



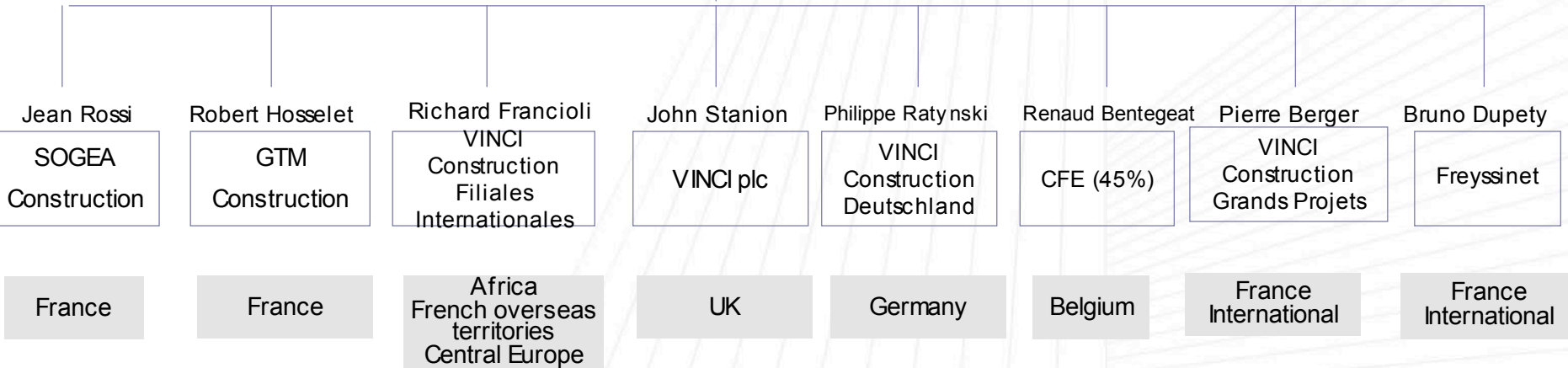
## Presentation of VINCI Construction to financial analysts

Lille, France – 17 December 2004

## VINCI Construction Philippe Ratynski

François Ravery  
Finance

Jean Marc Fonteyne  
Human Resources



## In mainland France

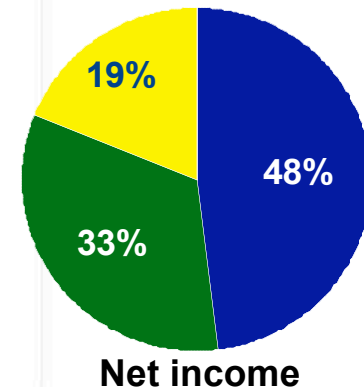
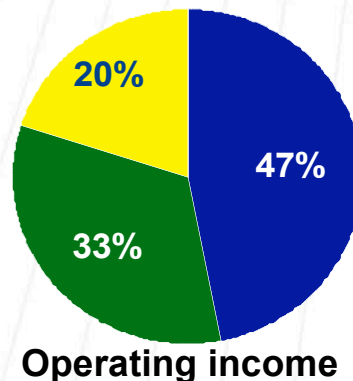
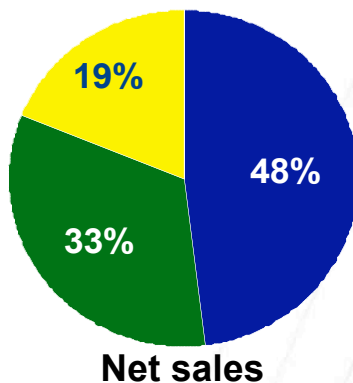
- A very tightly knit network of business units:
  - Sogea Construction, GTM Construction

## Rest of the world

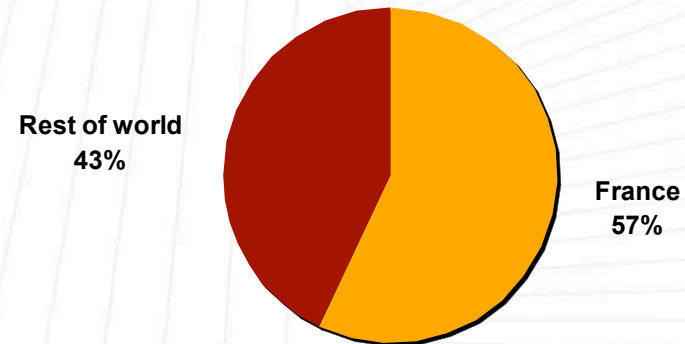
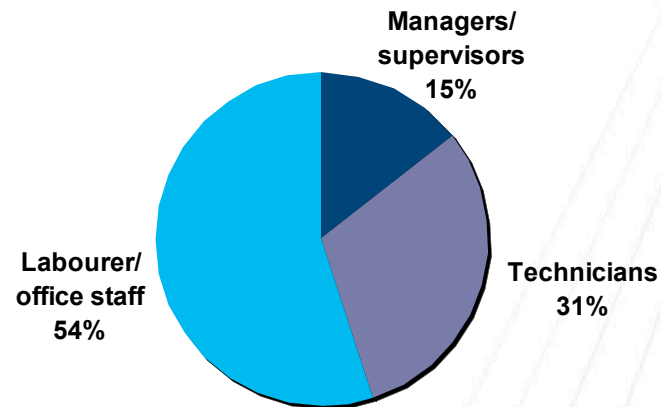
- European subsidiaries with local management:
  - UK, Germany, Belgium, Central Europe
  - Long-standing presence in Africa (Sogea Satom) and in French overseas territories

## Specialist business activities in France and export markets

- VINCI Construction Grands Projets, Freyssinet, DEME



- Decentralised structure: 600 profit centres
- Risk control: clear guidelines
- 46,000 employees



- 15,000 worksites a year

# Change in net sales by management centre

<i>(in € billions)</i>	2001	2002	2003	Average growth
<b>SOGEA Construction</b>	<b>1,939</b>	<b>1,873</b>	<b>2,132</b>	<b>+5%</b>
<b>GTM Construction</b>	<b>1,491</b>	<b>1,512</b>	<b>1,582</b>	<b>+3%</b>
<b>Filiales Internationales</b>	<b>903</b>	<b>886</b>	<b>928</b>	<b>+1%</b>
<b>UK</b>	<b>629</b>	<b>794</b>	<b>773</b>	<b>+11%</b>
<b>GERMANY (*)</b>	<b>147</b>	<b>431</b>	<b>418</b>	<b>+69%</b>
<b>CFE</b>	<b>850</b>	<b>797</b>	<b>793</b>	<b>-3%</b>
<b>Grands Projets</b>	<b>595</b>	<b>626</b>	<b>669</b>	<b>+6%</b>
<b>Freyssinet</b>	<b>389</b>	<b>431</b>	<b>420</b>	<b>+4%</b>
<b>TOTAL</b>	<b>6,943</b>	<b>7,350</b>	<b>7,715</b>	<b>+5%</b>
<b><i>Elimination of inter-company transactions</i></b>	<b>-50</b>	<b>-48</b>	<b>-47</b>	
<b>TOTAL CONSOLIDATED</b>	<b>6,893</b>	<b>7,302</b>	<b>7,668</b>	<b>+5%</b>

