



## VINCI Energies presentation to financial analysts

Montesson, 30 June 2005



**Xavier Huillard**  
Chairman of Board of Directors



**Jean-Yves Le Brouster**  
Chief Executive Officer  
Member of the Board of Directors



**Jean-Marie Dayre**  
Deputy Managing Director



**Philippe Touyarot**  
Deputy Managing Director



**Philippe Conus**  
CFO



**Patrick Lebrun**  
Deputy Managing Director



**Yves Meignié**  
Managing Director, International Division  
Spain, United Kingdom, Netherlands,  
Portugal, Sweden

-  Business lines/activity sectors
-  Organisational structure and values
-  Leader in France
-  An expanding European network
-  Key figures
-  Strategy and outlook



## 1. Business lines/activity sectors

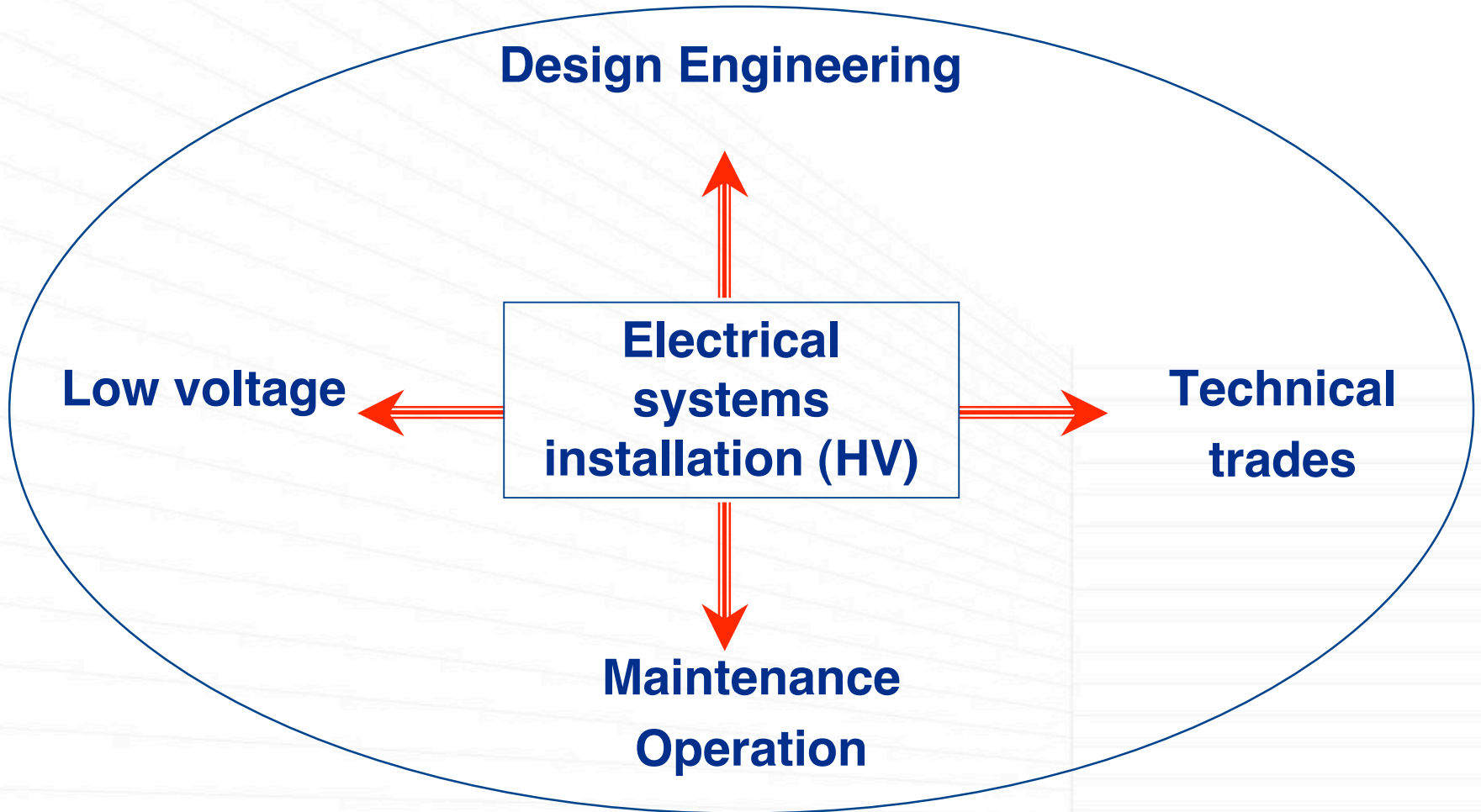


- We are not power generators or distributors.
- We are not manufacturers mass producing and selling power system components through catalogues.

- A longstanding business line - ELECTRICAL SYSTEMS INSTALLATION - together with a two-pronged diversification into:
  - low voltage and other technical trades - climate engineering, insulation, fire protection, plumbing, mechanical engineering
  - upstream (design, engineering) and downstream (maintenance, operations) activities.
  
- With diversification, we now work in four activity sectors:
  - Energy infrastructure
  - Industry
  - Service sector
  - Telecommunications

# Systems integration / PPP

## Design Engineering



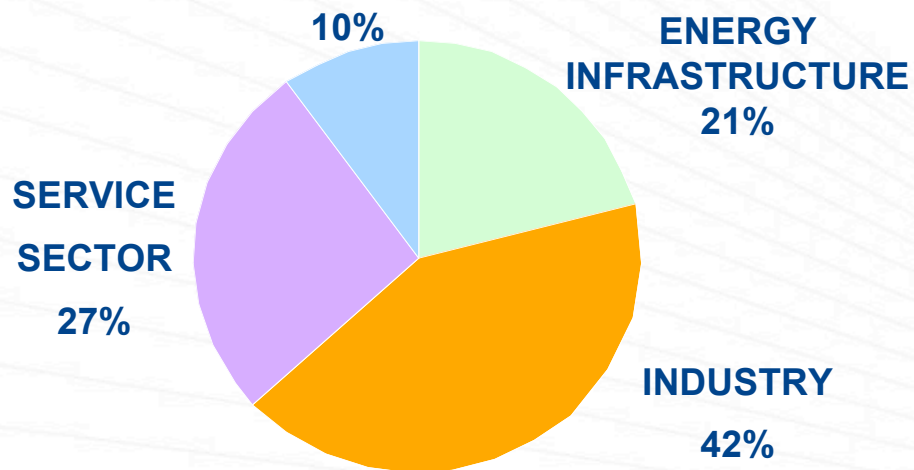
Microwave links for SFR



High voltage lines



## TELECOMMUNICATIONS



Le Monde building



Roche Pharmaceuticals Germany



**2004 net sales: €3,339 million**

- 2004 net sales: €700 million  
France: 91% - Outside France: 9%
- Power transmission, transformation and distribution; public lighting
- Customers: RTE, EDF, ENDESA, local authorities, industry
- Market characteristics:

<p><b>High voltage:</b> (Lines, transf. stations)</p> 	<p>VINCI Energies is leader in France Few players, barriers to entry Opportunities related to network saturation in Western Europe and the prospect of strong development in Southern and Central Europe</p>
<p><b>Public lighting:</b></p> 	<p>Trend toward global offerings and development of "lighting offers" (heritage enhancement, festive illuminations, traffic lights)</p>

## High voltage lines



### Customers:

- Operators:
  - \* RTE
  - \* EDF
  - \* ENDESA
- Industry
- Local authorities

## Distribution networks



## Transformer station (RTE)



## Private-sector transformer station (Sollac - Dunkerque)







**Global public lighting management  
(City of Nice)**



**Heritage enhancement  
(XI<sup>th</sup> century Montrichard bridge – Loir et Cher)**



**Festive illuminations (Avignon)**



**Traffic lights (Toulon)**

- 2004 net sales: €1,400 million  
France: 46% - Outside France: 54%
- Power distribution, industrial monitoring and control, air treatment, ventilation, insulation
- Customers:
  - operating in all major industrial sectors, major accounts, small and medium industries
- Market characteristics:
  - Strong demand for systems integration offerings
  - Gradual outsourcing of maintenance, especially multi-technology maintenance, by customers
  - Ramp-up of production sites in low-cost countries
  - Customer demand for multi-site service capability
- Offering structured around two major brands:
  - Electrical engineering and automation:
  - Industrial multi-technology maintenance:



