

# CORPORATE PRESENTATION

**df** duro  
felguera, s.a.

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**Germany – October 10, 2006**



## Group Description

- Company overview
- Equity story
- Stock market parameters



## Our Business

- Description
- Recent performance



## Our Strategy

- Starting point
- Medium term goals

- A multidisciplinary engineering and specialized construction company, with the experience and expertise to provide customized solutions.
- Acting as a project developer worldwide for the execution of large industrial projects in the areas of energy, port development, steel making and other industrial fields.



- A small cap playing in the world big league of large industrial projects along with the leading multinationals.
- A history of growth based on skills that complement the needs of large companies worldwide.
- A successful turnaround story:
  - From a loss making industrial manufacturer in the 80s to a profitable value-added engineering and project development services provider
  - From a pure local player to an increasing international expansion
- Shareholder's friendly policy: minimum 40% payout.
- One of the best performers on the Spanish stock market in the recent years. Positive growth prospects.



- Current price (as of October 5, 2006): 4.81 EUR
- Market Capitalization: 491 mn EUR
- Dividend yield (last 12 months): 3.5%
- Average daily trading volume: 300,000 shares / 1.44 mn EUR
- Max-Min (last 12 months): 5,14 EUR-1,97 EUR
- Year performance (2006): +147.9%
- 3 Yr performance: +496%
- Nominal value: 0.5 EUR
- Free Float: 34.5%





- Formerly a manufacturing industrial group, Duro Felguera has transformed into a high value-added engineering service provider and project development company in the last decade.
- Business is focused on 3 areas:
  - Large turnkey industrial projects
    - Energy sector
    - Industrial facilities, mining and handling, steel making and other
    - Fuel storage
  - Auxiliary services: assembly, operation and maintenance of industrial plants
  - Manufacturing of capital goods
- Increasing international expansion focused on emerging markets, with higher growth prospects.

## SALES BREAKDOWN

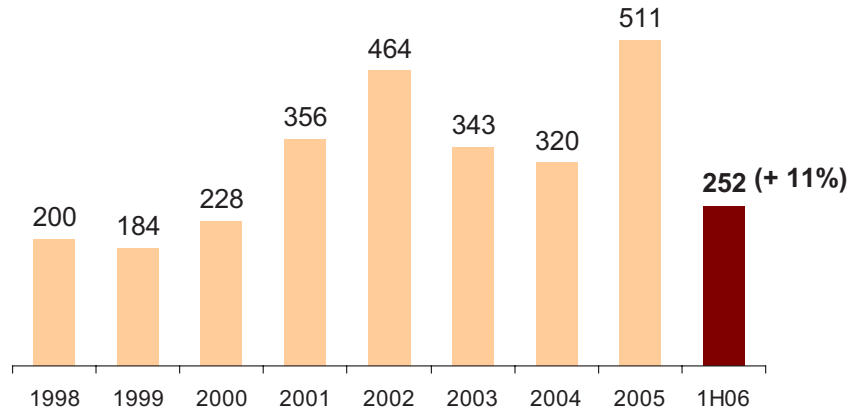
As % of total sales  
(except where indicated)  
Data as of 30 June

	1H06	1H05	1H04
<b>Industrial projects</b>	<b>70%</b>	<b>66%</b>	<b>57%</b>
<b>Auxiliary services</b>	<b>11 %</b>	<b>9 %</b>	<b>17 %</b>
<b>Manufacturing</b>	<b>19 %</b>	<b>25 %</b>	<b>26 %</b>
<b>Domestic Sales</b>	<b>64 %</b>	<b>73 %</b>	<b>81 %</b>
<b>International Sales</b>	<b>36 %</b>	<b>27 %</b>	<b>19 %</b>
EU	16 %	41 %	34 %
OECD	4 %	20 %	56 %
Other	80 %	39 %	10 %
<b>Total Sales (million EUR)</b>	<b>256</b>	<b>227</b>	<b>126</b>
<b>Full Year Sales (million EUR)</b>		<b>511</b>	<b>320</b>



