

TELVENT

The Global RealTime IT Company



TELVENT

**Q3 and 9 Months 2006 Earnings
Presentation**

November 28, 2006




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. Q3 and 9 Months 2006 Highlights** 
- 2. Q3 and 9 Months 2006 Detailed Financial Analysis**
- 3. Business Outlook and 2006 Guidance**
- 4. Appendix: Segment Information**
- 5. Q&A**



Q3 and 9 Months 2006 Highlights

- ❑ **Continued top and bottom line growth. Strong organic growth and growth from acquisitions**
 - Accumulated revenues of €331.2 million, a 22% year-over-year increase (19.1% organic)
 - Our acquired businesses growing at the same levels
 - Pro forma EPS of €0.19 in the quarter, and €0.48 in the 9-months period
- ❑ **9-months growth in all of our segments (w/o JV's consolidation)**
 - Energy: 19% (22.7% Gross Margin)
 - Traffic: 16.5% (22.2% Gross Margin)
 - Transport: 64.2% (26.5% Gross Margin)
 - Environment: 55.5% (23.9% Gross Margin)
 - Other: 31.7% (28.6% Gross Margin)
- ❑ **Gross margin expansion: getting closer to 2006 upper range target level**
- ❑ **Bookings in the quarter increased 66.3% year-over-year to €188.2 million, driving the backlog to €493.1 million, a 40.3% year-over-year increase**



Q3 and 9 Months 2006 Highlights (contd.)

- ❑ **Continued growth from installed base (89.1% of revenue from repeat customers), demonstrating our excellence in delivery**
- ❑ **Closing of the Farradyne acquisition. First phase of the integration process on track**
 - Expected to be accretive after the first 12 months and before synergies
- ❑ **Beijing BlueShield integration on track**
- ❑ **Maexbic acquisition closed in November 2006**
- ❑ **Important contracts include:**
 - Renewal of the IT Infrastructure Services outsourcing contract with Talisman Energy Inc (“Talisman”), through December 2009
 - Five years operation and consultancy services for the Smart Traffic Control Center for the Virginia’s State Traffic Department
 - Installation, Operation and Maintenance of information and communications system contract with Bursa Water and Sewerage Administrations General Directorate (BUSKI), to manage and ensure the quality of the city’s drinking water
- ❑ **Continued R&D investment: 3.7% of accumulated revenues**



All of these positive factors have allowed us to raise our Fiscal Year 2006 guidance for:

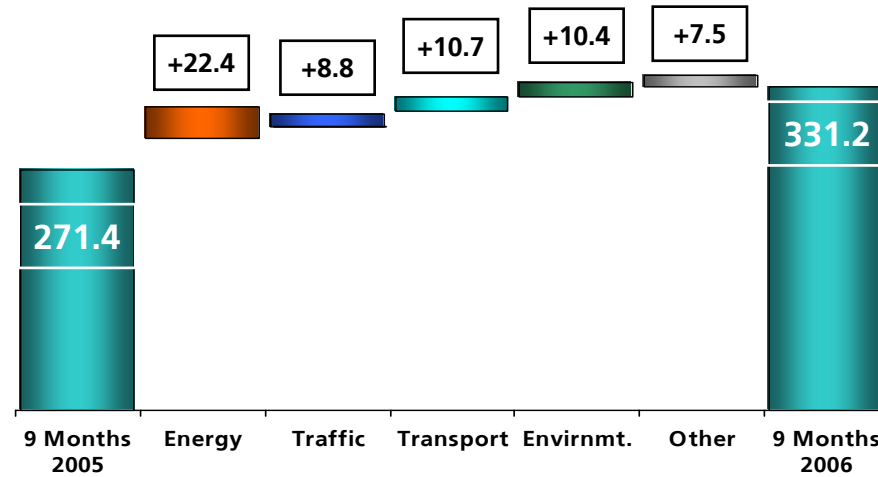
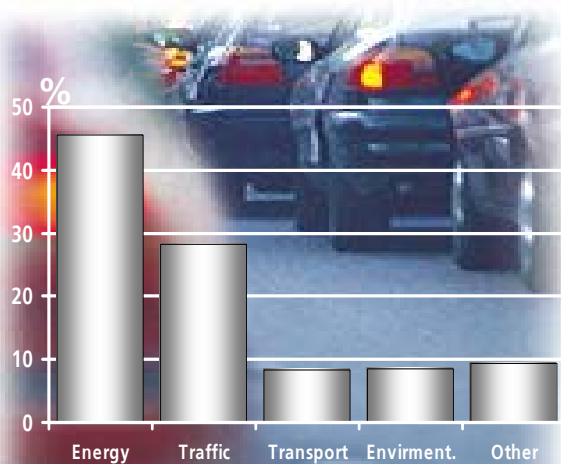
- **Revenues**
- **Operating Margin**
- **EPS**