Brand:



2004 net sales: €310 million

Paper machine equipment  
(VOITH)



Automation of the  
Cointreau plant in Angers



Systems integration contract for  
automated storage area  
PSA Peugeot Citroën (Poissy)



Customers:

**VOITH**

SAINT-GOBAIN





Brand:



2004 net sales: €157 million



Industrial maintenance (Les Flandres refinery)



Industrial maintenance  
(M-real paper mill - Rouen site)

Customers:



m·real

Insulation (Germany)



Climate control (A380 hangars – Toulouse)



Customers:

**degussa.**



- 2004 net sales: €900 million  
France: 89% - Outside France: 11%
- Power supply and communications networks, security, access control, fire detection and protection, BAS\*, BMS\*, climate control
- VINCI Energies offerings:
  - design, installation and maintenance
- Markets:
  - buildings: offices, health care, multi-unit residential, education, retail chains, banks, insurance, exhibition grounds, hotels, museums, etc.
- Market characteristics:
  - Strong growth:
    - health care, multi-unit residential
    - security (access control, video surveillance, etc.), climate control
  - Increasingly global offerings: technical works package integration, multi-technology maintenance

(\*) BAS building automation systems; BMS: building management systems





Equipment of property complexes  
(La Défense Plaza)



Multi-technology and multi-site maintenance  
(Assedic des Pays du Nord et du Pas-de-Calais)

Customers:



## Electrical systems



Power supply (high voltage)



Video surveillance (low voltage)

## Other expertise



Climate control





Plumbing



Fire protection

- 2004 net sales: 330 million  
France: 88% - Outside France: 12%
- Two European networks:

 <p>€180 million</p>	<p>Telecommunications infrastructure: Engineering, implementation and maintenance of fixed-line and mobile infrastructure Leader in France and in Belgium</p> <p><u>Customers:</u></p> <ul style="list-style-type: none"><li>* Telecommunications operators: 9Telecom, SFR, Orange, Bouygues Télécom, Mobistar, Telefonica,</li><li>* Equipment suppliers: Nokia, Alcatel, etc.</li><li>* Local authorities</li></ul> <p>Market trend: Increasing maintenance demand</p>
 <p>€ 200 million *</p>	<p>Voice-data-image communication: Maintenance and administration, integration of company communication networks and associated services (security), facility management.</p>

\* Including NK Networks & Services, acquired in April 2005



Installation of radio sites  
for SFR



Maintenance for operator  
Global Crossing



Broadband network for  
local authorities  
(Manche General Council)



Customers:



# Voice – Data – Image company communication: AXIANS



**Voice**  
**(CDC Ixis)**



**Data**  
**(3M)**



**Audiovisual**  
**(European Parliament in Brussels)**



## 2. Organisational structure and values

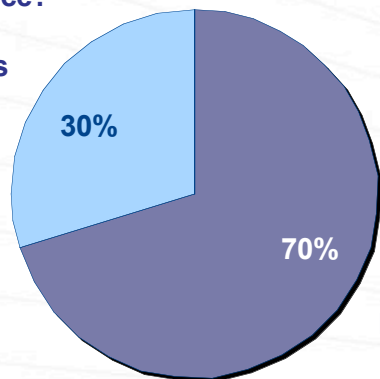


- Decentralised structure operating as a network



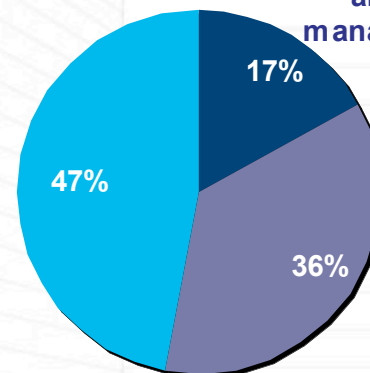
- 27,000 employees

Outside France:  
8,000  
employees



France:  
19,000  
employees

Workers



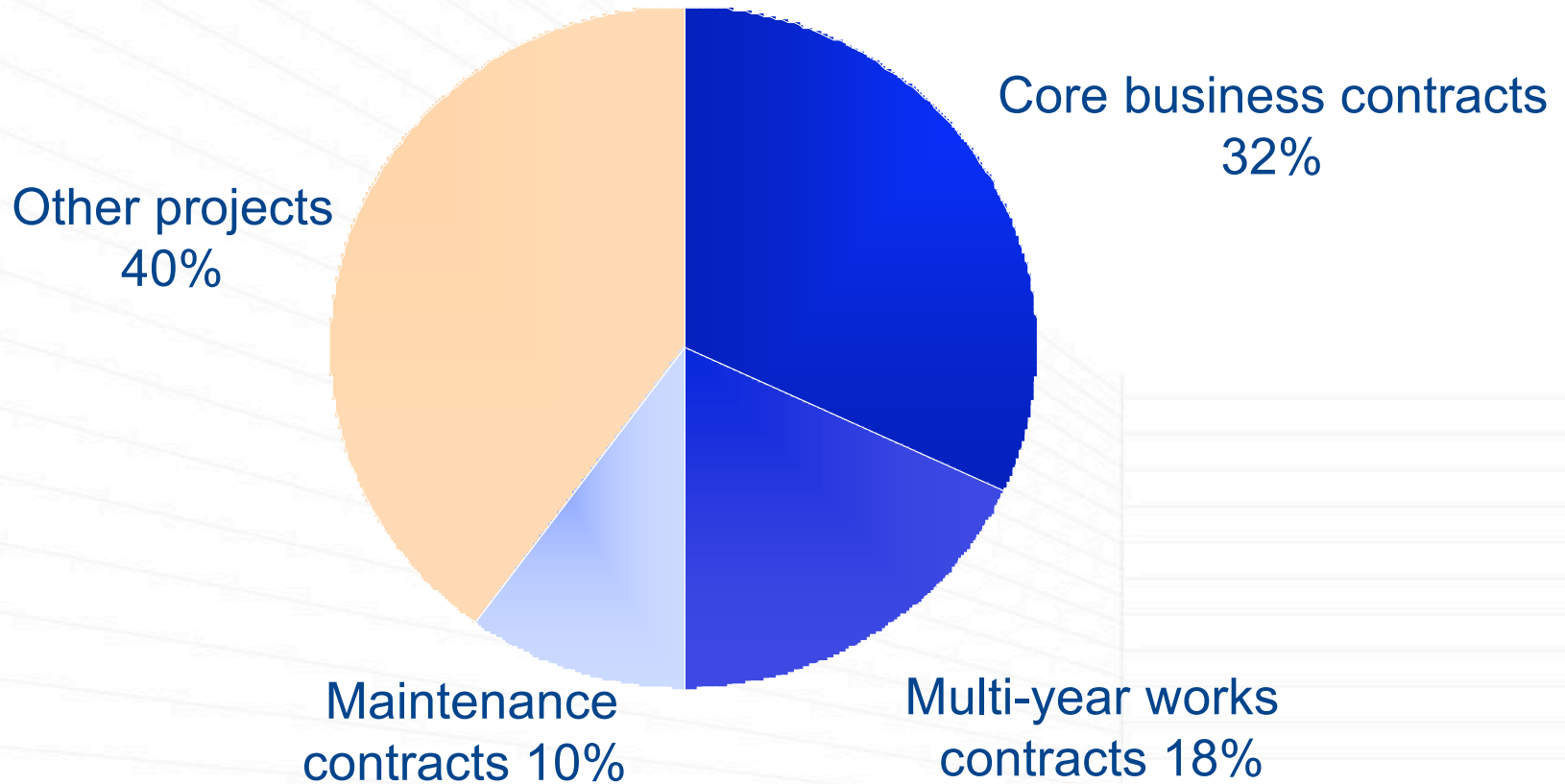
Engineers  
and  
managers

Technicians  
and  
supervisory  
staff

- Strong management values:
  - Market segmentation and Business Unit positioning
  - Autonomy and empowerment
    - Shared strategic project
    - Administrative transparency and rigour (Quartz)
    - Profit sharing
  - Solidarity and networking
  - Safety: Zero Accident Objective

