



ANALYSTS SITE VISIT

15 June 2005



MICRO ANALYSIS

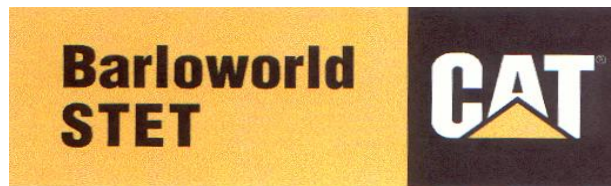
- Brands
- Products
- Diversification
- Results



Barloworld
Finanzauto

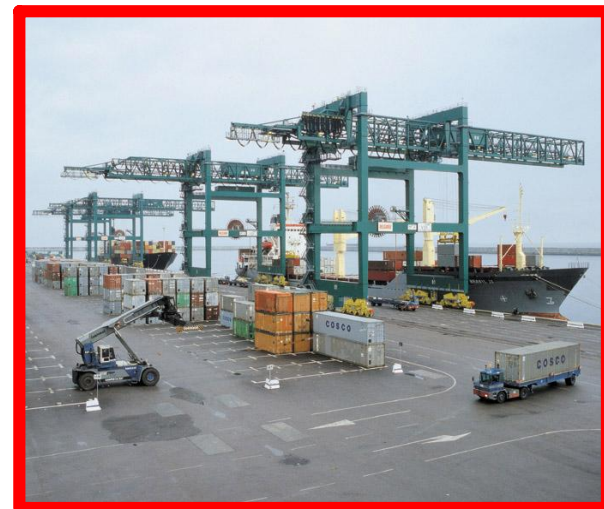


OUR BRANDS





Barloworld
Finanzauto

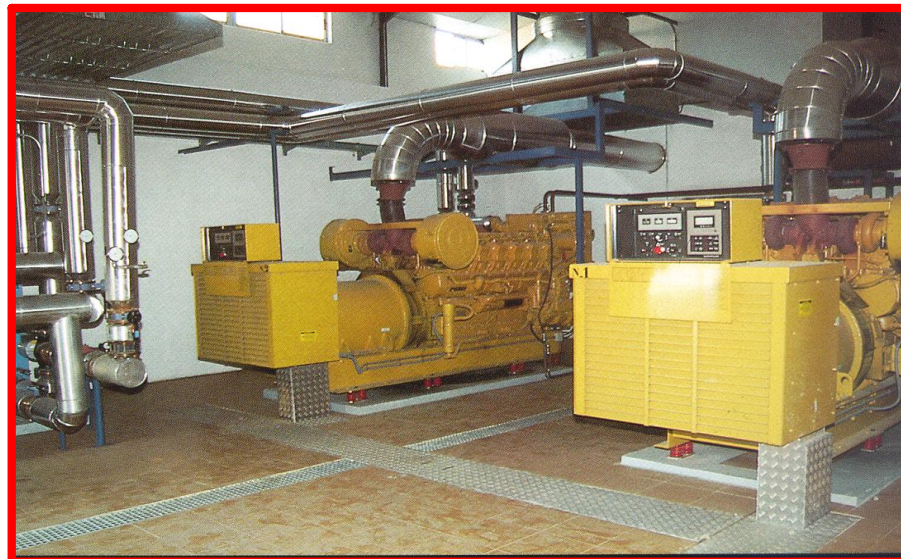


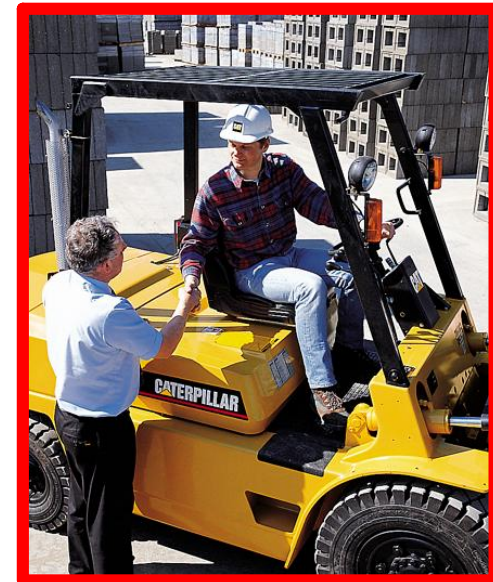


MaK











Barloworld
Finanzauto



LOGISTICS



Barloworld
Finanzauto



SHARP

ExxonMobil



Mercedes-Benz





Barloworld
Finanzauto



NERA





Barloworld
Finanzauto

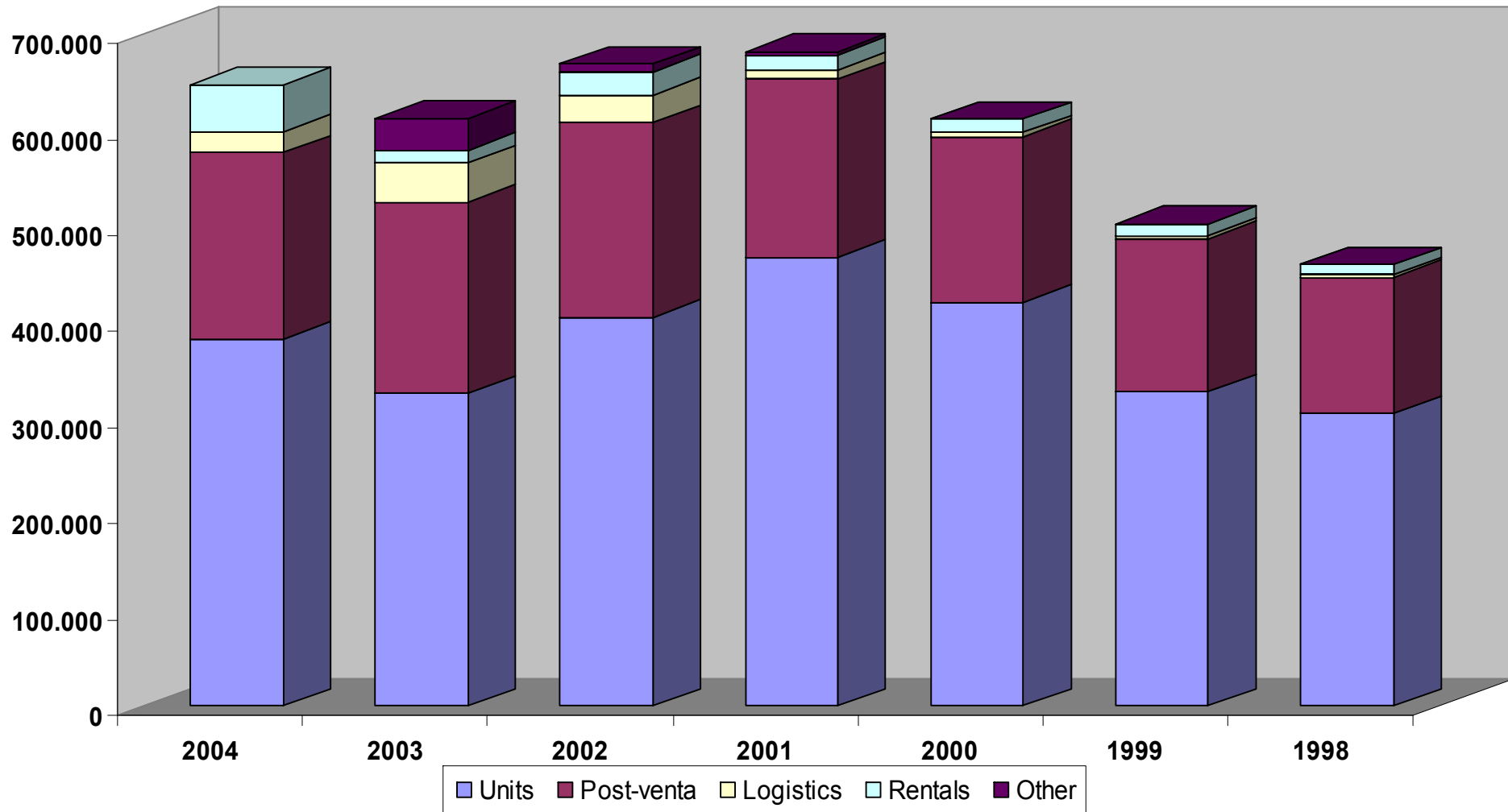


FINALTAIR BARLOWORLD



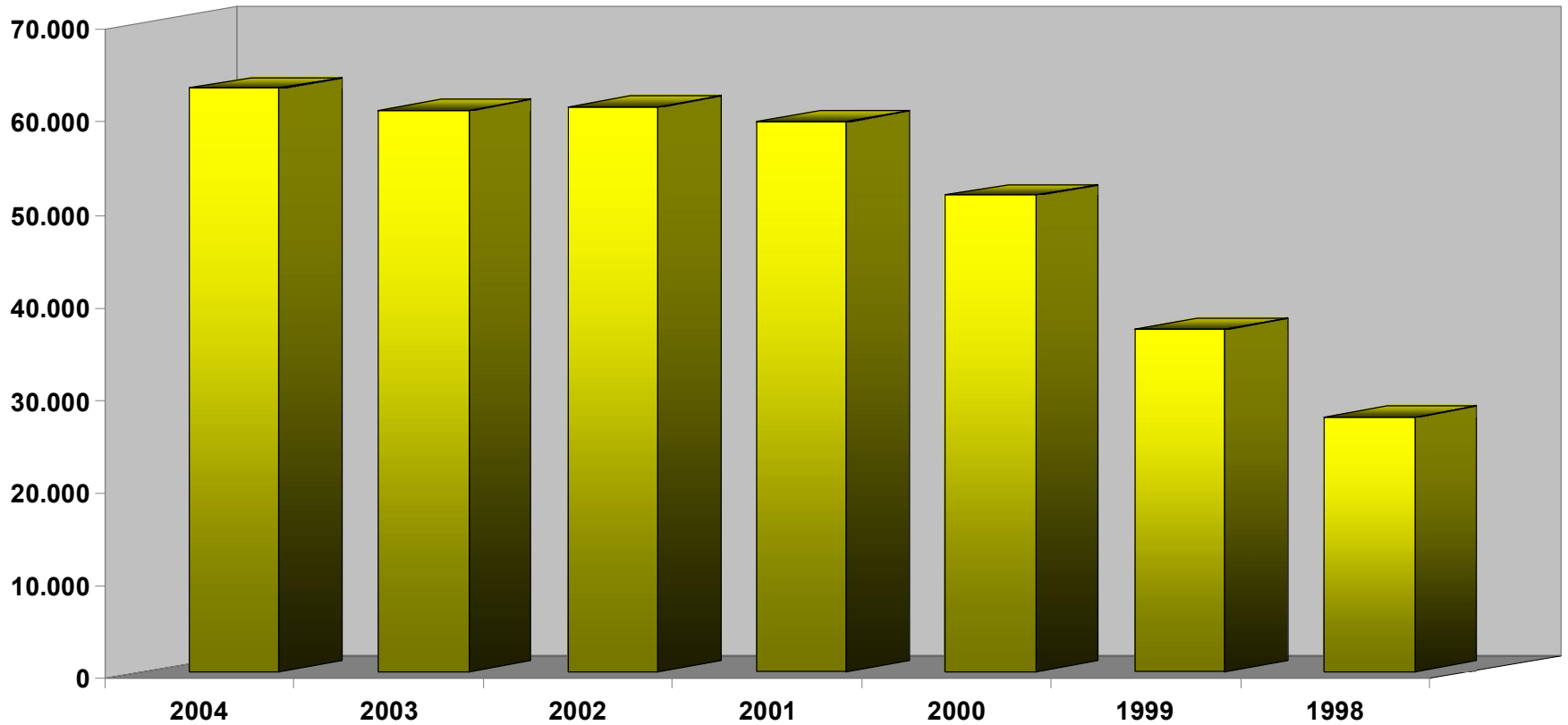


REVENUE



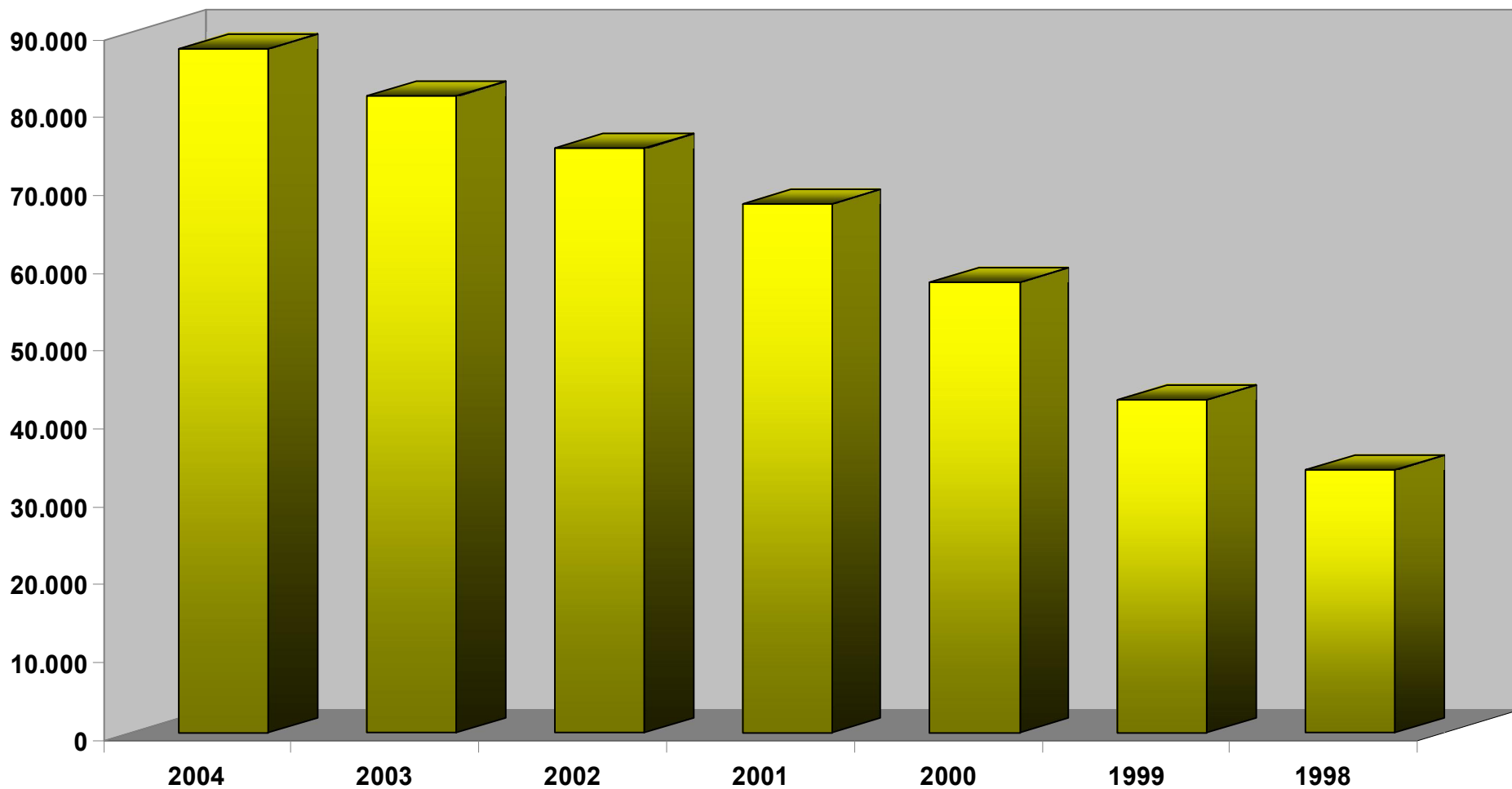


OPERATING PROFIT



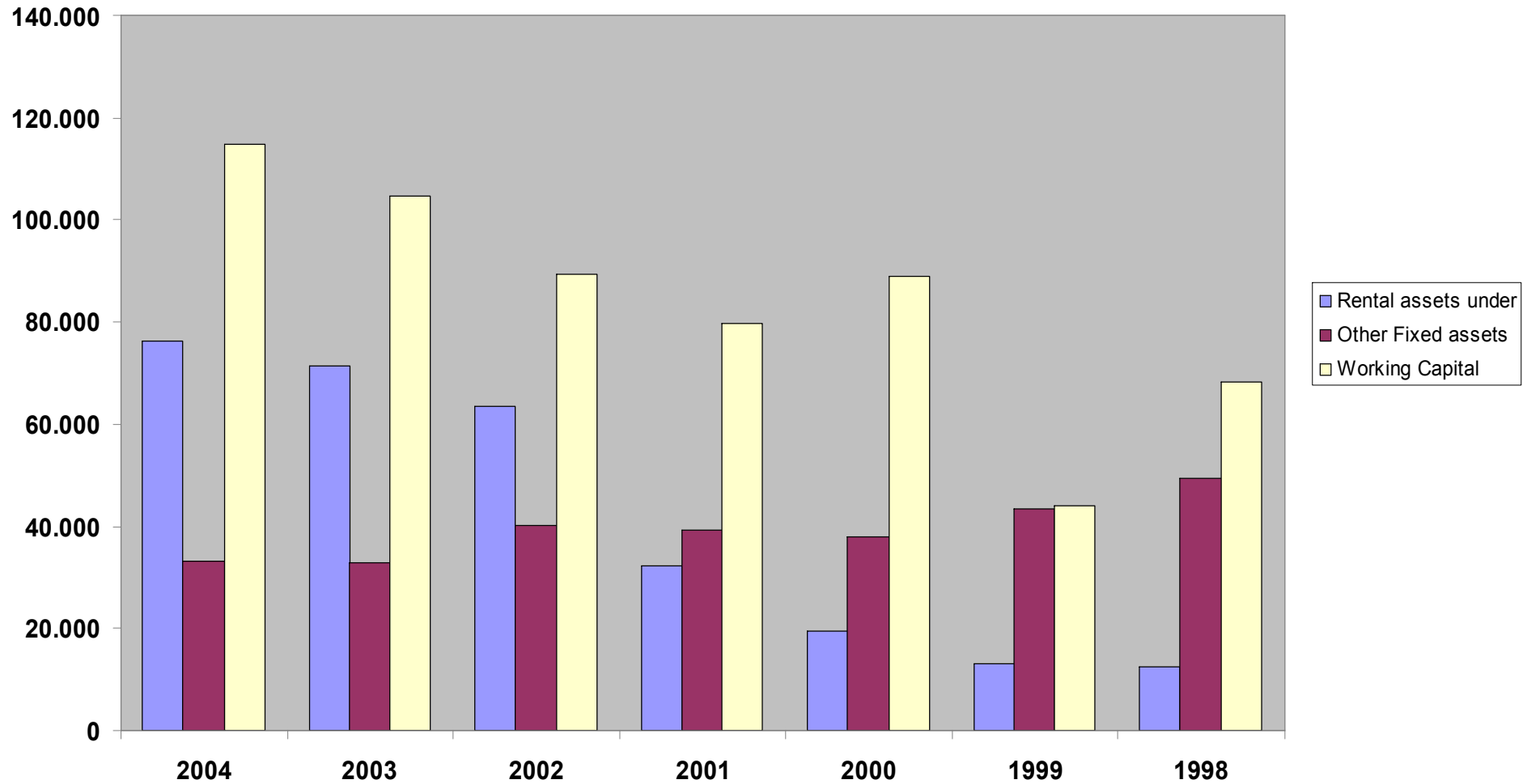


E.B.I.T.D.A.





BALANCE





MACRO ANALYSIS



EXECUTIVE SUMMARY

- Previously focused on cohesion funds
- Take a step back and focus on the fundamental needs
- Benchmark Iberia
- Growth potential in activity related to
 - Airports
 - Railways
 - Highways
 - General construction
 - Power generation
 - Materials handling, and
 - Logistics



FUNDING ISSUE