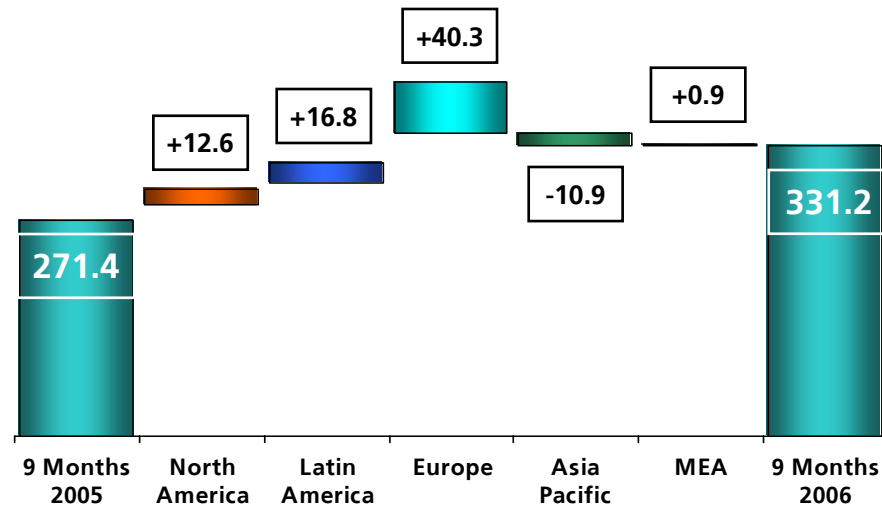
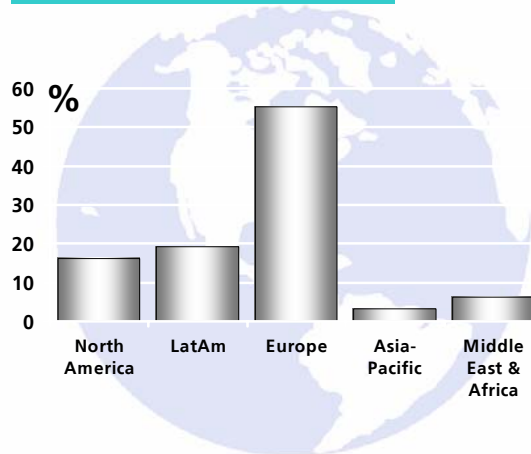
Diversified Revenue Stream

€ in Millions

Segment




Geography



Note: Graphs represent 9 months 2006 figures



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Successful 9 Months 2006

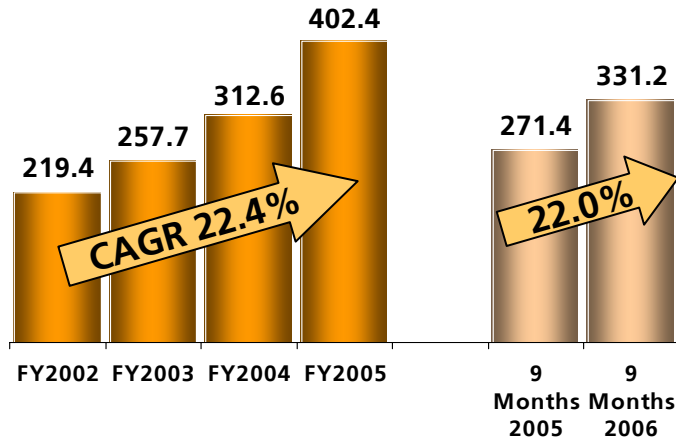
- ❑ Revenues of €331.2 million, representing 22.0% year-over-year growth (19.1% organic growth)
- ❑ Pro forma net income of €14.0 million, representing 17.9% year-over-year growth. Pro Forma EPS of €0.48 per diluted share
- ❑ Net debt position of €(39.0) million. Cash flow from operating activities of €(52.3) million. Additional cash usage of €40.7 million invested in acquisitions
- ❑ Record bookings for the period of €188.2 million, representing 66.3% year-over-year growth



