



Presentation to Analysts

London, 22nd June 2005

Agenda

Introduction

Íñigo Meirás

Ferrovial Servicios
Chief Executive

**Ferrovial Servicios
in the UK**

Santiago Olivares

Ferrovial Servicios
Business Development Director

**Amey:
Strategic Overview**

Mel Ewell

Amey CEO

Tube Lines

Terry Morgan

Tube Lines CEO

Financial Overview

José Leo

Amey Group Finance Director

Introduction

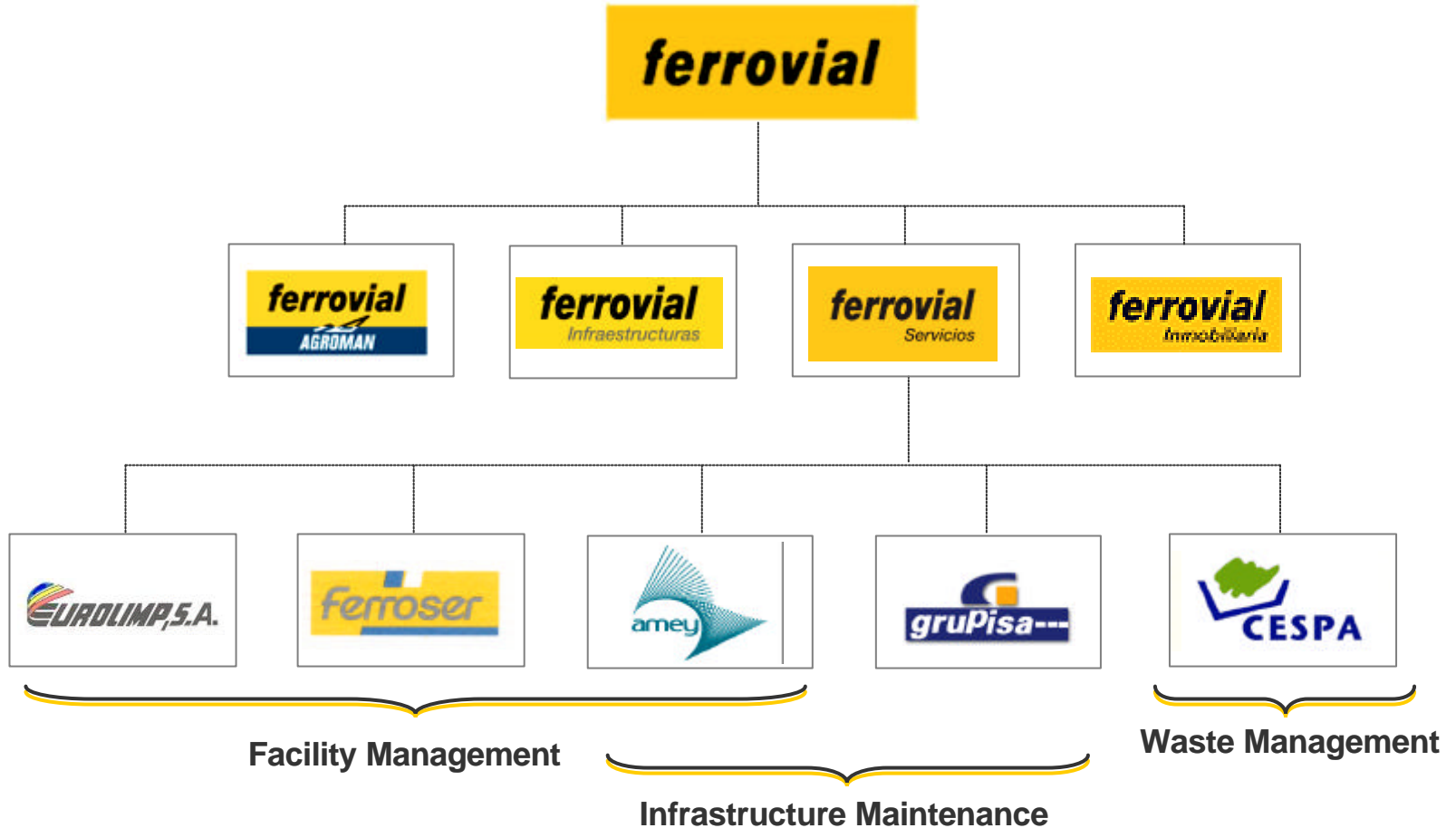
Íñigo Meirás
Chief Executive

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Servicios

www.ferrovial.es

ferrovial

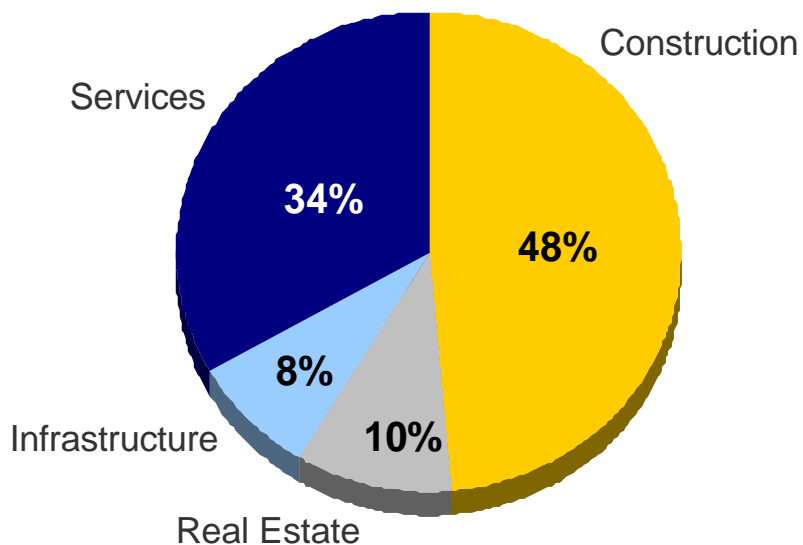
Ferrovial Structure



Ferrovial: 2004 Results

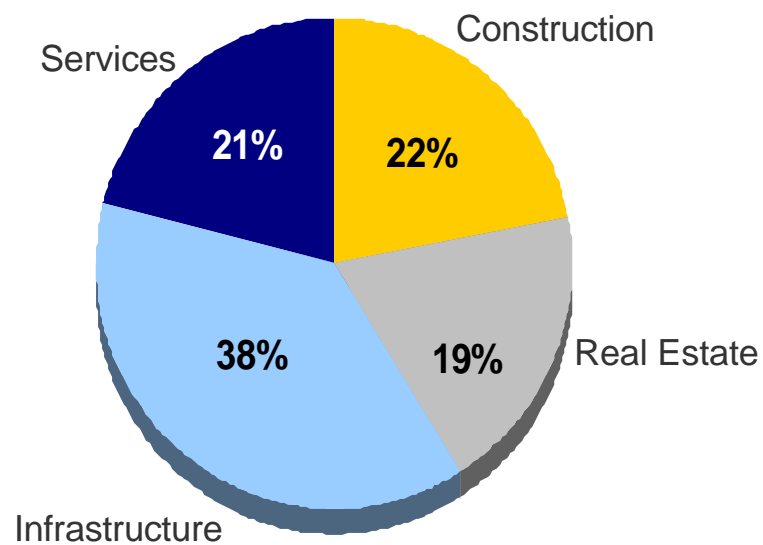
€million

NET SALES



Total : 7,268

EBIT

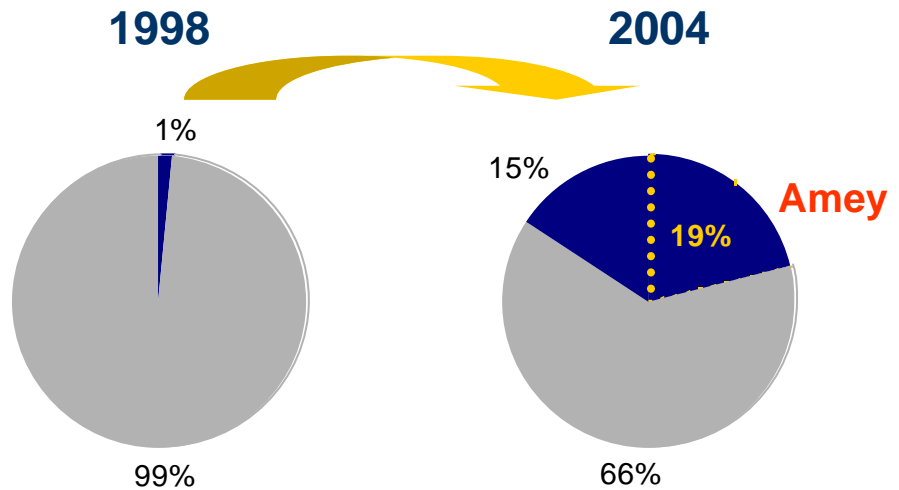
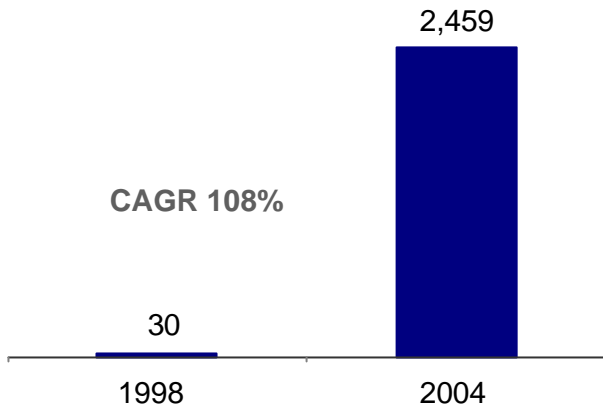


Total : 766

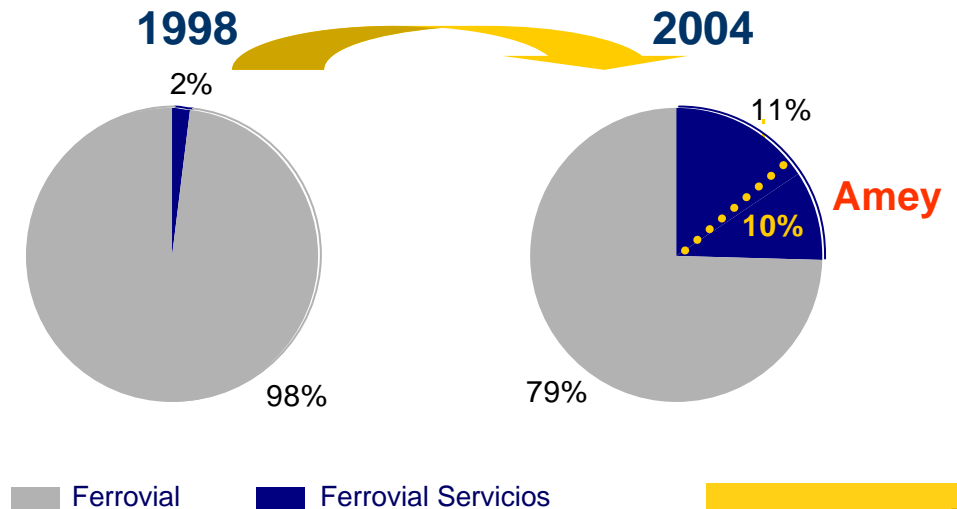
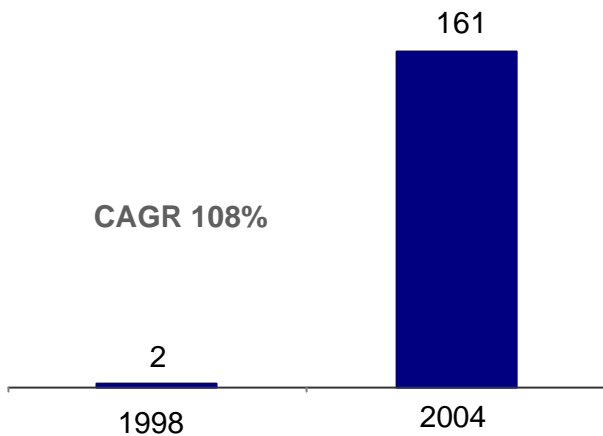
Change in Ferrovial Profile

