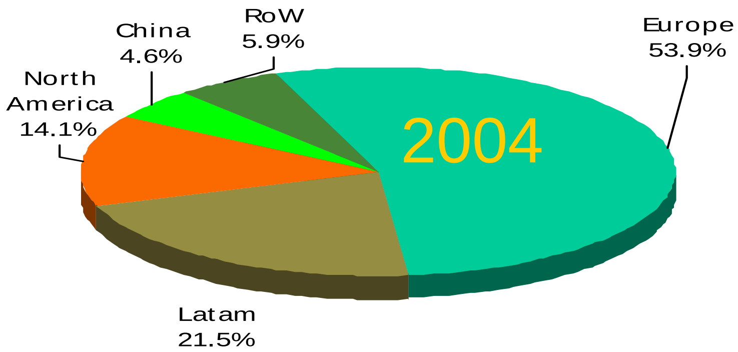



**Energy and Traffic represents more than 70% of our business**

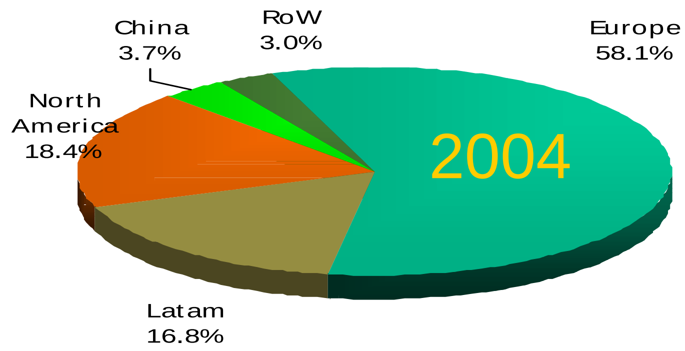
Note: The 2004 percentages in the chart above are calculated from revenues that exclude the effect of including our joint venture partners´ portions of revenues and cost of revenues in our consolidated results

# Breakdown of Revenues by Geography




# ...and Margin Contribution

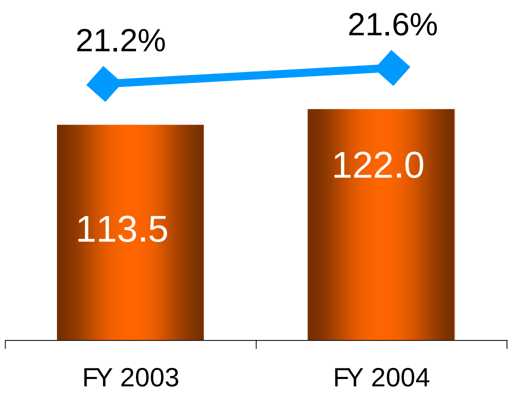



**Continuous Growth in the North American Region**

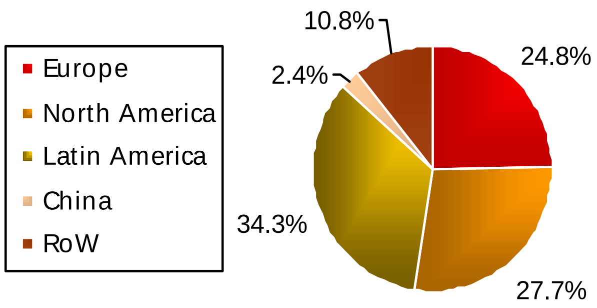
Note: The 2004 percentages in the chart above are calculated from revenues that exclude the effect of including our joint venture partners´ portions of revenues and cost of revenues in our consolidated results