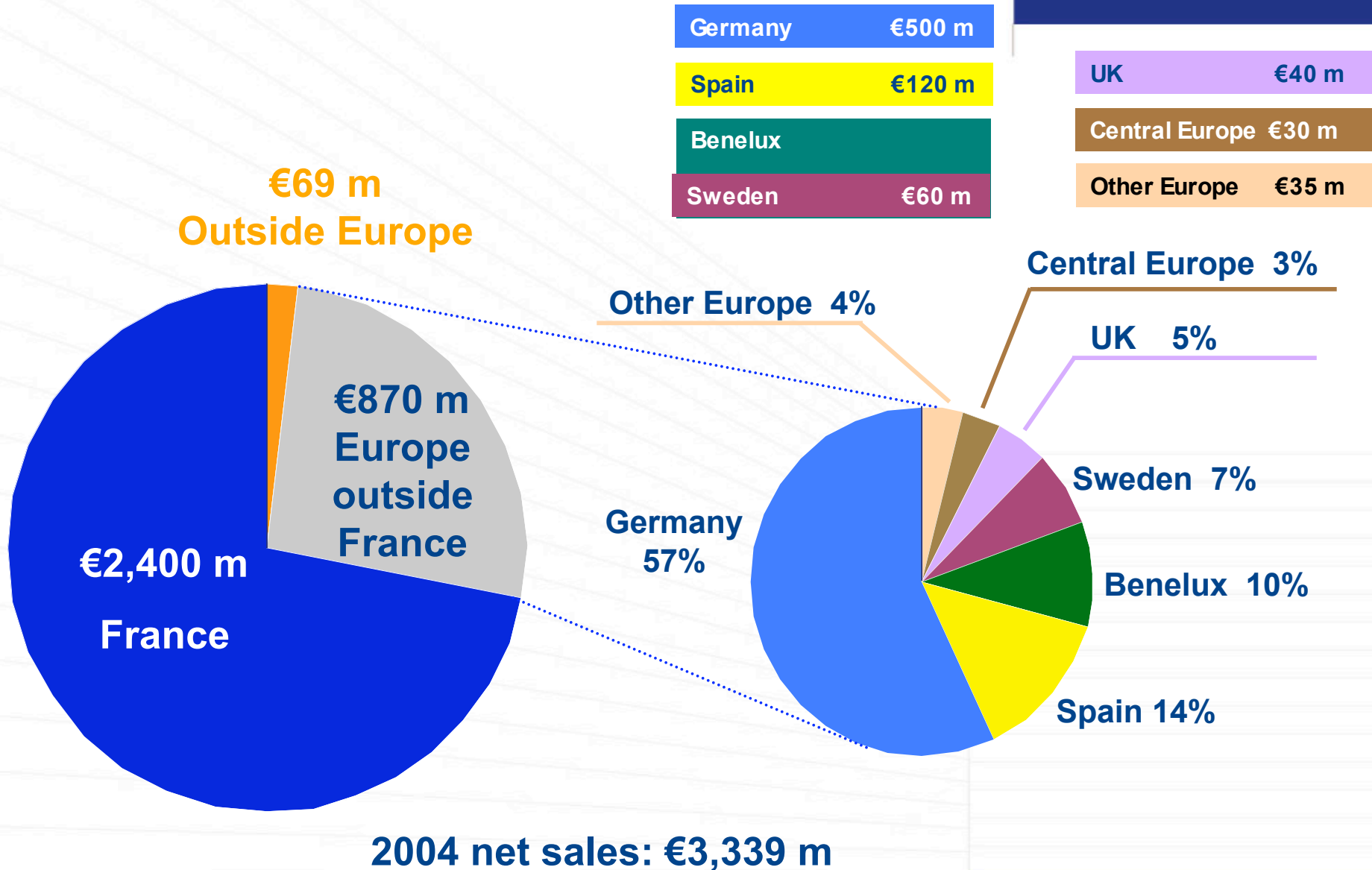
- 150,000 projects per year
- Average contract value: €20,000  
95% of net sales generated by projects < €10 million
  - Individualised contract management: contract budget - contract file
- Average project duration: 3 to 6 months... with multi-year maintenance and works contracts
- Average cost structure:  
VE human resources costs 40% / purchasing and sub-contracting 60%
- Productivity and work organisation are major factors in our competitive edge.

## 2004 activity breakdown\*



\* Excl. TMS

# Activity carried out virtually exclusively in Europe





### 3. Leader in France



# Leader in France

Net sales France: €2,400 m

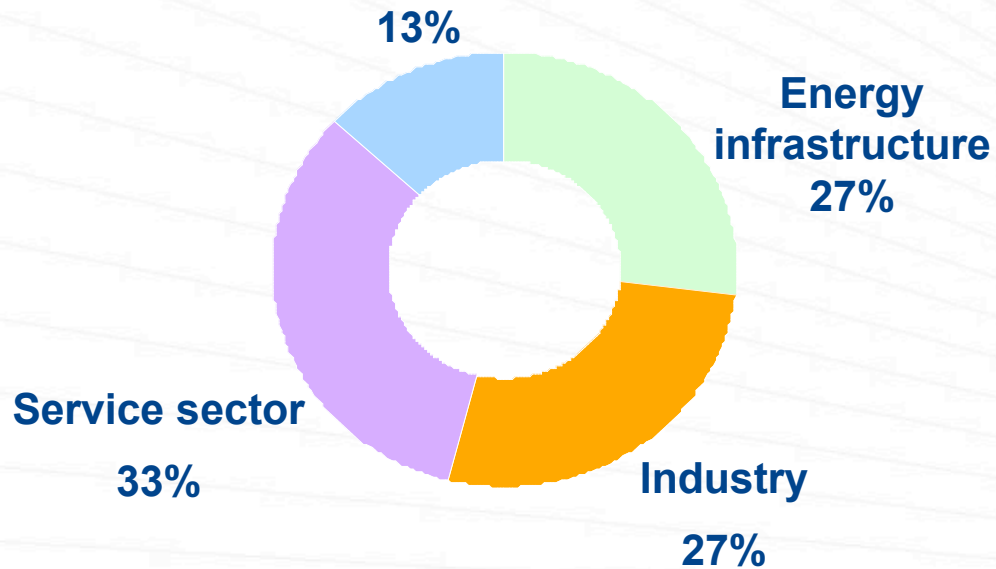
Workforce: 19,000

500 Business Units

Brands:



## Telecommunications



Net sales in France: €2,400 m

Competitors	Net sales in France
Cegelec	€1,800 m
Amec Spie	€1,800 m
Ineo	€1,500 m
Forclum	€1,350 m
ETDE	€700 m
Clemessy	€600 m
SNEF	€520 m



## 4. An expanding European network

# Germany: an extensive network close to customers

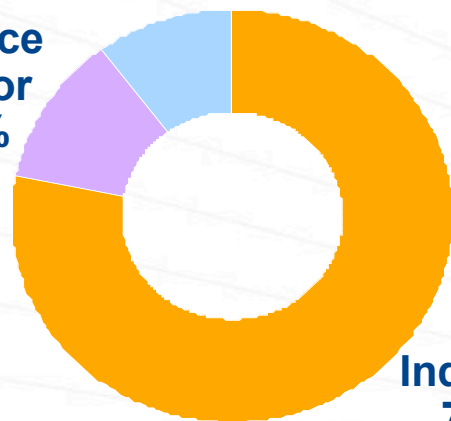
**Net sales : €500 m**

**Workforce : 3,200 employees**

**100 business units**

**Telecommunications  
10%**

**Service  
sector  
12%**



**Industry  
78%**

### Main competitors

- Siemens: > €1,000 m
- RWE Contracting: > €1,000 m
- ABB: > €500 m
- Cegelec: < €500 m



