

**Tuesday,  
3 September 2002**

# **The VINCI group strategy**

## VINCI 's main objectives over recent years

### A must:

Independence

### A decision:

To remain focused on its traditional core businesses: building and civil engineering, roads, electrical engineering and concessions

### Three goals:

- To shift the commonly accepted limits in terms of margins in these businesses
- To sustain our results through time, in particular by developing concessions
- To enhance the company 's stock market status

**These past objectives are also our future objectives.**

**1999 – 2001: A winning strategy**

**2002 – 2005: Fresh impetus**

- **Make our construction businesses (building and civil engineering, roads, electrical engineering) profitable on a long-term basis through:**
  - An efficient organisational structure adapted to our businesses
  - A targeted growth policy
- **Develop concessions and related services through:**
  - A dynamic external growth policy
  - Priority allocation of the company 's financial resources to these businesses
- £ **A very good performance:**
  - Key figures
  - Evolution of VINCI 's share price

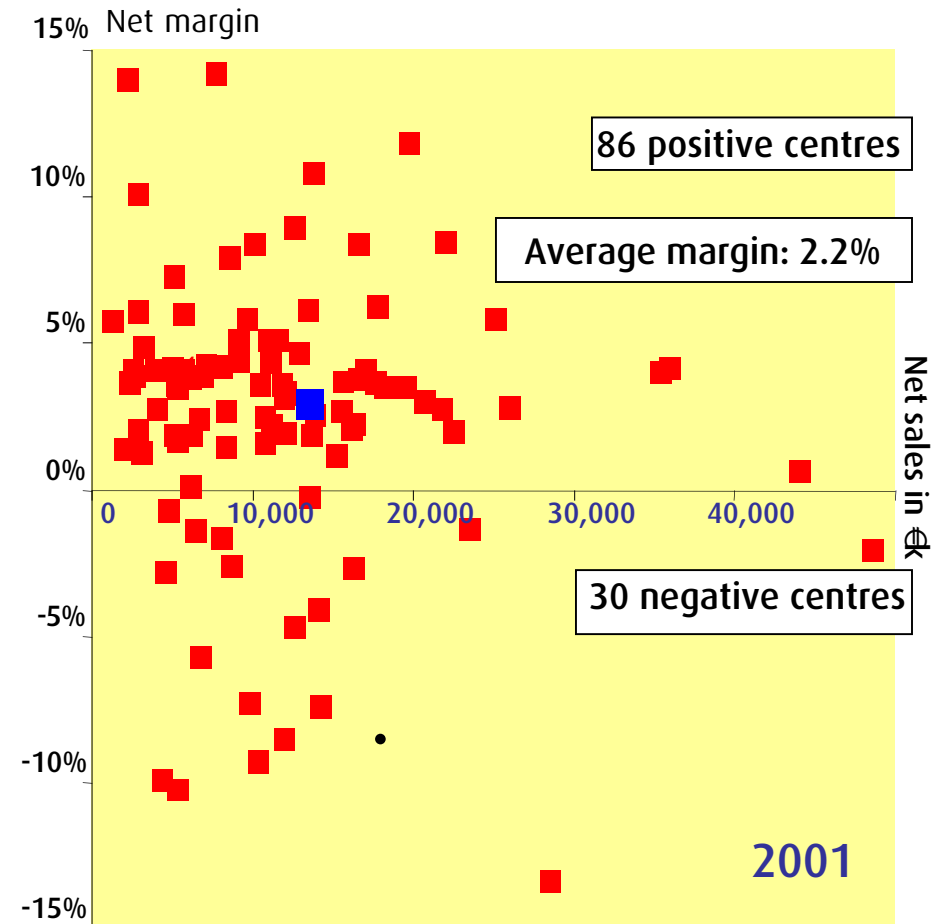
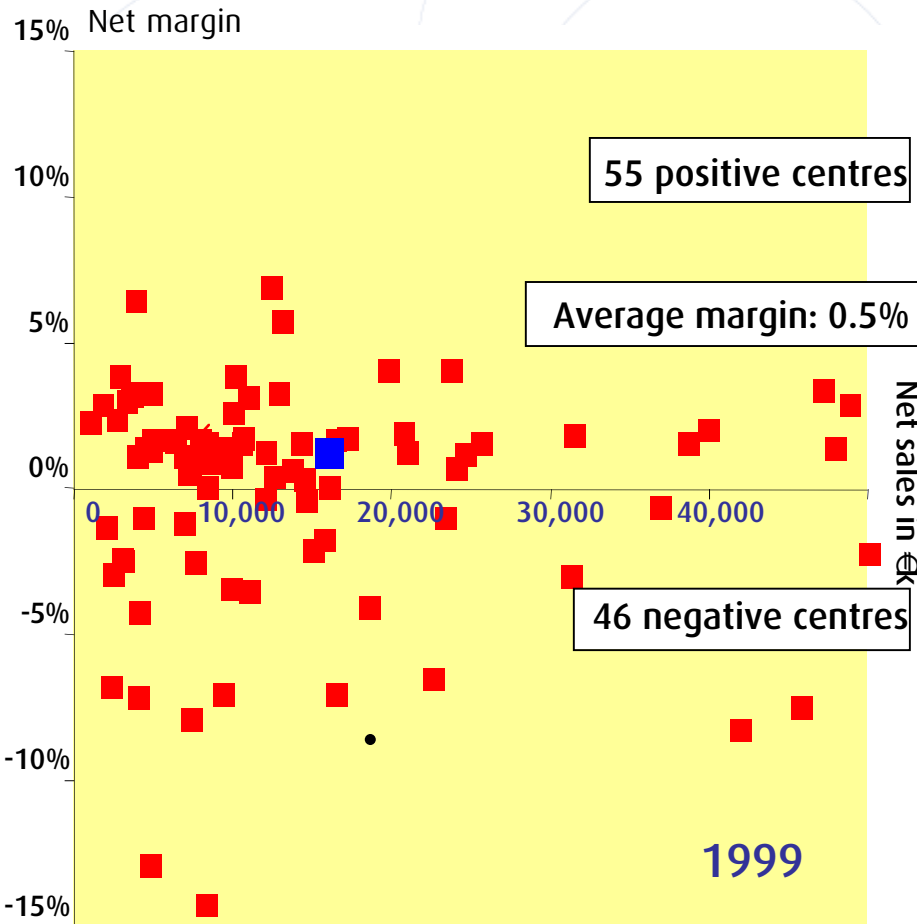
**Make our construction businesses  
profitable on a long-term basis**

