

abertis: Investment strategy

1. **An overview of the infrastructure market**
2. abertis' strategy
3. A robust methodology for successful investments
4. Value creation
5. Conclusion



	Before	Now
Deal Pipeline	<ul style="list-style-type: none"> • Surge in number of projects • Megadeals 	<ul style="list-style-type: none"> • Confidence is rising but still unclear pipeline • Medium sized deals • Asset rotation and distressed sellers
PPPs	<ul style="list-style-type: none"> • Technical and financial advantages of PPPs remain • Deficits may encourage privatisations, although stimuli packages may have a short term impact in postponing some projects 	
Investors	<ul style="list-style-type: none"> • Very competitive landscape 	<ul style="list-style-type: none"> • More selective and sophisticated investors (Operators, contractors and financial investors)
Capital structure	<ul style="list-style-type: none"> • High liquidity and access to credit (debt and equity) • Highly leveraged structures 	<ul style="list-style-type: none"> • More limited liquidity and improving access to credit • Need to access all sources of capital
Valuations	<ul style="list-style-type: none"> • More aggressive operating assumptions • Optimistic debt refinancing assumptions 	<ul style="list-style-type: none"> • Realistic assumptions

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A long-term investor with a selective, sustainable and defined growth strategy

Rigorous investment policy focused on **value creation**

Sector Focus

- Focus on transport and telecommunications infrastructures
- Stable, visible and predictable cash flow. Inflation linked

Geographic Focus

- A selective geographic focus to expand our geographic footprint in higher growth economies

Industrial approach

- Industrial logic and active management involvement (transfer of know-how and share of "best practices")
- Strong commitment to all "stakeholders"

Leading shareholder

- **abertis** as the leader of a solid and prestigious consortium, with strong local partners
- Strong relationship with leading partners and advisors

Optimum financing

- Specific optimum financing strategy for each operation (non recourse financing in local currency)

A long-term investor with a selective geographic focus

Stability and strong economic growth

- International expansion in political, economic and socially stable countries
- Need for infrastructure and strong forecasted economic growth
- Country Size and expected deal pipeline

Legal Framework and PPP support

- Clear and supportive regulatory framework
- An independent and strong justice system
- A strong political commitment to PPP by all parties
- Track record of private investment in infrastructure

Tender Process

- A transparent, rigorous and no bureaucratic tender process
- **abertis'** competitive position vs. local players

Financing in local currency

- Developed financial markets (Role of "Multilateral Development Banks" to take risk)
- Availability of long term financing in local currency (CCS/NDF)

abertis, the industrial partner of choice in a Partnership approach

Majority stake

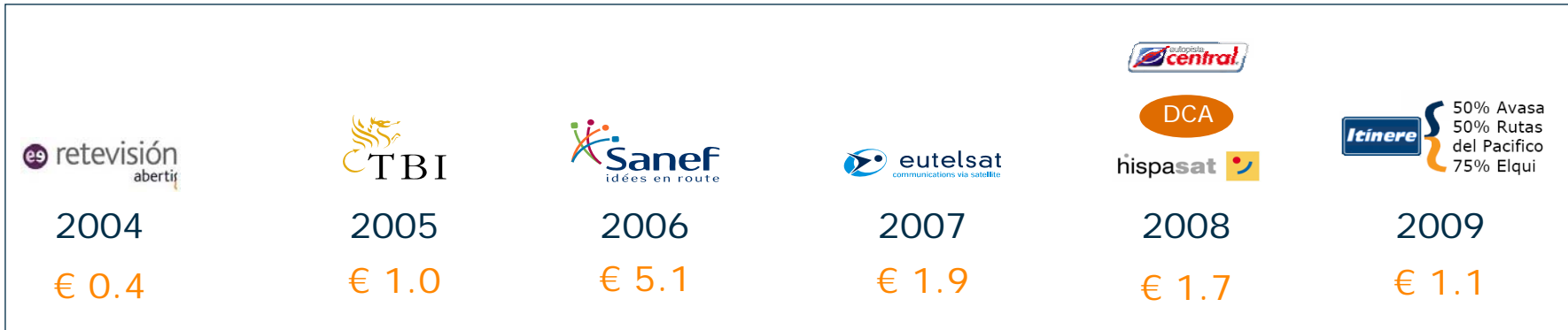
- **abertis** as the main shareholder
 - Majority stake
 - Largest shareholder
 - As large as the largest
- Control (or at least negative control)
- Long term investor: "path to control" if minority stake

