

## **Agbar achieves a profit of 235.3 million euros in 2008 and increases the recurrent net profit by 13.8%**

- The net profit attributable to the parent decreases by 33.3% due to the lower gains recorded in 2008 in relation to the preceding year
- The recurrent net profit attributable to Agbar is 167.6 million euros, 13.8% more than in 2007
- The investments reach 569.8 million euros and increase by 64.6%
- The net debt does not exceed 20% of its assets, which gives Agbar a high level of solvency

**Agbar closed the financial year 2008 with important organic growth which is reflected in its main economic magnitudes. Thus, the profit from operations, before impairment and disposal of fixed assets and other results, is 439.2 million euros and increases by 18.4% (in 2007 it was 371 million euros). The income figure is 3,108.2 million euros and increases by 8.6% (2,861 million euros in 2007). The recurrent net profit attributable to Agbar is 167.6 million euros, 13.8% above the preceding year. Despite these data, the net profit attributable to the parent is 235.3 million euros, 33.3% below the previous year, due to the posting in 2007 of the gains from the sale of the Applus+ Group which, net of tax, amounted to 217 million euros.**

The good operating behaviour of the Water & Environment and Health sectors can be seen in the evolution of the organic growth figures, which exceed 10% in operating income and 20% in profit from operations.

On analyzing the results by sectors, Water and Environment (including the holding company) achieve operating income of 1,770.7 million euros, 8.8% more than in 2007 and represent 57% of Agbar's total. The profit from operations is 336.4, which is 26.3% more than in the previous year and 76.6% of Agbar's total.

In Health, the operating income reaches 1,337.4 million euros, 8.5% more than in 2007 and is 43% of the total. The profit from operations is 102.8 million euros, goes down 1.7% and

represents 23.4% of the total. Below we highlight the most important events from 2008 in the Water & Environment and Health sectors.

## **WATER AND ENVIRONMENT**

### **Growth in the domestic market**

Agbar was awarded 26 new contracts related to the retail water activity, serving 128,172 inhabitants, and renewed 41 contracts serving 244,571 inhabitants. In the wholesale water activity, Agbar was awarded 9 new contracts serving 31,960 inhabitants. A further 16 contracts were renewed, serving 132,747 inhabitants. In the wastewater treatment activity, Agbar was awarded 10 new wastewater treatment plant management contracts, representing the management of a pollution load equivalent to 220,007 inhabitants. As for the sewer system activity, Agbar was awarded 19 contracts serving 201,630 inhabitants.

### **Chile: Acquisition of the company Essal**

On 10 July, by means of a takeover bid, Aguas Andinas, S.A. (company in which Agbar has a 28% indirect holding) acquired a 53.5% interest in the capital of Essal, which provides drinking water production and distribution and wastewater treatment services in the Los Lagos and Los Ríos regions. It is an indefinite concession covering 33 towns, and supplying a total 605,000 inhabitants.

### **China: Agbar, the most important operator in Jiangsu province**

In 2008 Agbar consolidated its presence in the Chinese market after increasing its holding in the company Jiangsu Water (JSW) from 49% to 71.55%. Agbar has invested around 62 million euros in the company JSW since its creation. This makes it the most important operator in Jiangsu province, one of the most prosperous areas of the People's Republic of China, with a surface area of 102,600 km<sup>2</sup> and a population of almost 80 million inhabitants.

Jiangsu Water is responsible for four 30-year concession contracts. In Nanjing, capital of the province with almost 6 million inhabitants, JSW manages a wastewater treatment plant with a capacity of 300,000 m<sup>3</sup>/day. In the city of Taizhou, with approximately 5 million inhabitants, JSW operates 3 drinking water treatment plants, with a total capacity of 350,000 m<sup>3</sup>. In Taizhou 200,000 m<sup>3</sup> of raw water are moreover supplied to the city of Taixing and a 750 km distribution network is managed. Finally, in Xuyi, JSW manages a drinking water treatment plant, with a capacity of 50,000 m<sup>3</sup>/day, and its distribution network.

### **Promotion of the Environment sector**

Agbar wants to promote the Environment sector, which covers the wastewater treatment, desalination and environmental technologies (mainly laboratories and engineering companies) activities, and the construction of civil engineering work related to these activities. It has thus

established an expansion plan by means of future acquisitions and it will reinforce its presence in tenders related to this sector. As part of this strategy, in the first half of 2008 it acquired 58.72% of the company Labaqua, S.A., a laboratory devoted to environmental analysis, diagnosis and certification. The investment amounted to 63.2 million euros. In December 2008 it acquired 100% of the company Sistemas de Transferencia de Calor (STC), devoted to the design, manufacture, installation and maintenance of drying equipment. The investment amounted to 6.8 million euros.

## **HEALTH**

### **6.8% increase in the number of insured, despite the sluggishness of the market**

In Health, Agbar operates through Adeslas — since 2001, the leading health insurance organization in Spain. In this sector, the 104.2 million euro increase in operating income is due to the 8.5% sustained organic growth. In the insurance business, the improvement in the income is a result of the 6.8% increase in the average number of insured. In the hospital business, the growth is due to a generalized improvement in the activity. The -1.8 million euro reduction in the profit from operations is essentially a result of the increase in the claims ratio in 2008 in relation to the previous year.

### **Growth in the insurance portfolio**

On closing the year the company's insurance portfolio was made up of 2,780,739 insured, which represents an annual increase of 176,233 clients. Taking into account the interest that Adeslas has in other insurers and the joint insurance or reinsurance agreements that it has signed with other organizations, its total number of insured would increase to 3,133,398.

## **INVESTMENTS OF 569.8 MILLION EUROS, 64.6% MORE**

The investments made in 2008 by the companies fully or proportionally consolidated by Agbar amount to 569.8 million euros, 64.6% more than in the preceding year. Out of the total investment, 48.2% corresponds to the domestic sphere and the remaining 51.8% to holdings abroad. 90.6% of the total amount invested is concentrated in the companies from the Water and Environment sector.

## **DEBT IS MAINTAINED AT LOW LEVELS**

Net debt went from 532.8 million euros in 2007 to 539.6 million euros in 2008, only 1.3% more. The company shows a high level of solvency thanks to its low debt level. Agbar's net debt does not exceed 20% of its assets.

Thanks to the evolution of its main economic magnitudes, Agbar is prepared to confront the current economic context satisfactorily. Its strength and low debt level enable it to undertake investments in its sectors of activity.