- **Decentralised organisation**
  - App. 3,000 profit centres
  - Structures calibrated on prudent budgets
- **Selective order-taking and strict controls**
  - Margin the priority, not volume
  - Prior approval of all major contracts
  - Prudent policies for revenue recognition and provisions
  - Methodical risk monitoring
- **Performance-related bonus scheme for managers**

# An efficient organisational structure adapted to our businesses: the results

## Increase overall margin by eliminating sources of losses

Example: SOGEA Construction 's building profit centres  
(net income/net sales, 1999 - 2001)



- **Focus on longer-term, more profitable activities, in particular by developing the service component of our businesses**
  - In construction:
    - Develop project engineering and PFI
    - External growth in facilities management
  - In roads:
    - Expertise in production activities: Eurovia is market leader in Europe for the production of roadwork materials
    - Increase maintenance contracts: app. 70% of roadworks
- **International growth focused on Europe**
  - Eurovia is no. 1 in Europe and no. 2 worldwide, with operations in North America, Germany, UK, Czech Republic, etc.
  - GTIE has doubled the share of its net sales generated outside France in three years to 30%



# Make our construction businesses profitable on a long-term basis

## Performance of construction businesses

€M	1999	2001
<b>Net sales</b>	<b>8,808</b>	<b>15,710</b>
<b>Operating income</b>	<b>189</b>	<b>455</b>
<b>Operating income/Net sales</b>	<b>2.1%</b>	<b>2.9%</b>
<b>Net income before tax (NIBT)</b>	<b>102</b>	<b>330</b>
<b>NIBT/Net sales</b>	<b>1.1%</b>	<b>2.1%</b>