# Energy

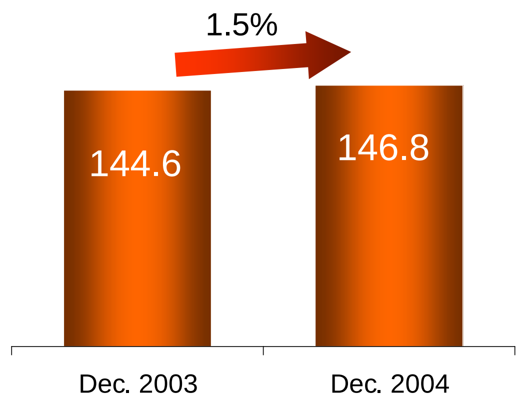
€ in Millions




Revenues and Gross Margins




Geographical Breakdown

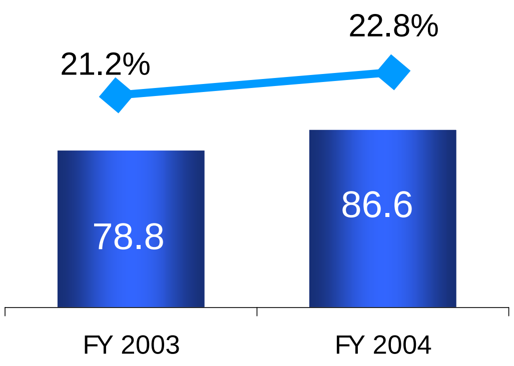



Backlog

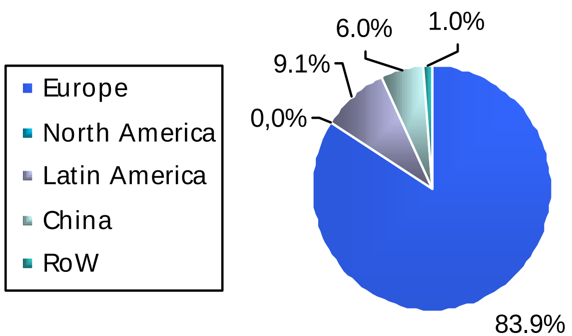
- In our North American region, despite high oil prices, the increasing pressure of reduced capital budgets in the oil & gas industry had a negative impact in our traditional SCADA business, particularly on the gas side. However, this effect was offset by an increase in the real-time revenue / transaction accounting investments to meet stronger regulatory guidelines, security and environmental and public safety issues, creating additional revenues for our high-value-added products. Also, our acquisition of Xwave allowed us to enter the IT services space, reinforcing our “up-the-hourglass” strategy
- In the electricity sub-segment, our business in the North American region grew due to the movement toward performance-based rates and security, driving investment in distribution automation as a way to reduce outage frequency and duration
- Mexico continued to experience very good performance. However, overall performance in Latin America was mixed due, in part (Brazil, for instance), to political issues that affected investments in electricity generation, transmission and distribution

# Traffic

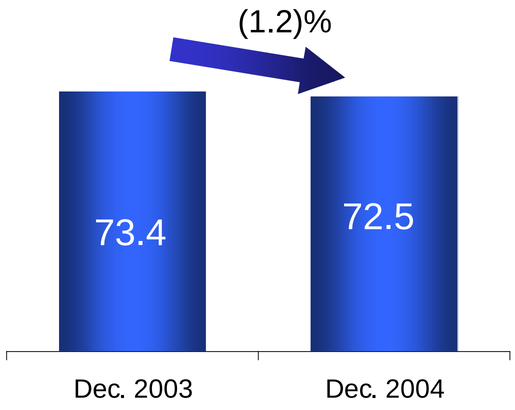
€ in Millions




Revenues and Gross Margins




Geographical Breakdown

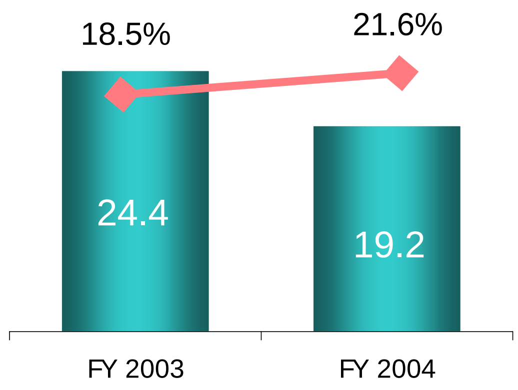



Backlog

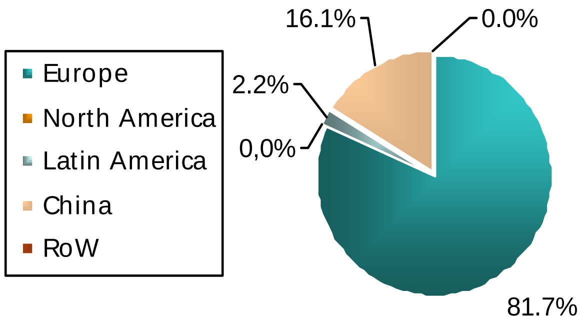
- Good general business performance and a high percentage of completed contracts contributed to the 45.3% increase in revenues in this sector
- Most of our Traffic sector revenues derive from Euro-denominated contracts, so our performance in this sector was less affected by the appreciation of the average exchange rate of the Euro
- Our gross margin in this segment was diminished by the effect of the consolidation of our temporary joint venture consortiums. During 2004 we consolidated costs of € 27.2 million relating to joint venture partners
- In Europe, Spain’s 2004 presidential elections and subsequent change in the governing party resulted in a delay of several contracts officially taking effect. These events have had an impact on our revenue growth
- Following some years of stagnant activity, in 2004 the Traffic sector experienced a positive upswing in China