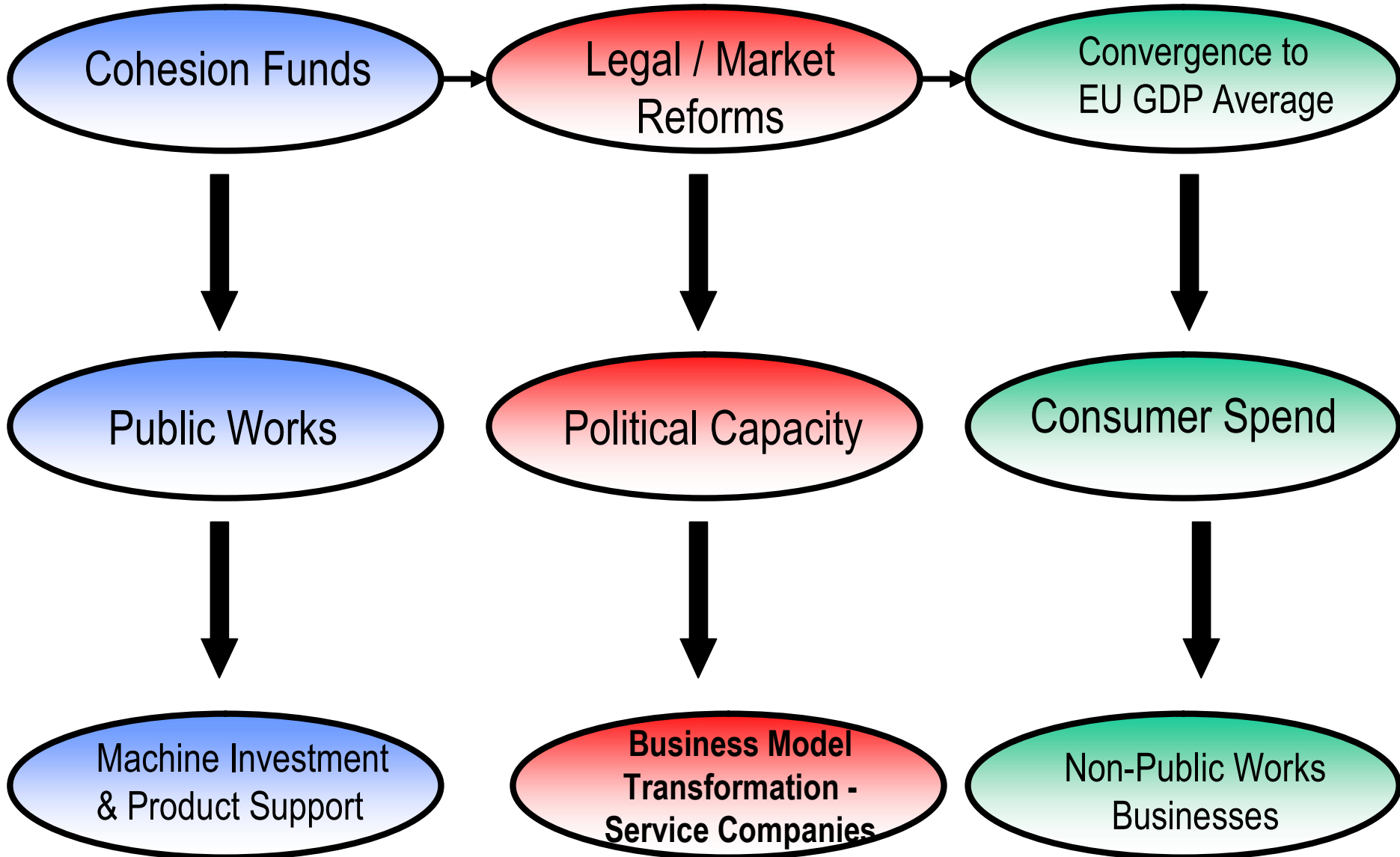
- Cohesion funds
- Private funding



COHESION FUNDS

TRADITIONAL DEALERSHIPS

NEW BUSINESS OPPORTUNITIES





PUBLIC VERSUS PRIVATE FINANCE

- Spain has undergone a process of development of its infrastructure in the context of integration and convergence with the European Union.
- Additional strength to increment physical capital stock is necessary.
- Financing through European Funds represent 20% of total cost. Private financing represents another 20%.
- Due to the evident decrease in Cohesion Funds, the private sector should increase its participation in the financing of infrastructures. The PUBLIC PRIVATE PARTNERSHIP (PPP) figure will be potentiated.
- The new Spanish Law improves economic efficiency for infrastructure provisioning.
- The credit risk analysis in the infrastructure sector requires an exhaustive legal and financial analysis due to its heterogeneity.
- The bonds issued by the companies within the sector show their stability and represent a sole opportunity to diversify the high rating portfolios and low volatile spreads.