<b>Net cash</b>	<b>58</b>	<b>836</b>

## Develop concessions and related services

- **Before 1999:** Cofiroute (31%), three major infrastructure contracts (Stade de France stadium, Prado-Carénage tunnel, Tagus crossings), 40,000 parking spaces
- **1999:** Acquisition of Sogeparc, number of parking spaces increased to 380,000
- **2000:** Acquisition of GTM and its portfolio of concessions
  - VINCI 's holding in Cofiroute's capital increased to 65%
  - Total number of parking spaces managed increased to 725,000
  - Chillan-Collipulli and Fredericton-Moncton motorways
  - New bridges: Rion-Antirion, Conf édération, Severn
  - Growth in airports (Mexico, Cambodia, China)
- **2001:** Airport segment strengthened with the acquisition of WFS and a stake in TBI

# Priority allocation of company 's financial resources to concessions

- Concessions represent the majority of the VINCI's invested capital
- Concessions are the source of all VINCI 's debt; 70% of it is non-recourse debt

Weight of concessions	1999		2001	
	€M	Concessions as a share in company total	€M	Concessions as a share in company total
<b>Invested capital</b>	<b>1,038</b>	<b>59%</b>	<b>5,484</b>	<b>79%</b>
<b>Debt</b>	<b>2,128</b>	<b>103%</b>	<b>2,907</b>	<b>140%</b>

- **Rapid growth in net income**
- **High profitability**
- **Very significant contribution to VINCI 's net income**

(€ M)

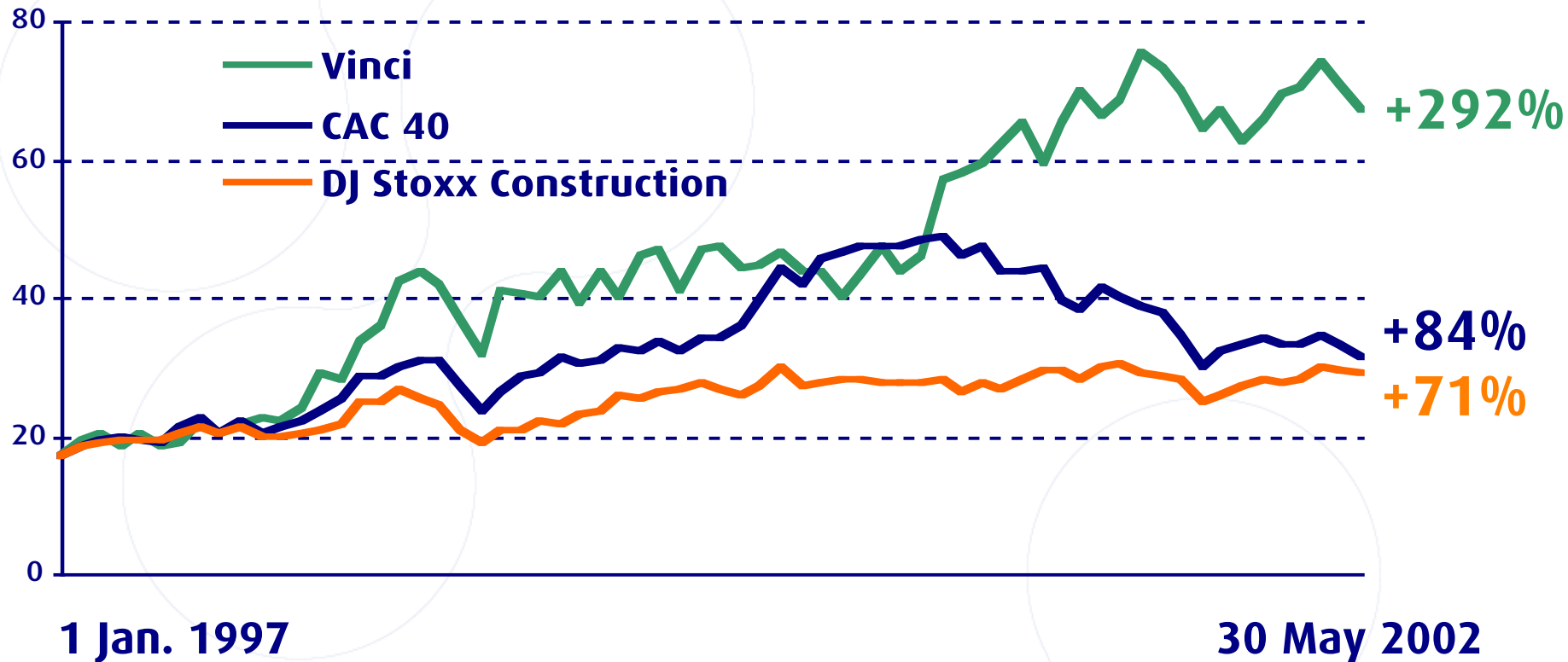
	1999		2001
<b>Net sales</b>	<b>521</b>	<b>X 3</b> →	<b>1,462</b>
<b>Net income before tax (NIBT)</b>	<b>73</b>	<b>X 4</b> →	<b>306</b>
<b>Profit before tax: NIBT/Net sales</b>	<b>14%</b>		<b>21%</b>
<b>NIBT as a % of total VINCI NIBT</b>	<b>40%</b>		<b>48%</b>