€million

Net Sales Ferrovial Servicios

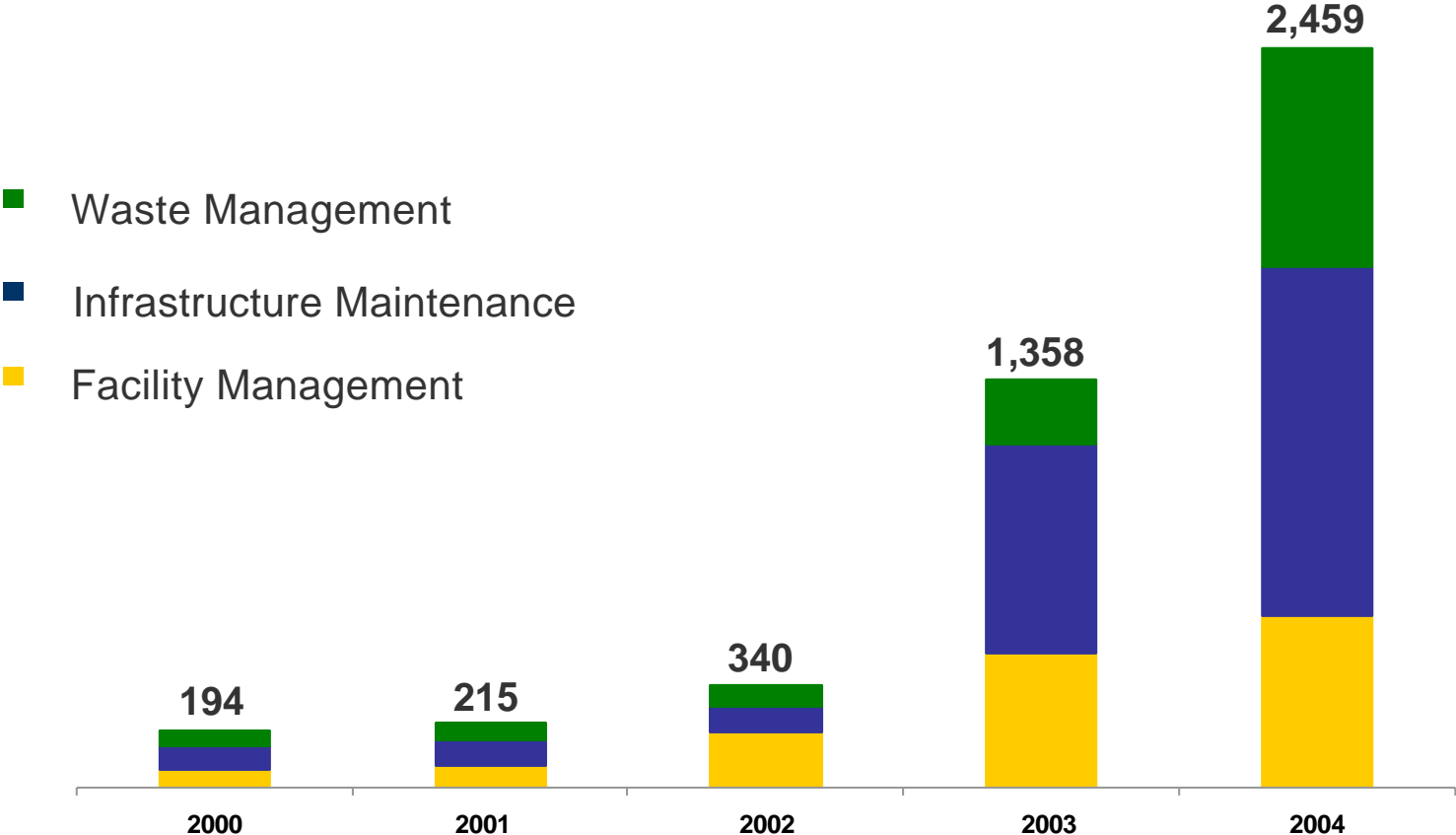


EBIT Ferrovial Servicios



Ferrovial Servicios: Growth Track Record

€million



Acquisitions

GRUPISA

EUROLIMP

NOVIPAV

AMEY
CESPA

Net Sales by Activity and Geography 2004

	Spain + Portugal	UK	Total
➤ Facility Management	231	343	574
➤ Infrastructure Maintenance	120	1,039	1,159
➤ Waste Management	726	-	726
➤ Total	1,077	1,382	2,459

Ferrovial Servicios in the UK

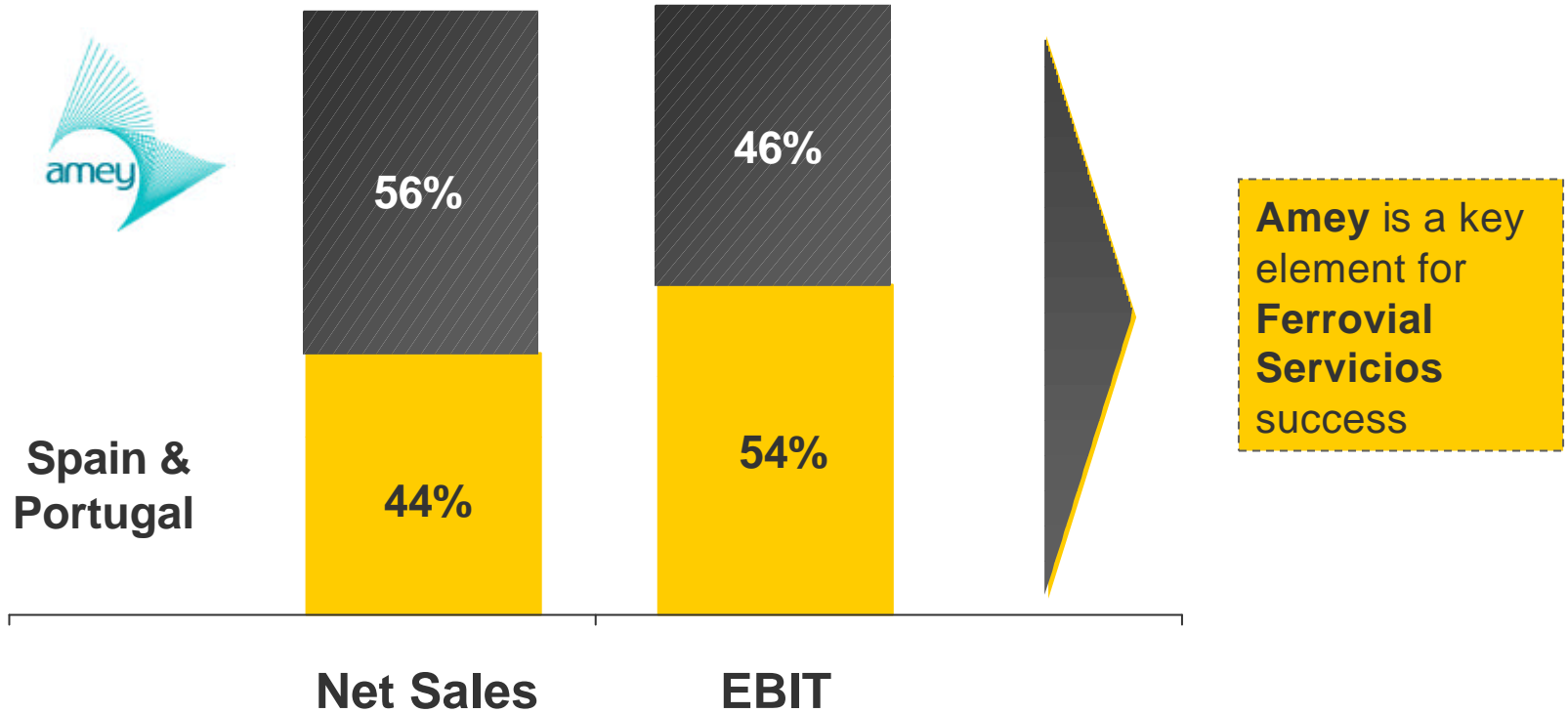
Santiago Olivares
Business Development Director

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Amey within Ferrovial Servicios 2004



Acquisition in the UK: Strategic Rational

- ✓ Services is a key element in Ferrovial strategy
- ✓ UK the most advanced outsourcing market
- ✓ Large market with growth potential (services concessions)

Pre-acquisition Analysis

- ✓ Extensive due diligence
- ✓ Good understanding of Amey's main issues
- ✓ Strong operational units
- ✓ High caliber management team

Why Amey

- ✓ Leading company in UK services sector
- ✓ Strategic business areas for Ferrovial
- ✓ Expertise in PFIs
- ✓ Stake in Tube Lines
- ✓ Potential for improvement

Amey Acquisition: 2 Years Later (2005)

- ✓ Focused on key business
- ✓ Debt refinancing completed
- ✓ Streamline corporate overhead
- ✓ Control systems implemented
- ✓ Selective bidding strategy in place

- Closed all remaining construction risks
- Terminated non-performing contracts/deals
(*Eliminated potential liabilities > £25M*)
- Strengthened business development organization
- Increased Amey's participation and reinforced management team within Tube Lines

Amey Acquisition: Streamline Corporate Overhead

£ million

- Adjusted central overhead organization
(Headcount from 950 to 500)
- Property rationalization
(£3M projected savings)
- Introduced new cost control process and tools
(P&L, cash flow and balance sheet by contract)
- IT optimization
(> £10M savings)

- Concentrating efforts in closing on-going deals
- Targeting large long term contracts in our core activities
- Bidding costs optimization
(External cost £40M 2002 vs. £8M in 2005)
- New business generated
(£1,500M order book since 2003)