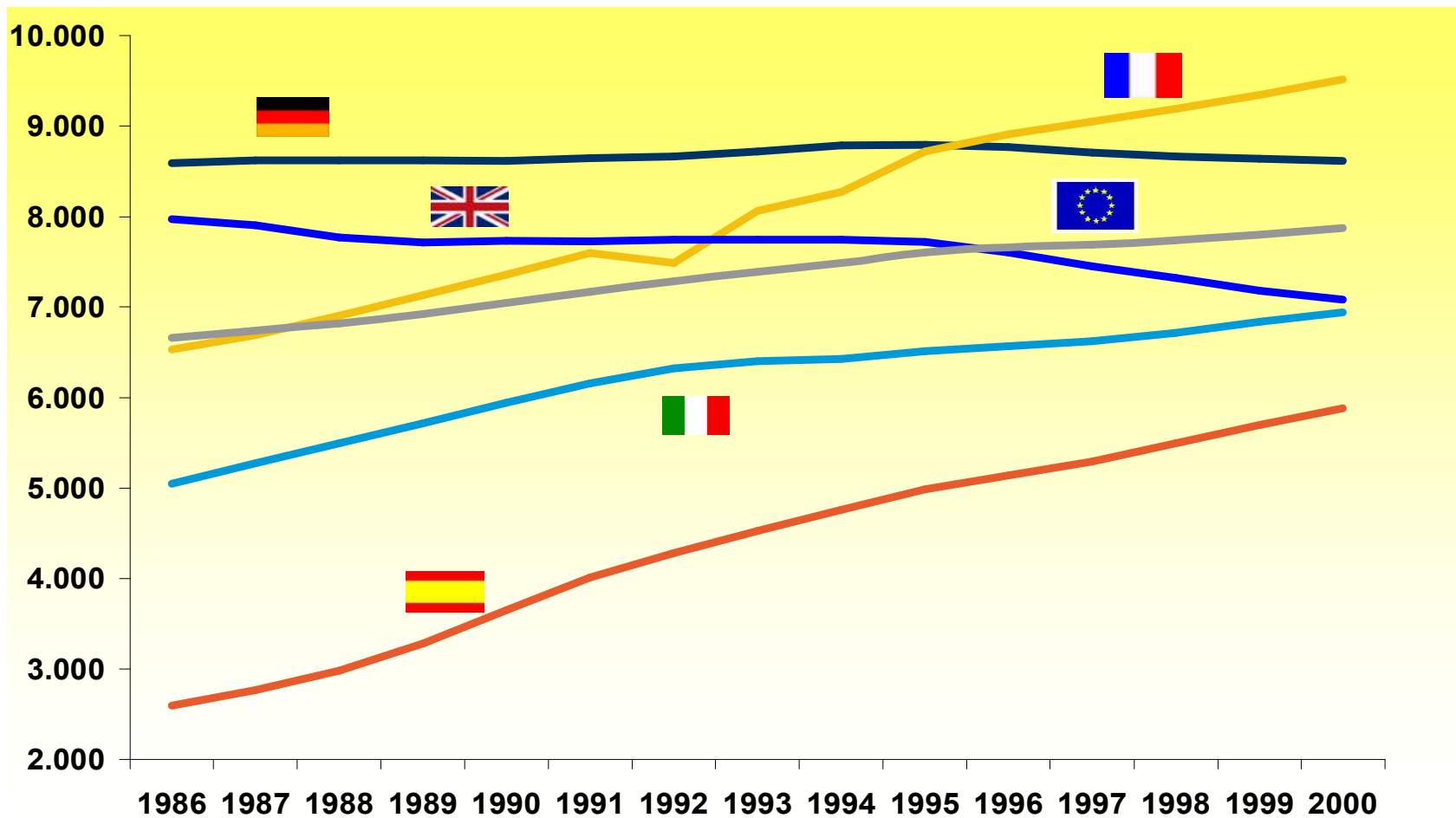


FUNDAMENTAL NEEDS



1. Potential Growth of the Sector

STOCK OF PHYSICAL PUBLIC CAPITAL PER INHABITANT (IN EUROS 2000)



Source: Eurostat

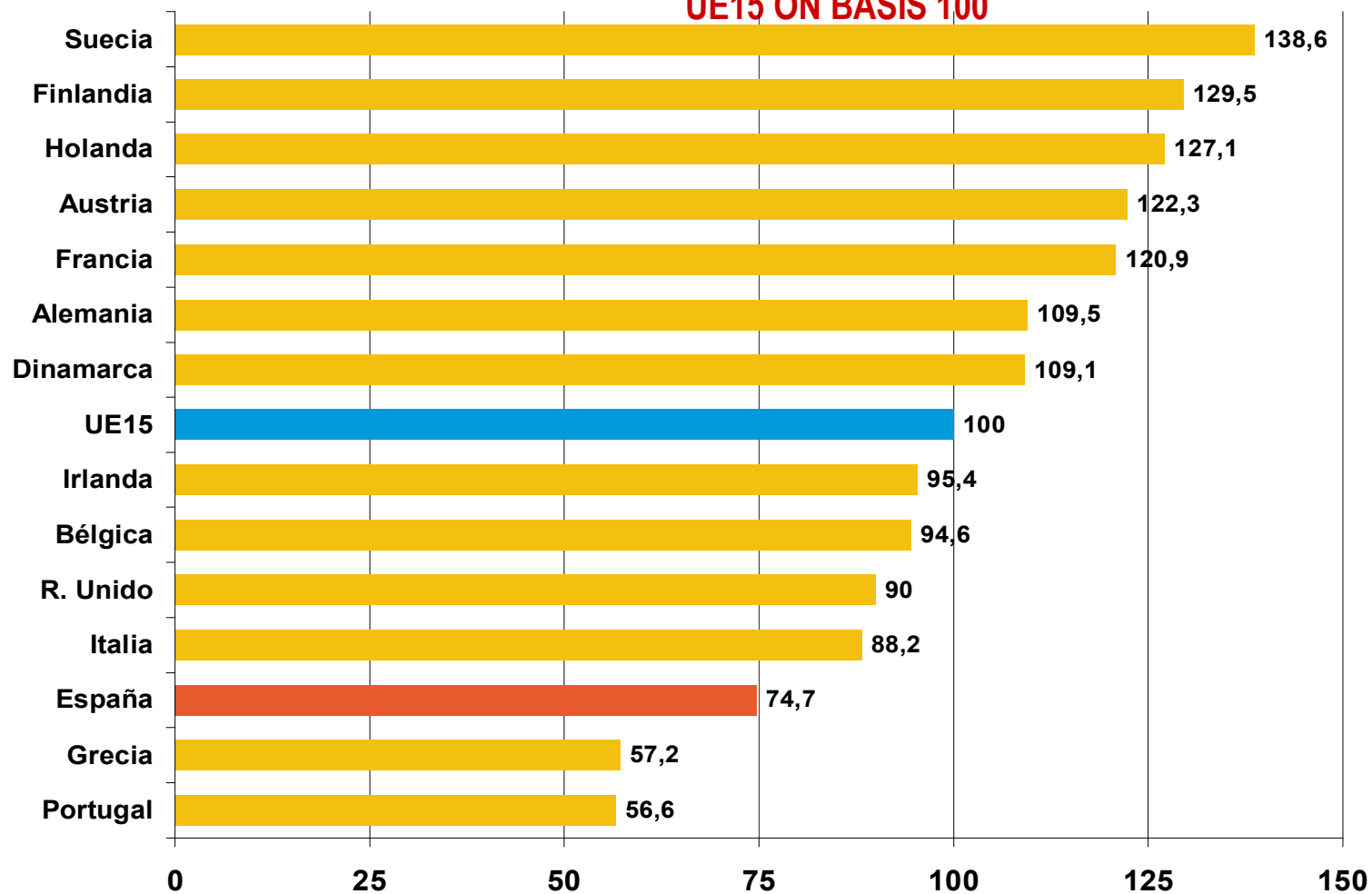


1. Potential Growth of the Sector

STOCK OF PHYSICAL CAPITAL PER INHABITANT

(IN EUROS 2000)

UE15 ON BASIS 100

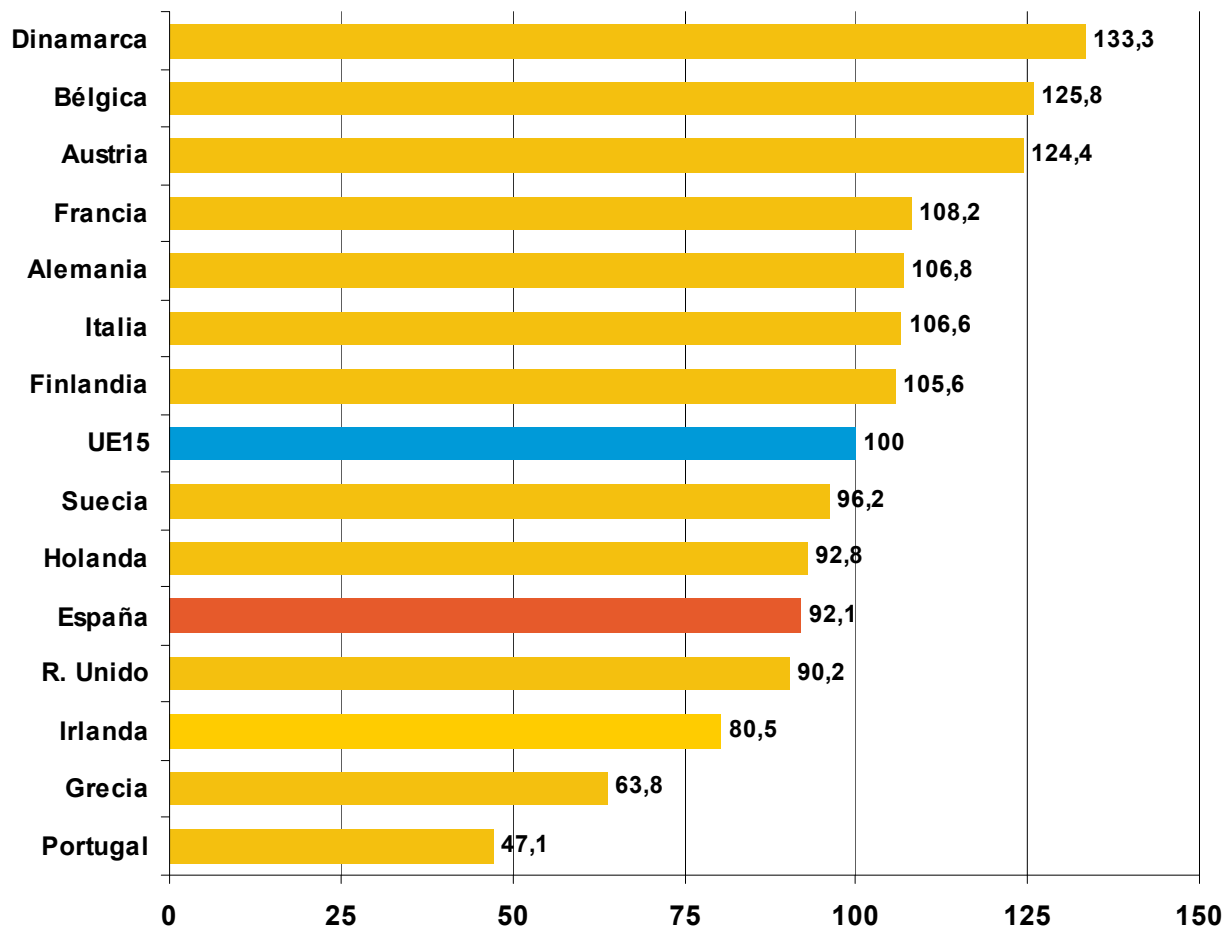




1. Potential Growth of the Sector

STOCK OF PRODUCTIVE PRIVATE CAPITAL PER EMPLOYEE

(IN EUROS 2000.UE[15]=100)