# A very good performance: net sales

<b>SGE</b>	<b>1997</b>		<b>VINCI</b>	<b>2001</b>
€8.1 billion		Net sales x 2	€17.2 billion	
€31 million		Operating income x 34	€1,058 million	
€47 million		Net income x 10	€454 million	
€1.2		Net earnings per share x 5	€5.6	
€0.9 billion		Market capitalisation x 6	€5.5 billion	

# A very good performance: evolution of VINCI 's share price

April 2002: VINCI included in the CAC 40



**1999 – 2001: A winning strategy**

**2002 – 2005: Fresh impetus**



- **Strengthen our leadership position in the construction businesses**
    - Exploit our growth vectors in France
    - Pursue prudent growth outside France
  - **Create value in concessions**
    - Exploit the synergies between our construction and concession businesses
    - Manage our asset portfolio dynamically
- £ **VINCI must become Europe 's champion in outsourced infrastructure management**

**Strengthen our leadership position**  
**in the construction businesses**

- **Outsourced management:** design, build, operate and maintain infrastructure, particularly state-owned infrastructure
- **Facilities management,** starting from our bases in France and elsewhere
- **Environment-related contracts,** in particular the demolition, materials recovery and recycling segment
- **New information and communication technologies**

# Pursue prudent growth outside France

- **Simple guidelines:**

- Expand businesses where we have expertise on a national scale: no international diversification

- Purchase structures that our know-how can enhance

- Do not make any purchases that are too big or too expensive

- Then broaden our influence through organic growth

- **The objectives:**

- Exploit the growth potential in Europe for **the Energy and Information business segment**

- Pursue joint industry-roadworks growth in the **road segment** in Europe and North America

- In **Construction**, extend our presence as a priority in countries wanting to join the European Union; maintain extreme caution on major international projects