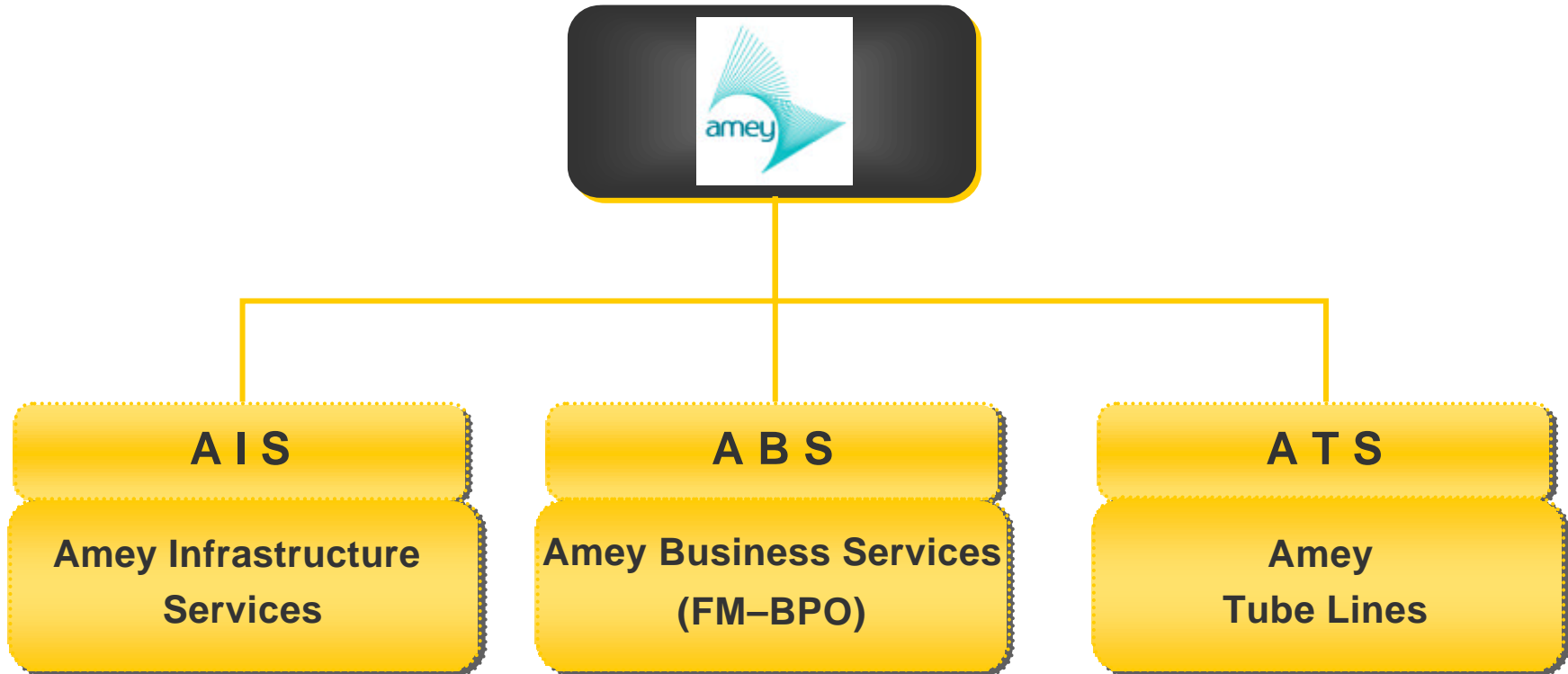
Amey: Strategic Overview

Mel Ewell
Chief Executive Officer



www.amey.co.uk

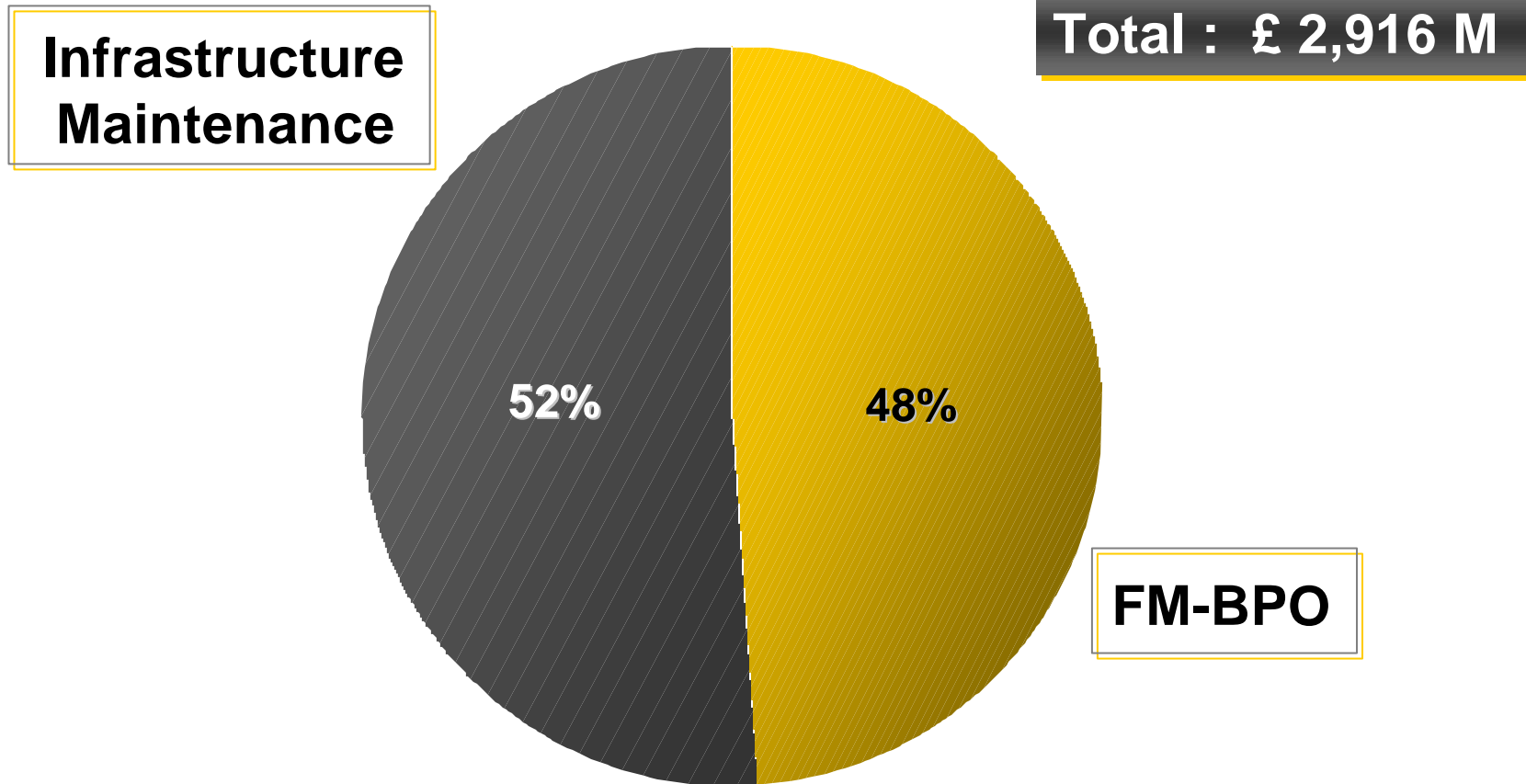
Amey: Business Areas



	Net Sales 2004	%
➔ AIS	452	48%
➔ ABS	233	25%
➔ Tube Lines	254	27%
➔ Total	939	100%

Amey: Orderbook by Activity* - June 2005

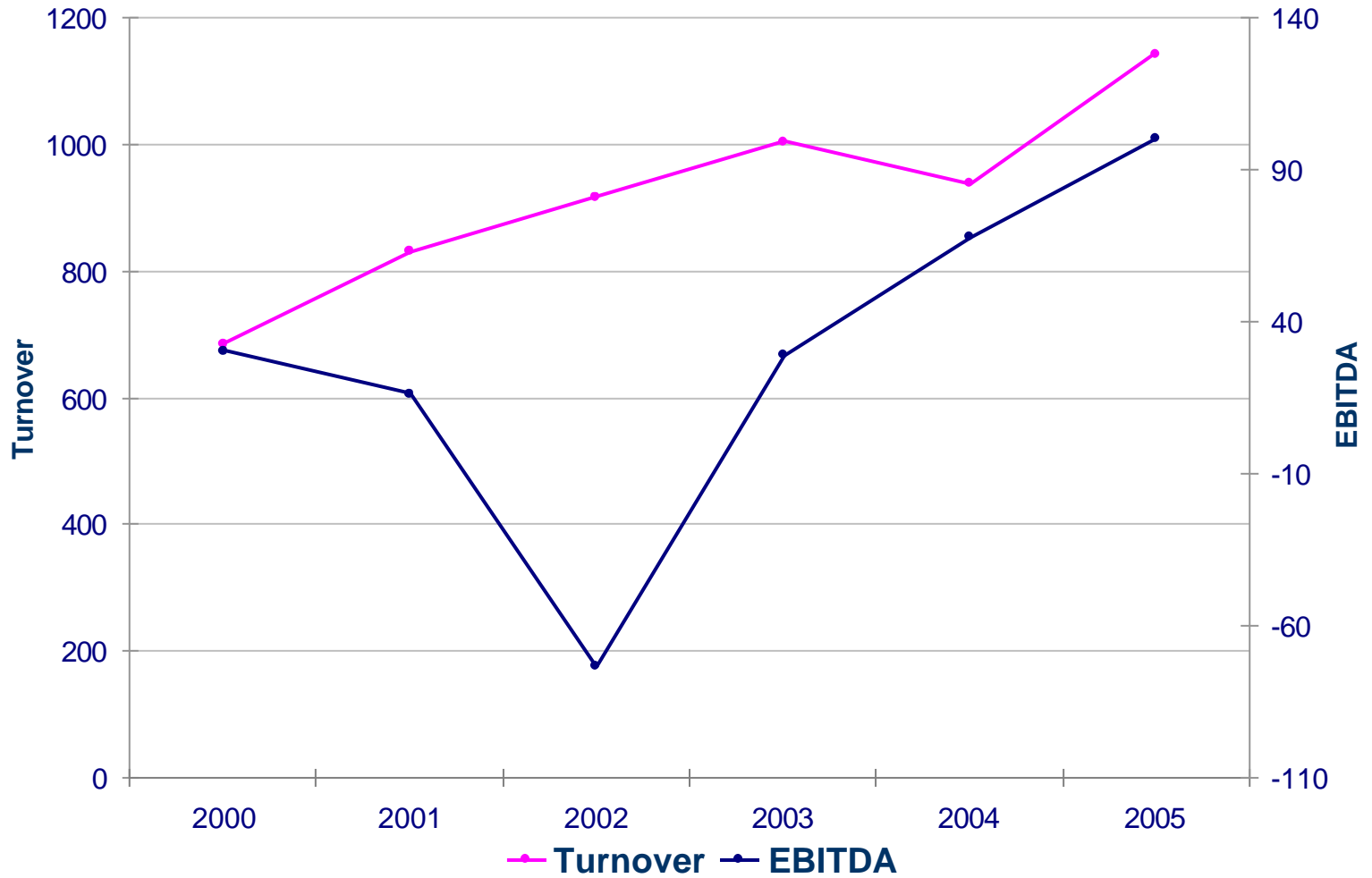
£ million



* Excluding 66% Tube Lines orderbook (approx. £11,860 M)

Amey 2000-2005

£ million



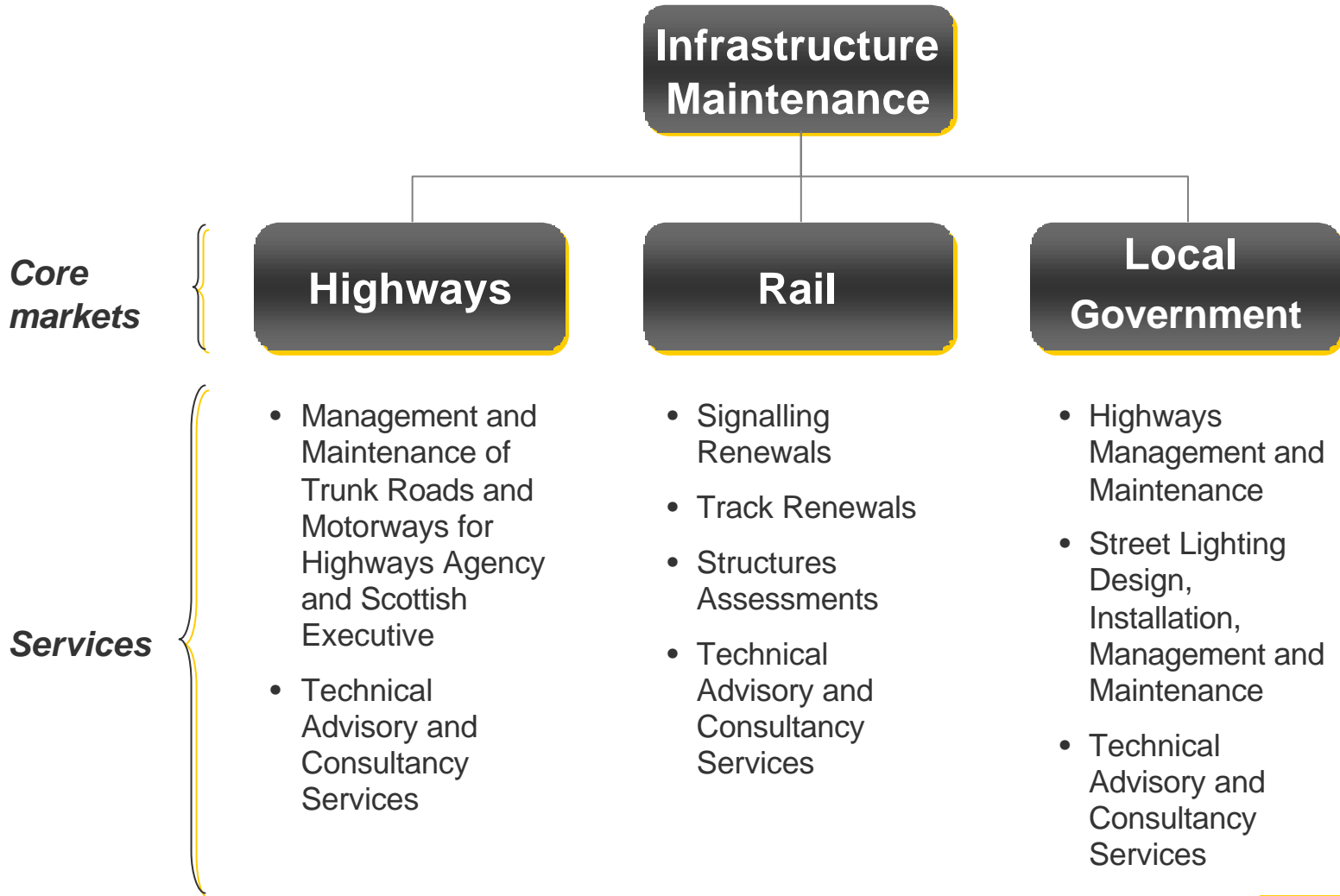
Amey: Strategy Plan

- ⇒ Market definition: UK

- ⇒ Growth strategy:
 - Areas related to current activities
 - No construction and property price risk
 - Selectively explore opportunities in related industries
 - Long term / stable revenue streams
 - Cash generation from year one

- ⇒ PFI selective bidding and cost control

Infrastructure Maintenance: 3 Core Markets



Infrastructure Maintenance: Positioning

£ million

Highways

Rail

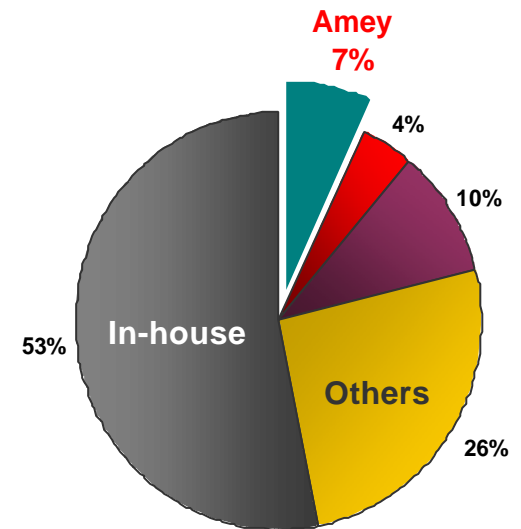
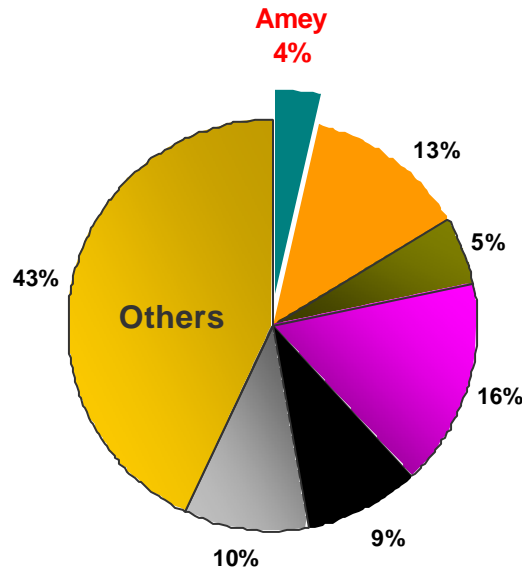
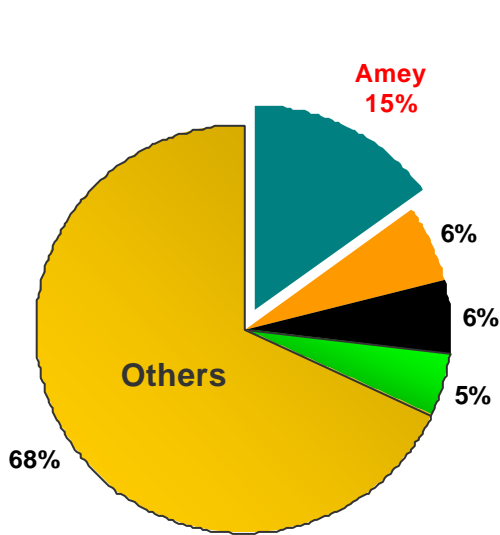
Local Government