- Strong growth for 2004 expected in France and Central Europe
- Growth in the UK, Germany and Africa

*(\*) Reclassification of Bautech within VINCI Construction in 2002 (formerly ..... VINCI Energies)*





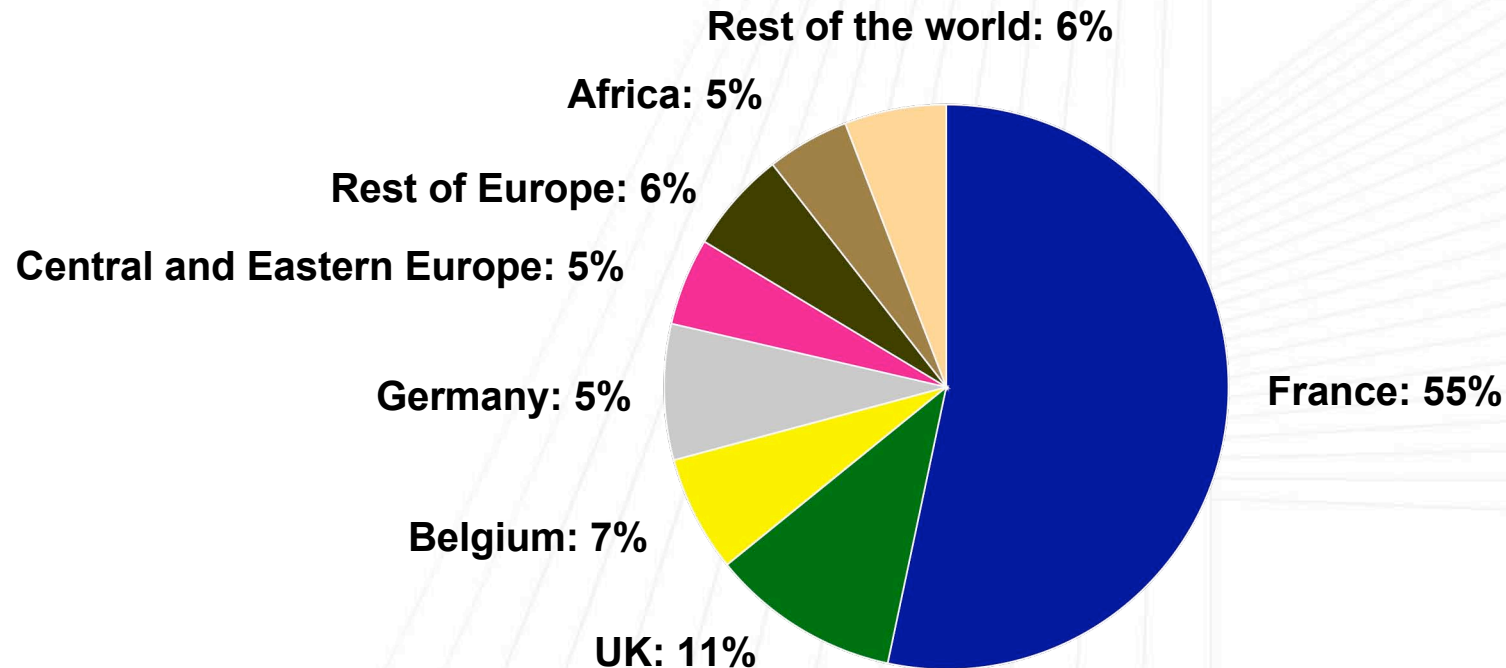
CTRL / Medway viaduct

Lefortovo /  
St Pétersbourg Metro

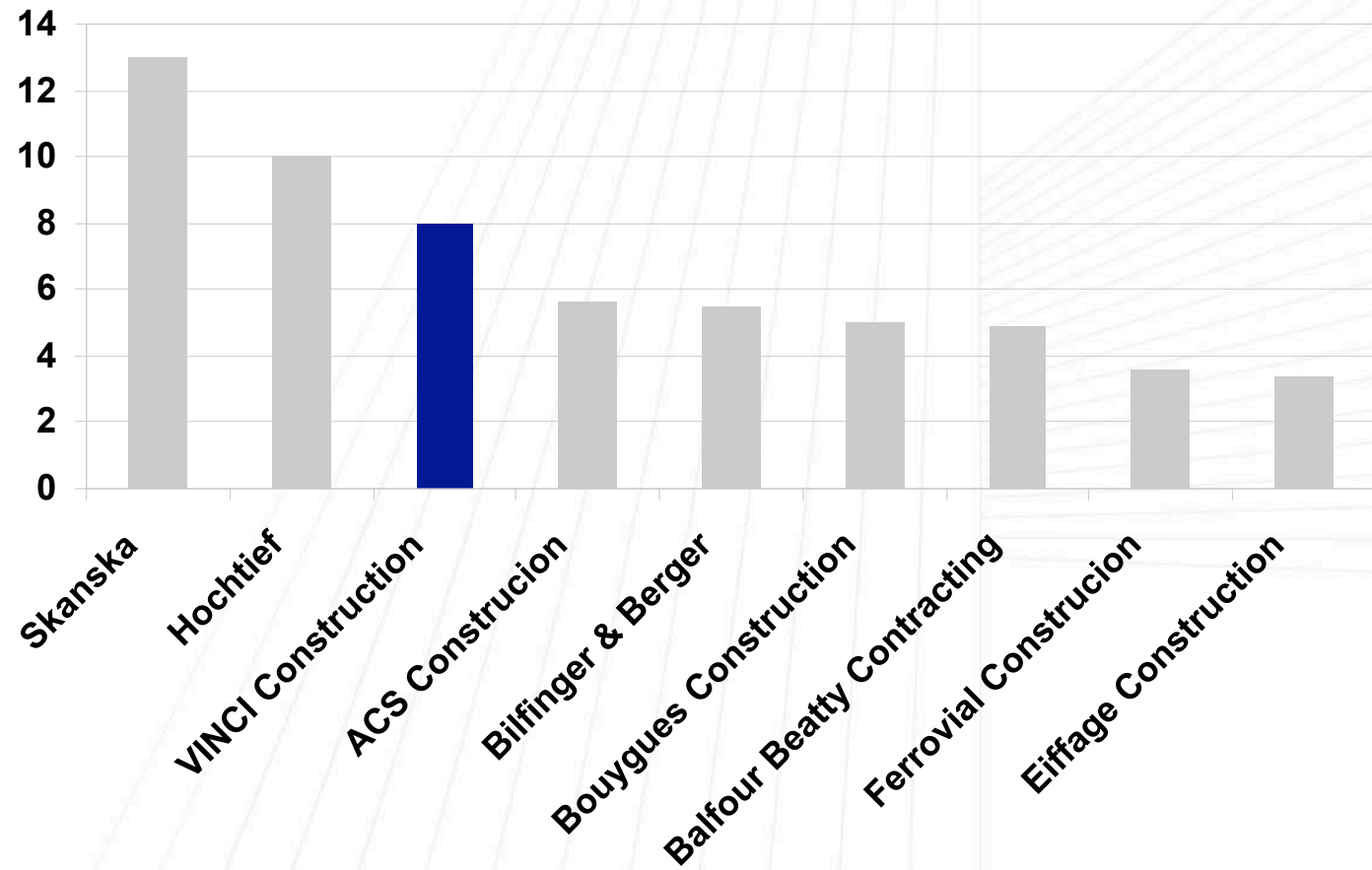


Berjaya Times Square

- Almost 90% of net sales generated in Europe
- Good balance between France and the rest of the world