# Transport

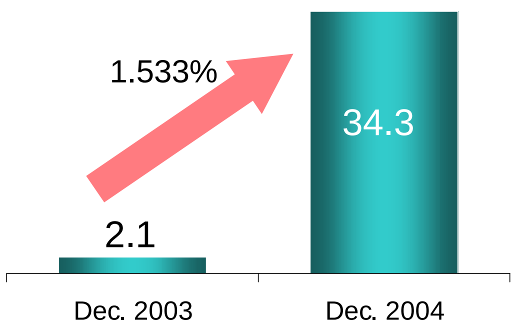
€ in Millions




Revenues and Gross Margins




Geographical Breakdown

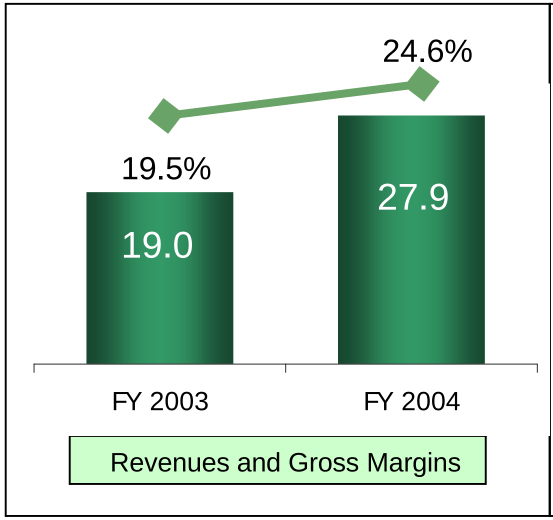


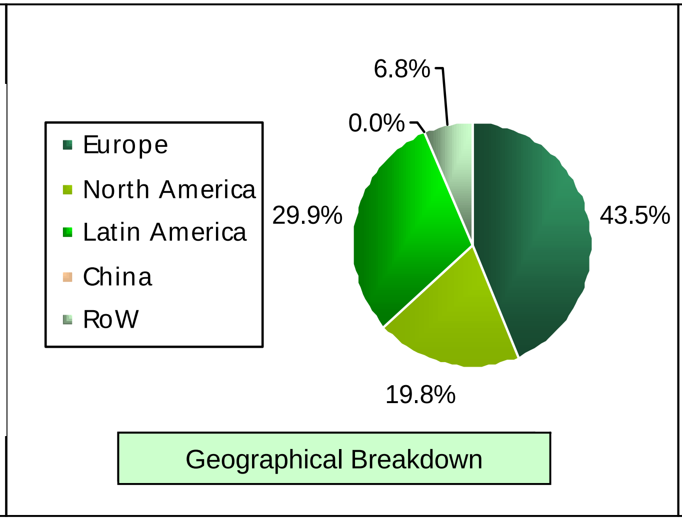

Backlog

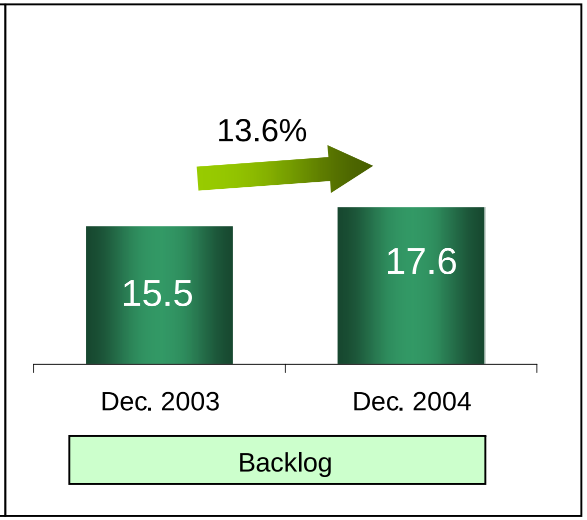
- Revenues decreased in 2004 because of the overall economic slowdown during the second quarter in Spain. The effect of the slowdown was amplified in this sector as the majority of our Transport customers are Spanish public transport authorities, which are especially susceptible to delays in decision-making and postponement of the authorization of new investments during periods of political uncertainty such as the period following the Spanish elections in March 2004
- However, the Spanish railway ticketing market experienced a significant improvement with the commencement of several projects by the largest national rail operators, such as Metro of Madrid, Metro of Barcelona, Metro of Bilbao, Renfe Cercanías and Euskotren, which will create future business possibilities for us
- In China, the evolution of the transport sector has been positive, highlighted by the signing of the €16.0 million Tianjing project.