Market size
/per year
(2004)

£1,010M

£2,764M (*)

£1,750M



Market position

1st

6th

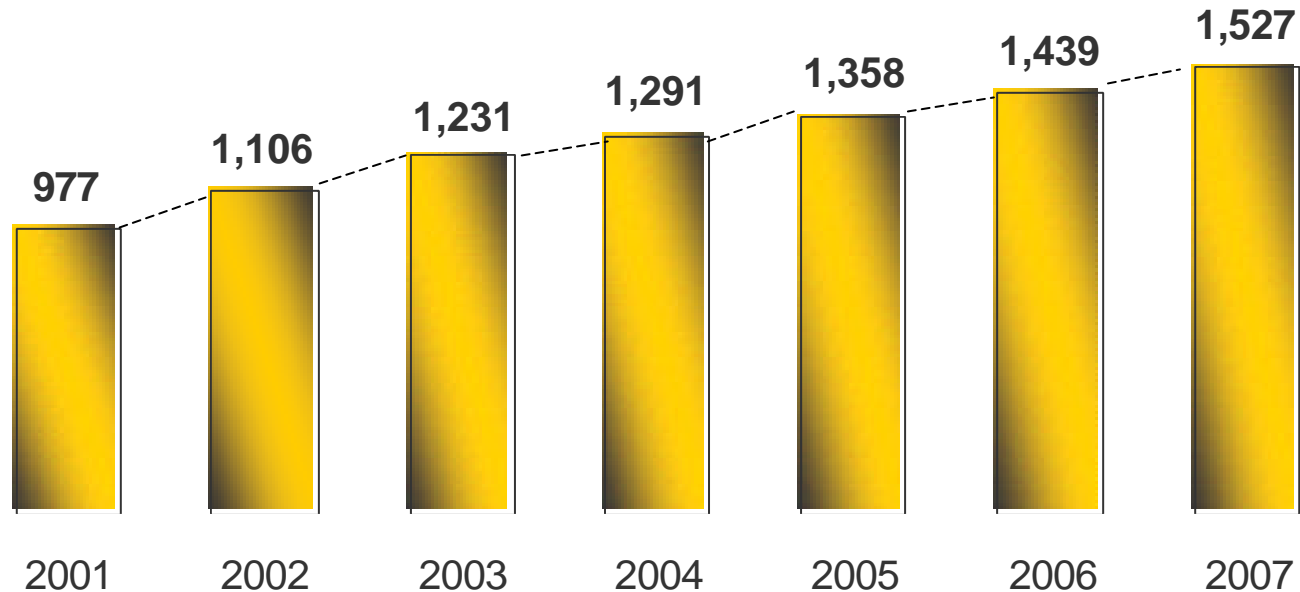
2nd

* Excluding NR in-house

Infrastructure Maintenance: Growth Trends

£ million

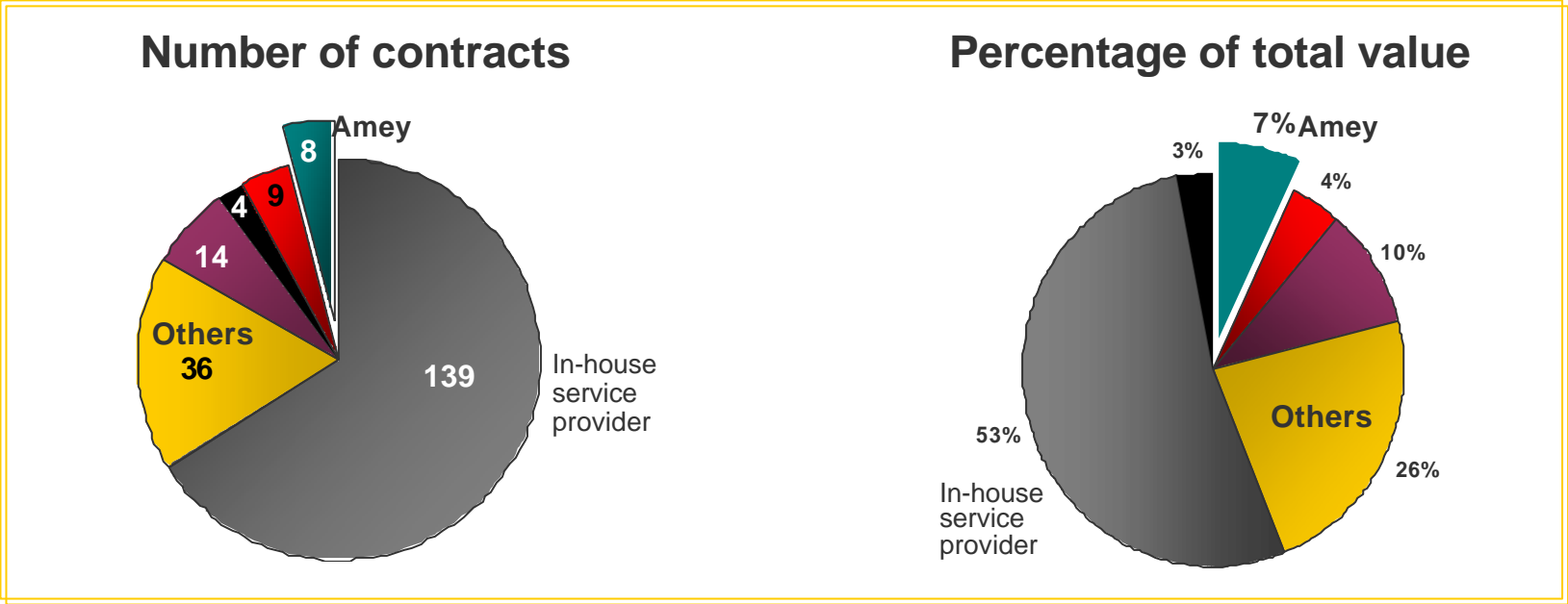
Available Local Government and Highways Markets*



* Excludes in-sourced activities

Infrastructure Maintenance:

Local Government current situation



- ⇒ Big market with clear outsourcing potential
- ⇒ Amey is positioned as one of the main players

Rail: Market Trends

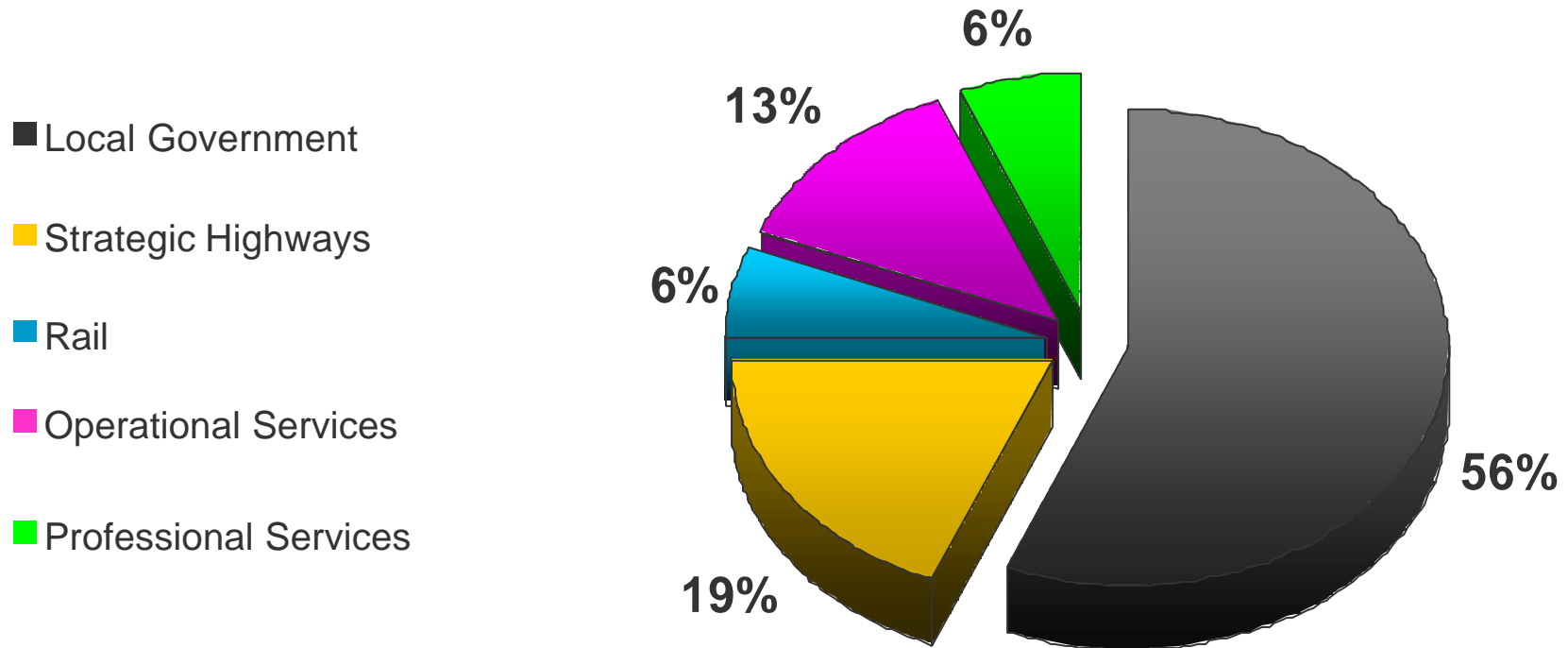
- ❖ Network Rail decision to take maintenance contracts in-house
- ❖ Highly utilized infrastructure in poor conditions (absolute and relative to the rest of the EU)
- ❖ Recurring underinvestment in last decade and
- ❖ Network Rail will require private sector participation



- ❖ Investment **MUST** happen
- ❖ External pressure on authorities will increase
- ❖ Companies with the right capabilities will take advantage

Infrastructure Maintenance: Orderbook June 2005

£ million



Total: £1,516M

Infrastructure Maintenance: Main Contracts Awarded

2003-2005

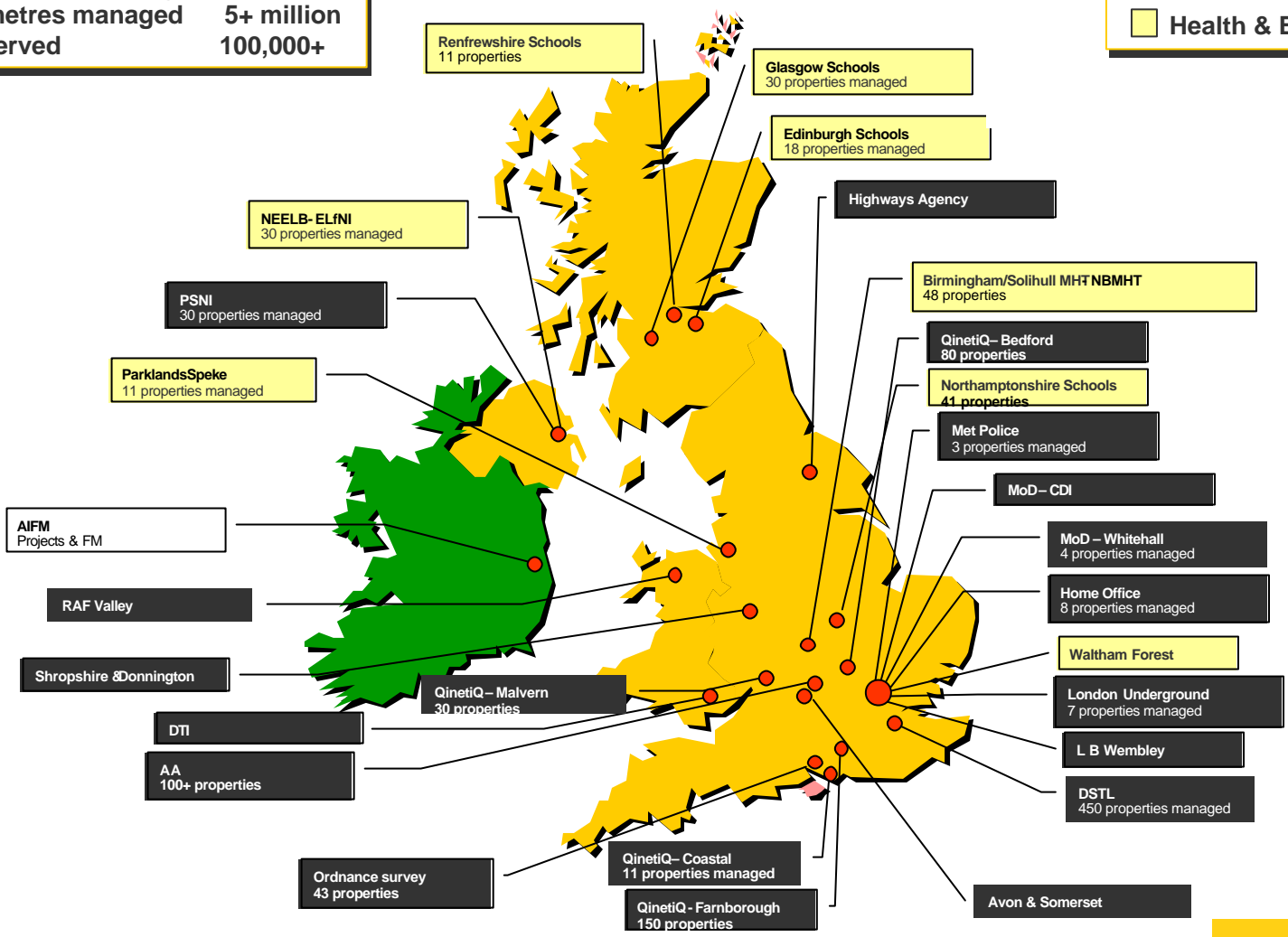
£ million

	£ million	Term
■ C Vehicles	300	2005-2020
■ Cumbria	252	2005-2012
■ Bedfordshire	115	2005-2011
■ Manchester	78	2004-2029
■ Scada	61	2005-2018
■ Wakefield	51	2004-2029
■ Walsall	44	2002-2028