Sales

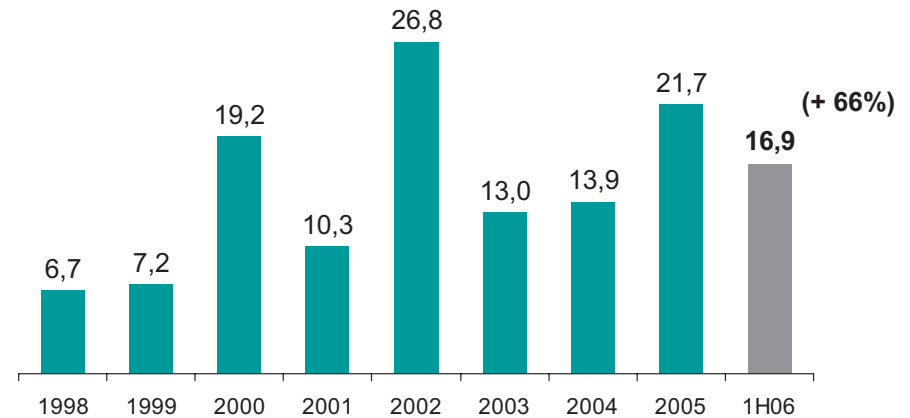
Data in million EUR



- Cyclical business by nature (large projects, long maturities), but...

EBITDA

Data in million EUR



- Increasing trend in revenues and margins:
  - Increasing volume in each cycle
  - Increasing experience and brand name recognition
  - Increasing efficiency (in addition to fixed costs dilution)