The Industrial partner

- Sole industrial partner
- Backing of local partners [and financial partners]
- Alignment of interest between the different parties

A selective and successful growth strategy since the foundation of abertis

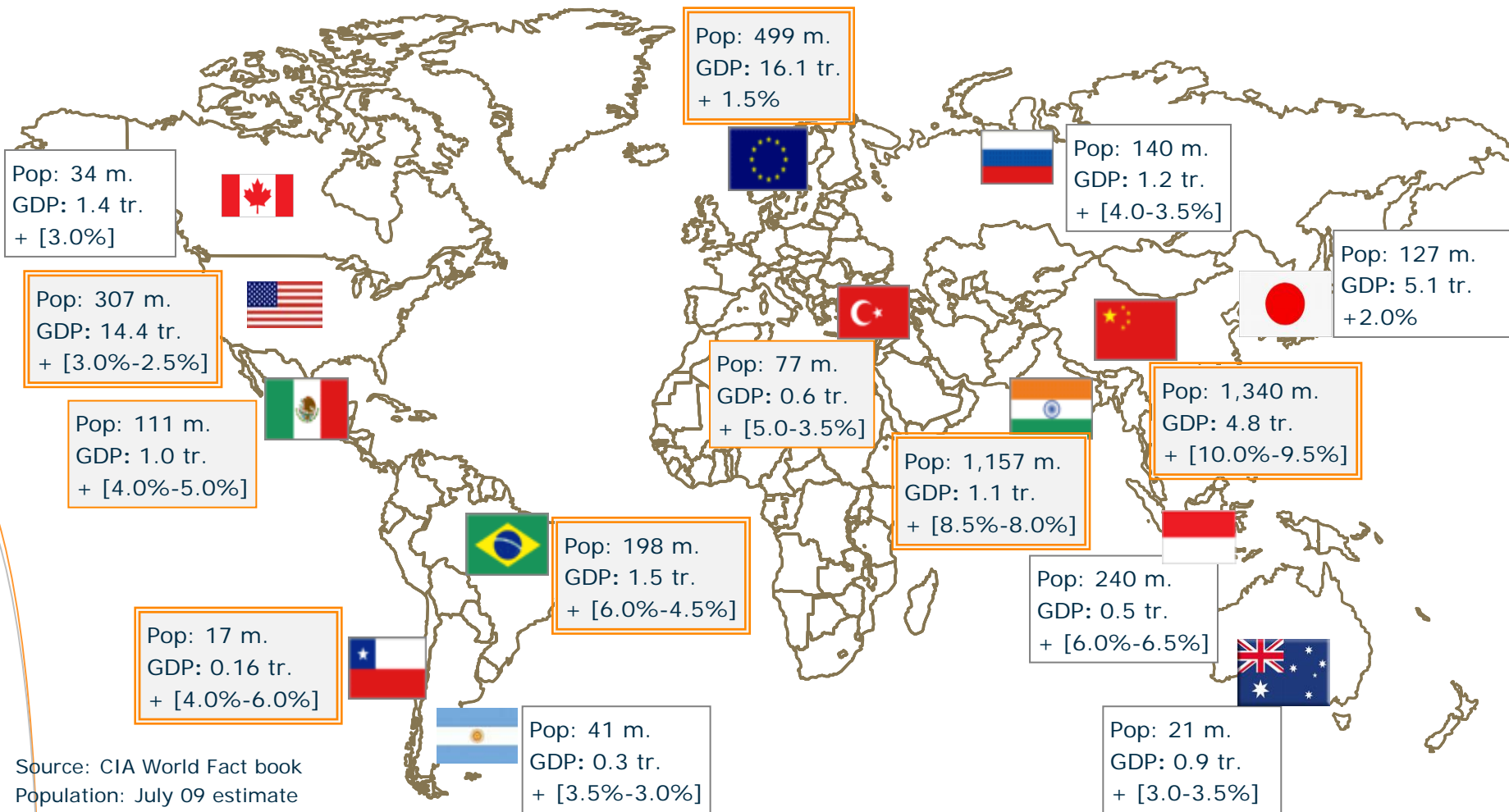
From 2 sectors and 5 countries to 5 sectors and 18 countries