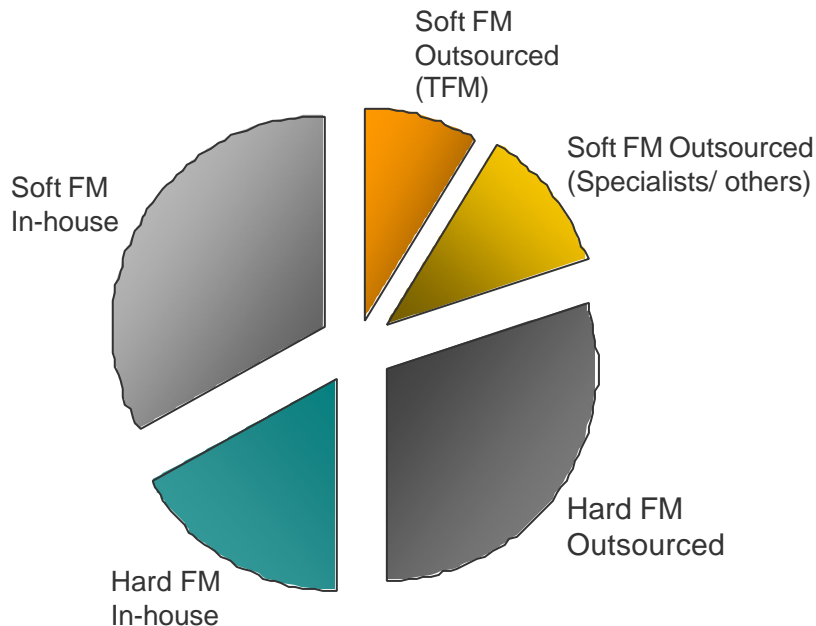
FM-BPO: Operational Information

Major properties managed 1200+
 Square metres managed 5+ million
 People served 100,000+

■ Accomodation offices
 ■ Health & Education



Total 2002 estimates = £ 60 – 85 Bn

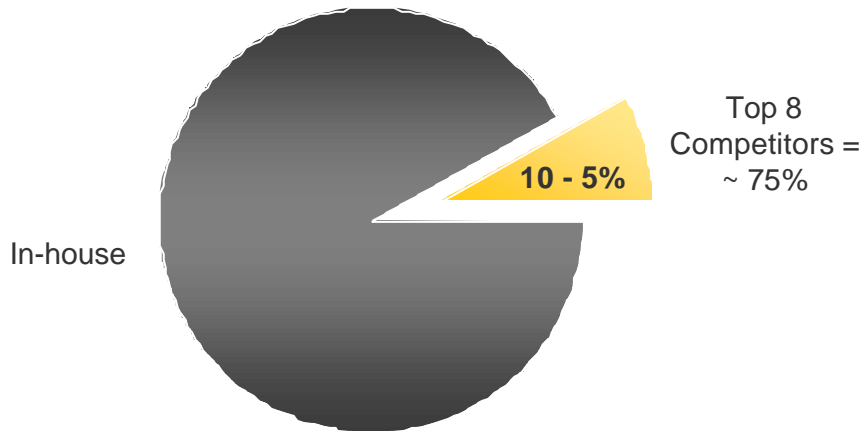


- Current ABS market around £25 Bn
- High outsourcing potential as half of the market is still in-house and additional growth potential due to consolidation of services
- Market currently served by TFM companies
- Value propositions of TFM and specialists becoming more similar

BPO: Market Definition - Total

£ million

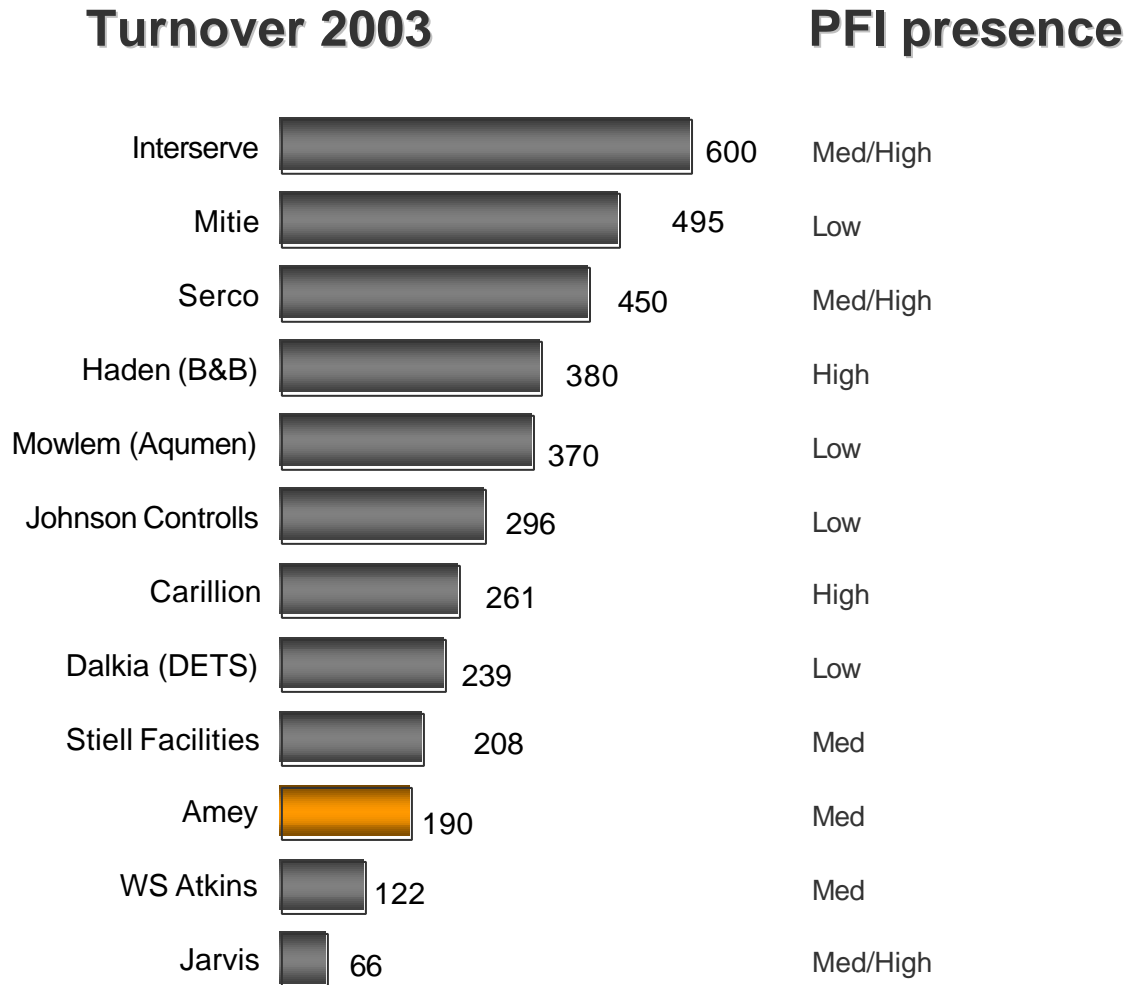
Total 2003 estimates = £ 60 – 65 Bn



- Current market outsourced around £ 5 Bn
- High concentration in very few players
- Still low levels of outsourcing of “core services”
- Size of the opportunity depends on the evolution of outsourcing trends

FM: Competitors Map - Total Providers

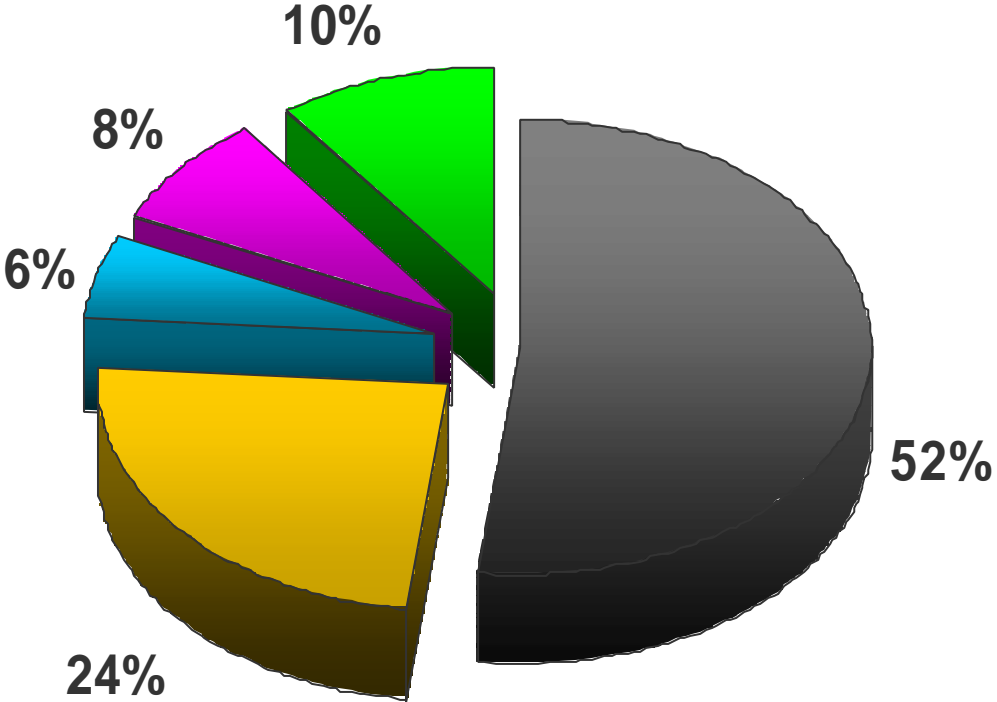
£ million



FM-BPO: Orderbook June 2005

£ million

- Education
- Central Government
- Local Authorities
- Health
- Private



Total : £1,400M

FM-BPO: Main Contracts Awarded 2003-2005

£ million

	£ million	Term
■ Northampton	240	2005-2030
■ Renfrewshire	130	2006-2031
■ QinetiQ	194	2005-2010
■ Met Police	26	2004-2009