**Brands:**





Net sales : €30 million

Workforce : 850 employees



ATEM Polska

## Czech Republic

€16 million  
Service sector



### 2004 Acquisitions

- ATEM Polska (Poland)
- KASTT (Czech Republic)

## Poland

€14 million  
Telecommunications  
and Industry



Brands:



OKIN FACILITY

INKOTECH



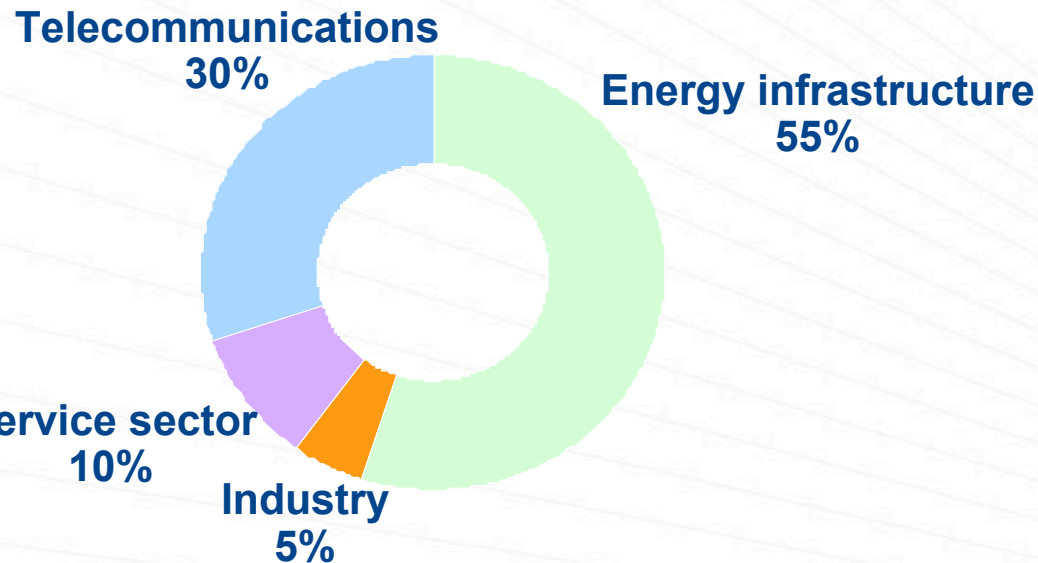
TUNZINI S.r.l.  
PROTIPOŽÁRNÍ TECHNIKA

BAUCOMEX CZ S.r.o.  
H+H

**Net sales: €100 million**

**Workforce: 1,000 employees**

Engineering and installation of transformer stations for ENDESA (Catalonia)



### Main competitors

- ACS/Dragados: €2,000 million
- Isolux: €600 million
- Elecnor: €600 million

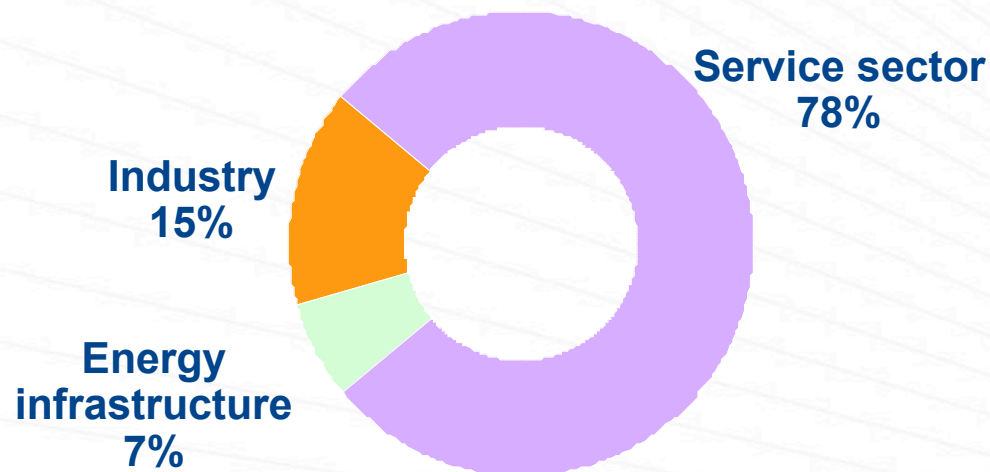
**Brands:**



# Portugal: one of the Portuguese leaders in our business lines

Net sales: €50 million

Workforce: 530 employees



## Main competitors

- EFACEC: €230 million
- MECI: €50 million
- Amec-Spie: €35 million
- Dalkia: €30 million
- SIEMENS, ABB

Brands:



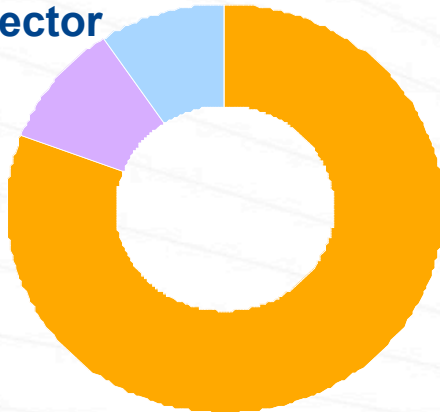
Net sales: €40 million

Workforce: 500 employees

## Telecommunications

5%

Service sector  
10%



Industry  
85 %

## Main competitors

- NG Bailey: €600 million
- T Clarke: €230 million



Hanson Aggregates

Brands:





# Scandinavia: a restructured basis for development

Net sales: €60 million

Workforce: 650 employees



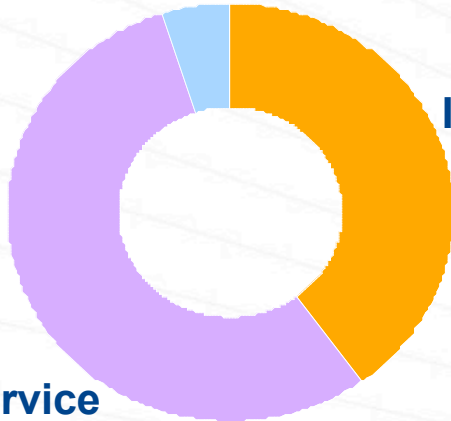
Food processing process(SLP)

Telecommunications

5%

Industry  
40%

Service  
sector  
55%



## Main competitors

- Bravida: €1,000 m (Scandinavia)
- Yit (ex ABB bs): €300 m



Brands:



**Net sales: €85 million**

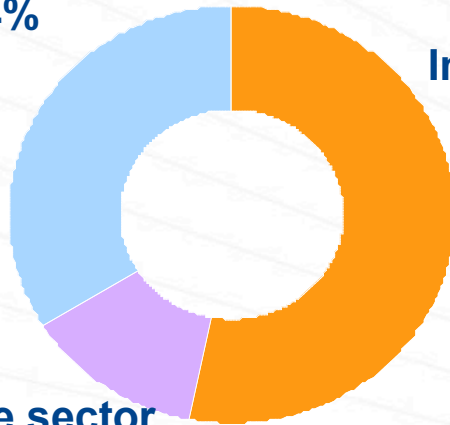
**Workforce: 790 employees**

## Telecommunications

34%

Industry  
53%

Service sector  
13%



### Main competitors:

- Imtech: €1,300 m
- GTI/Fabricom: €2,000 m
- Cegelec: €280 m



Food processing  
(Cehave)