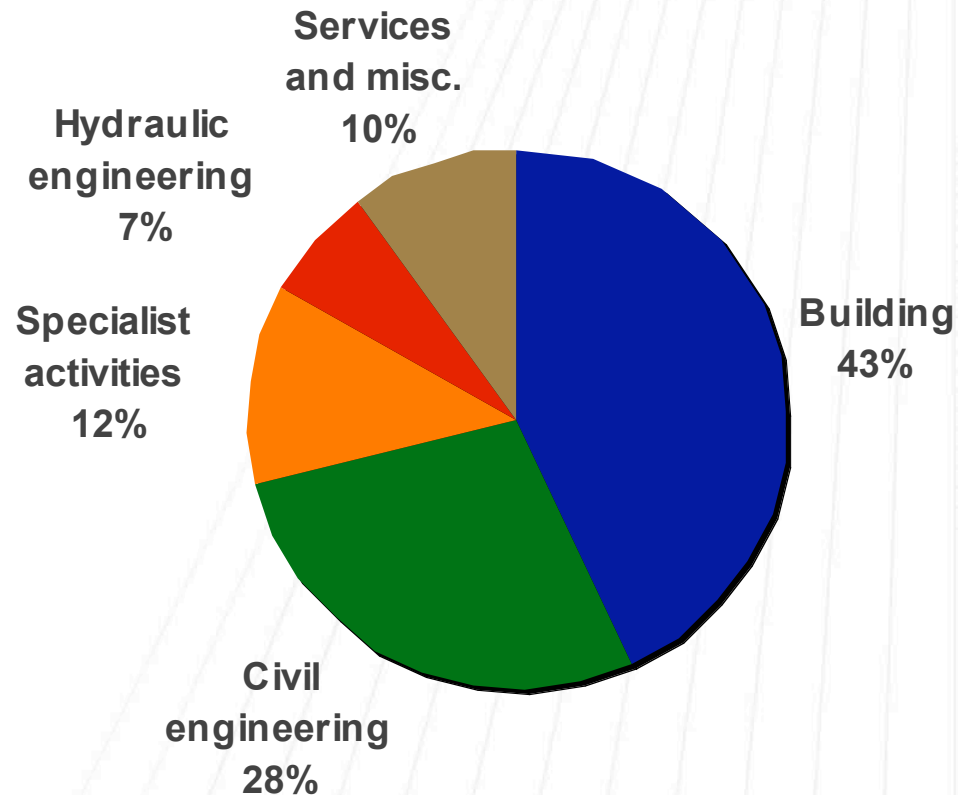


Net sales in € billions

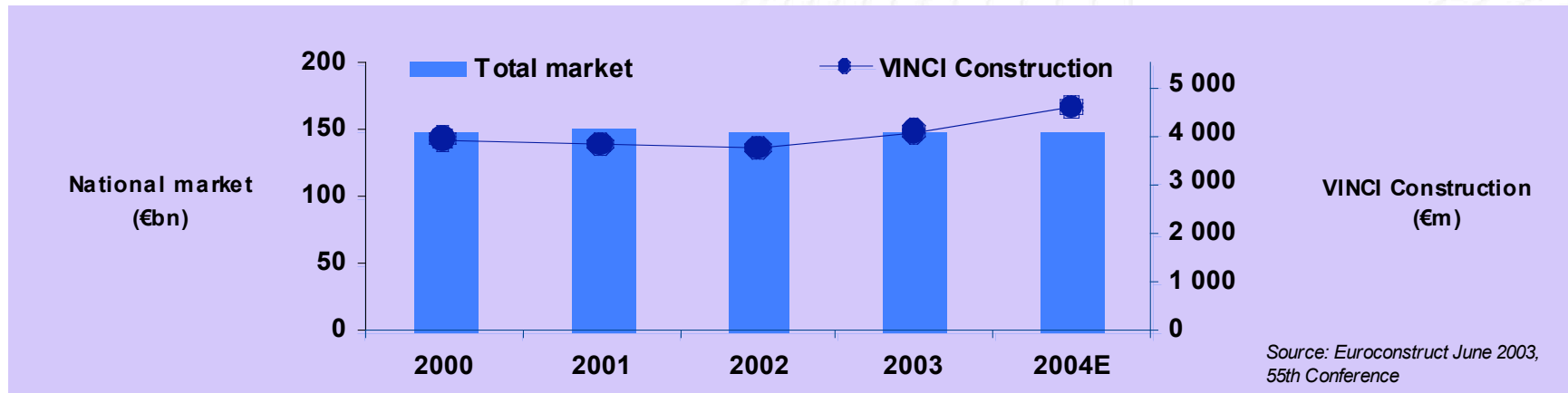




## ■ Varied and complementary know-how

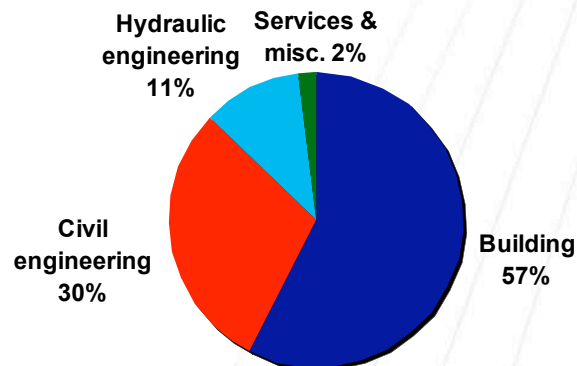


- Increased market share of VINCI Construction in overall stable market



- VINCI Construction: No. 1 in France

## VINCI Construction business lines

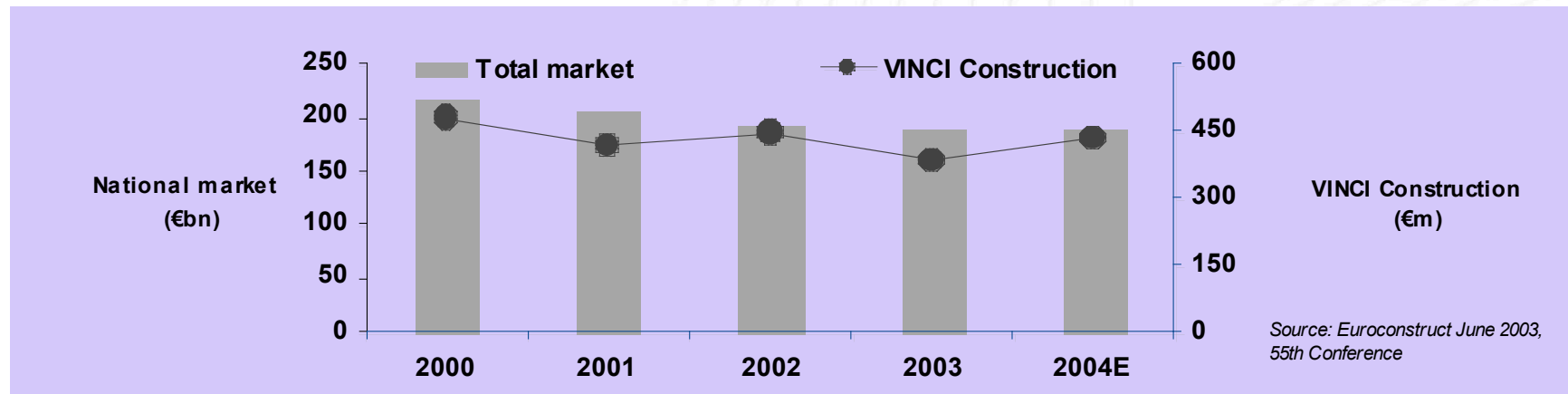


2003 net sales: €3.8 bn

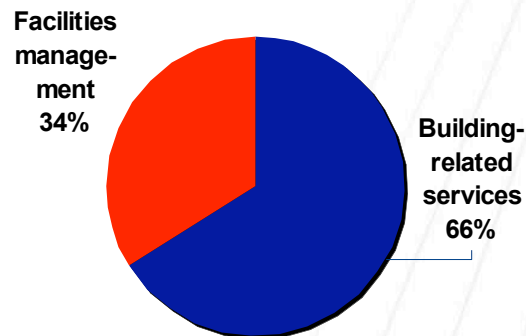
## Competitors

- Bouygues Construction: €5 bn, of which €2.4 bn in France
- Eiffage Construction: €3.4 bn, of which €1.7 bn in France