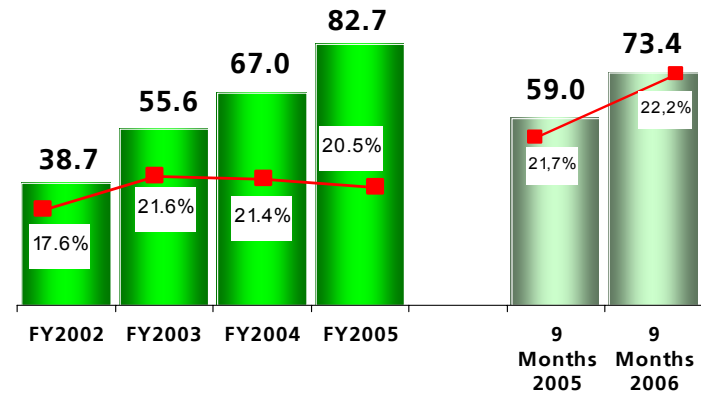
9 Months 2006 GAAP Figures

€ in Millions

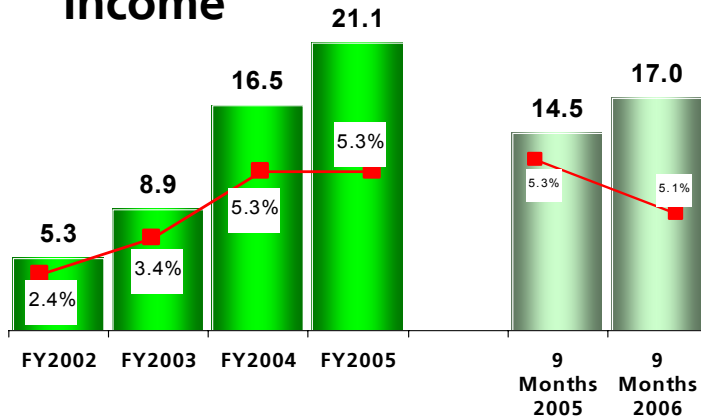
Revenues



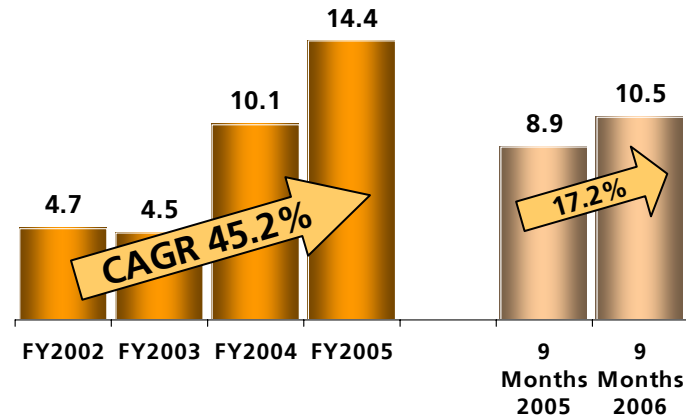
Gross Profit



Operating Income



Net Income

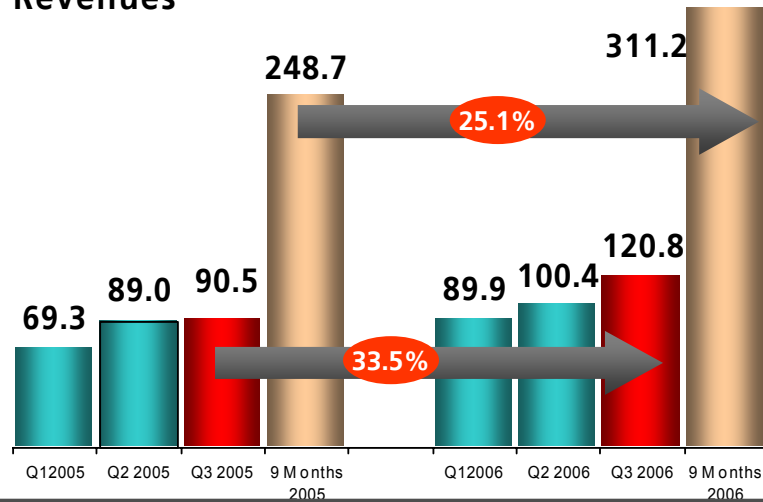




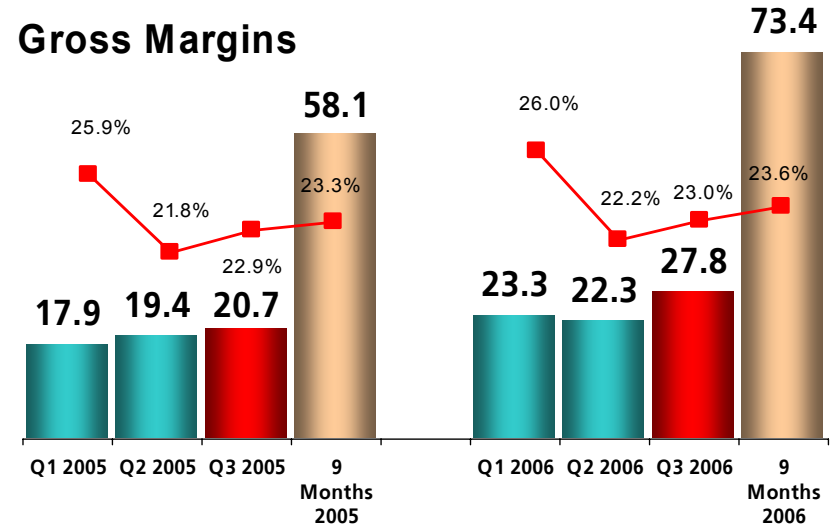