### Brands:



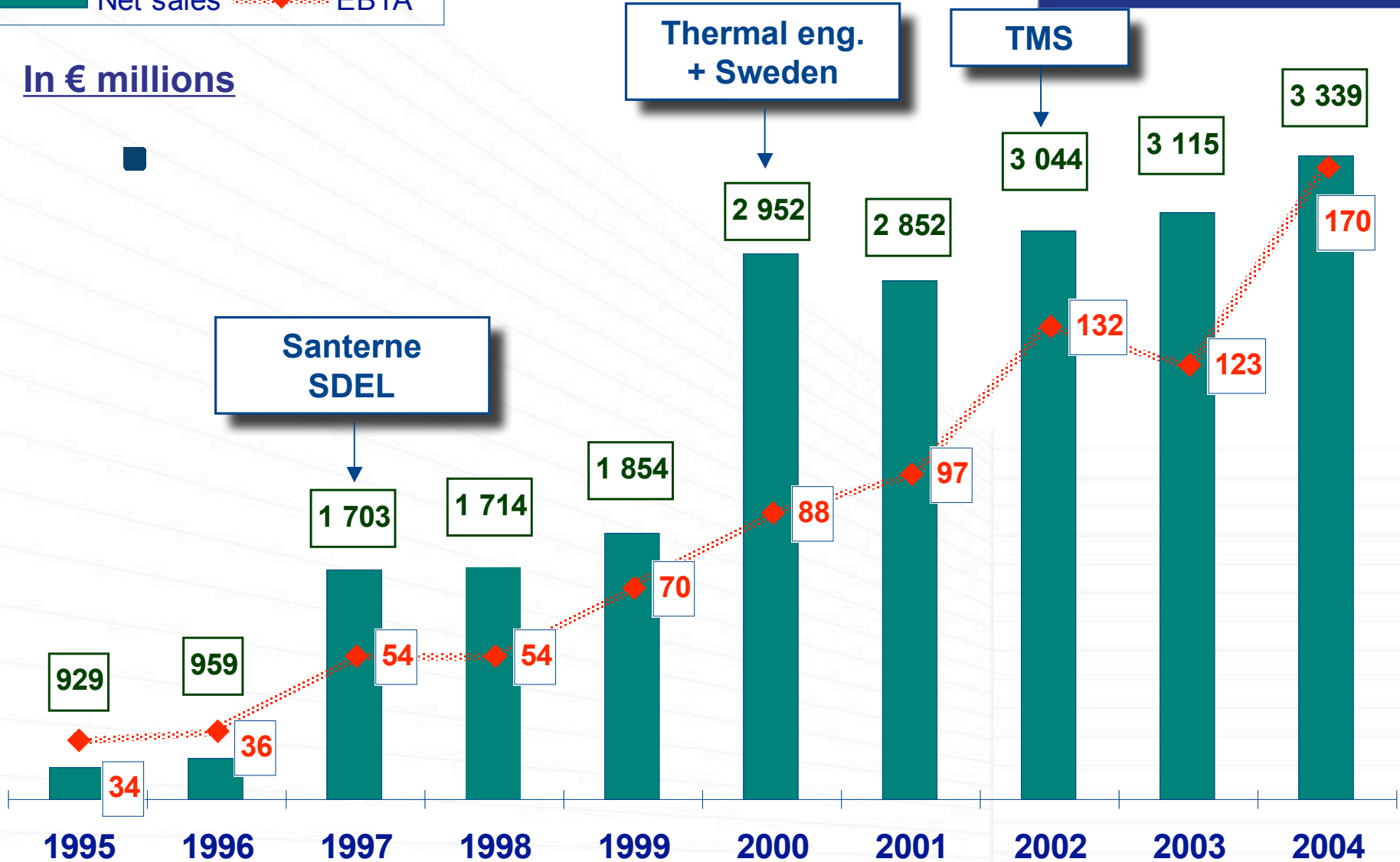


## 5. Key figures

# 10-year change

Net sales EBTA \*

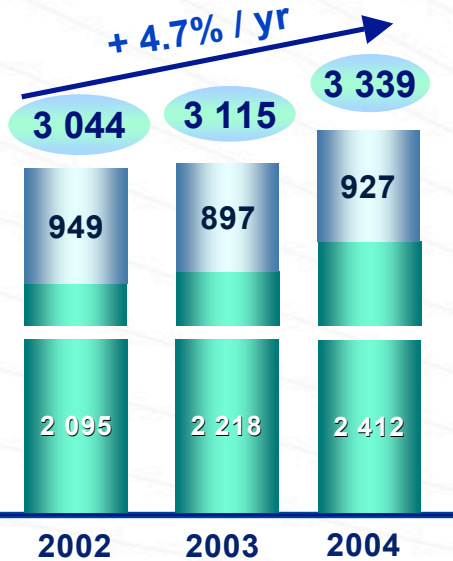
In € millions



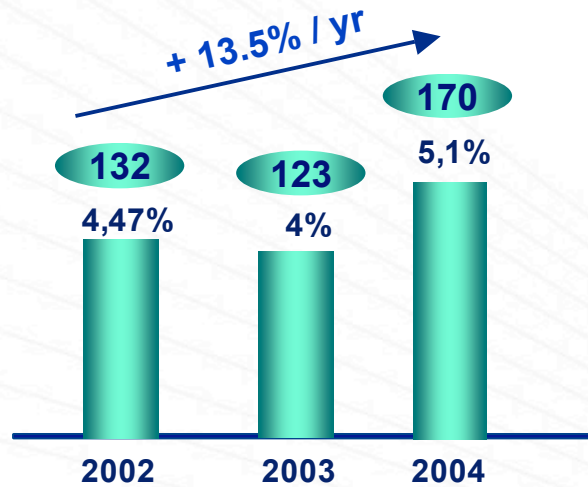
\* EBTA: Earnings before tax and amortisation of goodwill



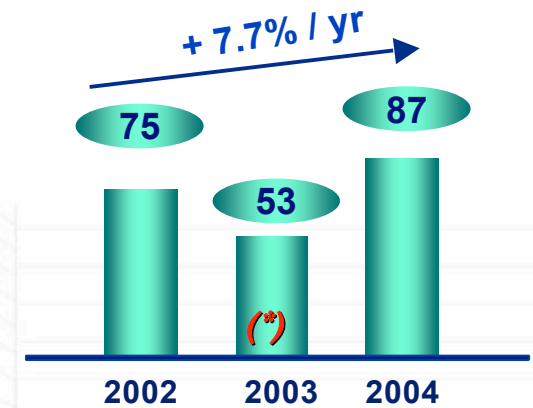
## Net sales



## Pre-tax income



## Net income



(\*) Of which non-recurring TMS goodwill impairment (€18 million)

# Cash flow statement

in € millions

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Cash flow from operations	138	138	179
Change in WCR	10	(102)	(21)
Net investments in operating assets	(81)	(51)	(52)
Free cash flow	67	(15)	106
Financial investments	(26)	(2)	(41)
Disposal of securities	7	1	3
Dividends paid	(66)	(15)	(10)
Impact of scope of cons. and misc.	74	(3)	6
Cash flow for the period	56	(34)	64
Cash + cash eq. beginning of period	336	392	358
Cash + cash eq. end of period	392	358	422

# Consolidated balance sheet at 31 December 2004



in € millions

<b>Tangible assets</b>	<b>234</b>	<b>Shareholders' equity (*)</b>	<b>355</b>
<b>Goodwill</b>	<b>118</b>	<b>Provisions and other long-term liabilities</b>	<b>85</b>
<b>Financial and other assets</b>	<b>32</b>	<b>Pension commitments</b>	<b>116</b>
<b>Net free cash flow</b>	<b>422</b>	<b>WCR (incl. operating provisions)</b>	<b>323</b>
<b>Deferred tax</b>	<b>73</b>		
<b>Total assets</b>	<b>879</b>	<b>Total liabilities</b>	<b>879</b>

(\*) incl. minority interests: €4.4 million

in € millions

	2003	2004
<b>Shareholders' equity at 1 January (excl. minority interests)</b>	<b>223</b>	<b>263</b>
<b>Net income</b>	<b>53</b>	<b>87</b>
<b>ROE</b>	<b>23.8%</b>	<b>33%</b>

- Return on equity very high and increasing





## 6. Strategy and outlook

The value-creating growth potential of VINCI Energies is concentrated in three areas:

- Improving performance
- Optimising capital employed
- Organic and external growth in France and in Europe

## ■ Improving performance

- Priority has always been and will continue to be given to performance rather than volume.