Investment as a percentage of Firm Value, on a pro-rata basis. In Billion euros

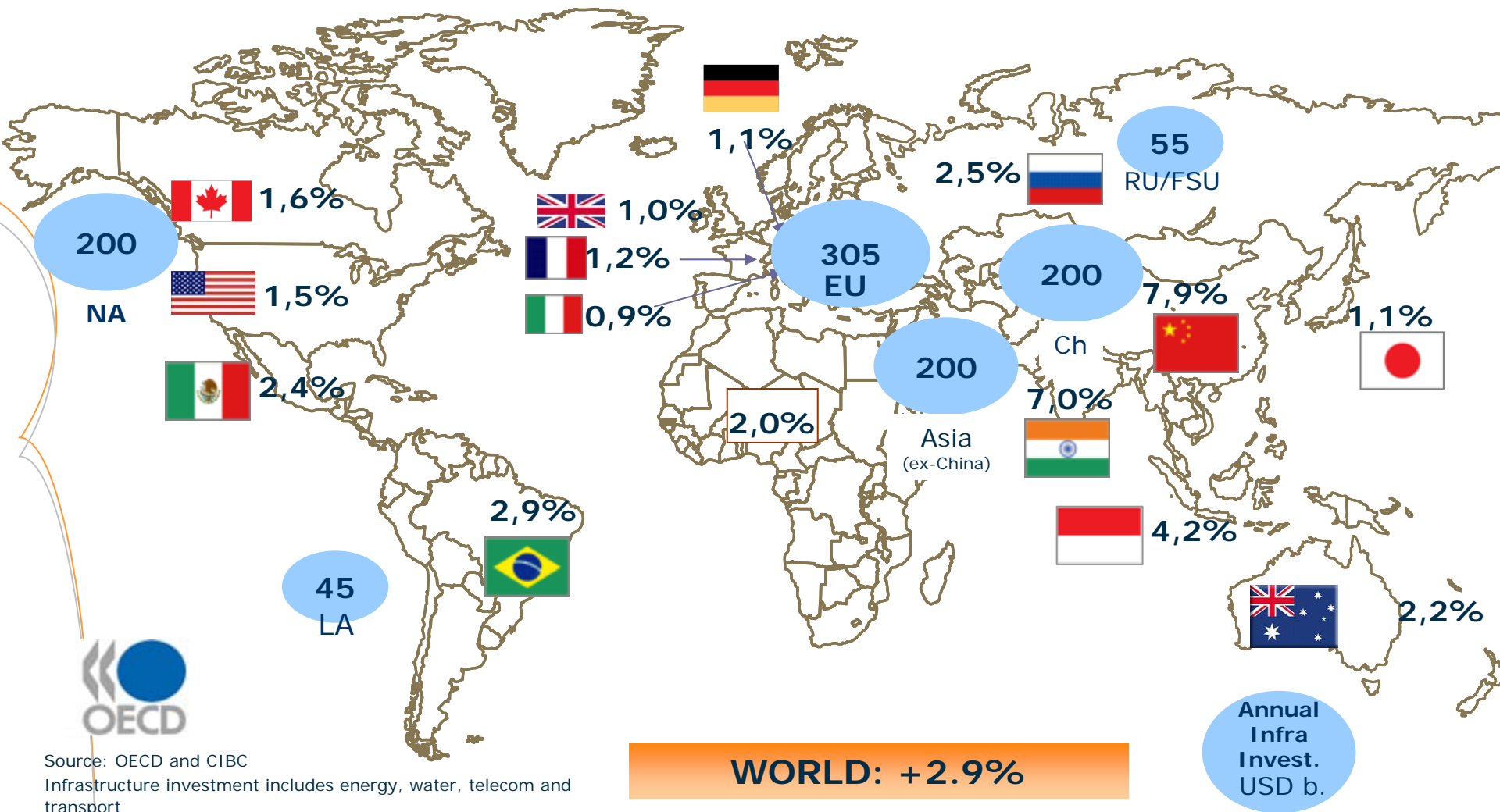
Highlights:	1999	2004	2009	
Workforce	1,970	5,668	12,484	x 6
Revenues	0.5	1.5	3.9	x 8
Assets	3.2	7.1	24.6	x 8