Quarterly Proforma Performance

€ in Millions

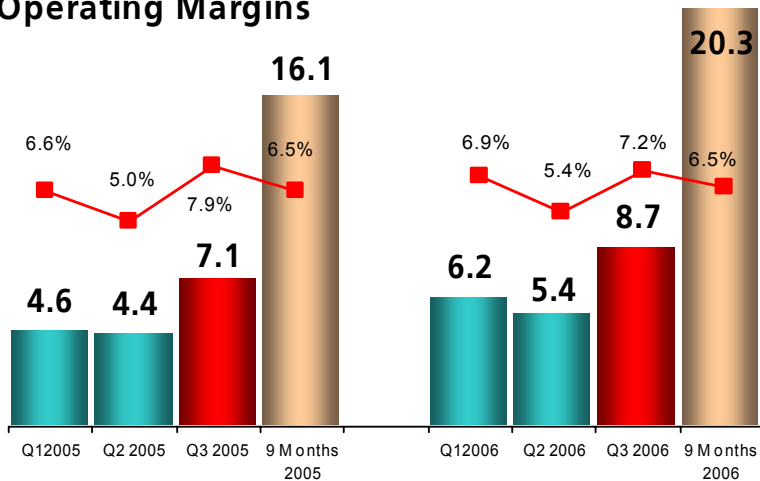
Revenues



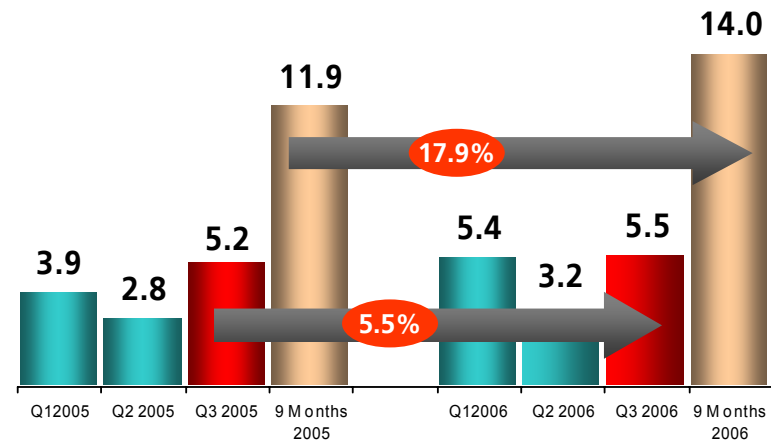
Gross Margins



Operating Margins



Net Profit



Proforma Adjustments:

- Joint Ventures
- Amortization of Intangibles (PPA)
- Stock Compensation Plan
- Mark to Market the Derivatives