There is significant scope for improvement by:

- completing the restructuring undertaken at TMS
- improving the business units with the lowest performance
- "selling value" to customers
- reducing our costs

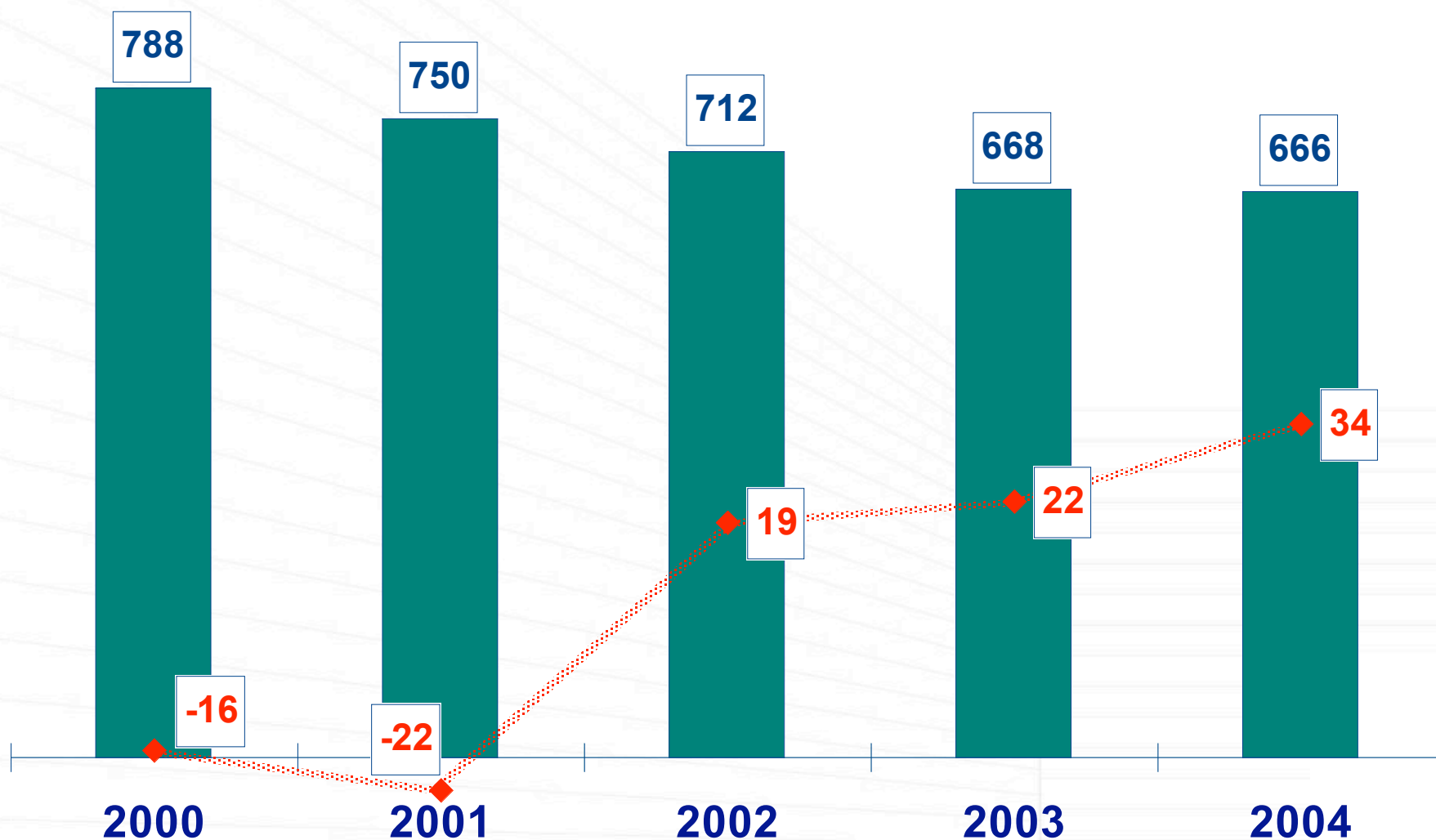
## ■ Optimising capital employed

- Achieving organic and external growth in France and in Europe

# Performance takes priority over volume - example: Thermal engineering

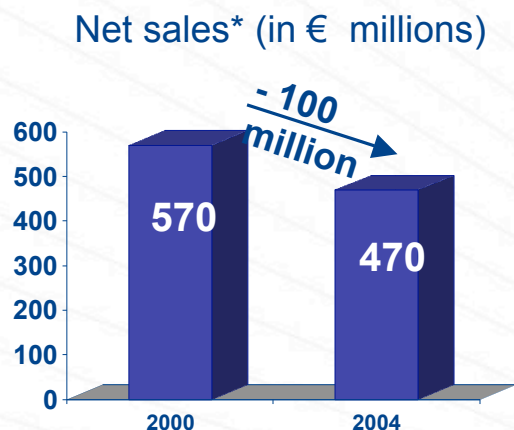
in € millions

Net sales EBTA \*

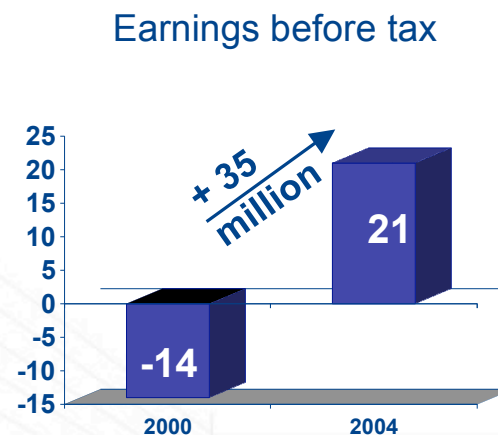


\* EBTA: Earnings before taxes and amortisation of goodwill

## ■ 2000 – 2004: Restructuring and return to profit



\* excl. GFA



## ■ Workforce reduced from 4,200 to 3,200 employees

## ■ 2004 – 2005: Resumption of acquisitions on sound basis

### ■ Fire protection: GFA – €20 m



### ■ Network integration: NK Networks & Services – €50 m





# Performance takes priority over volume - example: Sweden

- **2000:**
  - Tender for Emil Lundgren
  - Net sales: €85 million
  - Workforce: 830 employees
  - Negative economic income
  