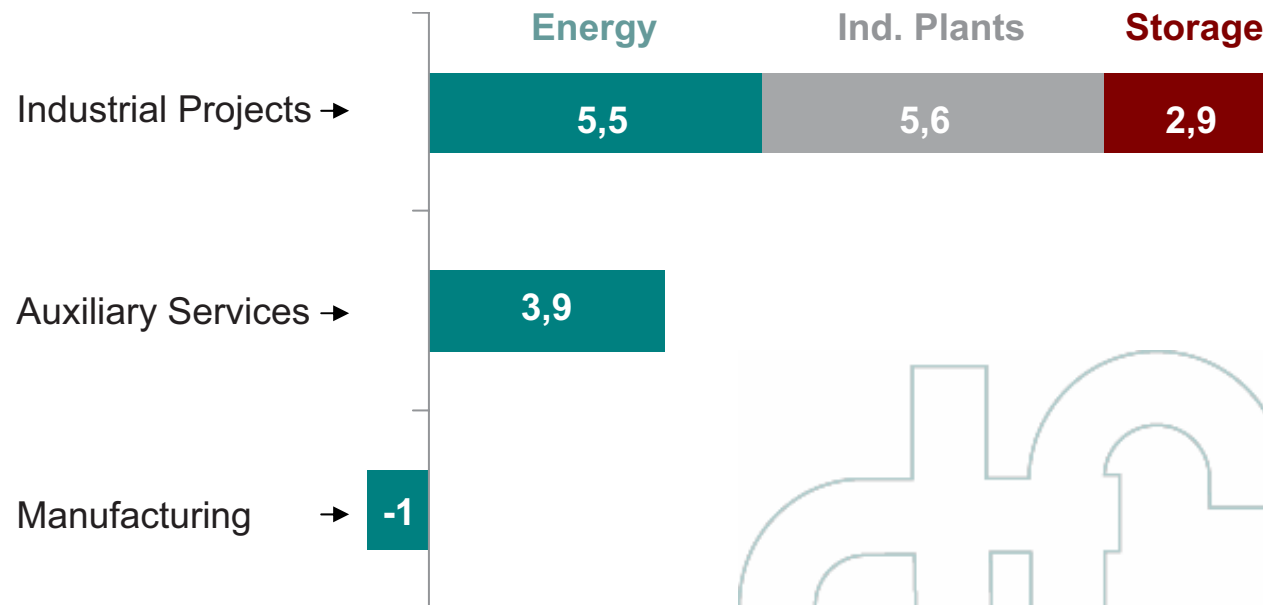


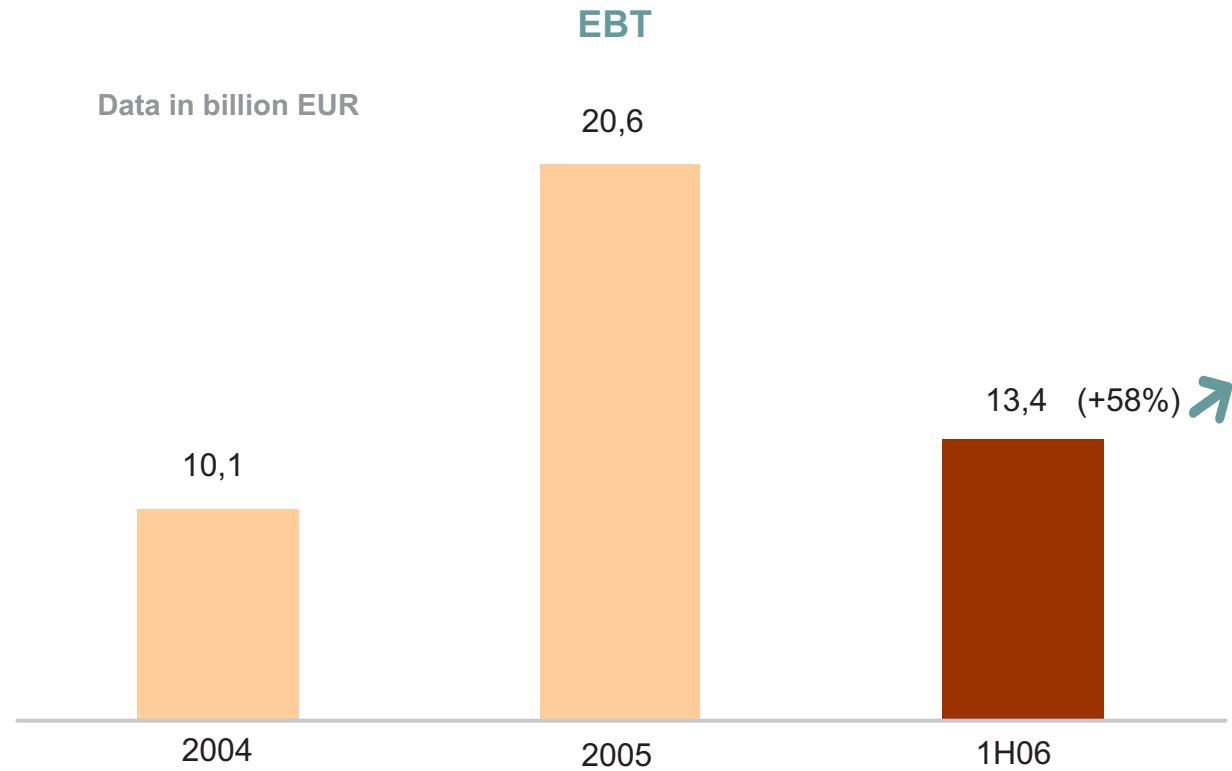
# EBITDA BREAKDOWN



▪ BREAKDOWN BY BUSINESS AREAS

Data as of June 30, 2006, in million EUR





- 2004 historical data according to Spanish accounting standards

- 2005 and 1H06 historical data according to IAS

- Company restructuring has translated into growth trend and lower volatility.



Data in million EUR	1H06	1H05	Var. %
<b>Sales</b>	<b>252.3</b>	<b>227.3</b>	<b>11.0%</b>
<b>Personnel Expenses</b>	<b>49.1</b>	<b>43.1</b>	<b>13.9%</b>
<b>EBITDA</b>	<b>16.9</b>	<b>10.2</b>	<b>65.7%</b>
<i>As % Sales</i>	<i>6.7%</i>	<i>4.5%</i>	<b>65.7%</b>
<b>EBIT</b>	<b>13.3</b>	<b>7.2</b>	<b>84.7%</b>
<i>As % Sales</i>	<i>5.3%</i>	<i>3.2%</i>	<b>84.7%</b>
<b>Net Financial Costs</b>	<b>-0.2</b>	<b>1.7</b>	
<b>PROFIT ON CONTINUED ACTIVITIES</b>	<b>13.4</b>	<b>8.5</b>	<b>57.6%</b>
<i>As % Sales</i>	<i>5.3%</i>	<i>3.8%</i>	<b>69.8</b>
<b>Net Income after minorities</b>	<b>10.7</b>	<b>6.3</b>	
<b>CASH FLOW</b>	<b>15.1</b>	<b>10.1</b>	<b>49.5%</b>