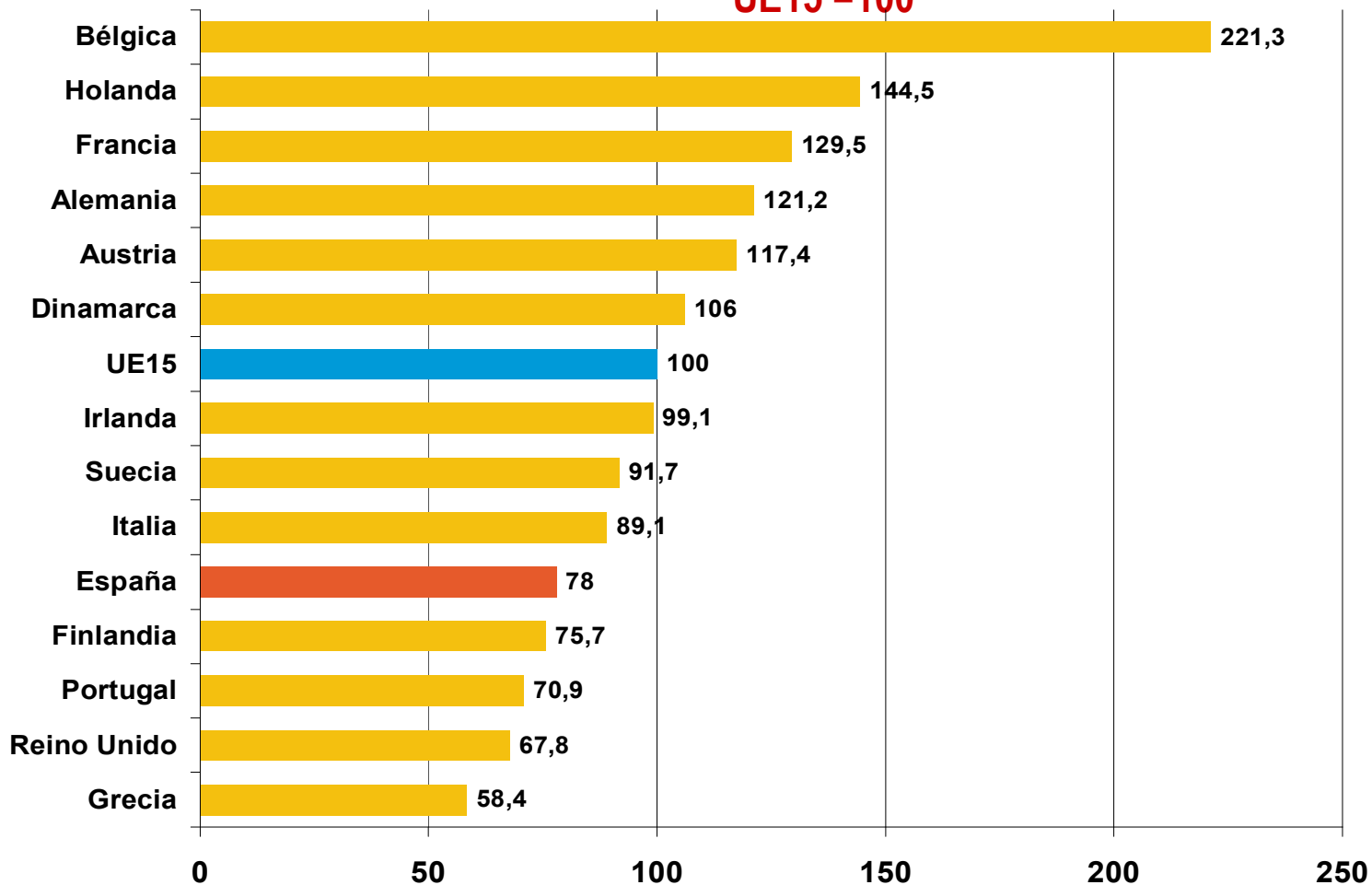


1.a. Highways

INDICATOR

INFRASTRUCTURES – TRANSPORTATION

UE15 =100

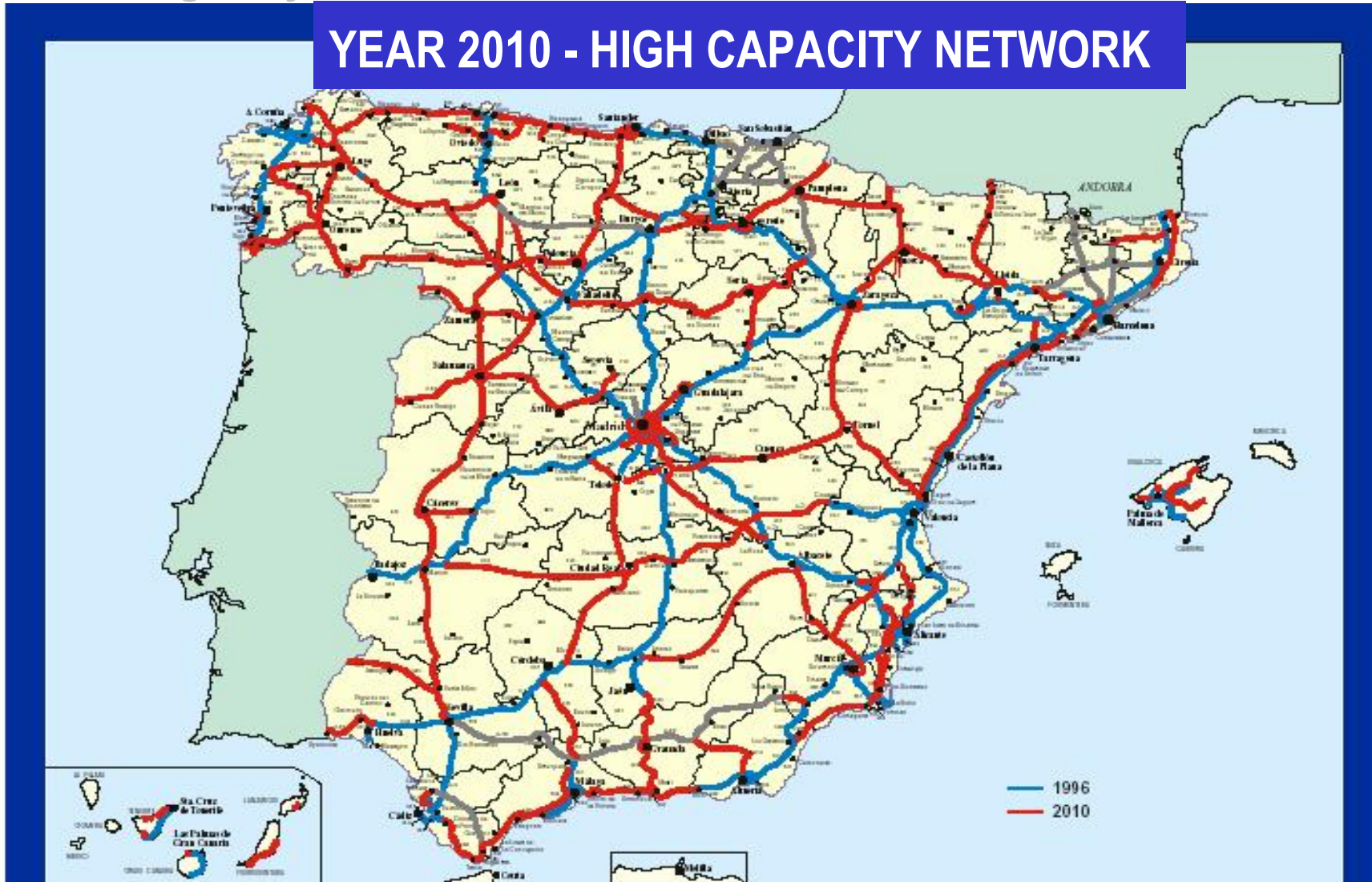


Source: UN-ECEt



1.a. Highways

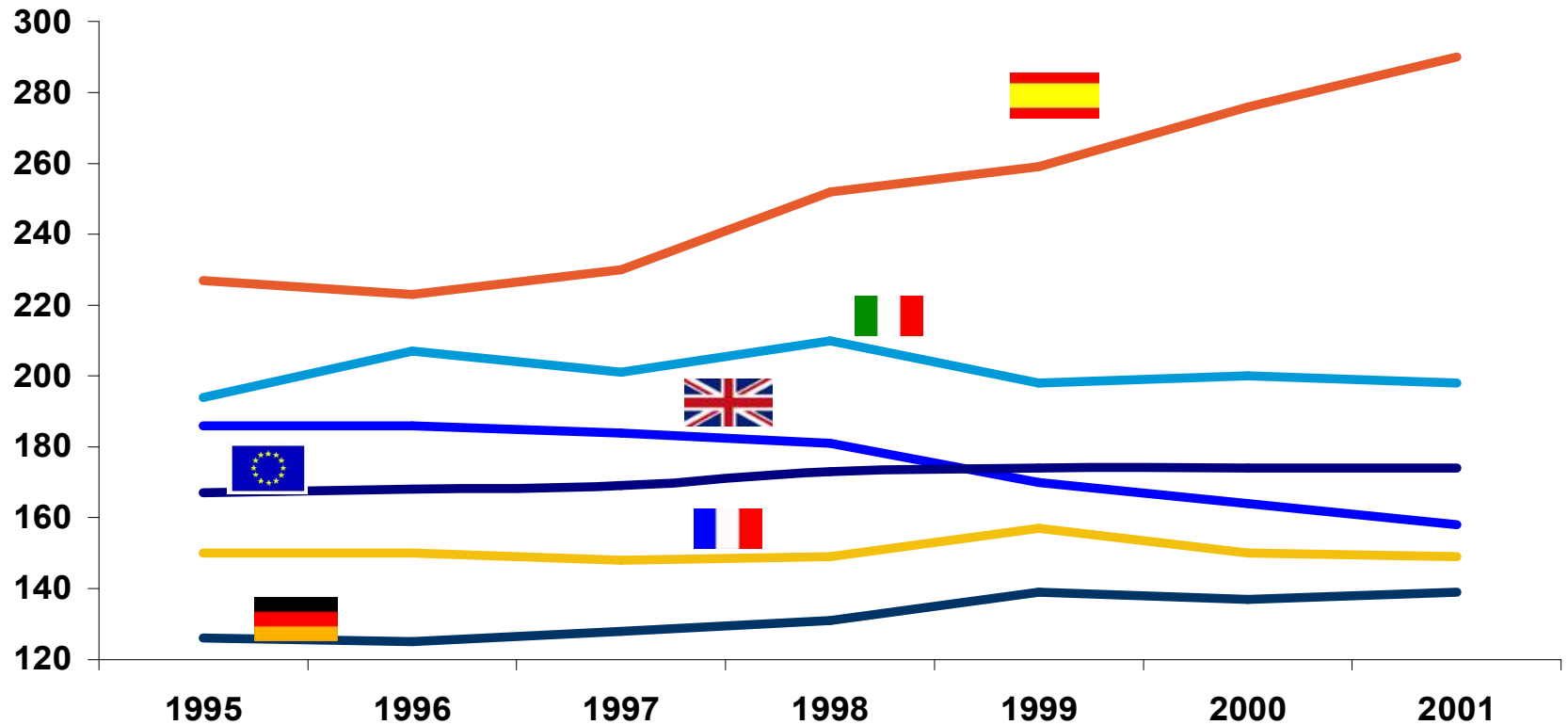
YEAR 2010 - HIGH CAPACITY NETWORK





1.a Highways

VOLUME OF GOODS TRANSPORTED BY LAND (TONS PER KM)
IN RELATION TO GDP

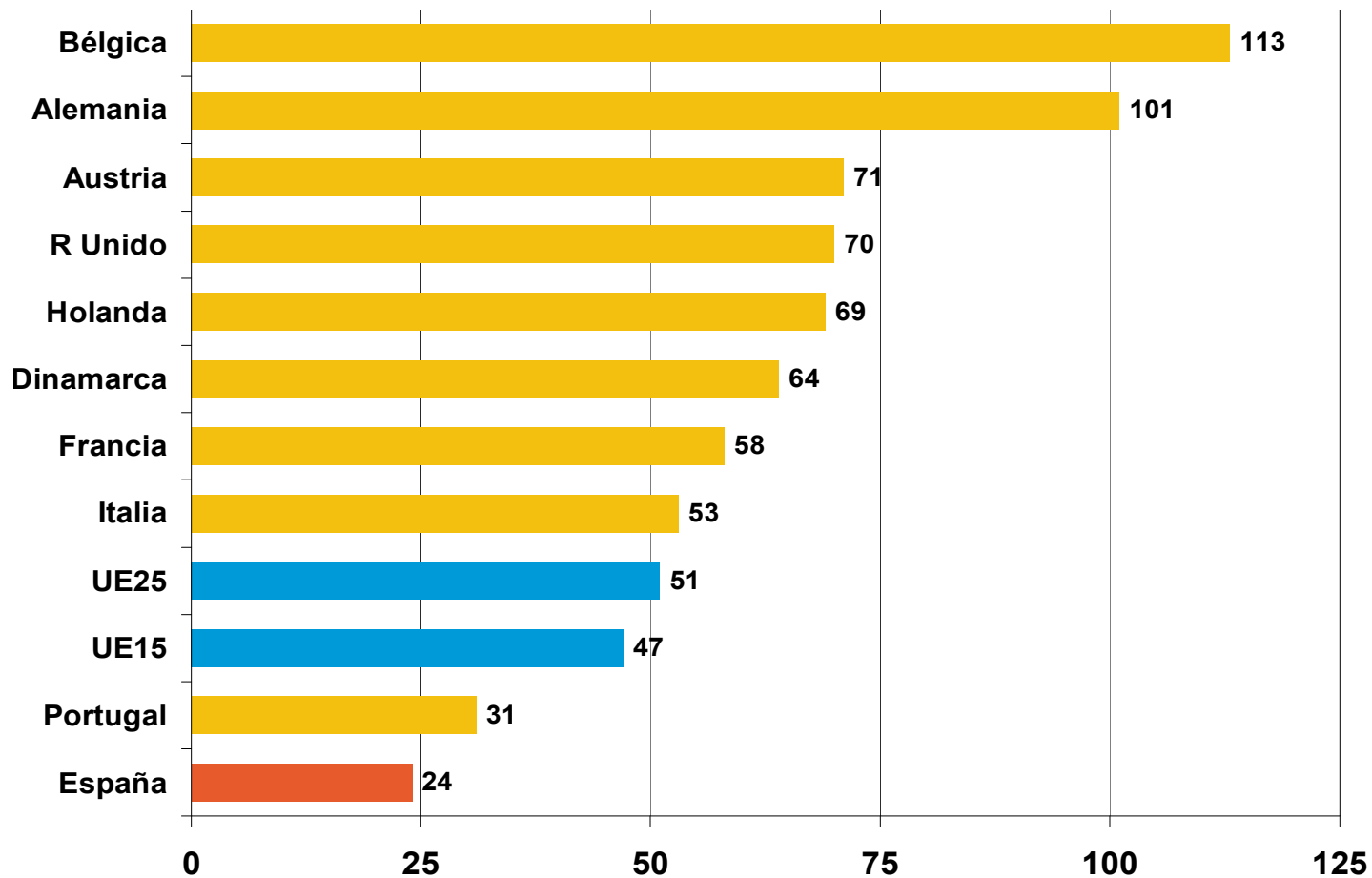




1.b. Trains / Subway

DENSITY OF TRAIN RAILWAYS

(KM/ SURFACE AREA (1000 KM2))



Source: Eurostat, DG for Energy & Transport



1.b. Trains / Subway

PASSENGERS (in 000'S) TRANSPORTED BY RENFE

YEAR	TOTAL	NEIGHBOURING	HIGH VELOCITY	LONG JOURNEYS	REGIONAL
1995	365.503	328.651	3.862	11.600	21.390
1996	377.894	339.892	4.095	11.583	22.324
1997	395.223	354.357	4.398	12.523	23.945
1998	409.471	366.653	4.749	13.700	24.369
1999	418.917	375.038	5.187	13.874	24.818
2000	437.819	392.847	5.615	13.612	25.745
2001	466.800	420.950	6.010	13.606	26.234
2002	484.626	438.773	6.230	13.303	26.320
2003	491.645	446.048	6.008	12.811	26.778