# Environment

€ in Millions



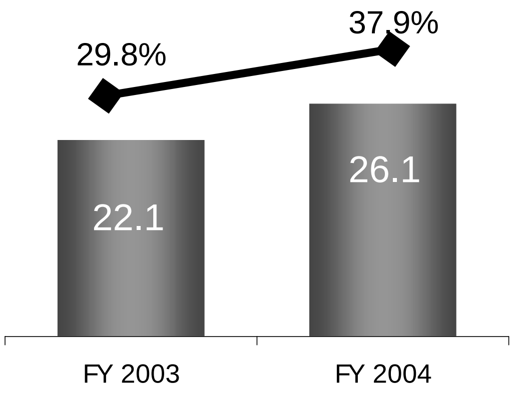



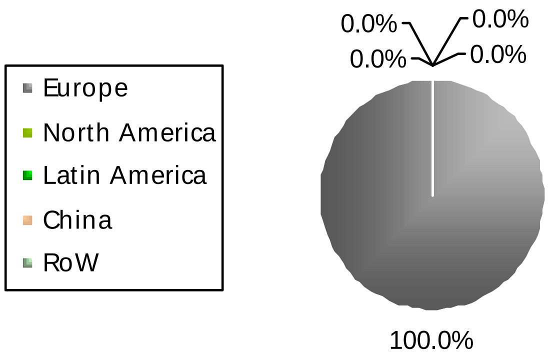

- The increase in revenues in this sector in 2004 reflects the impact of several new projects that we commenced in the second half of 2003, particularly those in Mozambique, Jordan and Bolivia. Gross margin has also increased mainly due to better than expected performance in our larger contracts executed during the year.
- The overall growth arises mainly from:
  - ✓ Modernization of Meteorological Systems for Senamhi (Bolivia), a contract with a soft loan financing from the Spanish Government that commenced in 2004
  - ✓ An increase in business with the Spanish Government in the second half of 2004, once all new Environmental Ministry officials appointed after the elections in March 2004 assumed their positions
  - ✓ A better-than-expected result in our water business in our North American region in 2004