€ billion

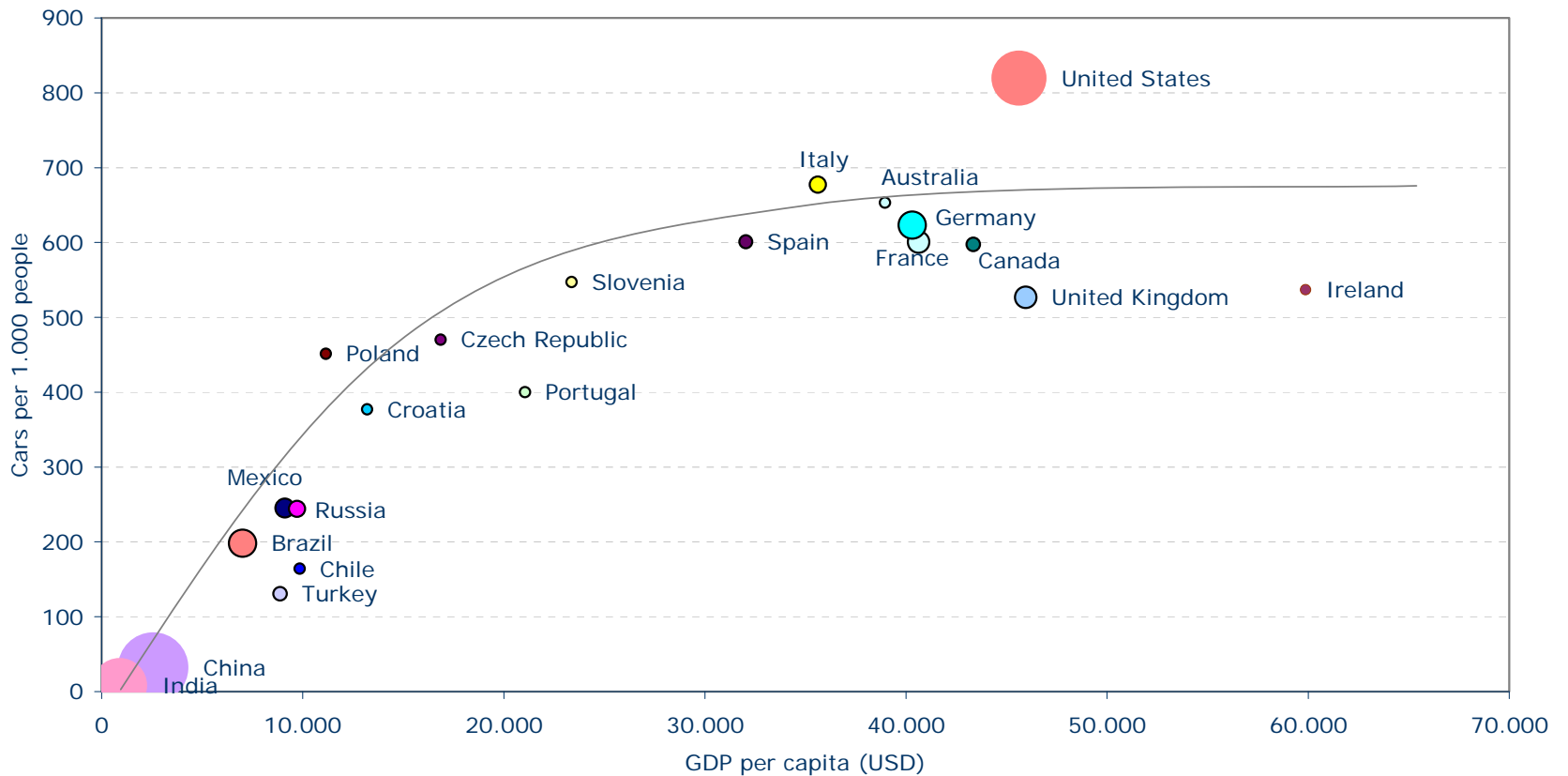


Source: CIA World Fact book
 Population: July 09 estimate
 GDP: in USD, 09 Estimate with Official Exchange Rates