1.b. Trains / Subway

YEAR 2010 - HIGH VELOCITY HORIZON NETWORK





1.c. Airports

SPANISH AIRPORT NETWORK

47 AIRPORTS

&

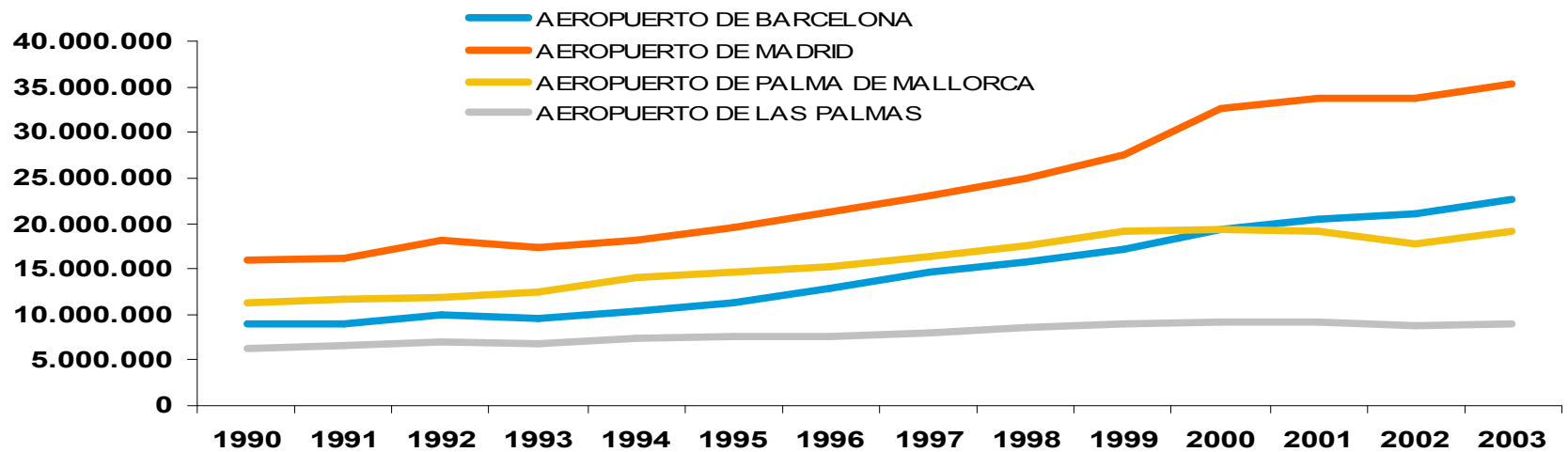
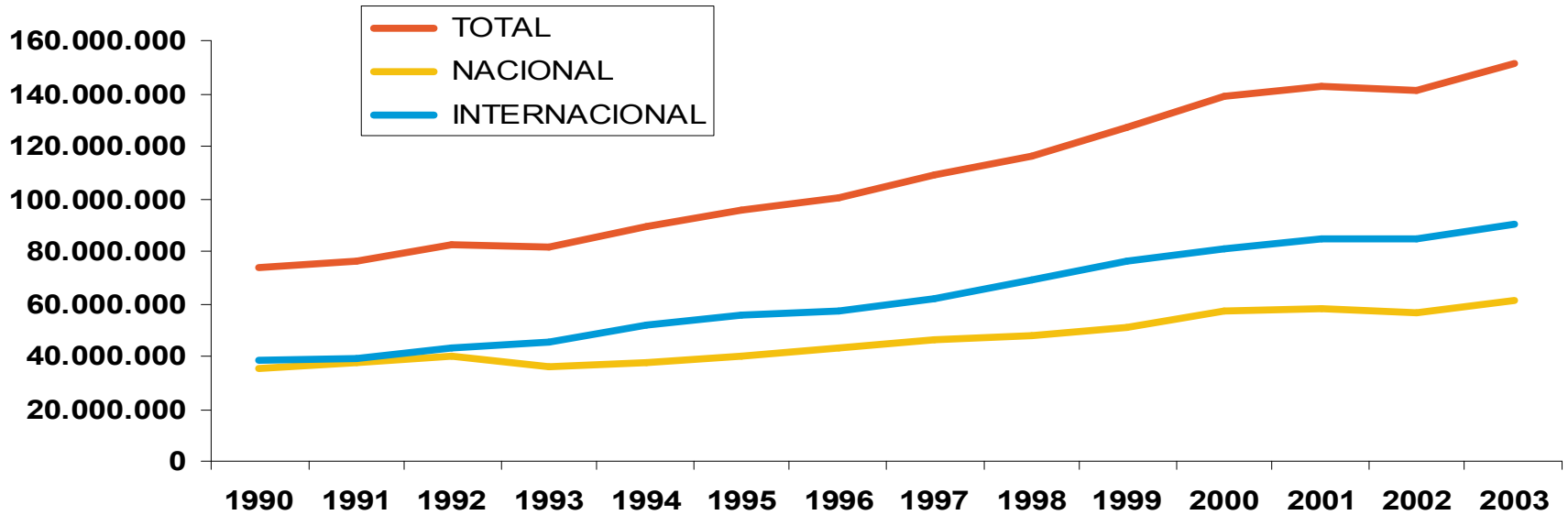
1 HELIPOINT





1.c. Airports

AIRPORT TRAFFIC (PASSENGERS)



Source: Ministerio de Fomento



PUBLIC PRIVATE PARTNERSHIPS (SMART PARTNERSHIP!)



2. The future implication of the private sector. 2.a. Financing

DISTRIBUTION OF FUNDS BY OBJECTIVE & COUNTRY 2000-2006

In Mns € of 1999

COUNTRY	STRUCTURAL FUNDS	COHESION FUNDS	Total	% OVER TOTAL
Bélgica	2.038		2.038	1%
Dinamarca	822		822	0%
Alemania	29.797		29.797	14%
Grecia	21.820	3.060	24.880	12%
España	45.137	11.160	56.297	27%
Francia	15.669		15.669	7%
Irlanda	3.247	556	3.803	2%
Italia	29.636		29.636	14%
Luxemburgo	92		92	0%
Holanda	3.223		3.223	2%
Austria	1.848		1.848	1%
Portugal	19.762	3.060	22.822	11%
Finlandia	2.120		2.120	1%
Suecia	2.223		2.223	1%
Reino Unido	16.576		16.576	8%
Total EU15	194.010	17.836	211.846	100%