- Spie Batignolles: €0.8 bn
- Fayat: €1.1 bn, of which €0.4 bn in construction

- SKE and VINCI Bautech: 2 specialist companies independent of traditional construction markets:
  - SKE: facilities management/PPP
  - VINCI Bautech: building-related services



## VINCI Construction business lines

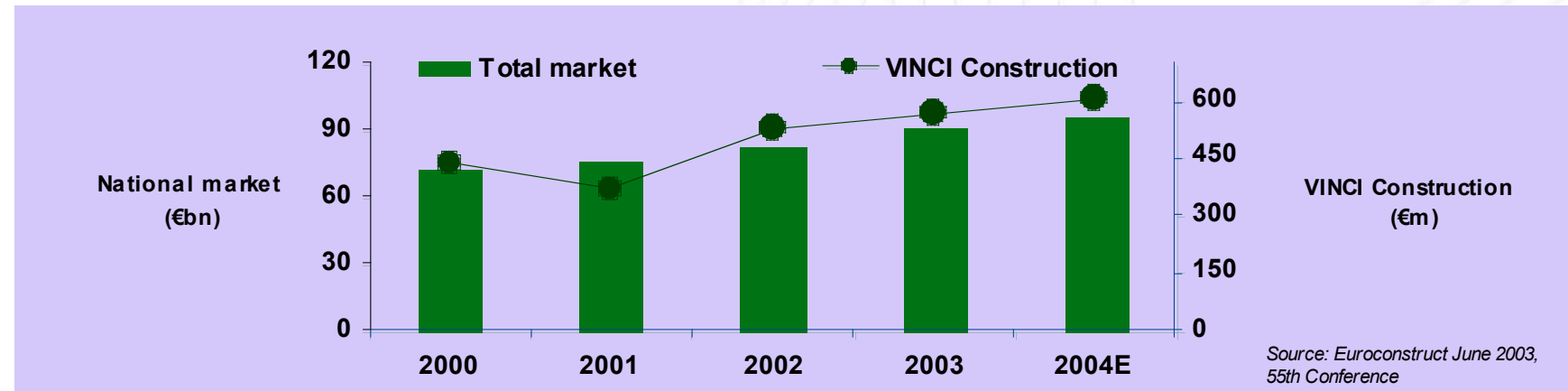


2003 net sales: €418m

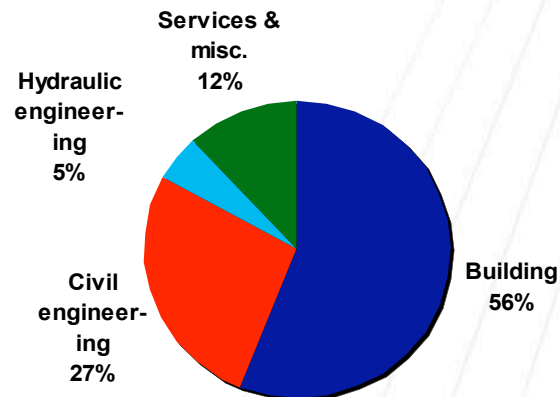
## Competitors

- Bilfinger & Berger: €5.5 bn (of which €2.5 bn in Germany)
- Walter Bau: €3.1 bn (of which €2 bn in Germany)
- Hochtief: €10 bn (of which €1.5 bn in Germany)