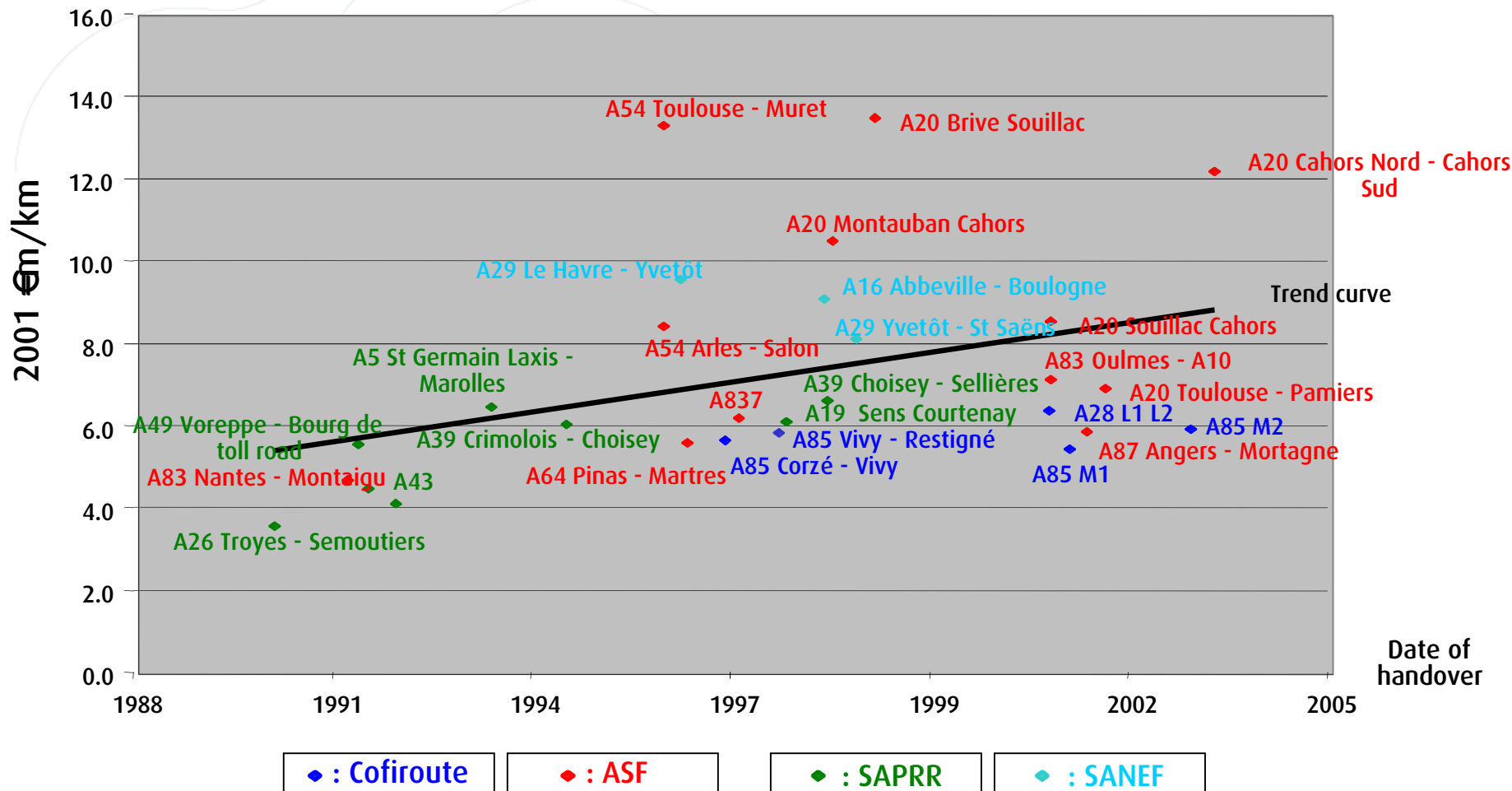
# Create value in concessions

- **Outstanding, complementary expertise in the two key areas of concessions: construction and concession operation**
- **The creation of VINCI Construction and VINCI Concessions has separated these two activities**
- **A golden rule to organise relations between them:**
  - £ **Devolution of construction work within the framework of global contracts, based on externally audited target costs**

# Exploit synergies between construction and concession businesses: the results



## Cost of constructing motorway sections



# Manage our asset portfolio dynamically

- **Careful selection of new projects**
- **Acquisition of existing concessions that offer real potential for optimisation**
- **Exploit our current portfolio to finance our new developments**



## Conclusion

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