FONDO COHESIÓN

Grecia	17%
España	63%
Irlanda	3%
Portugal	17%
	100%

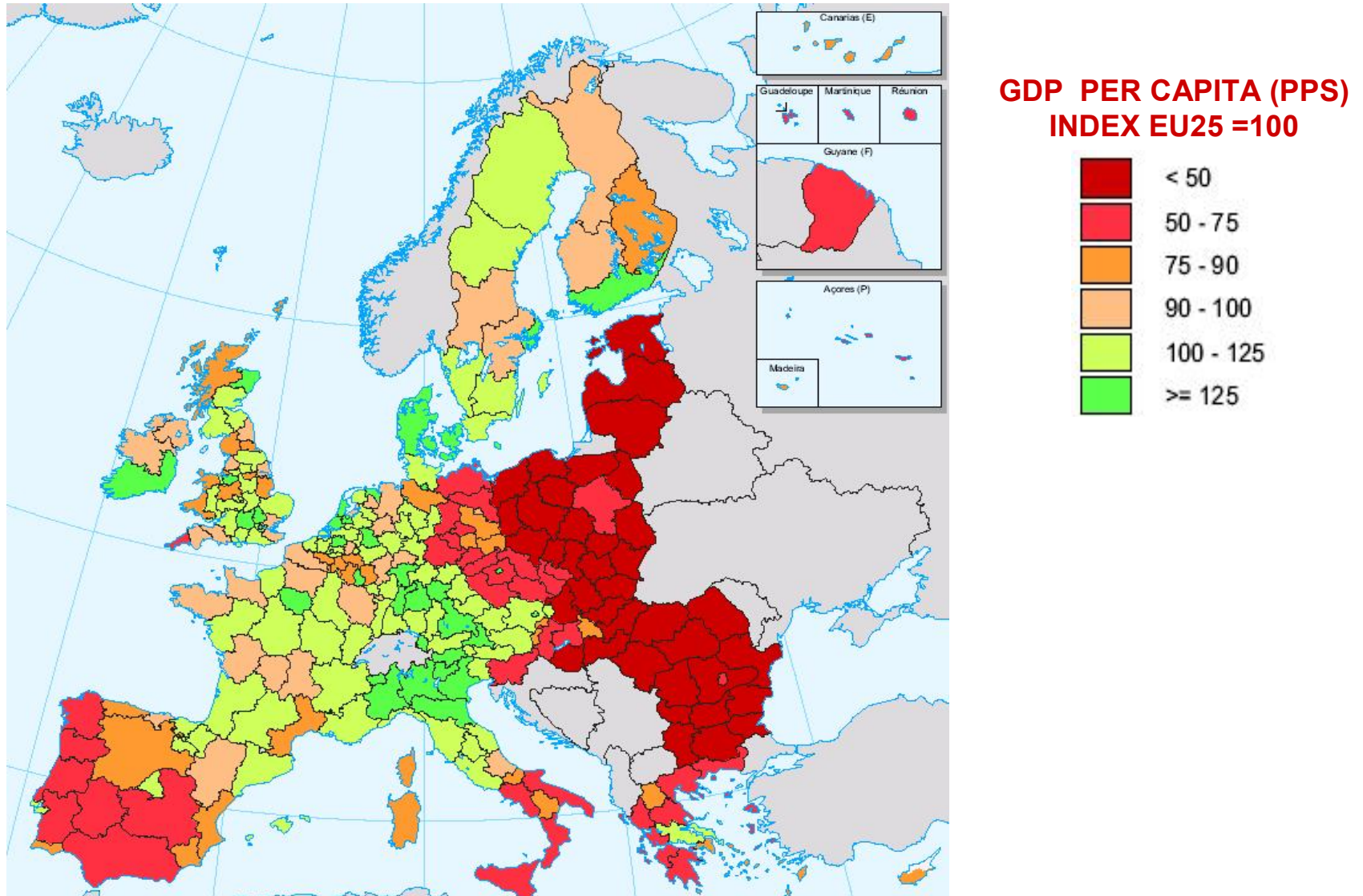
FINANCIACIÓN PÚBLICA	60%
FINANCIACIÓN PRIVADA	20%
FONDOS EUROPEOS	20%



Source: EUROSTAT



2. The future implication of the private sector. 2.a. Financing



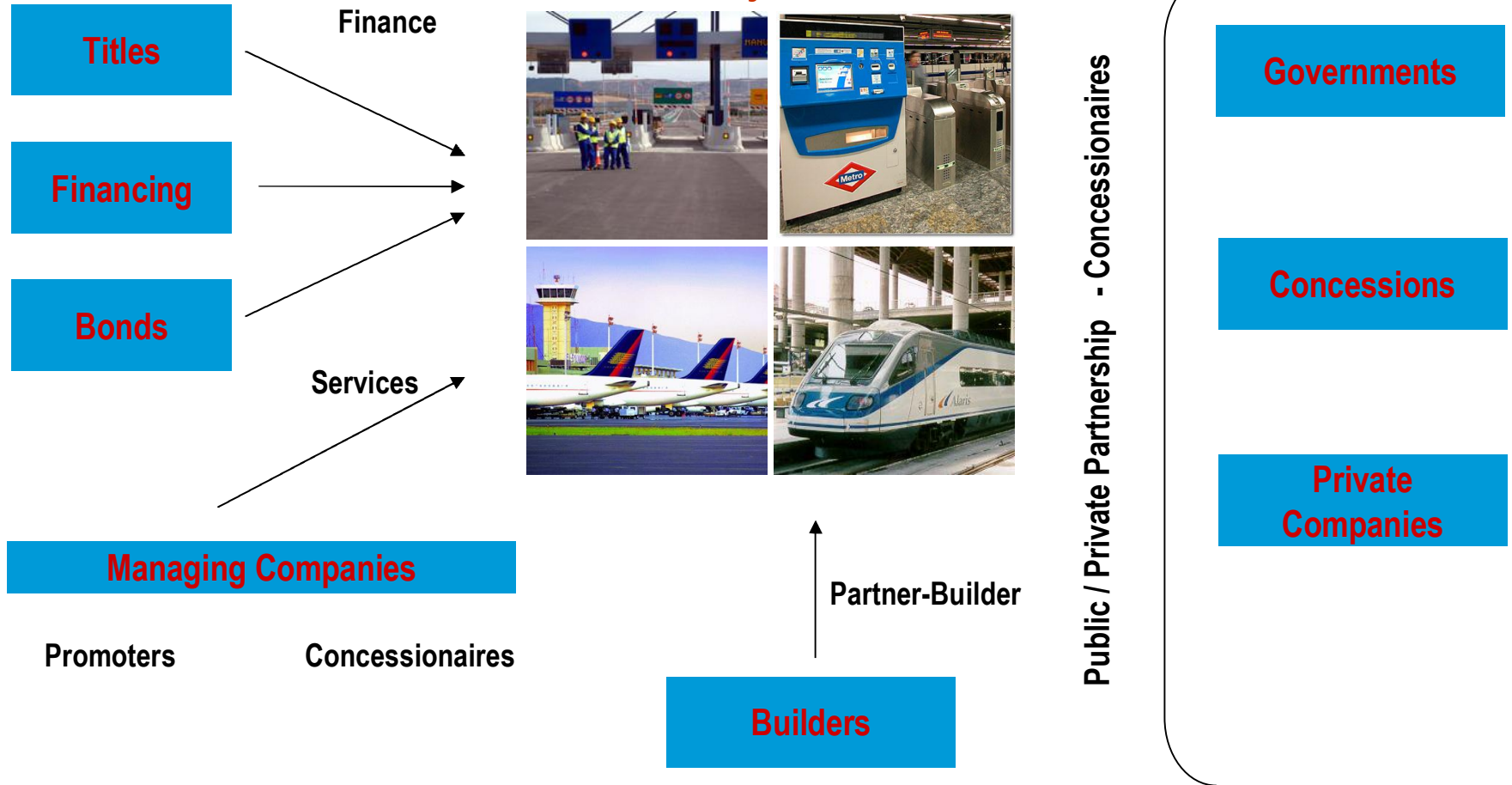
Source: Eurostat



2. The future implication of the private sector. 2.a. Financing

PPP (Public Private Partnership) Projects / PFI (Private Finance Initiative)

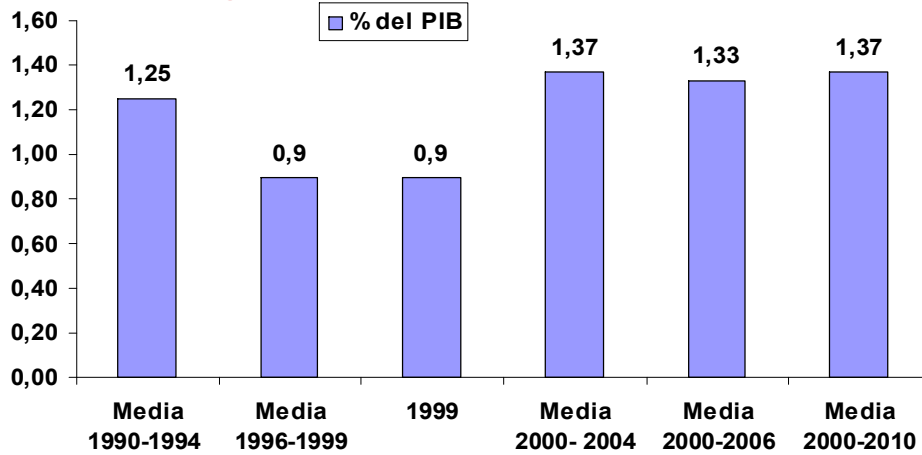
Project



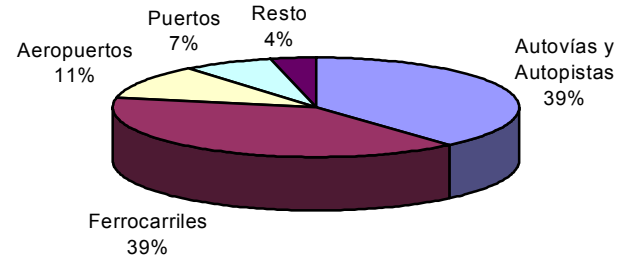


2. The future implication of the private sector. 2.a. Financing

Average Annual Investments - % of GDP

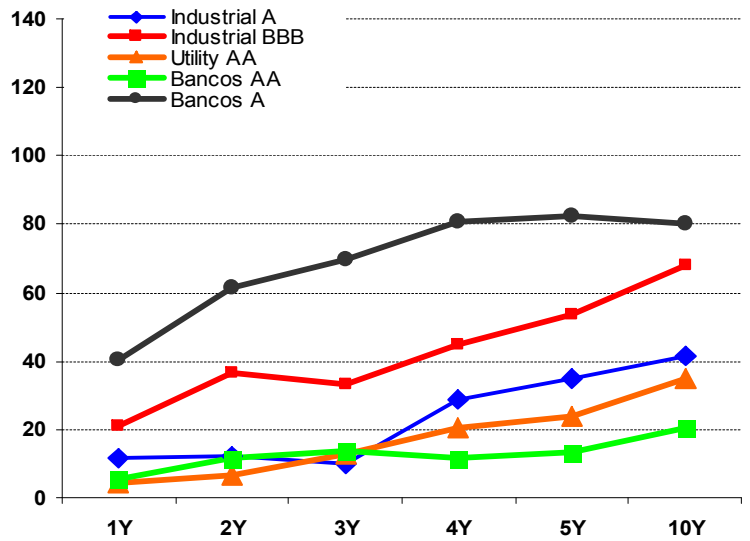


Investment Distribution as per Infrastructure Plan



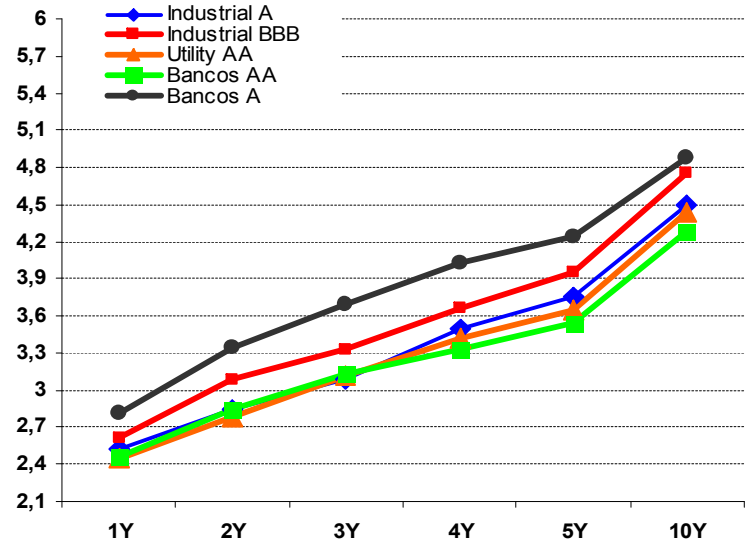
Source: Ministerio de Fomento

Difference as per swap



Source: Bloomberg

Corporate Interest Rates - Trends



Source: Bloomberg



2. The future implication of the private sector. 2.a. Legislation

Law 13/1995 dated 18 May – General Public Administrative Procedure Contracts [LCAP]
Derogated by:

Legislative Decree 2/2000 dated 16 June, approving the adapted text on the Law governing Public Administrative Procedure Contracts. [RDL2 / 2000]