- Norwest Holst: a medium size player offering a broad array of know-how



## VINCI Construction business lines

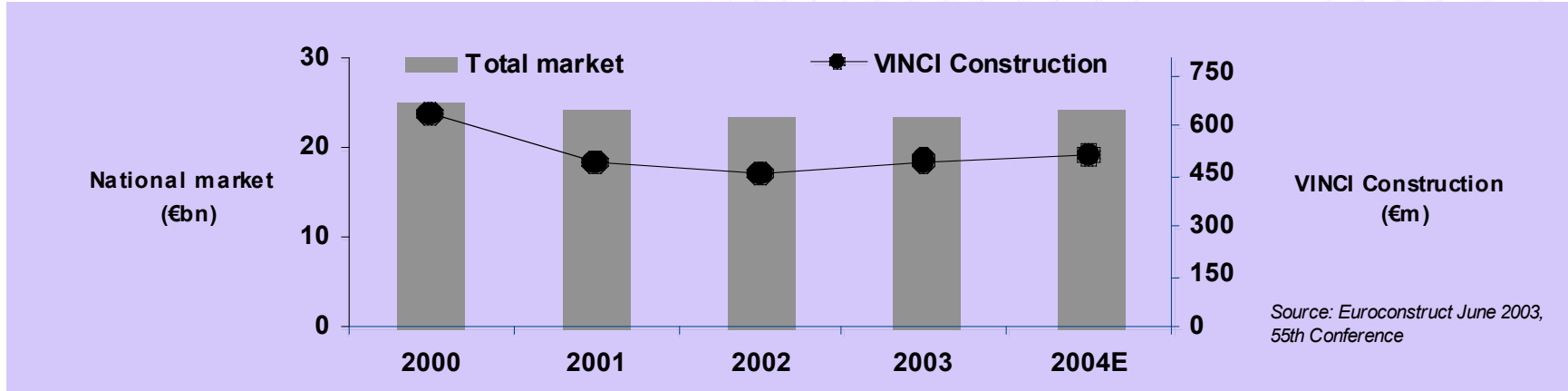


2003 net sales: €718m

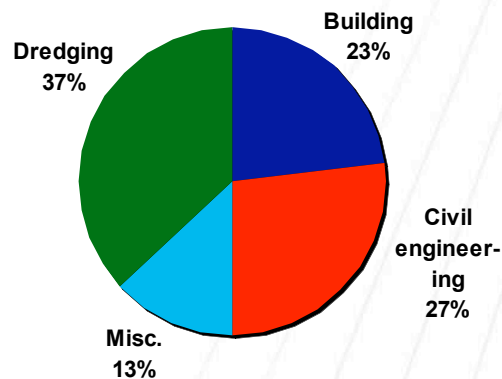
## Competitors

- Balfour Beatty: €4.9 bn
- Amec: €3.1 bn
- Mowlem: €2.1 bn
- Laing O'Rourke: €1.8 bn

- CFE (45%): one of Belgium's leading construction companies
- DEME: one of the world's leading dredging companies



## CFE business lines

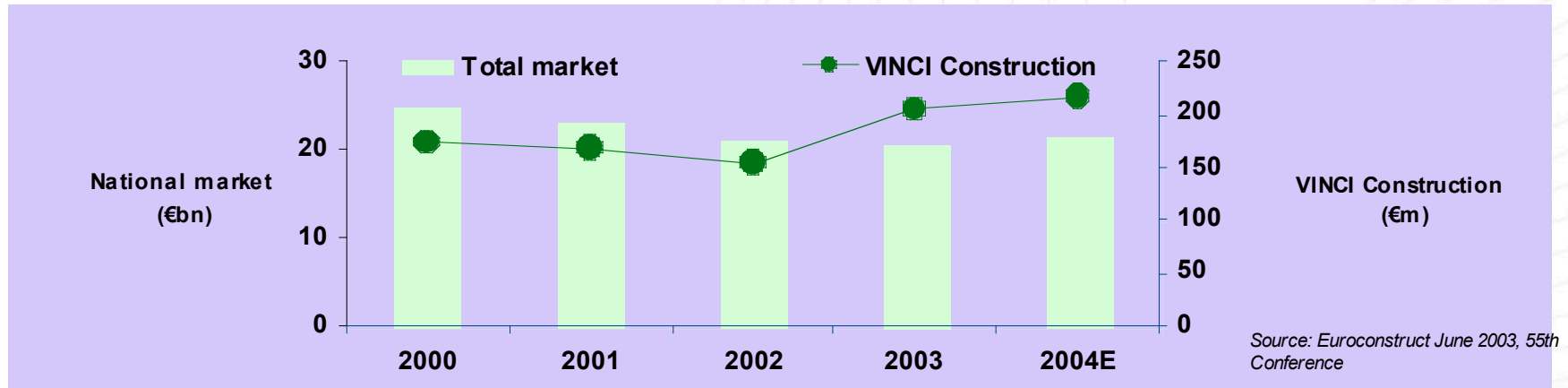


2003 net sales: €793m

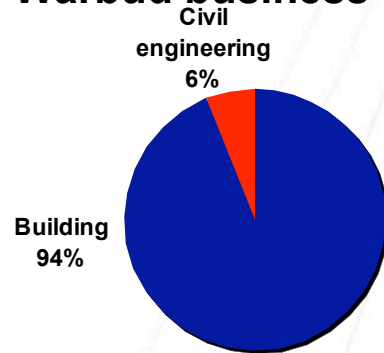
## Competitors

- Besix: €0.7 bn
- Soficom (Eiffage): €0.4 bn

- Warbud: a growing company in a market with strong potential



## Warbud business lines



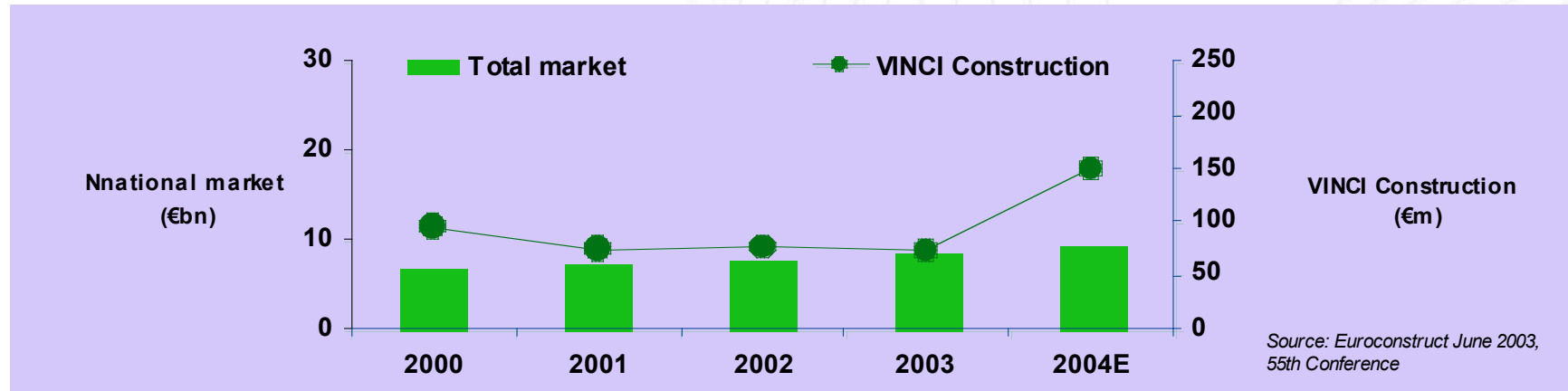
2003 net sales: €191m

## Competitors

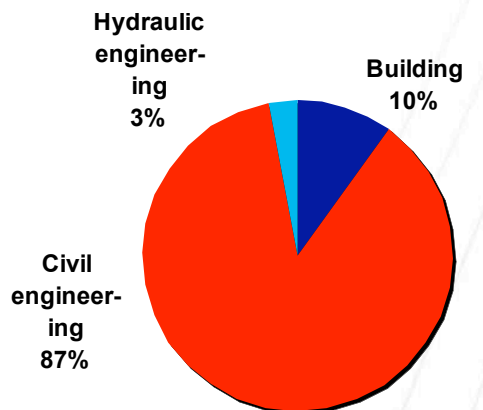
- Skanska: €400m
- Strabag: €300m
- Mitex (Eiffage): €200m
- Hochtief Polska: €100m