Unaudited P&L Account

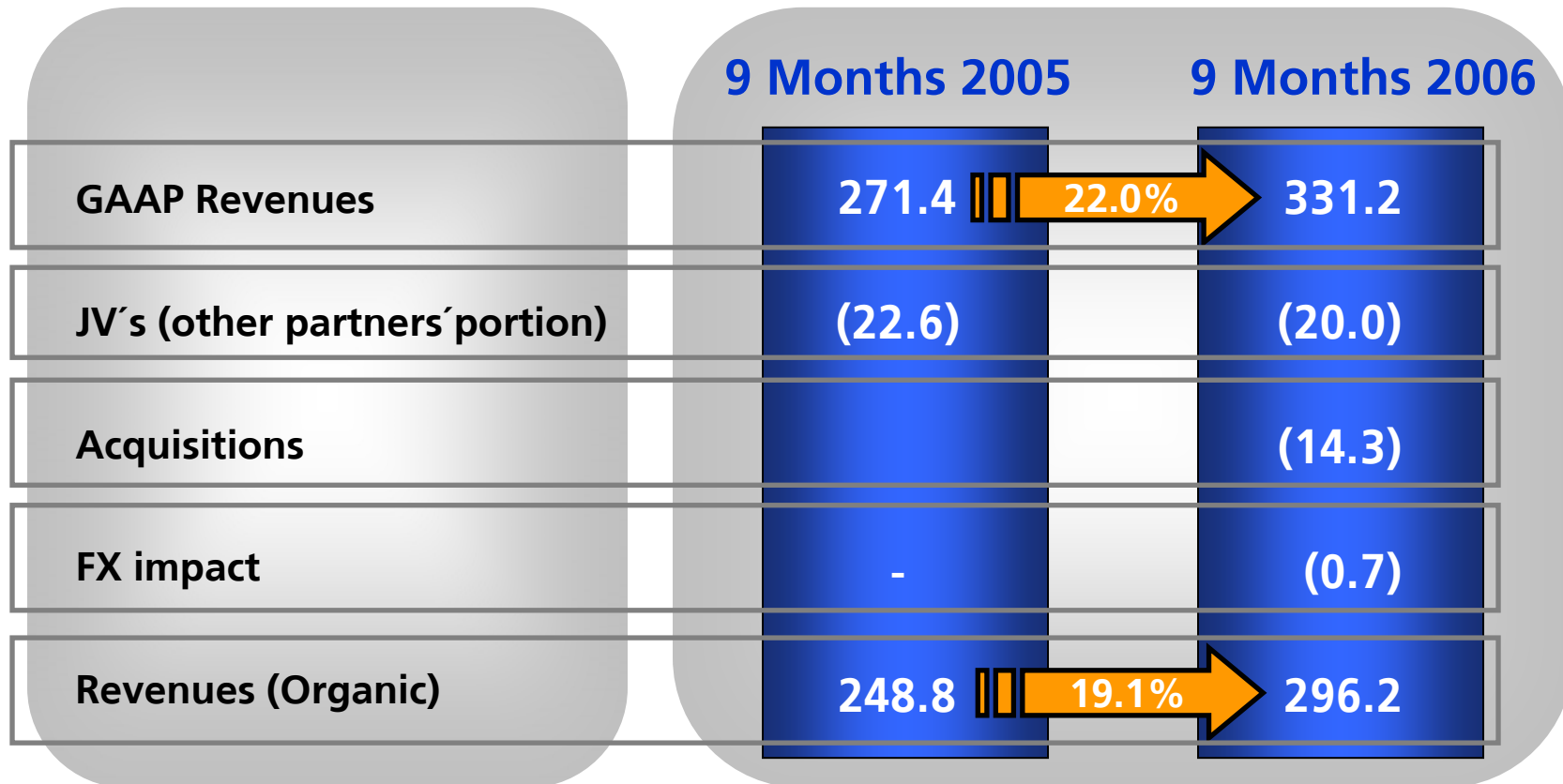
€ in Millions, except EPS

	GAAP		Pro Forma	
	9 Months 2006	9 Months 2005	9 Months 2006	9 Months 2005
	€	% o/R	€	% o/R
Revenues	€ 331.2		€ 271.4	
Cost of revenues	257.8	77.8%	212.4	78.3%
Gross profit	73.4	22.2%	59.0	21.7%
General and administrative	26.8	8.1%	18.1	6.7%
Sales and marketing	12.3	3.7%	9.5	3.5%
Research and development	11.7	3.5%	10.4	3.8%
Depreciation and amortization	5.5	1.7%	6.4	2.4%
Total operating expenses	56.4	17.0%	44.5	16.4%
Income from operations	17.0	5.1%	14.5	5.3%
Financial (expense), net	(4.8)	1.5%	(1.8)	0.7%
Other income, net				
Total other income (expense)	(4.8)	1.5%	(1.8)	0.7%
Income before income taxes	12.2	3.7%	12.7	4.7%
Income tax expense (benefit)	2.3	0.7%	3.1	1.2%
Net income before minority interest	9.9	3.0%	9.6	3.5%
Loss/(profit) attributable to minority interest	0.6	0.2%	(0.6)	0.2%
Net income	10.5	3.2%	8.9	3.3%
Earnings per share	0.36		0.31	
Basic and diluted net income per share				
Weighted average number of shares outstanding	29,247,100		29,247,100	
Basic and diluted				



Business (Revenue) Growth

€ in Millions



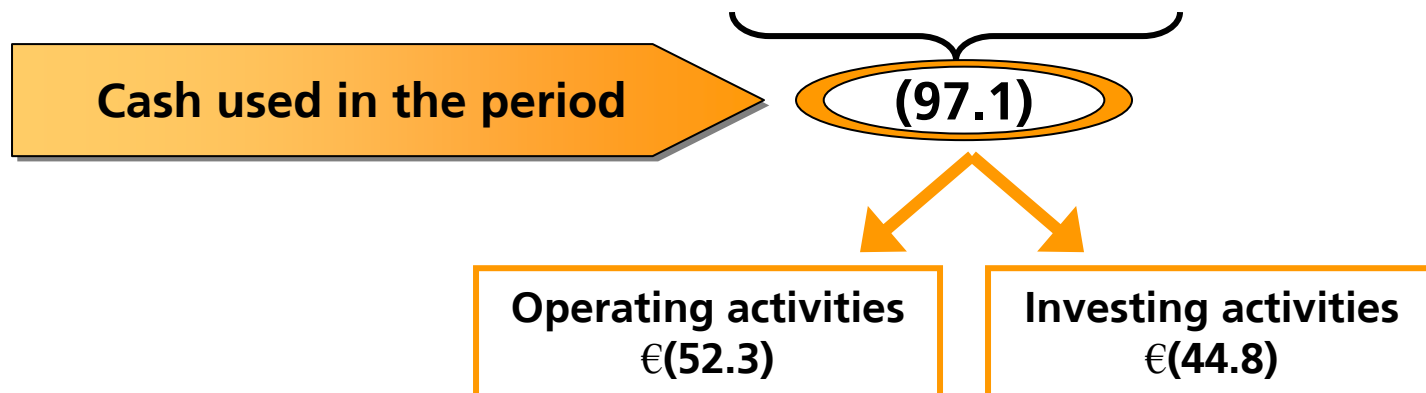


Net (Debt)/Cash Position

€ in Millions

- Net debt position of €39.0 million at the end of September 2006
- Net cash position of €58.1 million at the end of year 2005