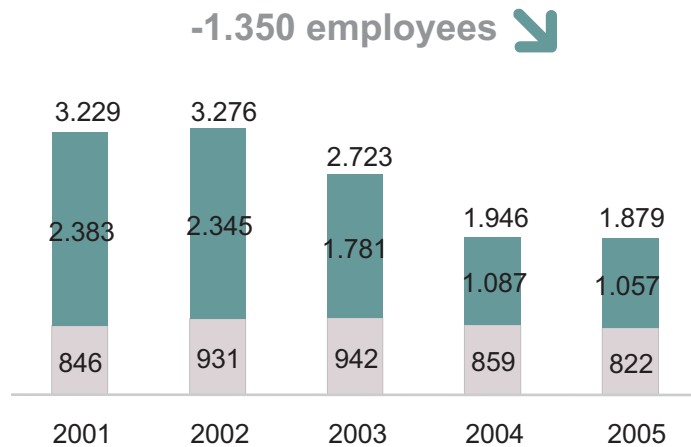
	1H06	2005	2004
Equity	109.2	102.8	84.8
Financial Debt	52.4	68.0	93.5
Cash	142	71.5	-15
D/E	48%	66%	110%
D/EBITDA	3.1	3.1	6.6

- Cash of 142 million EUR as of June 2006
- High cash generation
- Organic growth is fully financed with negative working capital

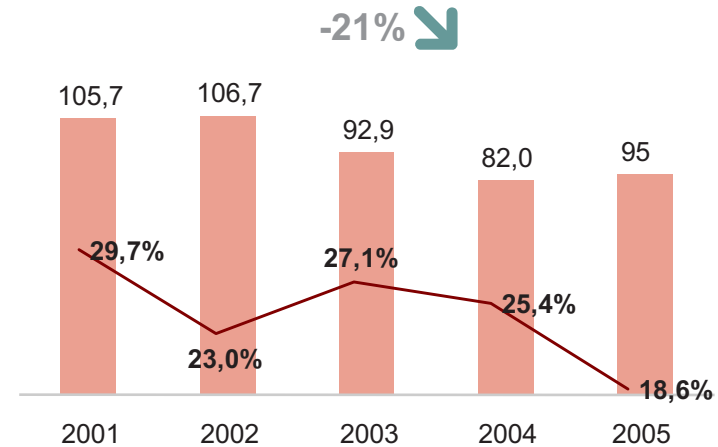


- Overheads fell from 4% of sales in 2001 to 3% in 2005, despite growing activity
- Personnel Expenses down 10% from 2001