- Hídépítő: a strong growth infrastructure specialist in a very dynamic market



## Hídépítő business lines

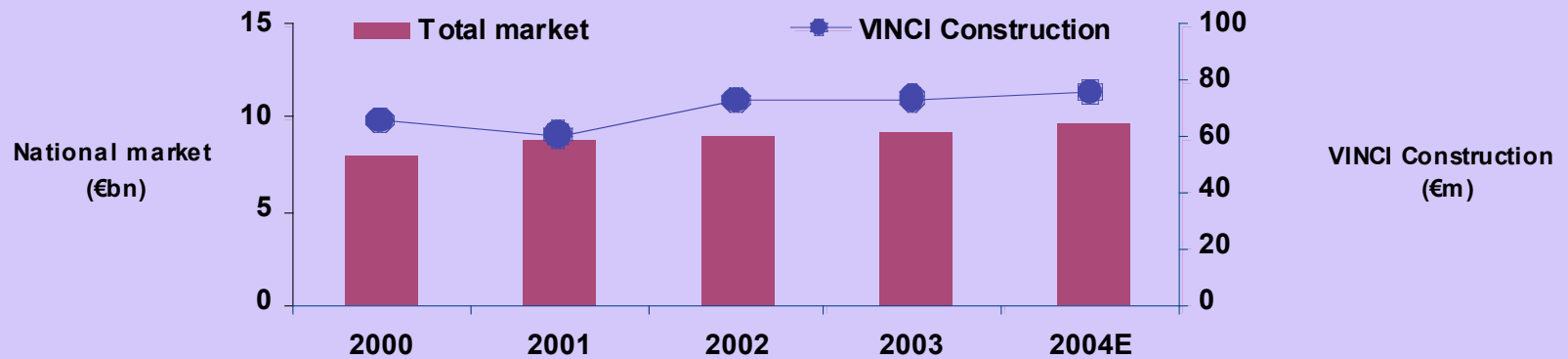


2003 net sales: €62m

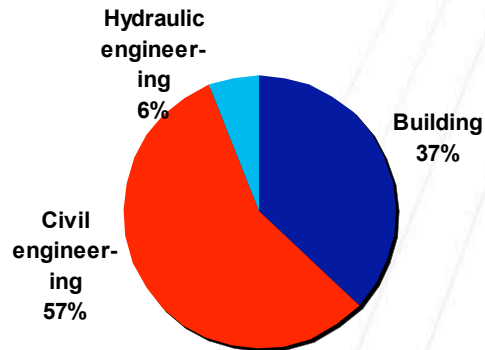
## Competitors

- Strabag: €400m
- Vegyepszer: €250m

- A targeted presence:
  - FCC: developing building projects
  - SMP: infrastructure



## VINCI Construction business lines



2003 net sales: €70m

## Competitors

■ Metrostav: €420m

- A management model that fits the business:
  - organisational structure: responsible, independent profit centres
  - worksites at the heart of the company
  - people and companies networked
- Shared values, in phase with our era:
  - profit culture
  - individual empowerment
  - professionalism
  - a sense of belonging to a community/loyalty
  - customer satisfaction
  - respect for partners
- The approach:
  - multi-disciplinary (building, hydraulic engineering, civil engineering, related services)
  - presence throughout the value chain (structural work, fit out, design-build, project management, systems integrator, PPP, property development)

- Significant market share in four markets:
  - mainland France
  - French overseas territories
  - Belgium
  - French-speaking Africa
- Good positions in markets with strong potential:
  - Poland, Hungary, Czech Republic
- A good image and leadership positions in three world markets:
  - major infrastructure: VINCI Construction Grands Projets
  - specialist business activities: Freyssinet (pre-stressed concrete, cable staying, reinforced earth, ground improvement)
  - dredging: eme



## Financial statements

<i>(in €m)</i>	2001	2002	2003	Average growth	H1 03	H1 04	Δ %
<b>Net sales (*)</b>	<b>6,893</b>	<b>7,302</b>	<b>7,668</b>	<b>+5%</b>	<b>3,744</b>	<b>3,955</b>	<b>+5.6%</b>
<b>EBITDA</b>	<b>337</b>	<b>395</b>	<b>449</b>	<b>+15.4%</b>	<b>178</b>	<b>227</b>	<b>+27.4%</b>
	<b>4.9%</b>	<b>5.4%</b>	<b>5.9%</b>		<b>4.8%</b>	<b>5.7%</b>	
<b>Operating income</b>	<b>200</b>	<b>213</b>	<b>222</b>	<b>+5.4%</b>	<b>113</b>	<b>166</b>	<b>+47.4%</b>
	<b>2.9%</b>	<b>2.9%</b>	<b>2.9%</b>		<b>3%</b>	<b>4.2%</b>	
<b>Financial income</b>	<b>15</b>	<b>14</b>	<b>20</b>		<b>4</b>	<b>16</b>	
<b>Operating income after net financial income</b>	<b>215</b>	<b>227</b>	<b>242</b>	<b>+6.1%</b>	<b>117</b>	<b>182</b>	<b>+55.6%</b>

- EBITDA increased 33% between 2001 and 2003, 27% for 1st half 2004
- Substantial improvement in operating margins in 2004
- Growth of operating income after net financial income greater than that of net sales

*(\*) After elimination of inter-company transactions*



<i>(in €m)</i>	2001	2002	2003	<i>Average growth</i>	H1 03	H1 04	$\Delta$ %
<b>Operating income after net financial income</b>	<b>215</b>	<b>227</b>	<b>242</b>	<b>+6%</b>	<b>117</b>	<b>182</b>	<b>+56%</b>
<b>% of net sales</b>	<b>3.1%</b>	<b>3.1%</b>	<b>3.2%</b>		<b>3.2%</b>	<b>4.6%</b>	
<b>Exceptional income/ (expense)</b>	<b>(36)</b>	<b>5</b>	<b>7</b>		<b>(10)</b>	<b>(2)</b>	
<b>Tax</b>	<b>(19)</b>	<b>(42)</b>	<b>(48)</b>		<b>(21)</b>	<b>(58)</b>	<b>+176%</b>
<b>Goodwill</b>	<b>(15)</b>	<b>(41)</b>	<b>(11)</b>		<b>(6)</b>	<b>(5)</b>	
<b>Minority interests</b>	<b>(7)</b>	<b>2</b>	<b>(12)</b>		<b>(4)</b>	<b>(5)</b>	
<b>Net income</b>	<b>138</b>	<b>151</b>	<b>178</b>	<b>+13.6%</b>	<b>76</b>	<b>112</b>	<b>+47%</b>
<b>% of net sales</b>	<b>2%</b>	<b>2.1%</b>	<b>2.3%</b>		<b>2.1%</b>	<b>2.8%</b>	