	As of September 30, 2006	As of December 31, 2005
Cash and cash equivalents	45.7	83.2
Due from/to related parties, net	(35.1)	22.7
Short-term debt	(34.8)	(32.5)
Long-term debt	(14.8)	(15.3)
Net Debt	(39.0)	58.1





Cash Flow Analysis

€ in Millions

Operating activities
€(52.3)

€ (3.4) From JV's	
€ (48.9)	Adjusted Net Income 20.1
	Receivables/Payables 23.9
	Inventory (7.0)
	Unbilled revenues (74.3)
	Other liabilities (11.6)

Investing activities
€(44.8)

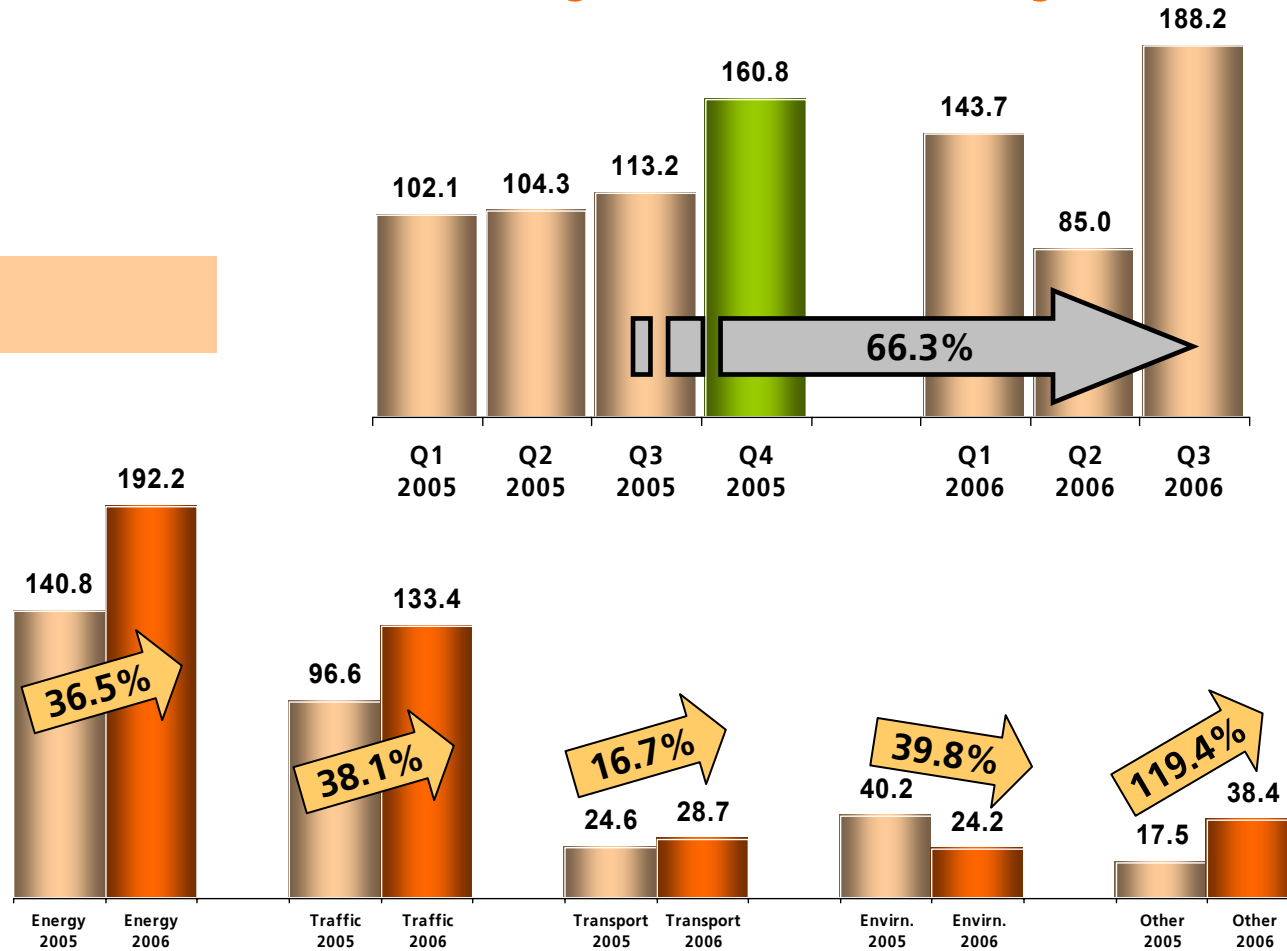
- € 5.7 Purchase of 30% Miner & Miner**
- € 2.4 CAPEX**
- € 2.3 Beijing BlueShield acquisition**
- € 2.1 Almos acquisition deferred payment**
- € 30.6 Farradyne acquisition**
- € 1.7 Other**