Tube Lines

Terry Morgan
Chief Executive Officer





Tube Lines

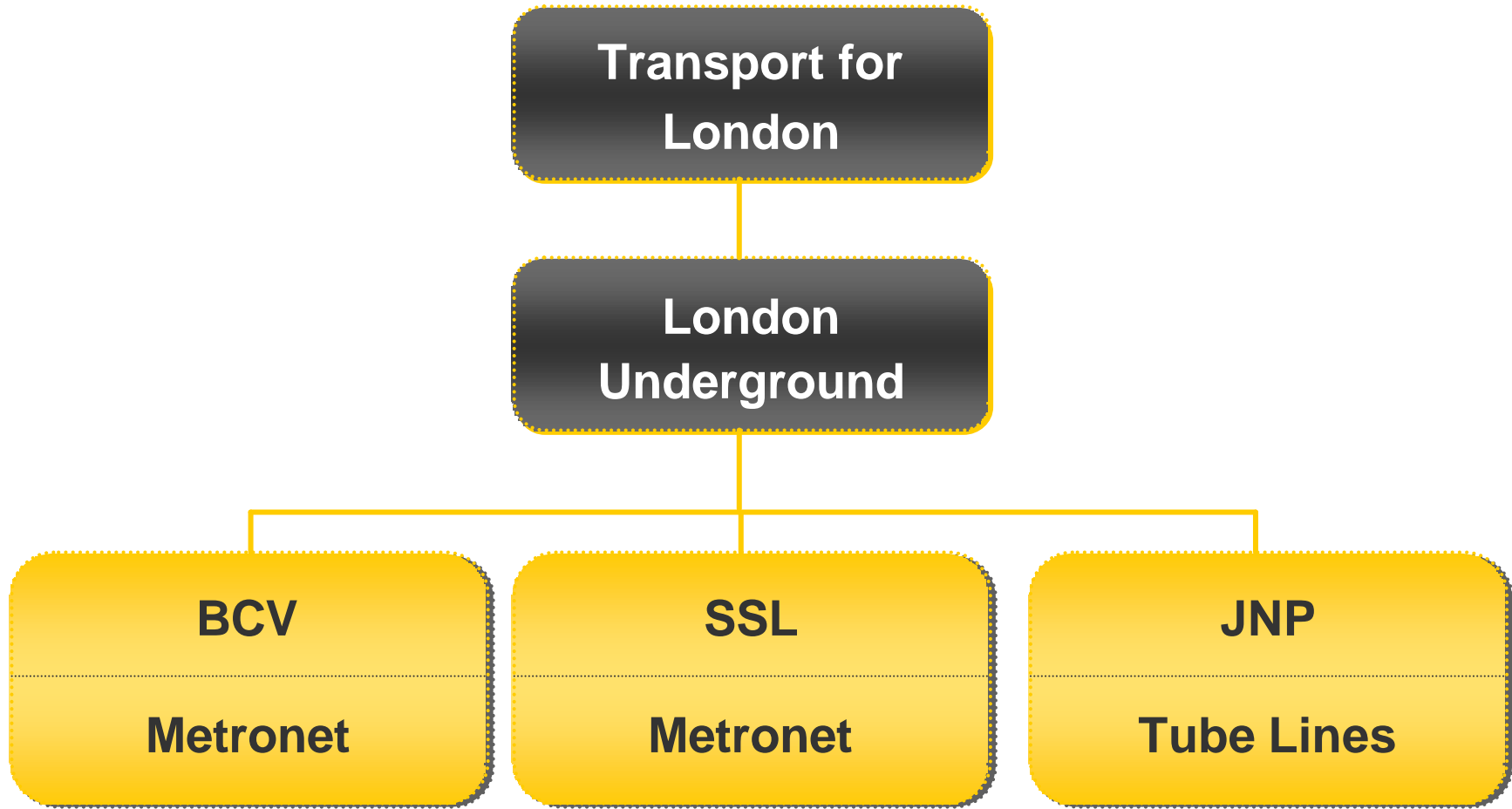
www.tubelines.com

ferrovial

Tube Lines: General Description

- ✓ 30-year project to maintain, renovate and improve the infrastructure (trains, signals, tracks and stations) on the Jubilee, Northern and Piccadilly Lines of London Underground.
- ✓ Consortium Amey-Bechtel (67/33)
- ✓ Financial close : 31-12-2002
- ✓ Scope:
 - First 7.5 years  £ 4.6 Bn (opex: 1.6 Bn)
 - 30 years  £15.3 Bn (opex: 6.1 Bn)

Tube Lines: General Description



Tube Lines: Responsibilities

Transport for London

- Ownership and funding of London Underground

London Underground Ltd.

- Day to day system operation
- Passenger volume / fare risk
- Overall safety

Tube Lines

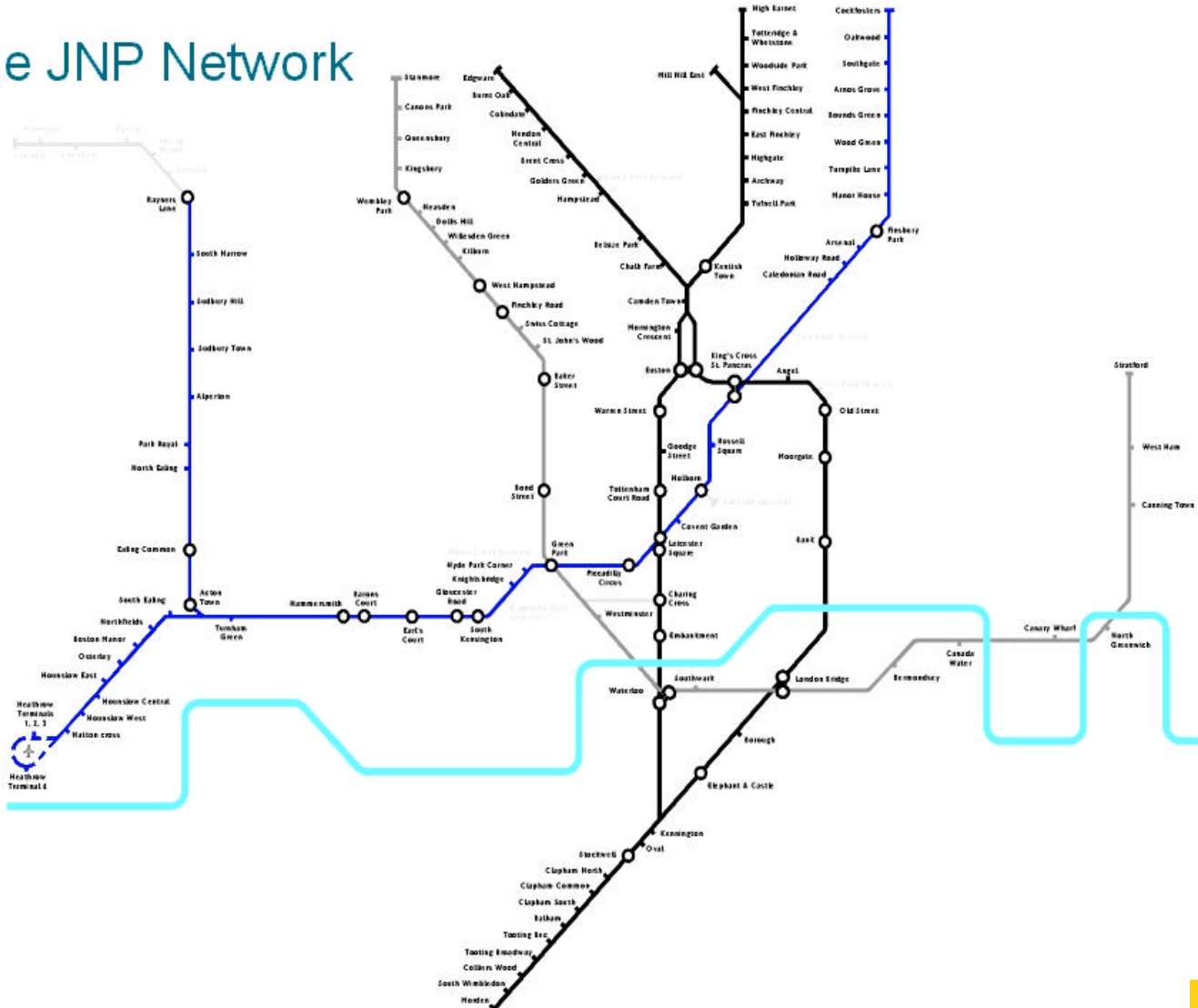
- Infrastructure safety and availability
- Maintenance, renewal and upgrade of assets
- Achievement of specified performance benchmarks

Amey & Bechtel

- Secondment agreement to manage operations, projects and budgets

Tube Lines: Network

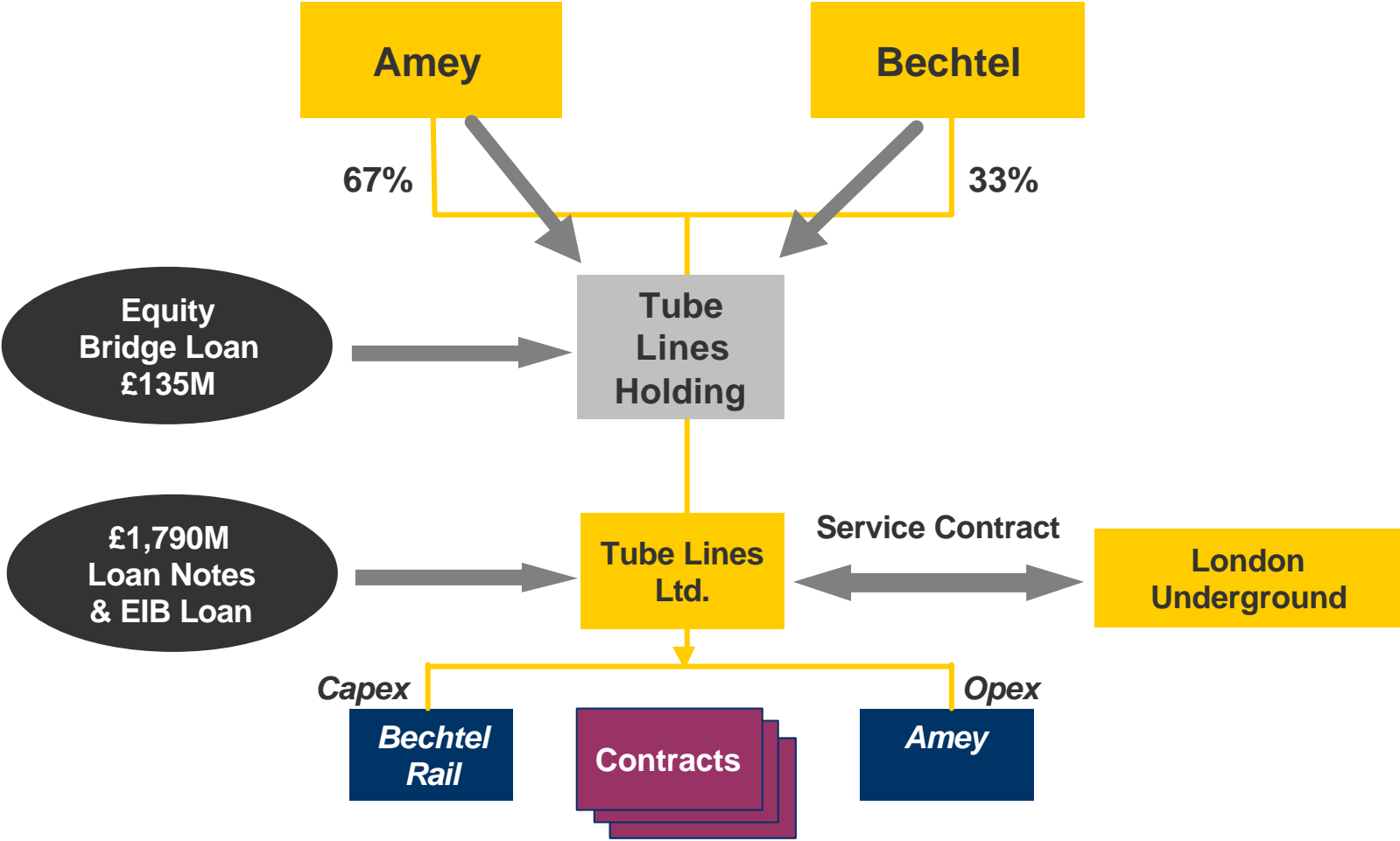
The JNP Network



Jubilee
Northern
Piccadilly

Tube Lines: Structure of the Project

£ million



Tube Lines: Scope of the Project

	Jubilee	Northern	Picadilly	Total
N° of Stations	24	40	36	100
Kms Tracks	105	120	110	335
N° of Trains	59	106	86	251
Age	1979-2000	1890-1941	1906-1986	

Tube Lines: Investment Plan

£ million

1st Period

Remaining

■ Signal System

Jubilee (2008)
Northern (2010)

Piccadilly (2013)

■ Track replacement (kms)

70

186

■ Station refurbishment

30

3

■ Station reconditioning

67

297

■ Rolling stock

Jubilee:
• 59 new 7th car
& new trains

Piccadilly: 92 new

Northern: 106
reconditioning

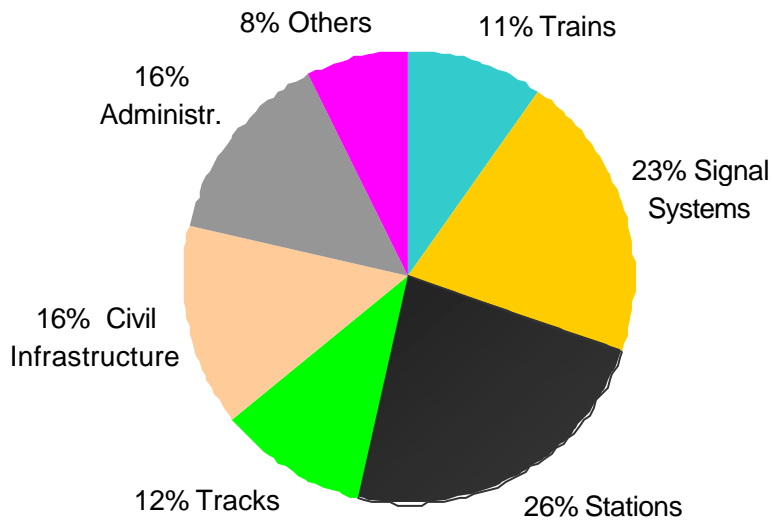
Jubilee: 55
reconditioning

- Capex in initial period: £2.2 Bn
- Opex in initial period: £1.6 Bn

Tube Lines: Investment Plan

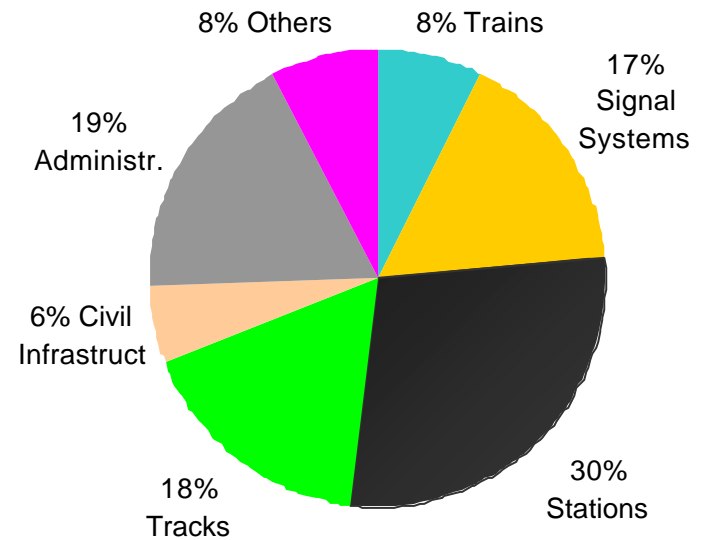
£ million

1st Period (7.5 years)