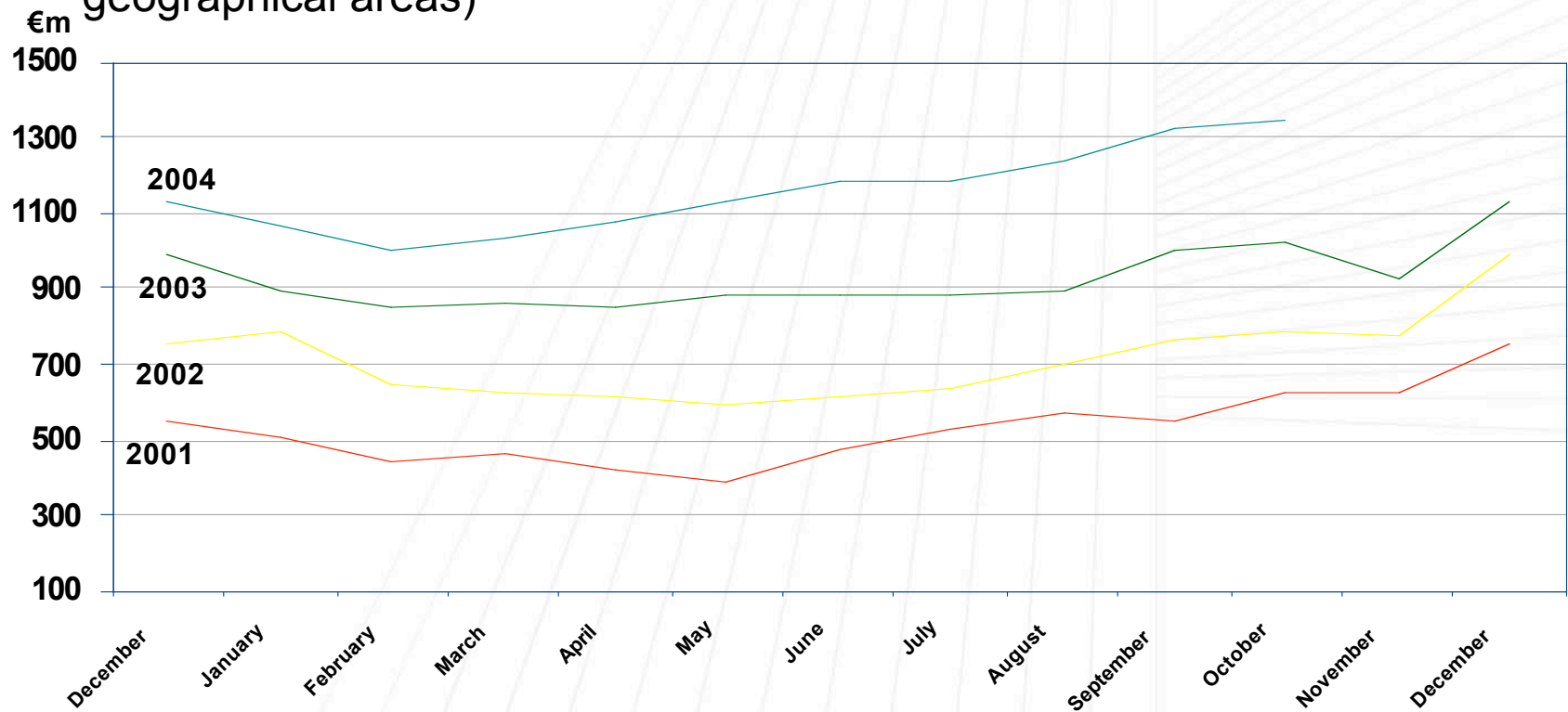
- Almost 30% growth in net income over three years
- Progressing towards net margin of 3% of net sales!

# Construction, a business line that generates strong cash flow



<i>(in €m)</i>	2001	2002	2003	Average growth	H1 03	H1 04	Δ
Cash flow from operations	298	326	379	+13%	142	200	+58
Capital expenditure	(210)	(213)	(200)		(88)	(94)	
Change in working capital requirement	24	242	11		(182)	(6)	+176
Free cash flow	112	355	190	+30%	(128)	100	+228
Financial investment net of disposals	0	(27)	23		(2)	(16)	
Dividends paid	(23)	(91)	(109)	+118%	(25)	(38)	
Exchange rate, consolidation scope and other financial flows	(90)	70	37		41	-	
Net cash flow for the period	(1)	307	141		(114)	46	+160
Cash at beginning of period	689	688	995	+20%	995	1,136	
Cash at end of period	688	995	1,136	+28%	881	1,182	+301

- Continuous improvement in cash and equivalents, with surplus for past four years
- Limited seasonal variation, reflecting good diversification (business lines, geographical areas)



(in €m)

<b>Tangible fixed assets</b>	<b>731</b>	<b>Shareholders' equity*</b>	<b>624</b>
<b>Goodwill</b>	<b>75</b>	<b>Provisions and other long-term commitments</b>	<b>155</b>
<b>Financial and other fixed assets</b>	<b>111</b>	<b>Retirement commitments</b>	<b>132</b>
<b>Net cash and equivalents</b>	<b>1,136</b>	<b>WCR (incl. provisions for operating risks)</b>	<b>1,142</b>
<b>Total assets</b>	<b>2,053</b>	<b>Total liabilities</b>	<b>2,053</b>

- Negative capital employed (€175m)
- Very sound financial situation
- Policy of cautious provisions
- Efficient management of WCR

(\*) Incl. minority interests: -€99m

(in €m)

**2002**

**2003**

**H1 2003**

**H1 2004**

**Shareholders' equity at 1 January  
(excl. minority interests)**

**387**

**442**

**442**

**525**

**Net income**

**151**

**177**

**76**

**112**

**ROE**

**39%**

**40%**

**34%**

**42%**

- Very high and growing return on equity



## Strategy and outlook



<i>(in €m)</i>	10 months 2004	Change over 12 months	
<b>SOGEA Construction</b>	<b>2,154</b>	<b>+18.8%</b>	French networks
<b>GTM Construction</b>	<b>1,789</b>	<b>+20.7%</b>	
<b>Filiales Internationales</b>	<b>1,201</b>	<b>+73.3%</b>	International networks
<b>UK – USA</b>	<b>583</b>	<b>+33.9%</b>	
<b>Germany</b>	<b>597</b>	<b>+21.4%</b>	
<b>CFE</b>	<b>716</b>	<b>+8.4%</b>	
<b>Grands Projets</b>	<b>535</b>	<b>+293.2%</b>	Specialist subsidiaries
<b>Freyssinet</b>	<b>395</b>	<b>+17.5%</b>	
<b>TOTAL</b>	<b>7,970</b>	<b>+30%</b>	

- Exceptional level of orders taken by all divisions
- ... reflecting good commercial positioning in dynamic markets

# Order backlog at new record high

<i>(in €m)</i>	At end October 2004	Change over 12 months	Months of activity
<b>SOGEA Construction</b>	1,993	+20.3%	11.3
<b>GTM Construction</b>	1,866	+22.6%	
<b>Filiales Internationales</b>	1,247	+69.7%	12.6
<b>UK – USA</b>	500	+52.5%	
<b>Germany</b>	522	+32.9%	
<b>CFE</b>	951	-1.6%	
<b>Grands Projets</b>	1,173	+7.9%	25.6
<b>Freyssinet</b>	317	-0.4%	8.6
<b>TOTAL</b>	<b>8,569</b>	<b>+19.2%</b>	<b>12.6</b>