Number of employees



Personnel costs (mn EUR) - As % of sales

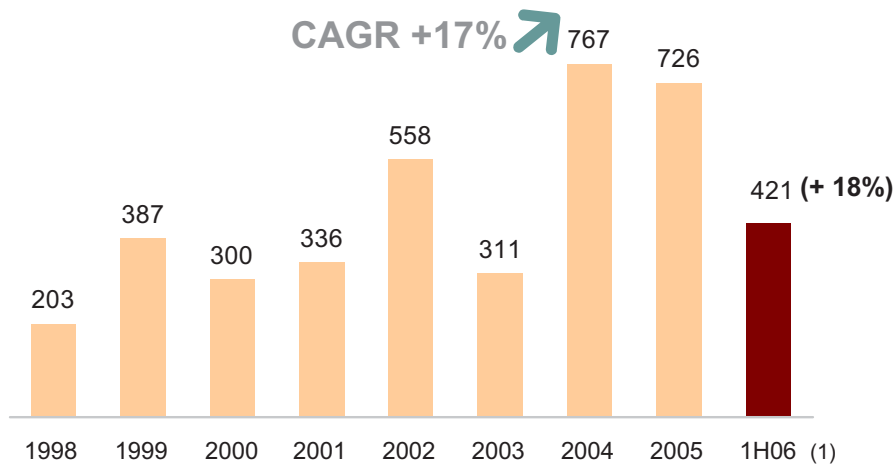


■ Permanent personnel   ■ Temporary personnel

# ORDER INTAKE AND BACKLOG EVOLUTION

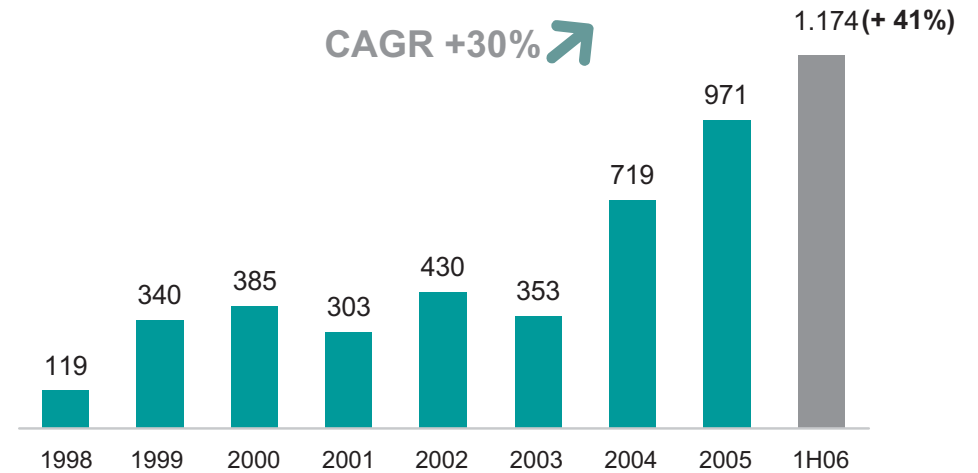
## Order Intakes

Data in million EUR



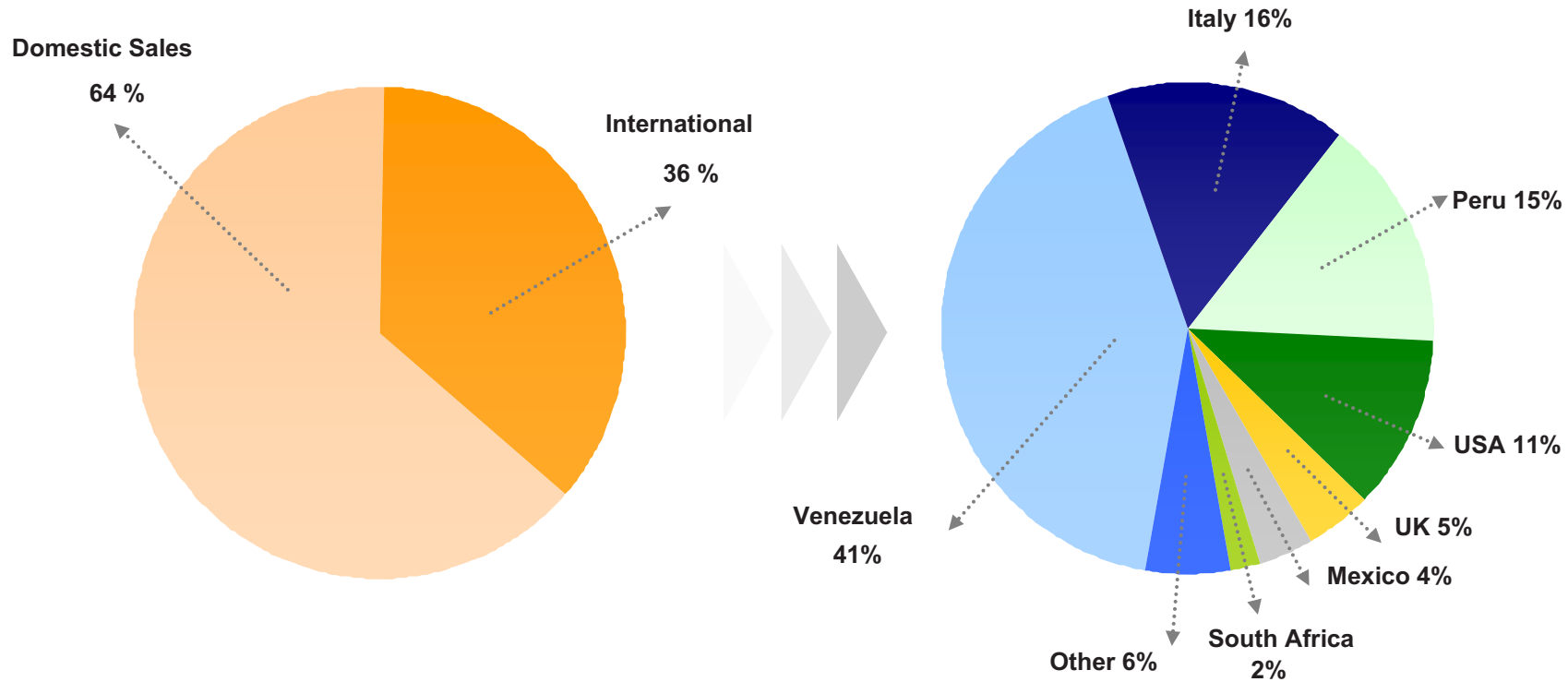
## Backlog

Data in million EUR



(1) 289 mn € are international projects

- Growing international expansion with the following criteria:
  - customers of proven solvency
  - with leading technology partners
  - fully financed projects



Data as of 2005.