Total: £2,221M

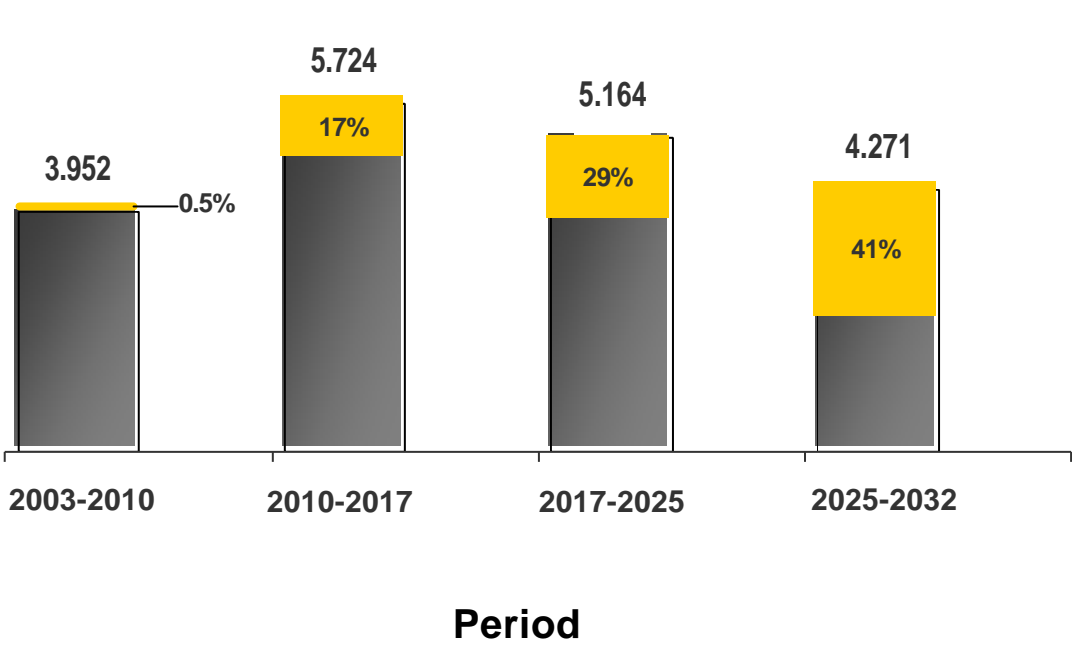
30 years



Total: £5,585M

Tube Lines: Payment Mechanism

£ million



- Capability
- Availability
- Ambience
- Service Points

 Based on Performance  Base fee

Tube Lines: Capability

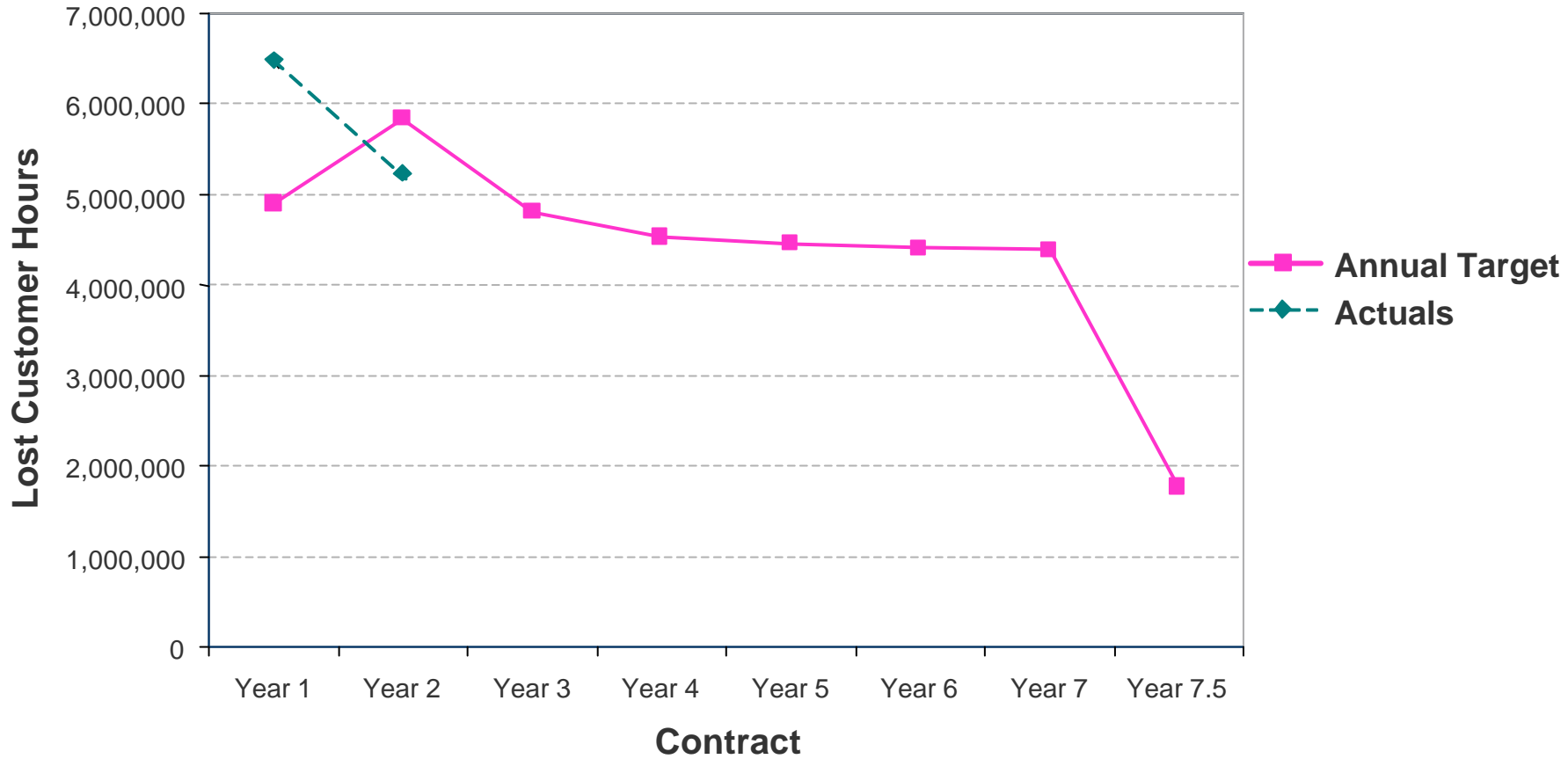
£ million

Line	JTC Before (Minutes)	JTC After (Minutes)	% Improvement	Latest Implementation Date (before abatements are levied)	TLL Planned Delivery Dates (i.e. Start of revenue stream)
JUBILEE	17.75	13.91	21.63%	31-Dec-09	30-Mar-2009
NORTHERN	18.11	14.89	17.78%	07-Jan-12	30-Mar-2011
PICCADILLY	22.09	17.82	19.33%	11-Oct-14	30-Mar-2014

Capability Revenues

Review Period	1	2	3	4
Capability Revenue £m	34	914	1,367	1,590

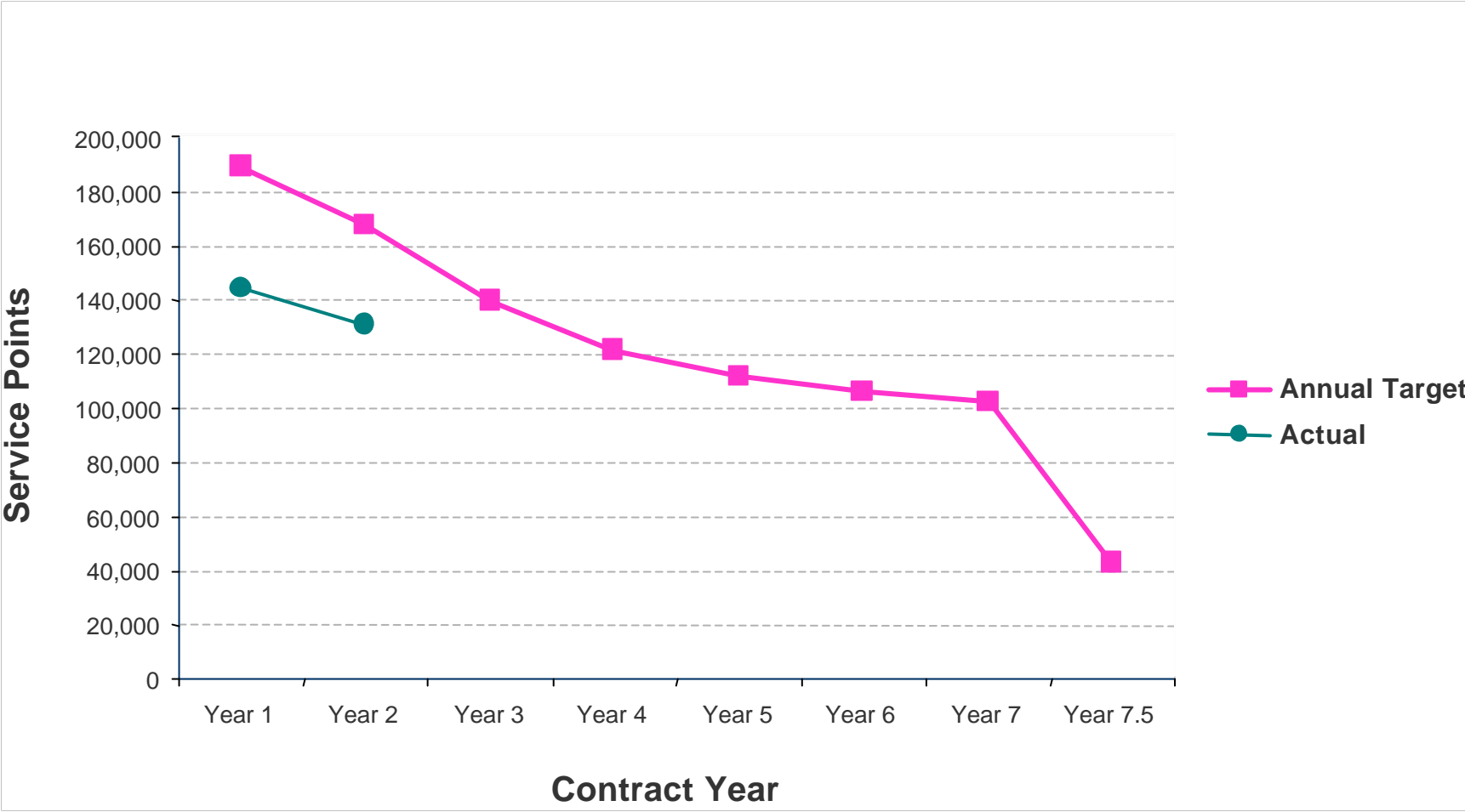
Tube Lines: Availability Programme and Target



Tube Lines: Ambience



Tube Lines: Service Points



Tube Lines: 7.5 Year Periodic Review Mechanism

Objective

LUL to reassess its service requirement and its funding to cope with:

- Changing demand and consumer preferences
- Changing cost for LUL and the Infraco
- Funding levels from Government

Always within

- The original objectives and framework of the service contract
- Technically achievable
- Financially achievable

Arbiter

- Only called upon to resolve differences between LU & TLL on price or financing
- Appointed by the Secretary of State
- Must determine what is the economic and efficient price of the notional Infraco using good industry practice

Tube Lines: Overruns

£ million

**Opex/Capex
Cost Overruns**

**If efficient and
economic operation**

**If not efficient nor/or
economic operation**

Maximum risk:

**1st period review
£200M**

Rest £50M

Concessionary risk

Tube Lines: Progress to date

£ million

Project Investment

- Tripled the annual amount of capital investment to c£0.4b in the JNP lines
- Completed or working on 50 stations out of 100 total
- Line upgrade contract is 3 months ahead of plan and 9 months ahead of contract milestone date
- We have already completed 34 kms of track work out of the 7.5 year programme of 196 kms
- Already £160m of additional work has been secured

Operational Performance

- Reduction in the number of Availability performance incidents year on year, down from start of contract by 35% overall
- Ambience performance has been constantly ahead of the contract benchmark
- Cost performance has been under the amount bid
- Innovation and technology are driving productivity and performance improvements