- VINCI Construction's order backlog gives excellent visibility for 2005

One leitmotiv: profit is top priority

- think net margin, not gross margin
- strict application of project selection procedure
- performance-linked remuneration for managers

➔ margin objective: 5% before tax

■ For VINCI Construction managers, the quest for profit:

- is a constant challenge
- allows objective performance measurement
- is a way of fighting the individual's ego

➔ a true long-term profit culture shared by all for the benefit of shareholders

## Excellence:

### ■ Focus on productivity

- preparation of worksites, factory-type organisation and management of worksites
- accurate measurement of difference between forecast and adjusted forecast
- quality, innovation, safety and accident prevention

### ■ Excellence is a means:

- of differentiating ourselves from competitors
  - using our leadership position
  - of giving our employees free rein to use their skills and talents
- ➡ enabling them to give the best of themselves

Augmenting the value added:

Upstream:

- Combine design with construction
  - better control of the project and its costs
  - better control of property development transactions
  - propose integrated projects to public customers (PPP)

Downstream:

- Remain on site after construction completed (facilities management)
  - competitive advantage (already there)
  - feedback on structure delivered to customer
  - complete design-construction package (PPP)

- ➔ Augmenting the value added:
- is a supplementary goal
  - gives us a better understanding of our environment and helps us adapt to it
  - is a means of protecting our core business
  - gives us a recurring revenue stream

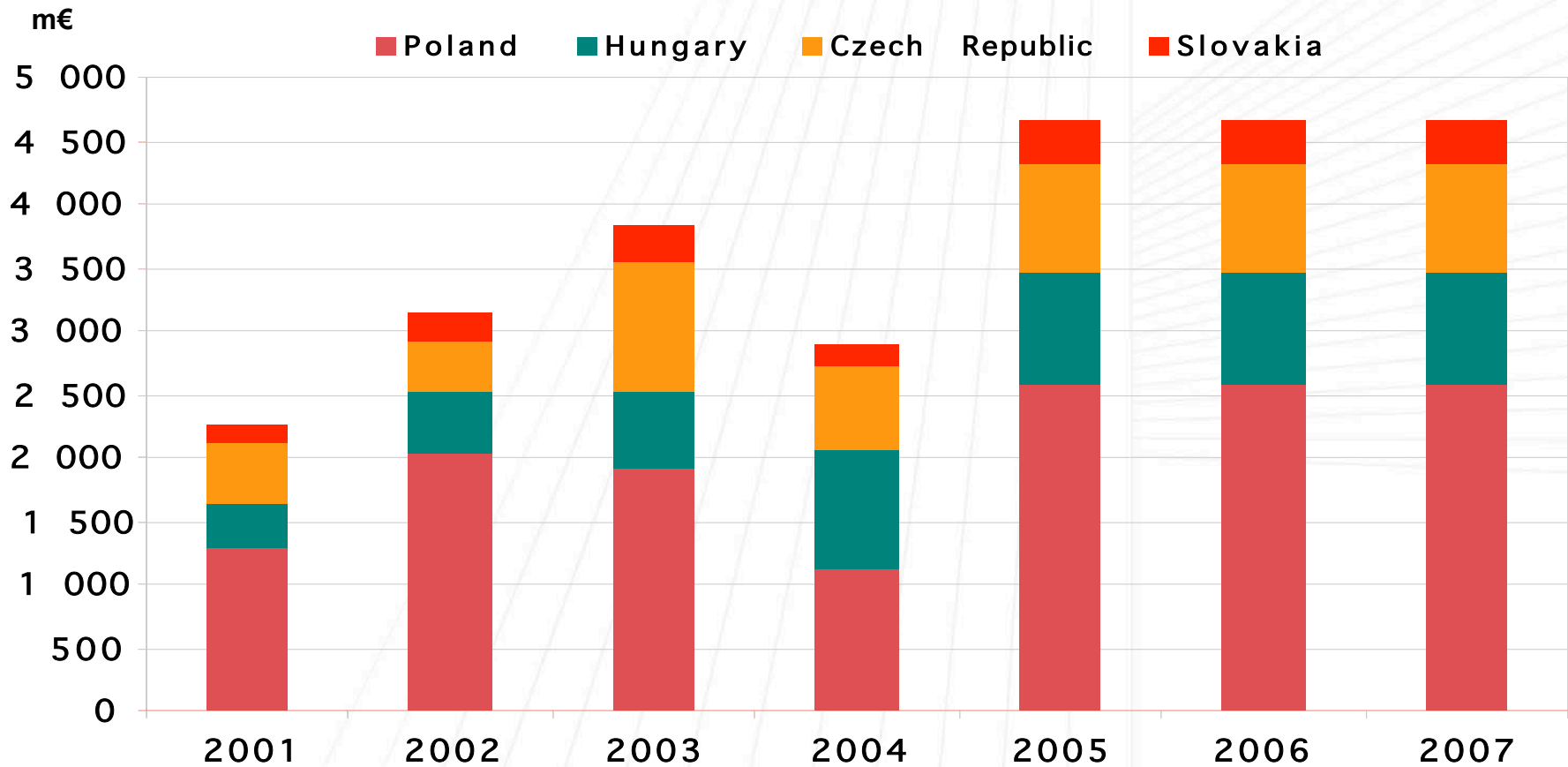
Continued push to intensify geographical coverage of our markets:

- focus on organic growth
  - targeted policy of small acquisitions
  - mainly in France, the UK and Central Europe; on exceptional basis elsewhere
- 
- In 2002: acquisition of Crispin & Borst (maintenance/facilities management) in the UK:
    - representing net sales of €161 million
- 
- 25 acquisitions in France and Central Europe in 2002–2004:
    - at Sogea (9), GTM (11) and VINCI Construction Filiales Internationales (5)
    - representing total full-year net sales of €130 million



- Remain reasonable:
  - the 10 new countries represent less than 5% of the enlarged EU's building and public works market
- .... but they are growth markets:
  - housing: strong growth expected in new build sector, but dependent on the evolution of the credit market
  - industrial buildings and offices: steady growth, but watch for cycles
  - infrastructure: the most buoyant market in the short term (significant needs, structural funds from the EU)

## ■ Projected trend of international financing for infrastructure



Source: OBSIC 2004 study on integration of C&EE

- Its earnings
- Its cash and equivalents

but also:

- New concessions: Rion–Antirion, A19, Comarnic-Predeal, etc.
- A bridgehead into new countries:  
Poland, Hungary, Greece, Chile, etc.
- The “product” made by independent managers, which can be used by other VINCI divisions;
- Opportunities for exchanging personnel (production, administration)
- Good projects shared with other VINCI divisions (Concessions, Energy, Roads)



## Presentation of VINCI Construction to financial analysts

Lille, France – 17 December 2004