Km Travelled Growth to 2030 CAGR and infrastructure investment



A key "threshold" of accelerating vehicle ownership occurs around USD 5,000 per capita GDP



Acquiring a global footprint

Geographic Focus

- Monitoring opportunities in
 - Europe (France, Turkey...)
 - US (prioritizing key States)
 - Latin America (Brazil, Chile and Mexico)
 - Asia (China and India, certain Provinces or States)



Acquiring a global footprint

- With the objective of diversifying geographically
 - Consolidating our leading position in countries such as France or Chile
 - Entering into higher-growth economies

Focus on opportunities that provide the best risk-adjusted returns

Toll Roads

- Focus on brownfields with real tolls and selective greenfields with limited construction risk (low amount and low complexity)
- Strong focus on Electronic Toll Collection tenders in Europe to become a leading player in this field (DSRC and satellite technologies): France, Poland, Hungary, Slovenia...

Telecom infrastructure

- Very selective on terrestrial opportunities through **abertis telecom**
- Eutelsat and Hispasat as potential platforms for growth

Airports

- Short term focus on maximizing value of existing airports and expanding capacity (London Luton)
- Uncertain "pipeline" for inorganic growth

Car Parks

- Focus on consolidating recently acquired assets (successful expansion in Chile and Italy)
- Very selective on inorganic deals to reinforce leading position in the countries where **saba** is already present

Logistics

- Short term focus on maximizing value and consolidating existing assets

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A world-class M&A team (analysis and execution)

Deal Origination & pre-deal

- Identifying targets that will benefit from our strengths and competitive advantages
- First mover advantage and lobbying to influence the tender
- Ability to take advantage of “proprietary” deals to avoid auctions
- Leveraging on our shareholders global presence to identify new opportunities

Due Diligence

- High quality internal team with unparalleled understanding of infrastructure and M&A (>10 y. average tenure at **abertis**), supported by external advisors
- Understanding the culture and capabilities of **abertis**
- Site visit and management due diligence
- Business unit management to support Corporate M&A team

Valuation

- Internal modelling, supported by independent Investment Bank model
- Orthodox methodology to M&A and a realistic and deliverable Business Plan

Negotiation & Communic.

- Track record in negotiating successful acquisitions
- Ability to get the whole organisation and Board of Directors support

Integration

- Anticipating and accelerating future integration to capture synergies
- Analysis of existing Management + expatriates