- **2004:**
  - Net sales: €55 million
  
  
  - Workforce: 550 employees
  - Return to profitability



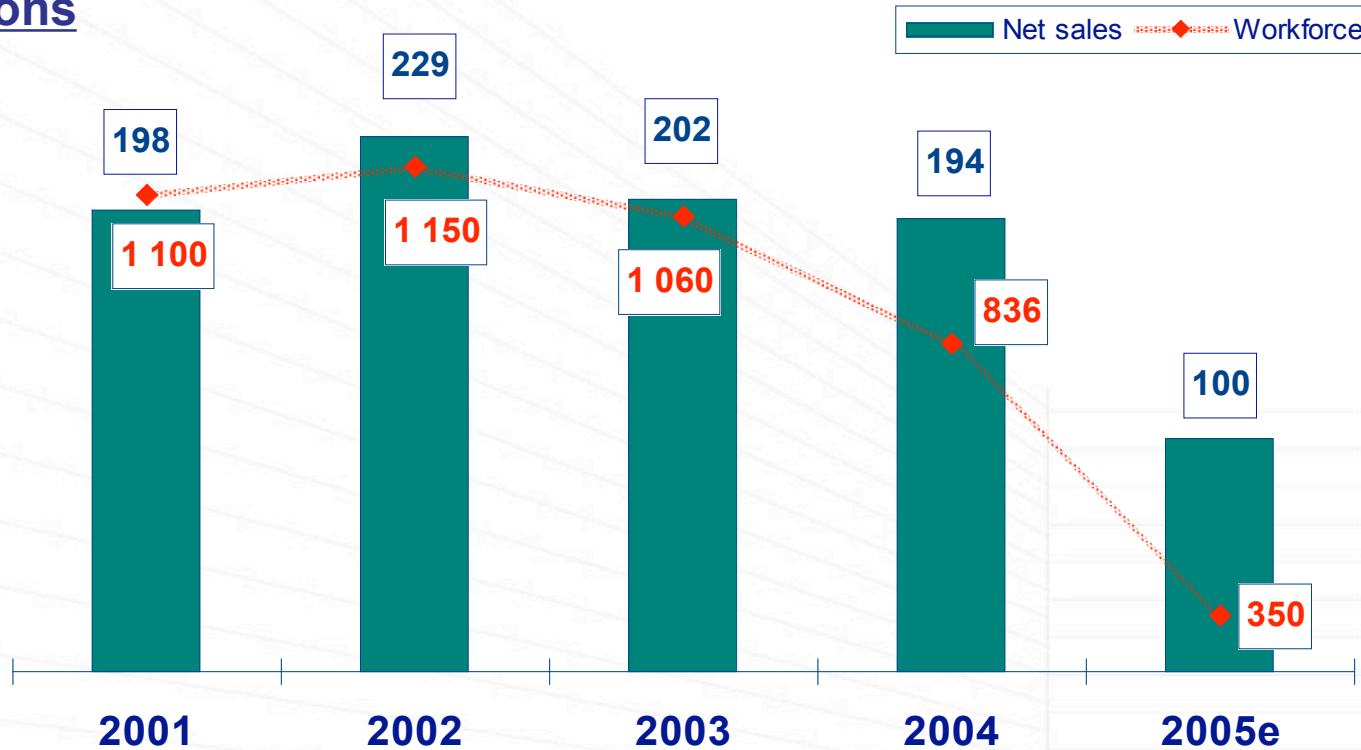
Gothenburg Museum

## A seven-point restructuring plan:

1. Closure of TMS Brazil
2. TMS Automotion: management buy-out at the end of March 2005
3. TMS South Africa: management buy-out at the end of April 2005
4. TMS Aritex (Spain): management buy-out in June 2005
5. TMS France: inclusion in the ACTEMIUM network
6. TMS Deutschland: closure in June 2005
7. TMS Linz: refocusing on the "Autobody" activity

## Change in net sales and workforce

in € millions



➔ The objective: return to break-even in 2006

- Beyond TMS, there was scope for improvement in a large number of Business Units in 2004.

- Local and global solutions
- Brand expertise with knowledge-sharing
- Move to systems integration offerings and multi-technology and multi-site maintenance offers for industry and the service sector
- Support for major international accounts



## ■ Purchasing

- A "purchasing programme" was introduced at VINCI Energies in 2003: 80 framework contracts have been signed to date
- In 2006, 40% of equipment and general purchases in France will be covered by a framework contract
- Next steps:
  - Extend the programme to the rest of Europe
  - Increase the number of framework agreements
  - Increase the effective use of framework agreements

➔ with the ongoing impetus of our 700 Business Unit Managers

- Improving performance
  - **Optimising capital employed**
  - **VINCI Energies activities do not require large amounts of capital.**
  - **Improvements are under way: example of the WCR reduction programme.**
- Organic and external growth in France and in Europe

## Capital employed at 31 December 2004

	<u>In € millions</u>
■ Fixed assets	544
■ WCR and operating provisions	(321)
	<hr/>
■ Capital employed	223

## Example of the WCR reduction programme

- Programme initiated in 2004 in a pilot division:
  - cash gain of €6 million, i.e. an improvement of some 10%
- Extended to all French and international divisions in 2005:
  - Management involvement in the programme
  - Training of all line and staff employees
  - Inclusion of WCR improvement in the computation of individual profit-sharing

➔ Total gain estimated at €100 million

- Improving performance
  
- Optimising capital employed
  
- **Organic and external growth in France and in Europe**
  - **Acquisitions**
    - France
    - Europe
  - **Organic growth**
  - **Synergies with VINCI**



## Annualised net sales acquired

in € millions

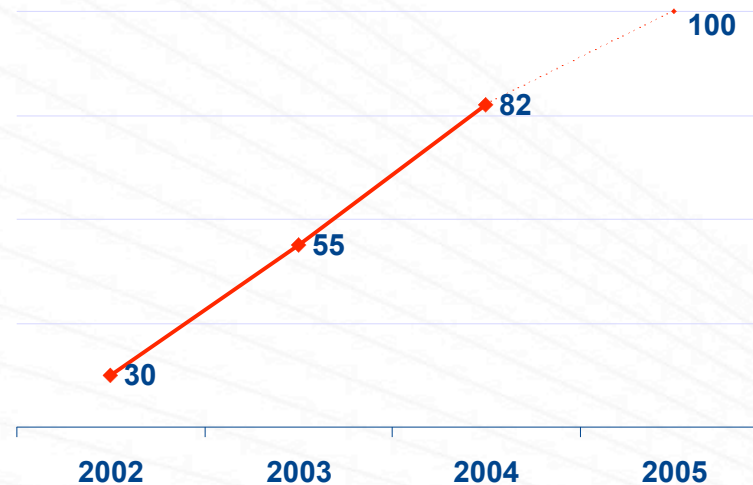


\* Excl. TMS €200 million

# An example of profitable external growth: Spark Iberica



**Telecommunications  
(Telefónica)**



**Transformer stations  
(ENDESA)**

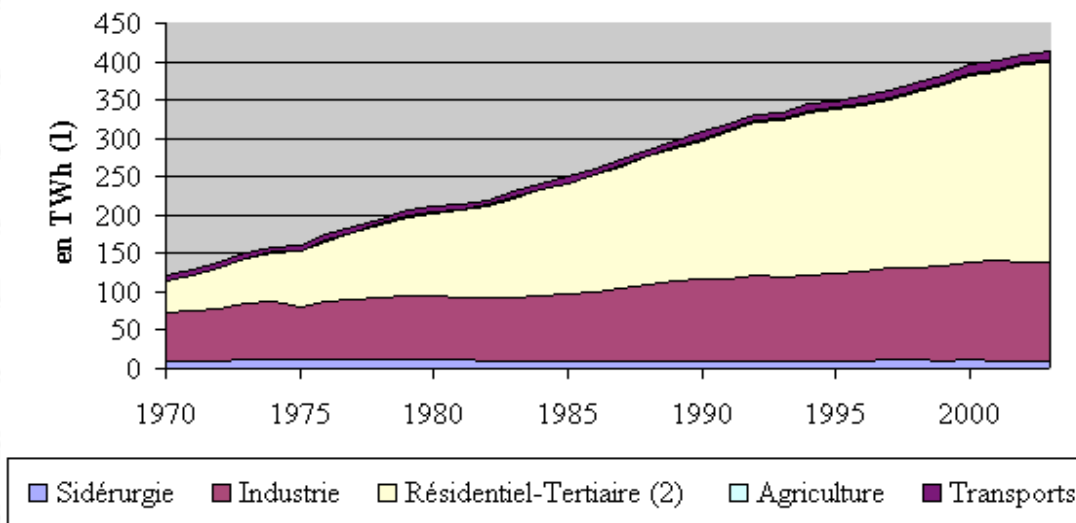
Strong increase in net sales  
Profitability maintained at a good level

- Size of French market: €25 billion
  - French leader VINCI Energies accounts for less than 10% of the market.

A trend toward less fragmentation in VINCI Energies' business lines is foreseen.

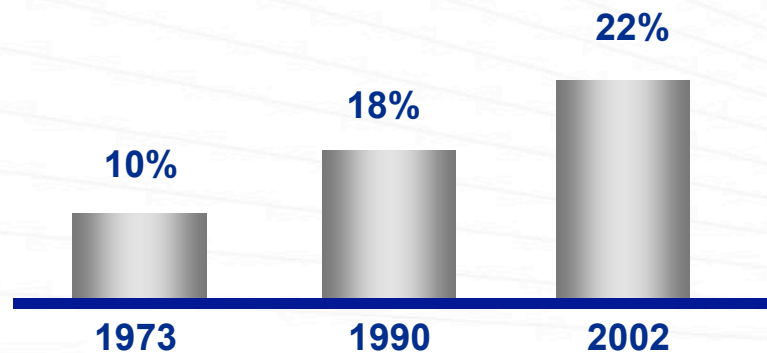
# Organic growth: the major trends on our markets are favourable.