Tube Lines: Challenges going forward

Project Investment

- Integrate the additional 7th Car into the Jubilee fleet and return the fleet to service during a short period in December 2005
 - Deliver the remaining tranches of the station programme in line with the current financial projections
 - Ensure that management attention remains focused on the Jubilee and Northern Upgrade Programme which remains critical to securing capability revenue
-

Operational Performance

- Introducing tactical investment to improve the reliability of the railway to ensure that we achieve our performance obligations
- Drive efficiencies and changes to work practices both in the field and against currently Mandated Standards
- Improve our understanding of whole life asset management

Financial Overview

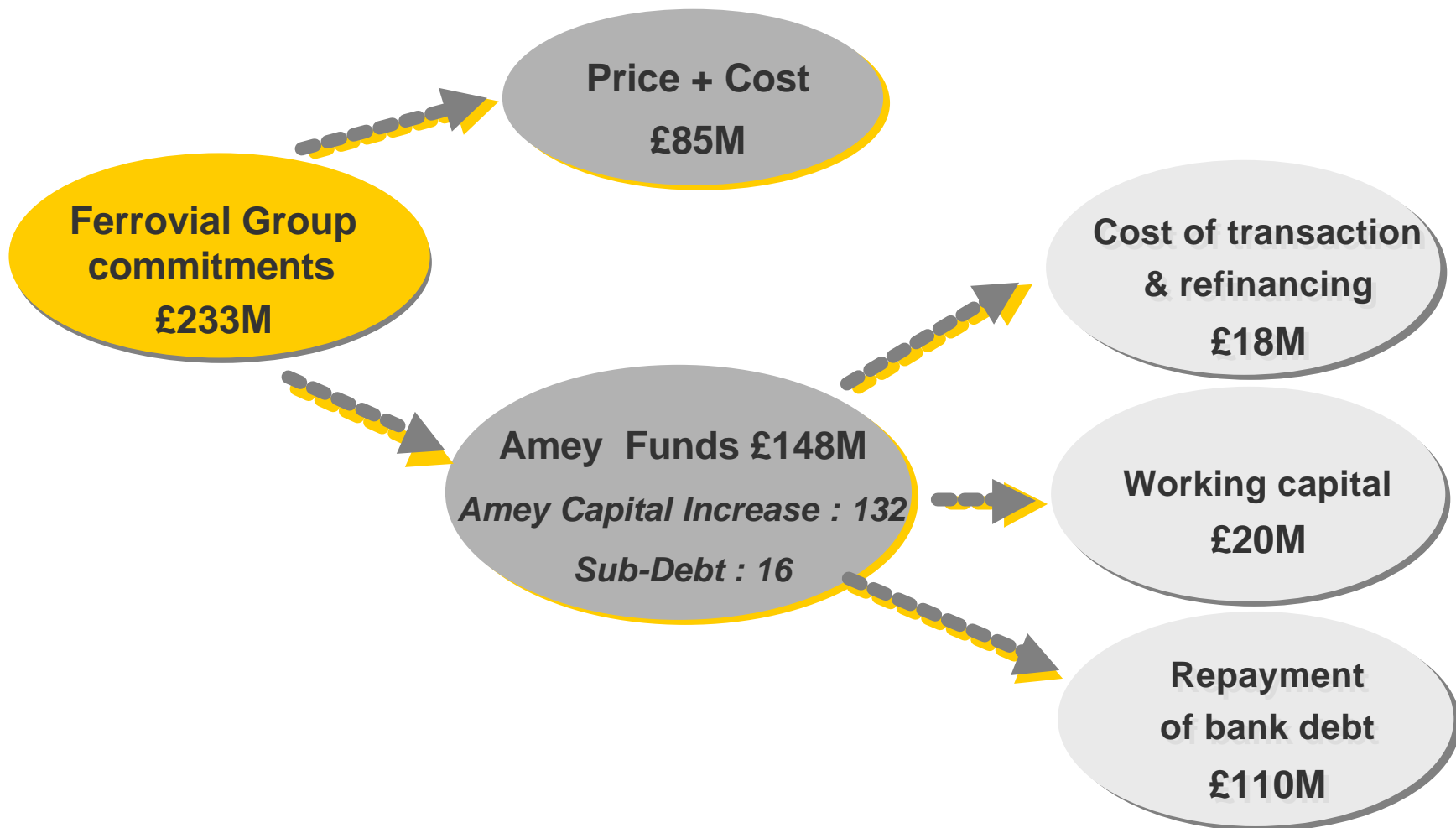
José Leo
Amey Group Finance Director



www.amey.co.uk

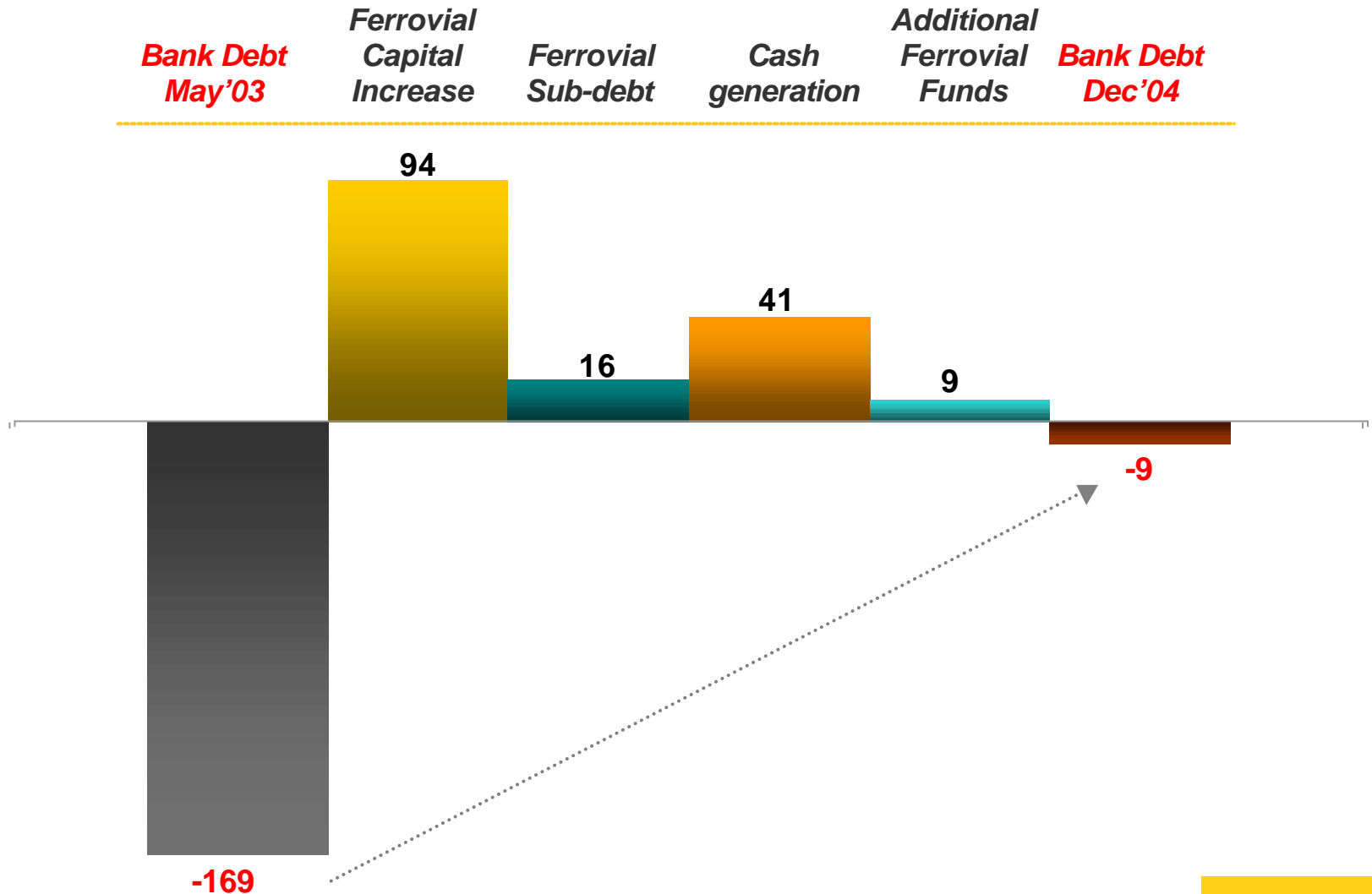
Investment in Amey

£ million



Investment in Amey: Net Debt Evolution

£ million



Amey Consolidated P&L Account 2004

£ million

	2004	2003	%
Net sales	939	1.005	-7%
EBITDA	68 7%	29 3%	135%
EBIT	51 5%	7 1%	629%
PBT	40 4%	-16 -2%	350%
Exceptional items post tax		-225	-
Net result	28 3%	-248 -25%	111%

Amey: Break Down by Business 2004

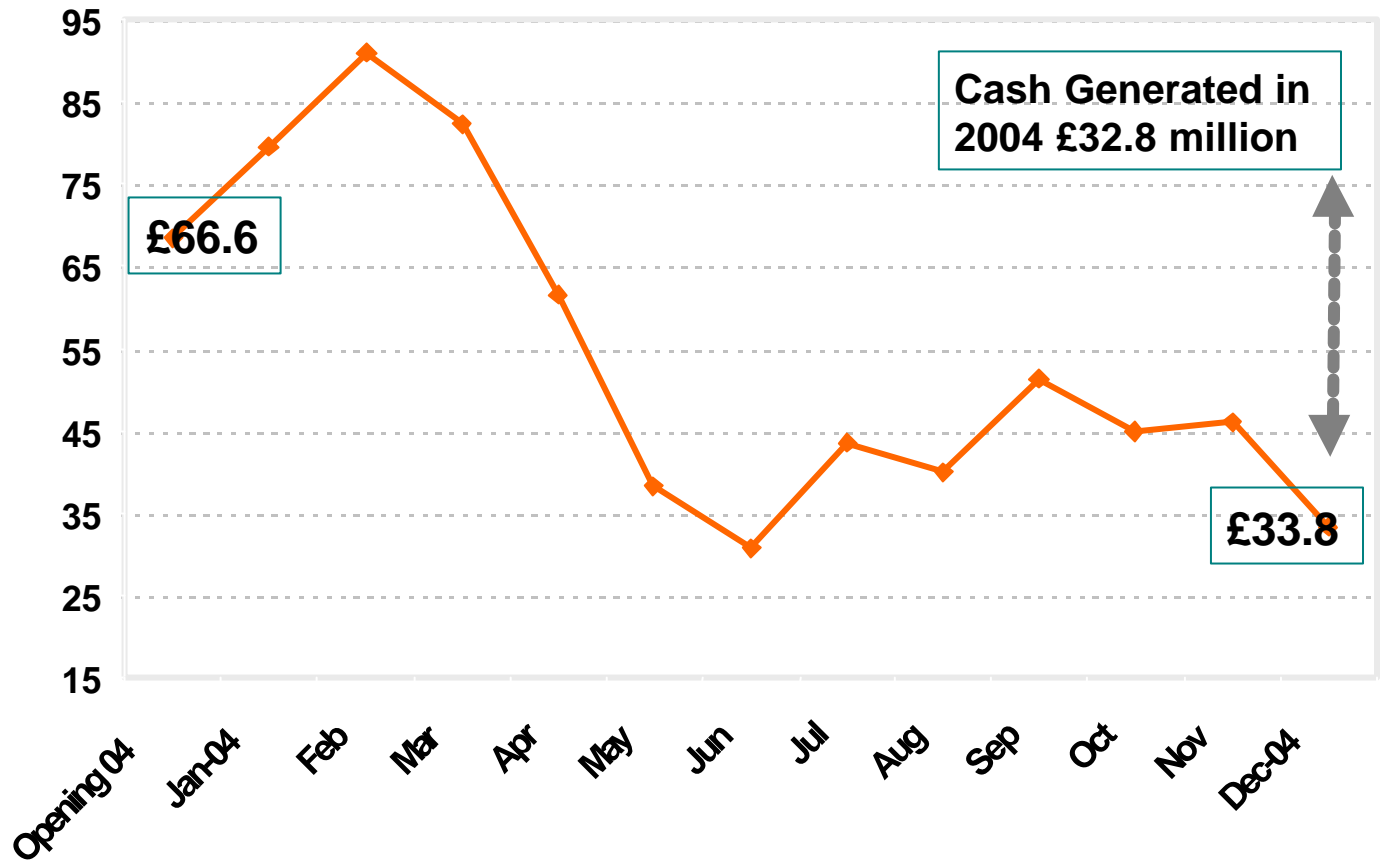
£ million

	Net Sales	EBITDA*	%
Amey ex Tube Lines	685	71	10%
Tube Lines	254	35	14%
Total	939	106	11%

* Excluding central overheads £38M in 2004 (£47M in 2003)

Amey: 2004 Cash Generation & Net Debt Evolution

£ million



Amey Consolidated P&L Account 2005

£ million

	2005 1 st Q	% (of turnover)
Net Turnover	258	
EBITDA	26	10%
PBT	12	5%
Net Result	9	3%

Wrap up

**Very good track record in acquisitions – integration
(add value)**

**Good platform to bid and manage complex projects
(PFI / PPP)**

Leading position in our markets

PROFITABLE GROWTH