A thorough and disciplined valuation analysis

The Cash Flow

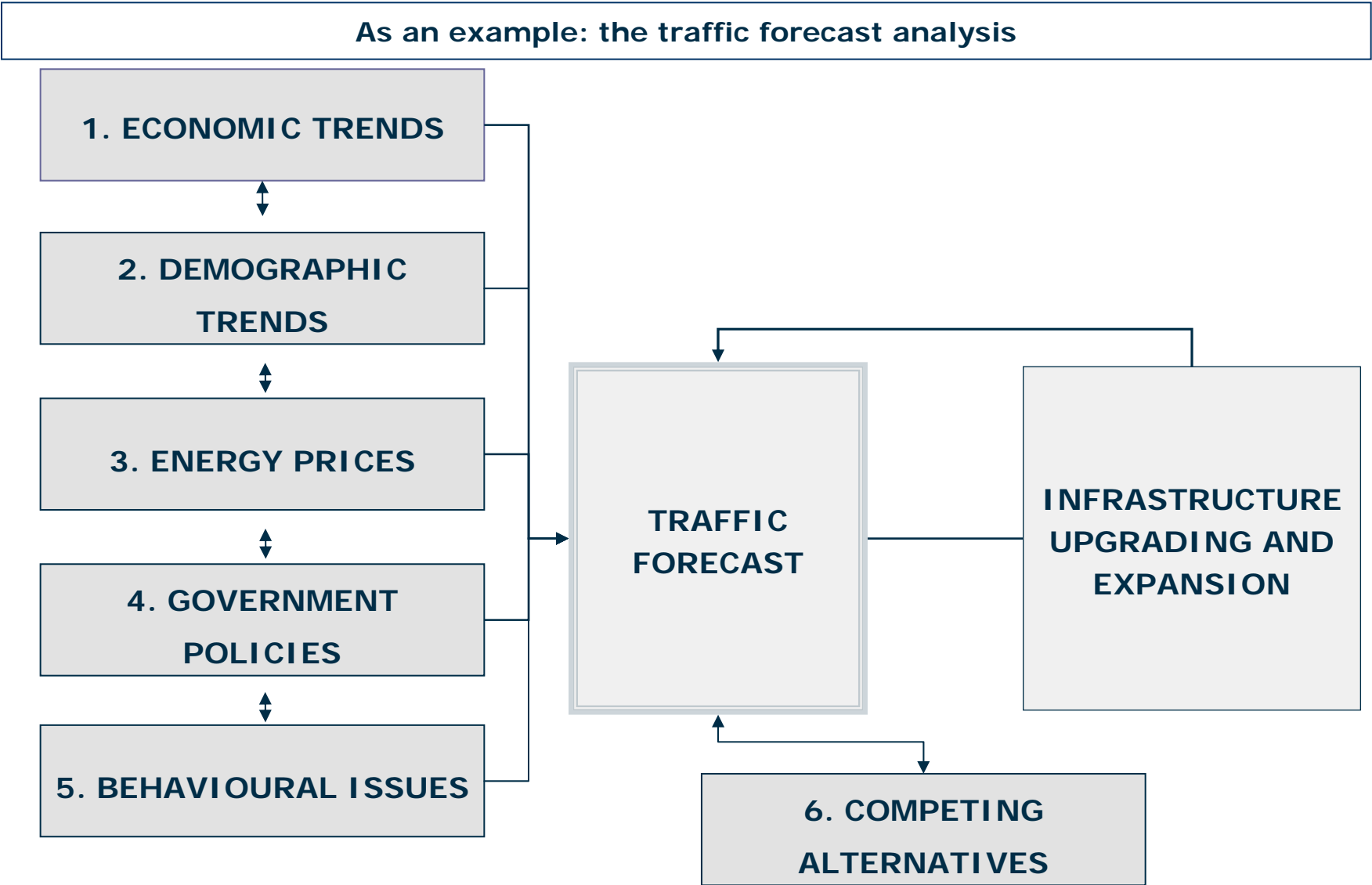
- A Realistic Business Plan to be delivered
- Thorough analysis of different assumptions
- SWOT analysis
- Cash Flow profile and robustness

The Internal Rate of Return

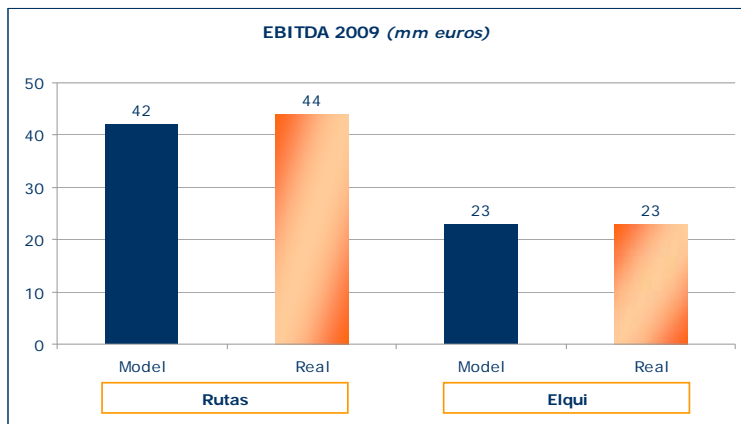
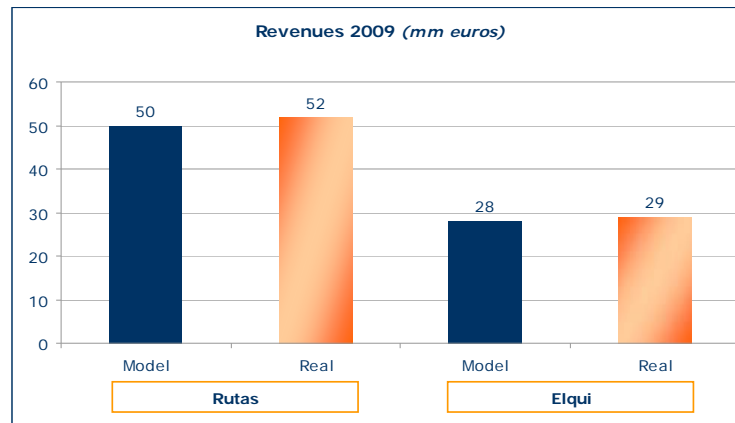
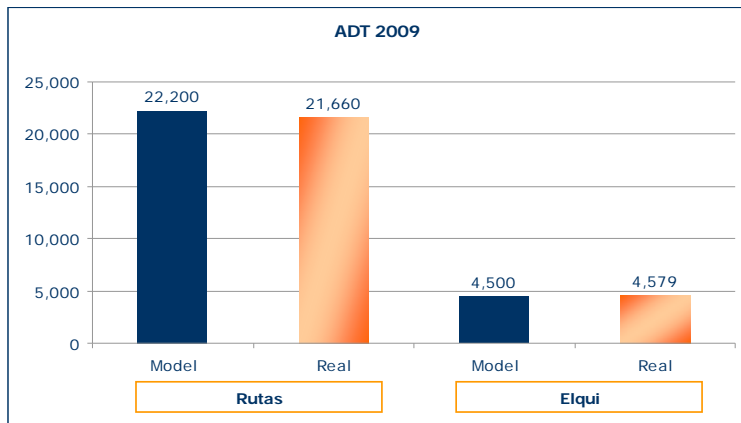
- IRR on Base Case (**Shareholders IRR** and Project IRR)
 - ... but also focus on downside scenarios
- “Bottom-up” approach to determine hurdle rates
- Standard 10%-15% Shareholders IRR range (at **abertis**)
- Dividend Yield