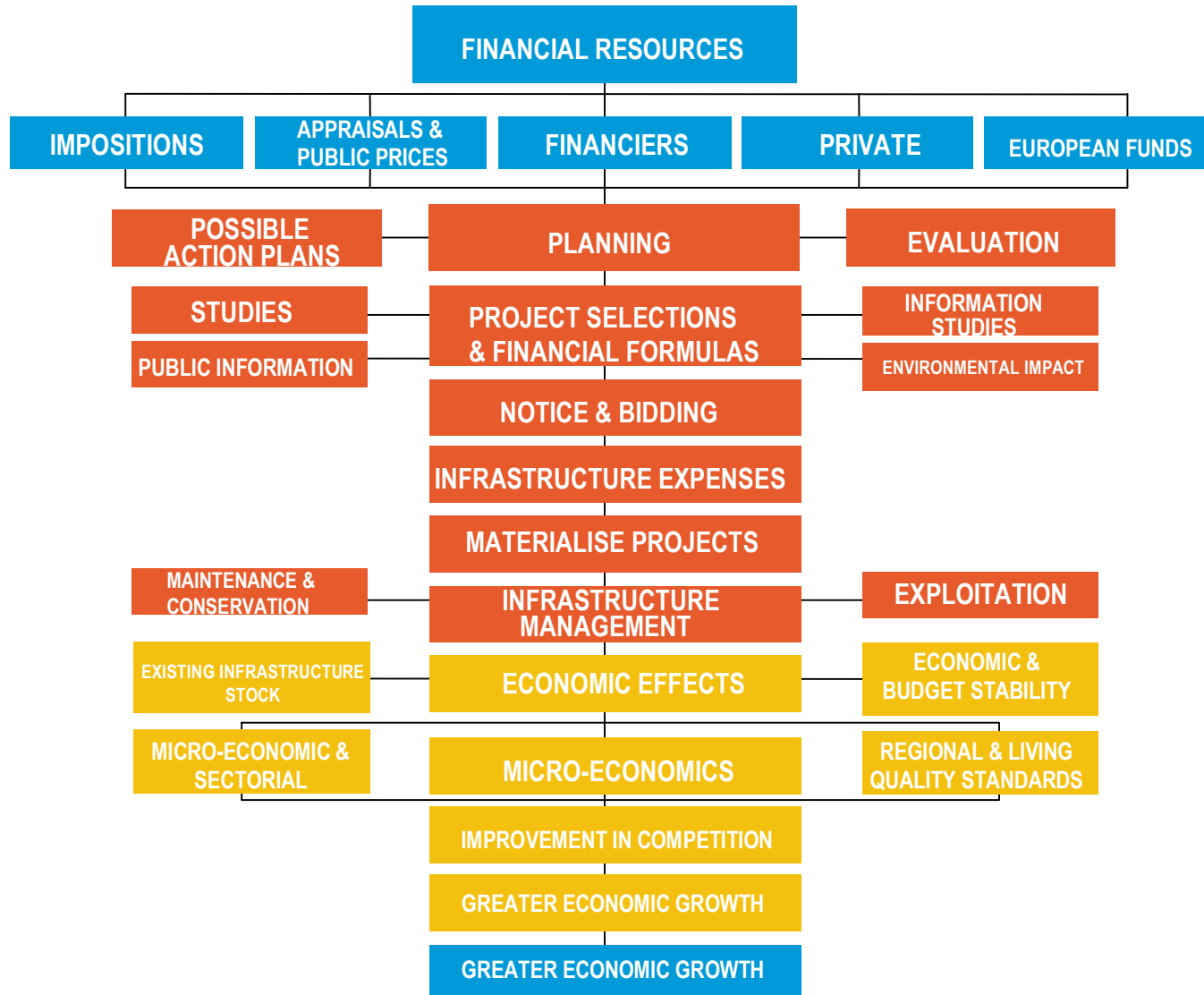
New Law 13/ 2003, dated 23 May, regulating Public Work Concession Contracts. BOE 124 dated 24 May [L13/2003]

European Community Commission, Green Paper, “On Public-Private Partnership and Community Law on Public Contracts and Concessions”



2. The future implication of the private sector. 2.a. Legislation

PUBLIC WORKS AND ECONOMIC CYCLE





2. The future implication of the private sector. 2.a. Legislation

LAW GOVERNING CONTRACTS ON PUBLIC ADMINISTRATIVE PROCEDURES

[A] TYPES OF CONTRACTS

1. JOB CONTRACTS

2. PUBLIC SERVICE MANAGEMENT CONTRACTS

3. SUPPLY CONTRACTS

4. CONSULTING & SERVICE ASSISTANCE CONTRACTS

5. CONCESSION & PUBLIC WORKS ASSISTANCE
CONTRACTS

PPP / PFI



2. The future implication of the private sector. 2.a. Legislation

[B] CONCESSION & PUBLIC WORKS ASSISTANCE CONTRACTS

OBJECTIVE:

CONSTRUCTION & EXPLOITATION

ONLY EXPLOITATION



Highways, railways, harbours, canals, dams, buildings, fortifications, airports, naval bases, civil engineering, excavations, beach restorations, etc.



2. The future implication of the private sector. 2.a. Legislation

[C] CONCESSION & PUBLIC WORKS ASSISTANCE CONTRACTS

PROCEDURE:

1. Requirements (Capacity & Solvency of Companies)

Economic & Financial Solvency

Technical Solvency

CLASSIFICATION OF COMPANIES

2. Viability Study

Finality & Justifications

Forecasts – Demand & Socio-Economic
Incidences of the Job

Execution & Operational Risks

3. Pre-Construction Project & Exploitation of the Job

Project Map Plans / Budget

Annual Report

4. Job Project & Remodelling

Public Utility Recognition (Expropriations)



2. The future implication of the private sector. 2.a. Legislation PROCEDURE:

[C] CONCESSION & PUBLIC WORKS ASSISTANCE CONTRACTS

5. ADMINISTRATIVE CLAUSES (PARTICULAR)

CONCESSIONAIRE RECOMPENSATION SYSTEM

PRICE REVIEW FORMULAS DURING EXECUTION & UPDATING COSTS

MINIMUM THRESHOLD OF INCOME DERIVED FROM THE EXPLOITATION OF THE COMMERCIAL AREA

EXPLOITATION (DURATION)

- CONSTRUCTION & EXPLOITATION: MAX: 40 YEARS

- EXPLOITATION : MAX 20 YEARS (YEARS >15 JUSTIFICATION)

6. NOTICE & BIDDING

7. ALLOTMENT

OPEN/ RESTRICTED /
ALWAYS BY PUBLIC BIDDING

NEGOTIATED



2. The future implication of the private sector. 2.a. Legislation

[D] CONCESSIONAIRE RIGHTS & OBLIGATIONS

1. RIGHT TO EXPLOIT
2. UTILISATION OF PUBLIC DOMAIN GOODS
3. FORCED EXPROPRIATION PROCEDURES
4. CESSION
5. CREDIT RIGHT ENTITLEMENT
6. RIGHT TO THE MAINTENANCE OF ECONOMIC EQUILIBRIUM

1. PROJECT EXECUTION
2. EXPLOITATION ASSUMING ECONOMIC RISK DURING MANAGEMENT
3. GRANT ACCESS TO ALL USERS
4. KEEP DISCIPLINE
5. INDEMNISATION - INJURIES TO 3RD PARTIES
6. PROTECT PUBLIC DOMAIN
7. OTHER LAWS OR CLAUSES



2. The future implication of the private sector. 2.a. Legislation

LAW GOVERNING CONTRACTS ON PUBLIC ADMINISTRATIVE PROCEDURES

[E] ECONOMIC EQUILIBRIUM

- General interest and Concessionaire's interest are taken into consideration
- Administration should re-establish the economic equilibrium of the contract as per:

☞ Modifications by Administration, by public interest

☞ Reasons due to major causes, which determine the rupture of the Concession's economy

Major causes: Fire, tidal waves, earthquake, earth movements, floods, serious changes - public order

Measures to re-establish economic equilibrium:

- Modification of tariffs
- Extension of concessional deadlines
- Other economic modifications (clauses)







2. The future implication of the private sector. 2.a. Legislation

New System – Provision of Infrastructures

Adopt a concessional model for public works which provides innovative potentials to the private sector as well as financial and managerial potentials.

The new law enriches the financing of the jobs. Recompensation to the Concessionaire may be done through:

-  The price paid for the utilisation of the job site
-  The performance related to the exploitation of the commercial area annexed to the infrastructure
-  Contributions by the Administration to guarantee minimum income
-  Possibility to utilise the method “peaje en sombra”.

The Ministry, Ministerio de Fomento, expects that these new measures would allow the following:

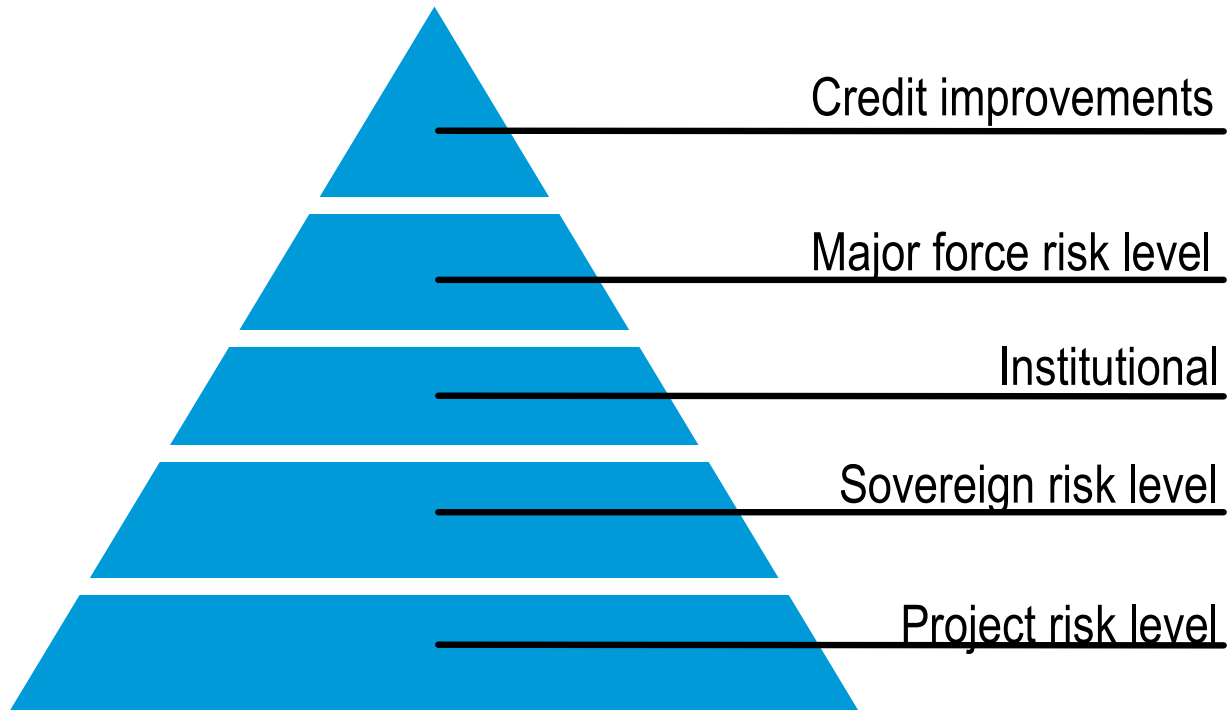
- 1) Increase legal protection and economic efficiency of the concessional system
- 2) Major flexibility, better risk/capital assignment
- 3) Greater private capital attraction towards the financing of public works



3. CREDIT RISK

Credit Analysis according to Rating Agencies

Infrastructure Framework Analysis





3. CREDIT RISK

1) PROJECT RISK

- Establishment of Contract. Operating and Financial Contracts
- Technological, construction operations
- Exposure to competition
- Legal structure of the whole project
- Exposure of counterpart (Suppliers, customers...)
- Financial strength

2) SOVEREIGN RISK

- In general, the rating of a project has a ceiling which coincides with the rating of the country where the project is located

3) INSTITUTIONAL RISK

- In emerging markets, the concepts on property rights and Commercial Law could increase/reduce the global risk of the project.



3. CREDIT RISK

4) MAJOR FORCE RISK

It is a critical study in any project because major forces create risk on the financial equilibrium mechanism. In this case, the concessionaire has the right to a compensation if there is no imprudence on his part. The Spanish Law does not distinguish between reparable situations and reasons due to major force. The definition of major force includes both.