Revenue Visibility and Stability

€ in Millions

Bookings



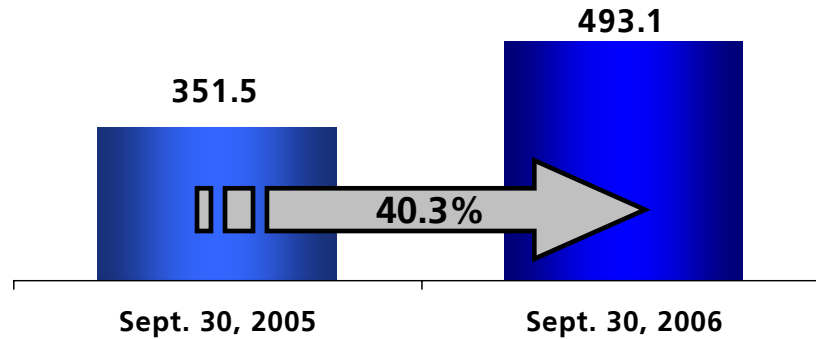
Strong visibility going forward, based on Backlog, Bookings and Pipeline



Revenue Visibility and Stability

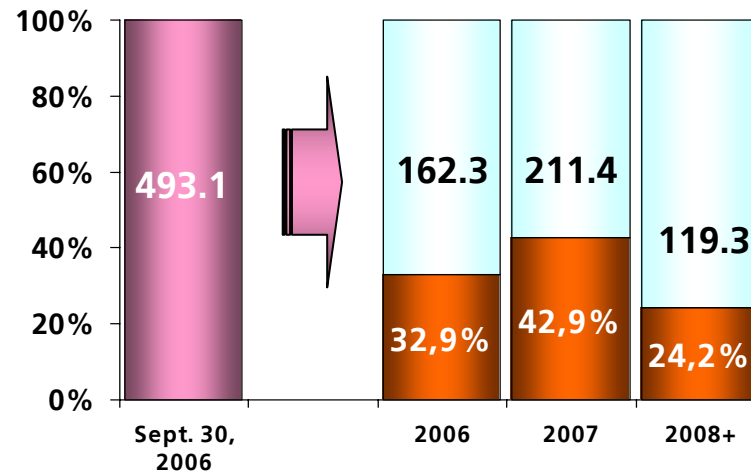
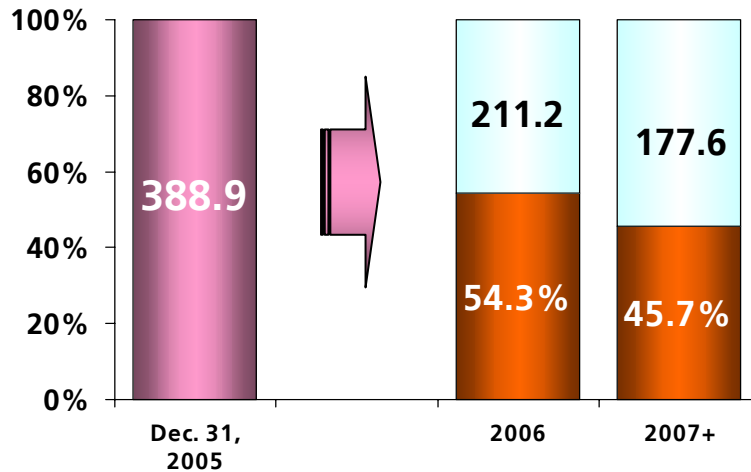
€ in Millions

Backlog



As of December 31, 2005


As of September 30, 2006



Note 1: These financial projections update and replace our previous guidance



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2006 Business and Market Outlook



Energy:

- Electric:
 - Investments in the aging grid infrastructure
 - AMR trends worldwide: new opportunities are appearing in Europe and USA
- Oil/Gas:
 - Leverage our installed customer base
 - Oil & Gas capital spending outside of North America continues to increase



Traffic:

- North American business, generated from our Telvent Farradyne platform
- Enforcement trends in Europe and Asia-Pacific



Transport:

- Fare integration: leverage our recently acquired Maexbic business
- High Speed network deployment



Environment:

- Meteorological prediction business
- Water cycle: Water Utilities are focusing their investment in the potable water network control



FY2006 Guidance


		FY 2006 Previous Guidance	FY 2006 New Guidance
Revenues (organic)	▲	10% - 12%	15% - 18%
Gross Margin	% (o/R)	22.5% - 24.5%	22.5% - 24.5%
Operating Margin (pro forma)	% (o/R)	6.5% - 7.5%	7.0% - 7.5%
Net Income (pro forma)	€ Millions	21.7 - 22.8	22.2 - 23.1
Pro Forma EPS	€	0.74 - 0.78	0.76 - 0.79
Shares Outstanding		29,247,100	29,247,100