# Other

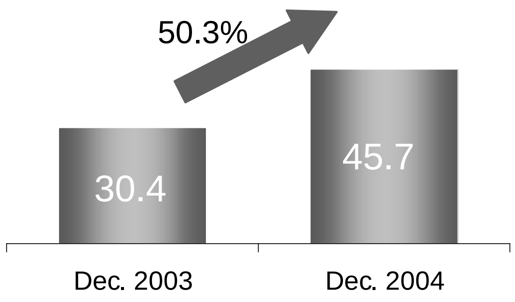
€ in Millions




Revenues and Gross Margins

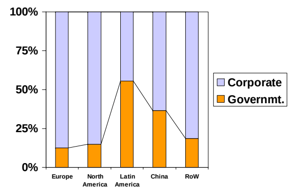
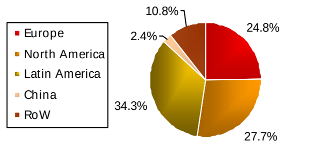
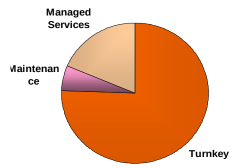
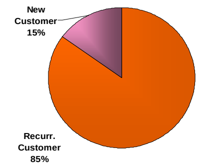
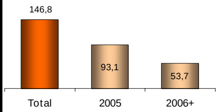
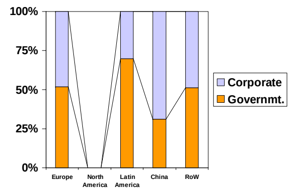
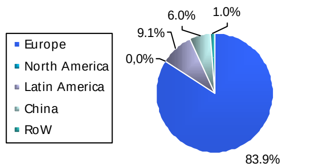
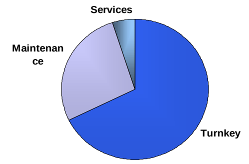
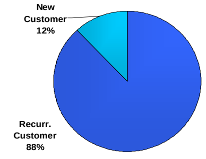
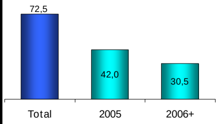
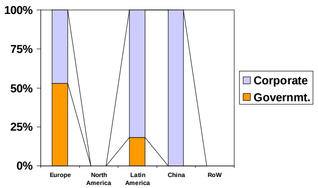
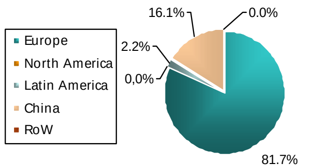
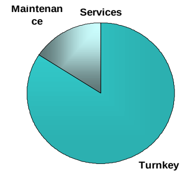
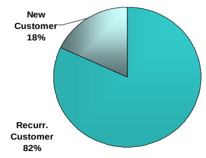
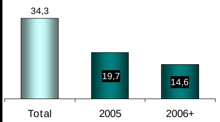
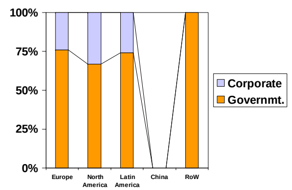
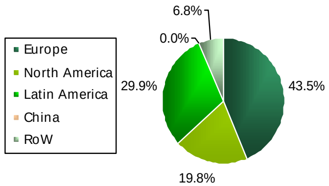
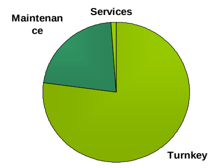
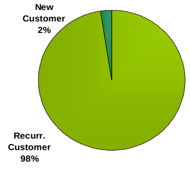
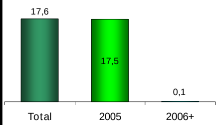
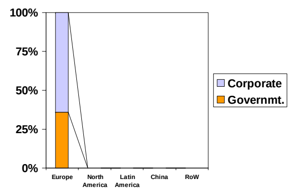
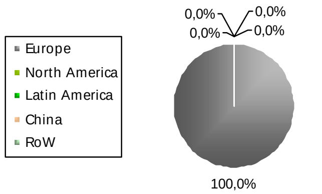
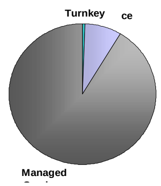
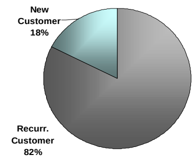
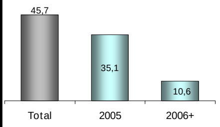



Geographical Breakdown




Backlog

- We enjoyed steady growth in our Other sector due to further market development and continued expansion of our health care IT activity, and organic growth in the managed services projects we provide through our real-time process outsourcing activities
- Gross margin improved due to the growth in higher margin health care and public administration businesses

| Segment % Over Total Revenues | Rev. Breakdown Government/Corporate | Rev. Breakdown by Geography | Revenue Breakdown by Offer | Revenue Recurrence | Backlog @ Dec. 31, 2004 |
|---|---|---|---|---|---|
| Energy 39.6 % |   |   |   |   |   |
| Traffic 36.6 % |   |   |   |   |   |
| Transport 6.4 % |   |   |   |   |   |
| Environment 8.9 % |   |   |   |   |   |
| Other 8.5 % |   |   |   |   |   |

# 4. Guidance

# FY2005 Guidance

| | | FY 2005 Guidance |
|---|---|---|
| Revenues | ▲ | 10% - 12% |
| Gross Margin | % (o/R) | 22% - 24% |
| Income from Operations | % (o/R) | 6% - 7% |
| Pro Forma Net Income | € Millions | 15.5 – 17.0 |
| Pro Forma EPS | € | 0.53 - 0.58 |
| Shares Outstanding | | 29,247,100 |

Note: These financial projections update and replace our previous guidance

# 5. Summary

# Summary

- Successful IPO and subsequent partial exercise of the overallotment option
- Growth momentum based on excellent bookings and backlog
- Continued efforts in costs and expense savings, driving the operating margins improvement
- Successful acquisition and integration of ICX, Xwave, Miner & Miner
- Blue chip customer base and superior proprietary technology: the base for our leadership position
- Continued growth in our North America region and a strong backlog in China
- Energy (Oil & Gas and Electricity) and Traffic remain stable, accounting for more than 70% of our business worldwide


# TELVENT

## FY 2004 Earnings Report and 2005 Guidance

March 31, 2005