5) CREDIT IMPROVEMENTS

To reduce risk various International Agencies have offered guarantees which mitigate project risk.

In addition, Insurance Companies permit specific risk coverages.



CONCLUSIONS

- Spain has undergone a process of development of its infrastructure in the context of integration and convergence with the European Union.
- Additional strength to increment physical capital stock is necessary.
- Financing through European Funds represent 20% of total cost. Private financing represents another 20%.
- Due to the evident decrease in Cohesion Funds, the private sector should increase its participation in the financing of infrastructures. The PUBLIC PRIVATE PARTNERSHIP (PPP) figure will be potentiated.
- The new Spanish Law improves economic efficiency for infrastructure provisioning.
- The credit risk analysis in the infrastructure sector requires an exhaustive legal and financial analysis due to its heterogeneity.
- The bonds issued by the companies within the sector show their stability and represent a sole opportunity to diversify the high rating portfolios and low volatile spreads.



ANNEX I - ISSUERS

Aeropuertos

Aeroports de Paris
Schiphol Amsterdam
BAA PLC
Aer Rianta
Birmingham International
Newcastle International
London Ciyt Airpor
Aunque Zürich Airpor AG

Bono

400 Mns € 5,875% 15 febrero 2010
300 Mns € 4,375% 8 julio 2013
900 Mns £ 5,75% 10 diciembre 2031
250 Mns € 6,15% 16 febrero 2011
105 Mns £ 6,25% 22 febrero 2021
85 Mns £ 7,25% 7 junio 2021
100 Mns £ 7,886% 3 noviembre 2019
200 Mns CHF 4,25% 26 marzo 2009

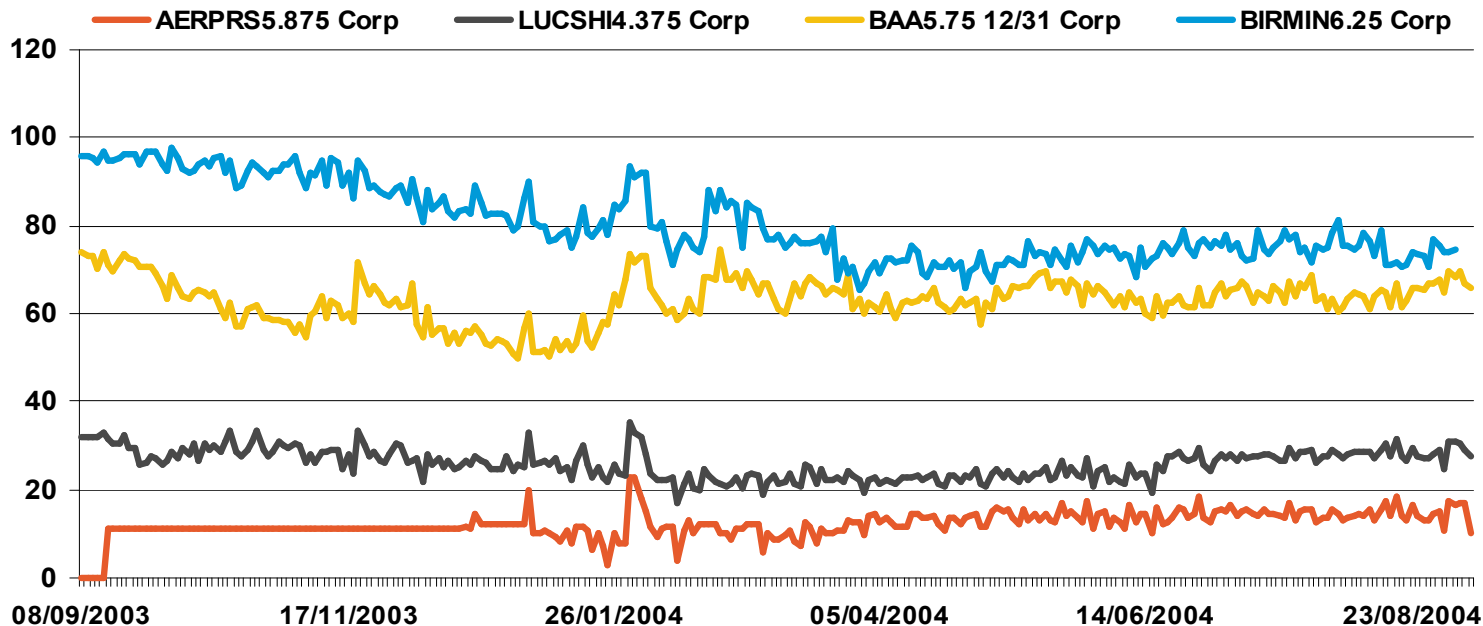
País

Francia
Paises Bajos
RU
Irlanda
RU
RU
RU
Suiza

Rating S&P

AAA
AA-
A+
A
A-
BBB+
BBB
BBB

Diferencial swap en puntos básicos



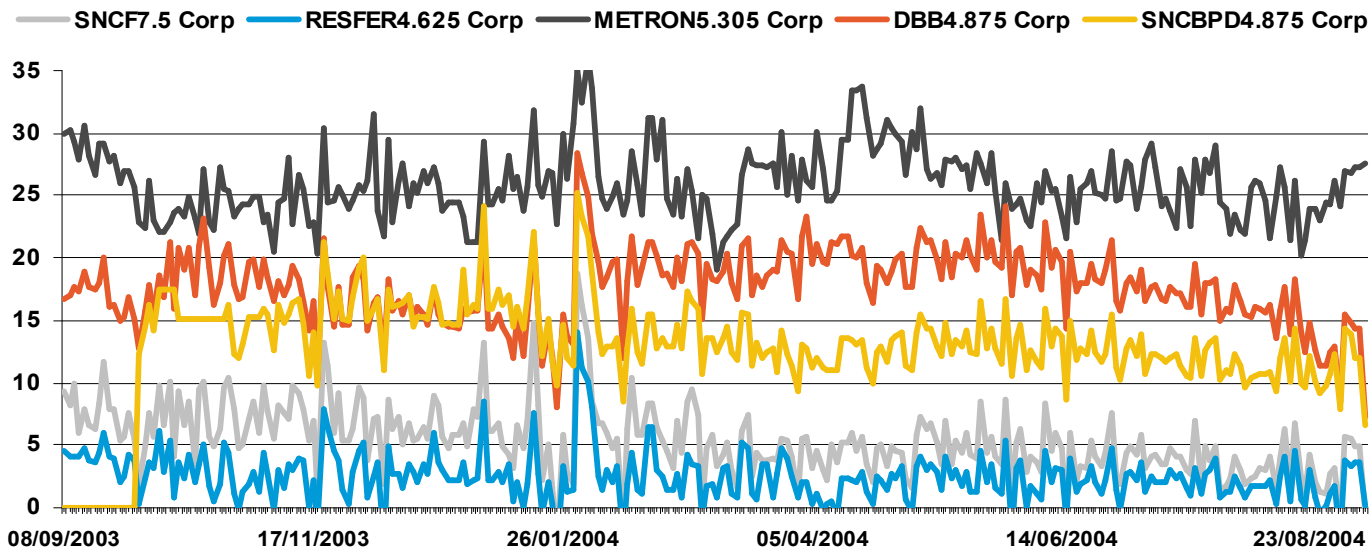
Source: Bloomberg



ANNEX I - ISSUERS

Trenes/ Metro	Bono	País	Rating
SNCF	1.829 Mns € 7,5% 26 abril 2008	Francia	AAA
Reseau Ferre de France	1.829 Mns € 4,625% 17 marzo 2014	Francia	AAA
Tube lines (Finance) plc	1,15 Billones £ 5,54% 30 septiembre 2027	RU	AA
Metronet SSL	350 Mns £ 5,309% 15 marzo 2032	RU	AAA
Metronet BCV	350 Mns £ 5,305% 15 marzo 2032	RU	AAA
SNCB	650 Mns € 4,875% 21 noviembre 2011	Bélgica	AA
Deutsche Bahn AG	1.350 Mns € 4,875% 6 julio 2009	Alemania	AA
Norges Starsbaner BA	150 Mns € 4,625% 25 mayo 2011	Noruega	AA
West Coast Train Finance	480 Mns £ 6% 31 marzo 2015	RU	A-
CFR Marfa SA	120 Mns € 10,5% 10 diciembre 2007	Rumania	B+

Swap Differential in basis points

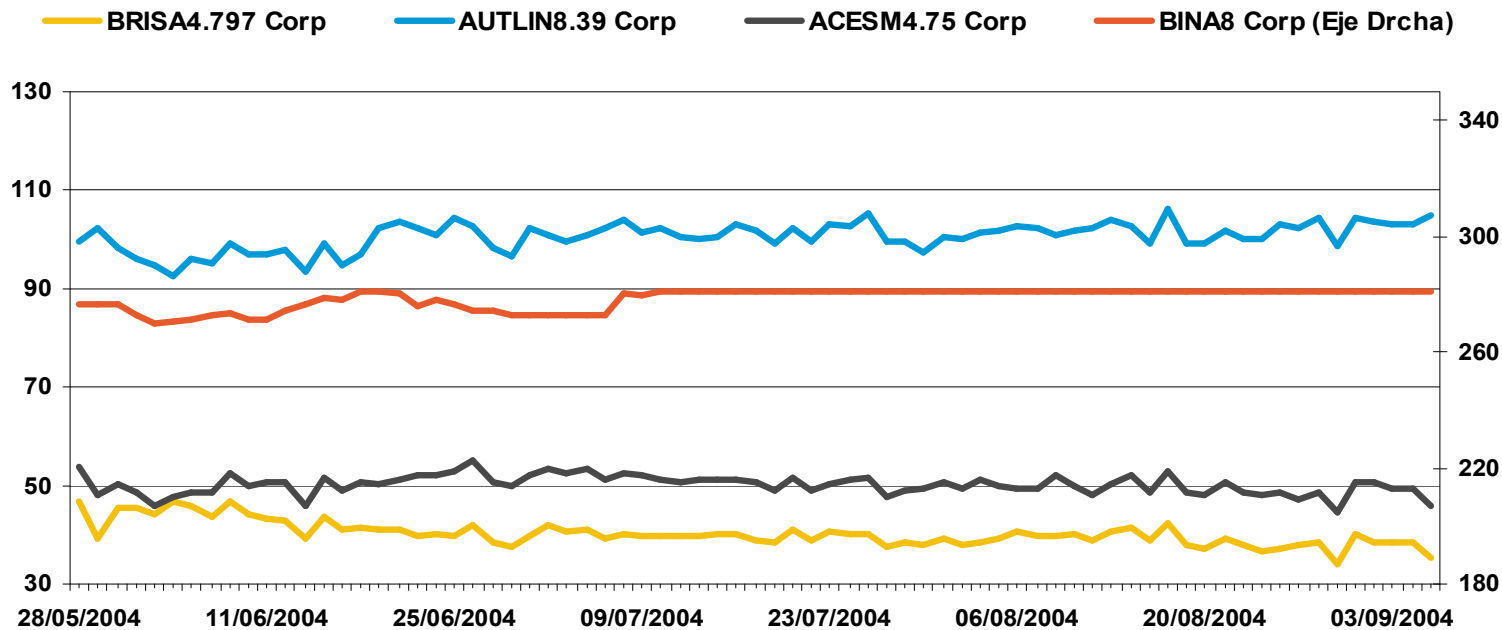




ANNEX I - ISSUERS

Autopistas	Bono	País	Rating
Caisse Nationale des Autoroutes	1.000 m € 5,25% enero 2017	Francia	AAA
COFIROUTE	300 m € 5,875% octubre 2016	Francia	A+
BRISA	500 m€ 4,797% septiembre 2013	Portugal	A+
Autolink	124,8 m £ 8,39% junio 2022	RU	AAA
Bina-Istra d.d.	210 Mns € 8% diciembre 2022	Croacia	BB+
Abertis	450 Mns € 4,75% 11 febrero 2014	España	A+(Fitch)
Autostrade	2.750 Mns € 5% 9 junio 2014	Italia	A

Swap Differential in basis points



Source: Bloomberg