## Power consumption by sector in France



Source: Ministry of Industry - Energy Observatory

## Ratio = power / total energy France



Source: Ministry of Industry - Energy Observatory

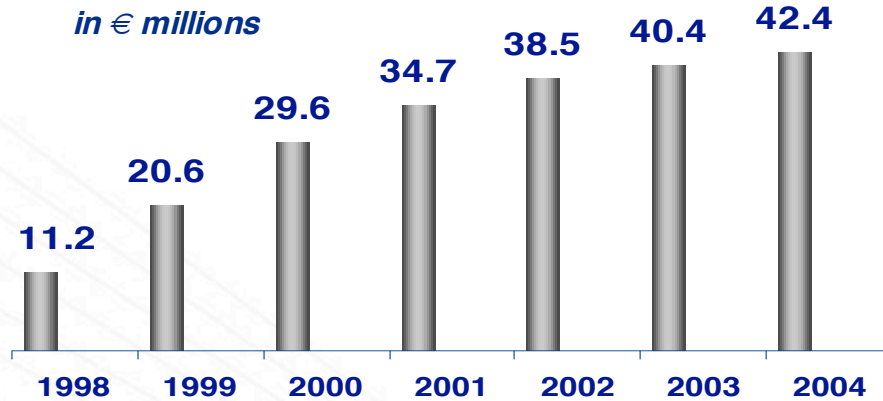
- An major trend towards outsourcing of maintenance in industry and the service sector
- Transport infrastructure, health care facilities, etc.
- Steady growth of communication requirements (UMTS, ADSL)





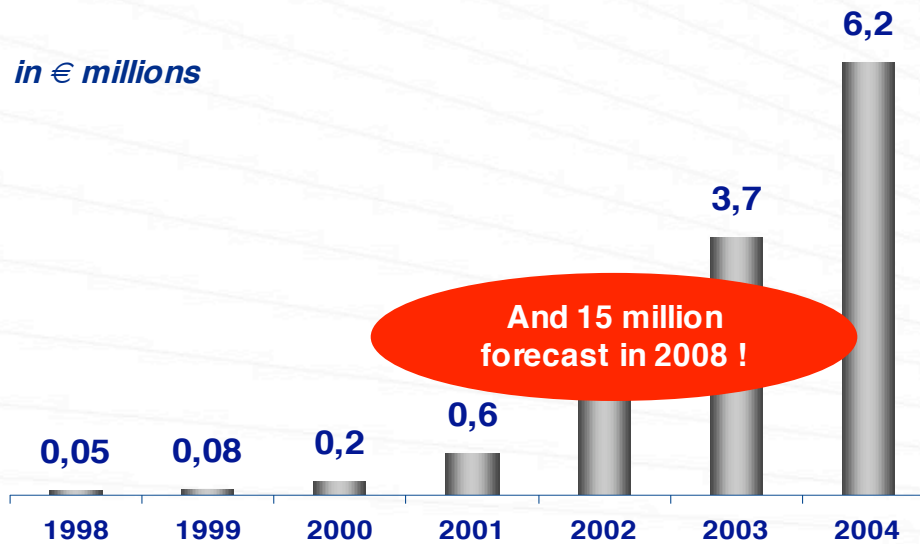
# Organic growth: the major trends on our markets are favourable

## Mobile telephones in France (\*)



(\*) France - Source: ART

in € millions



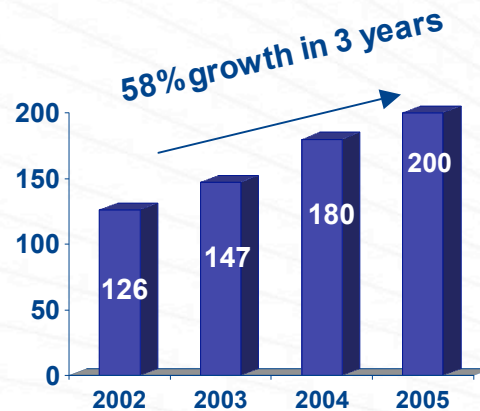
## Households with broadband Internet connection

Data France - Source: ART

## ■ GRANIOU – Telecommunications infrastructure

- 1985: the Jean GRANIOU company develops expertise with the installation of the Radiocom 2000 network
- Development of GSM and information superhighways

## ■ Graniou in 2005:



- Leader in France and Belgium, Operating in Spain, Poland, United Kingdom and Sweden



## Complementarity Electrical systems/Construction



**BOUYGUES**

**AMEC**

**Spie Batignolles**

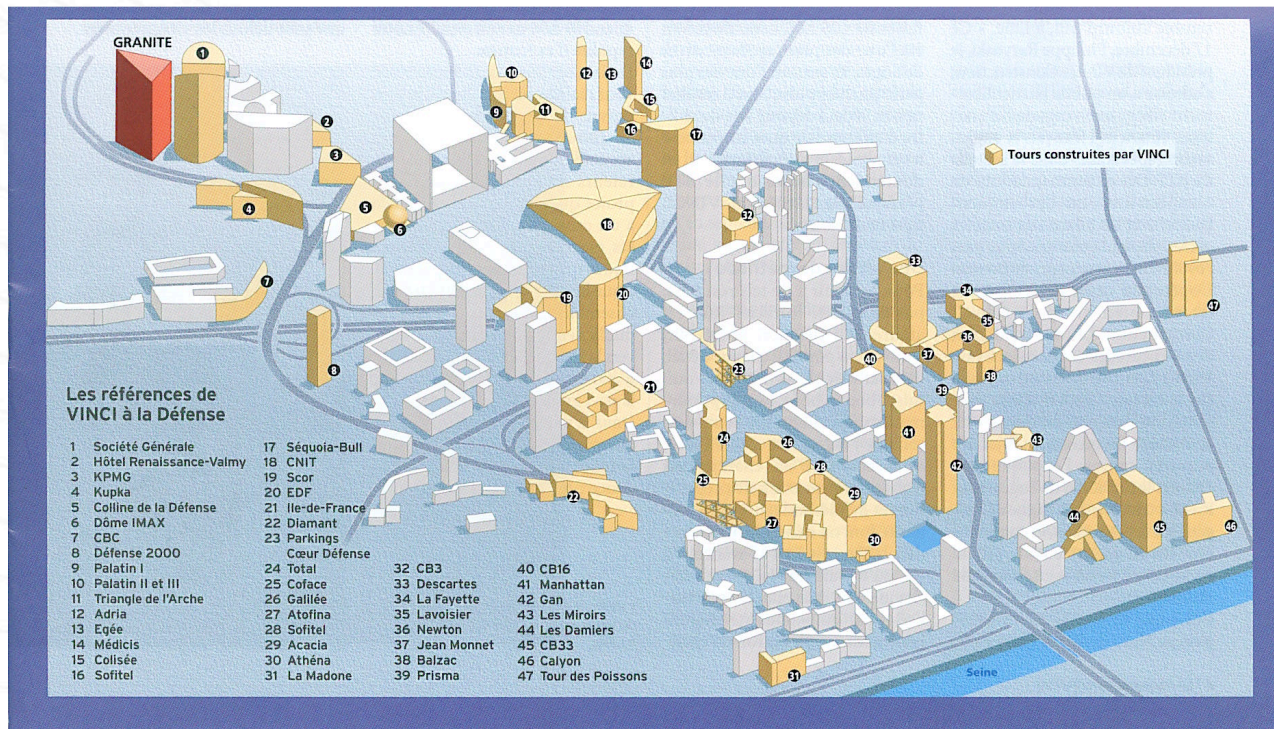
**ACS**

**Construction  
+  
Electrical Engineering**

**Eiffage**

**Ferrovial**







**Grande-Halle d'Auvergne**



**Toulon Army Hospital**



**Broadband networks for  
the Manche and Moselle  
General Councils**





Safety and toll systems for Cofiroute



Equipment for the Charilaos Trikoupis bridge (Greece)



Fire detection and protection for VINCI Park



**Illumination of the Place Stanislas (Nancy)**



**Equipment for the  
Lyons tram**

**Thank you for your attention!**