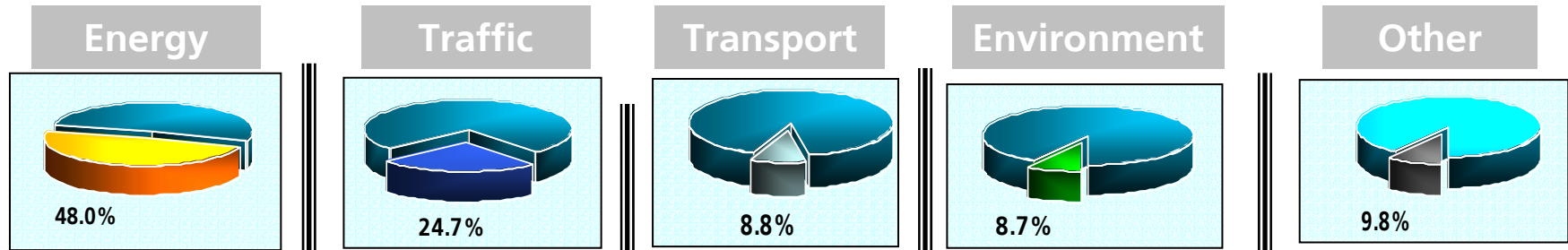
Note1: These financial projections update and replace our previous guidance

Note 2: Guidance considered after eliminating the effect of the JV's consolidation

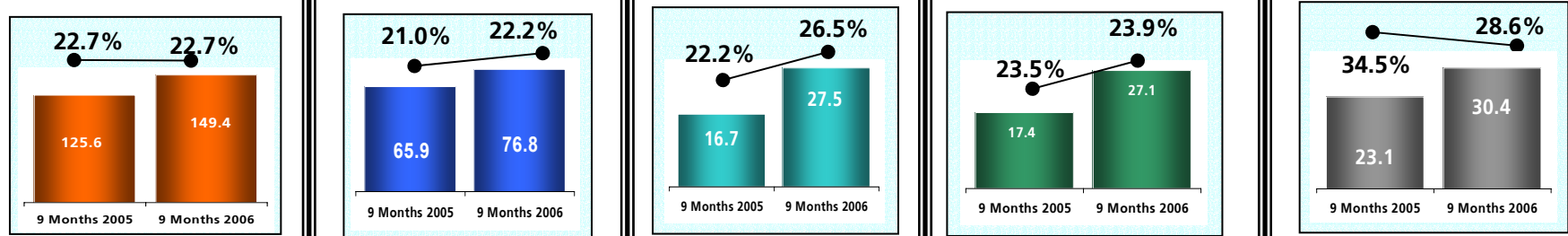


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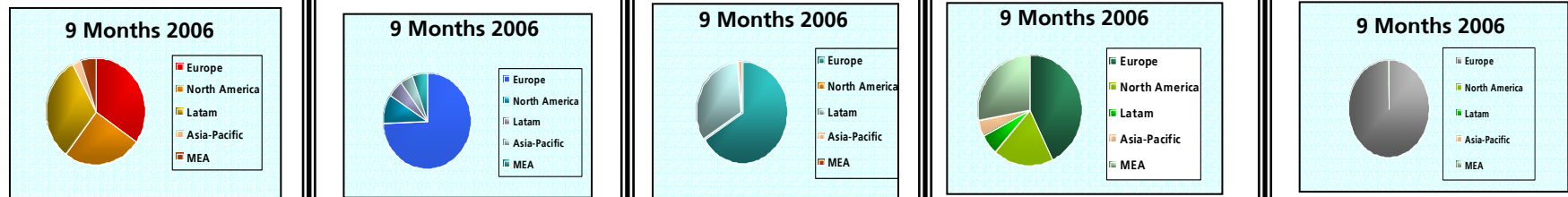
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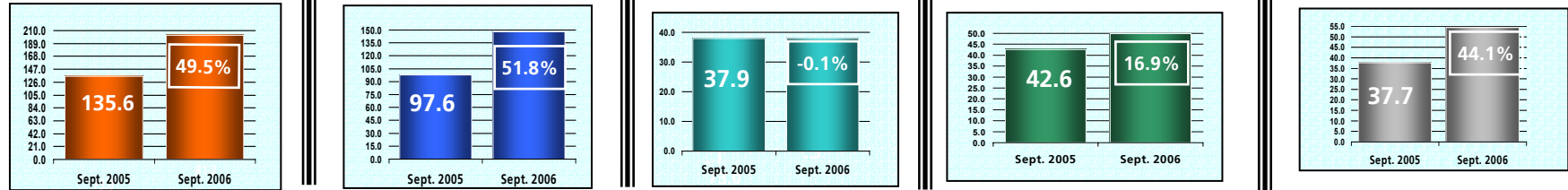
Percentage of Total Revenues



Revenue and Gross Margin (w/o JV's consolidation)



Geographical Diversification of Revenues



Backlog



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