Valuation & Price

- Sensitivity analysis is key
- Share Purchase Agreement. Representations & Warranties
- Value creation to shareholders as the main driver... to avoid “agency costs”
- Financial impacts of the acquisition closely analysed (dividend policy, earnings per share, cash per share, debt ratios and “rating”, ...)
- Implied Multiple as a reference



As an example: Chilean assets acquisition



Shareholders' IRR (nominal in euros)

Rutas 15,5%

Elqui 13,0%

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The objective is profitability and value creation, not size

Revenue policies

- While more dependent on GDP and inflation, there is room to apply policies that create value for shareholders (discount policies, electronic toll collection....)
- Strong focus on quality

Opex & Capex optimisation

- Managing infrastructures during the last 40 years.
- Optimise resources by sharing best practices
- Capex at the right timing and cycle that minimizes future maintenance

Financing structure

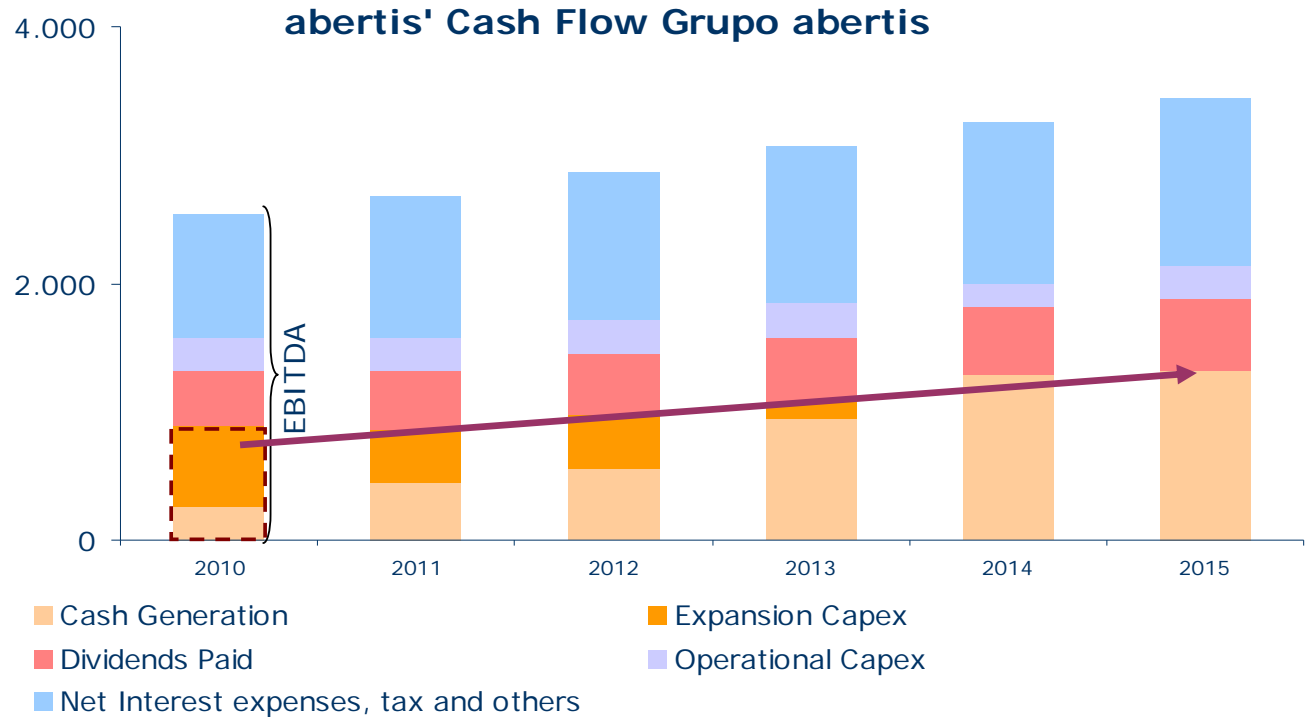
- Strong expertise in project financing globally
- Due Diligence practices and industrial experience.
- Capacity to optimize debt quantum in front of our competitors.
- Privileged Relationship with banks