# CURRENT INTERNATIONAL PRESENCE





## SOME RELEVANT PROJECTS CURRENTLY

Country	Project	Customer	Million EUR
India	Largest bulk port terminal in India	Gangavaram Port Ltd.	77
Venezuela	Iron ore concentration plant	Ferrominera Orinoco	362
Spain	Two combined cycle power plants T.P.: Alstom Power	HC Energy	150
Italy	Monfalcone coal fired power plant desulphurization T.P.: Mitsubishi	ENDESA-ITALIA	65
Israel	6 cranes	Israel Ports and Developments Co. Ltd.	65
Mexico	Enlargement of petrochemical plant	PEMEX	60
Spain	Combined cycle power plant T.P.: General Electric	ENDESA	160
Spain	Construction and assembly of the world's largest tunnel boring machine	Spanish construction consortium	40

T.P.: Technology Partner



## SOME RELEVANT PROJECTS CURRENTLY

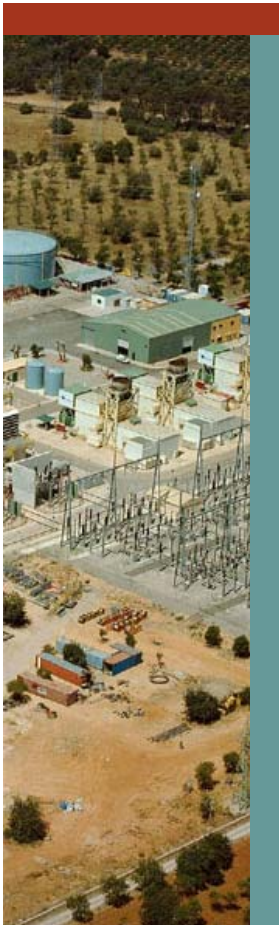
Country	Project	Customer	Million EUR
Spain	3 fuel storage tanks for regasification plant- Awarded to Felguera-IHI	Enagás	150
Saudi Arabia	2 columns made in a single piece for petrochemical plant	Petrochemical complex in Saudi Arabia	29
Spain	Gas Tresorer combined cycle power plant (230MW)	ENDESA - GESA	168
Peru	Ventanilla power plant. Extension to combined cycle of unexisting 2x160MW gas fired plant	ETEVENSA-Siemens Westinghouse	38
Spain	Barranco de Tirajana II combined cycle power plant (230MW)	ENDESA- UNELCO	150



- Global trends should sustain attractive growth prospects.
  - Strong demand from mining companies which are increasing exploration and storage capacity to meet growing world demand for materials, especially from Asia.
  - Combined cycle projects in many countries.
  - High oil prices should sustain investments in Exploration & Production and in storage facilities.
- Increasing demand from developing countries.
- Increasing demand for turnkey projects, including design, construction, assembly, operation, financing, etc.



- Duro Felguera has the expertise, financial strength and flexibility to accomplish complex projects, spanning no less than 15 fields of activity: construction, engineering, IT systems, transport, insurance, legal advice, financing, etc.
- Duro Felguera's experience, brand name recognition and commercial network should deepen international exposure. The goal to reach 35% international sales in 2011 already has been achieved.



- Backlog at historical maximums (1.2 billion EUR) representing 2-years work: Earnings visibility and stability.
- Interesting projects in the pipeline and increasing order intake.
- Sound financial situation to accelerate growth:
  - Net cash position
  - High cash flow generation
  - Negative working capital



- Continue to boost organic growth
  - Strengthen recurrent revenues: auxiliary services, long term contracts
  - Gradually reduce loss-making manufacturing units
  - Maintain cost discipline
- Target opportunities in new activities and businesses
  - Requirements
    - They provide synergies with current business lines
    - They provide stable earnings and long term contracts
    - They offset current business cycles
  - Identified Opportunities
    - Operation and maintenance services in industries where Duro Felguera is already present
    - Equity investment in plants built by Duro Felguera
- Focus on attractive shareholders' policy



- Minimum 40% payout
- Regular bonus issues (this year: 1x7 in September 2006)
- Duro Felguera recently made a 6x1 split to boost liquidity
- Maintain a high level of distributable reserves



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