Concession agreement

- Focused on dealing with public authorities to reach win-win agreements.
- A deep understanding of the concession agreement framework has led to value creation deals such as AP-7 or "Paquet vert" in France)

A robust and growing Free Cash Flow Generation

A High quality EBITDA that underpins a selective and sustainable growth strategy

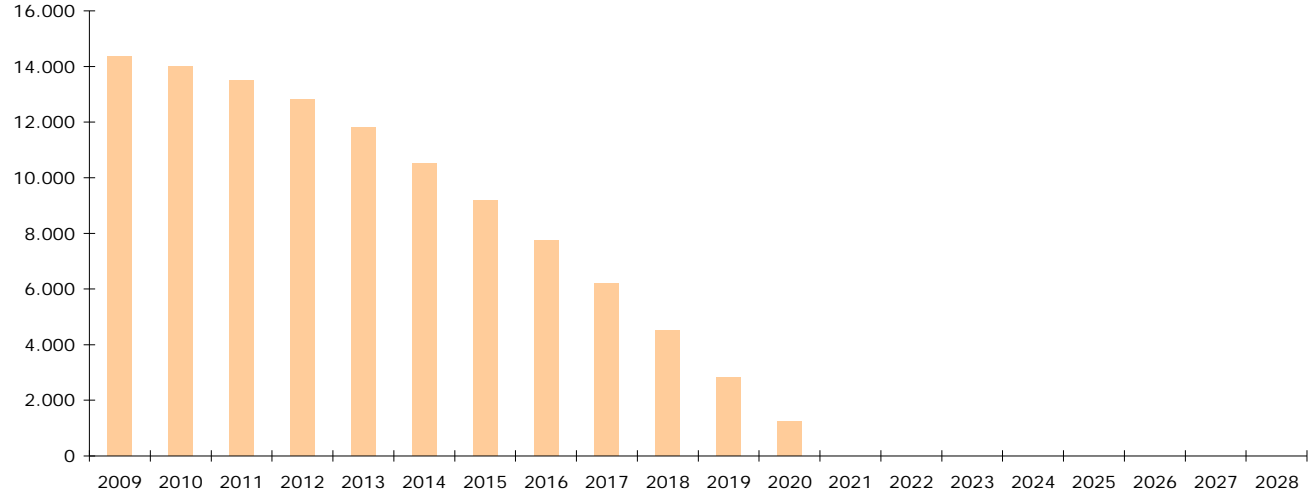


A robust and growing Free Cash Flow Generation

**Strong capacity
to deleverage**

**A solid rating
and a low cost
of debt**

Net debt, € millions



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Key strengths in our growth strategy

A successful track record in M&A

A leading management team

A robust and growing Free Cash Flow Generation

A Rigorous investment policy focused on value creation

A selective geographic focus to expand our geographic footprint in higher growth economies