

# Presentation Results First Quarter 2009

Periodic information  
Interim report



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## 1. MAIN MAGNITUDES

Millions of euros	1Q 2009	1Q 2008	Var. %
Operating income	792.1	753.9	5.1%
Operating cash flow (EBITDA)	156.4	158.4	(1.3%)
% Operating cash flow margin	19.7%	21.0%	
Profit from operations before deterioration, disposal assets and other results	108.9	112.6	(3.3%)
% Profit from operations before deterioration, disposal assets and other results margin	13.8%	14.9%	
Net profit attributable to the parent	36.8	37.9	(2.9%)
% Net profit attributable to the parent margin	4.6%	5.0%	

The **Net profit attributable to the parent** in the first quarter of 2009 amounts to 36.8 million euros, 2.9% below the same period of the previous year. This reduction was due to the fall in consumption in the national Water and Environment sector, the negative evolution of exchange rates and the lower results of the Health sector, which records an

increase in the claims rate as a result of the Easter calendar effect, these aspects being partially offset by the improvement in the financial loss.

Excluding the exchange rate effect, the Water and Environment sector shows a positive organic evolution of its results.

## 2. ANALYSIS OF RESULTS

### 2.1. Changes in the Scope of Consolidation

The following are the main variations in the scope of consolidation in the first quarter of the financial year 2009 in relation to the same period of the previous year:

- In the first quarter of 2009 the activity of Essal, S.A. was consolidated, after the acquisition operation in July 2008. Agbar, through its subsidiary Aguas Andinas, S.A., acquired, on the one hand, 100% of Inversiones Iberaguas Ltda., a company which holds 51.0% of Essal, S.A. and, on the other hand, 2.5% of Essal, S.A.
- In December 2008 Agbar increased by 22.5% its interest in Jiangsu Water Company Limited (parent company of the Jiangsu Water Group), reaching 71.5%. This increase represents the incorporation of the consolidated results of the Jiangsu Water Group by full consolidation in the first quarter of 2009 compared with the consolidation of 49% of results by the equity method in the same period of the previous year.
- In December 2008, 100% of the company Sistemas de Transferencia de Calor (STC) was acquired, so the first quarter of 2009 consolidates its activity.
- The departures from the scope include especially the sale of Agencia Servicios Mensajería (ASM), at the end of March 2008, and that of Tribugest, in December 2008.

## 2.2. Consolidated Income Statement

Below is the detail of the consolidated income statement of Agbar referring to the first quarter of the financial years 2009 and 2008:

Millions of euros	1Q 2009	1Q 2008	Abs. Var.	Var. %
<b>Operating income</b>	<b>792.1</b>	<b>753.9</b>	<b>38.2</b>	<b>5.1%</b>
Operating expenses	(635.7)	(595.5)	(40.2)	6.7%
<b>Operating cash flow</b>	<b>156.4</b>	<b>158.4</b>	<b>(2.0)</b>	<b>(1.3%)</b>
<i>% Operating cash flow margin</i>	<i>19.7%</i>	<i>21.0%</i>		
Amortizations	(47.5)	(45.8)	(1.7)	3.7%
<b>Profit from operations before deterioration, disposal assets and other results</b>	<b>108.9</b>	<b>112.6</b>	<b>(3.7)</b>	<b>(3.3%)</b>
<i>% Profit from operations before deterioration, disposal assets and other results margin</i>	<i>13.8%</i>	<i>14.9%</i>		
Deterioration and result from disposals of fixed assets	1.0	0.3	0.7	263.6%
Other results	0.1	0.0	0.1	762.9%
<b>Profit from operations</b>	<b>110.0</b>	<b>112.9</b>	<b>(2.9)</b>	<b>(2.5%)</b>
<i>% Profit from operations margin</i>	<i>13.9%</i>	<i>15.0%</i>		
Financial Profit/Loss	(1.6)	(12.3)	10.7	(87.0%)
Profit from investments accounted for by the equity method	2.7	4.6	(1.9)	(40.8%)
<b>Profit before tax</b>	<b>111.1</b>	<b>105.1</b>	<b>6.0</b>	<b>5.7%</b>
<i>% Profit before tax margin</i>	<i>14.0%</i>	<i>13.9%</i>		
Income Tax	(24.8)	(22.7)	(2.1)	9.3%
<b>Net profit</b>	<b>86.3</b>	<b>82.5</b>	<b>3.9</b>	<b>4.7%</b>
<i>% Net profit margin</i>	<i>10.9%</i>	<i>10.9%</i>		
Net profit attributable to minority interests	(49.6)	(44.6)	(5.0)	11.2%
<b>Net profit attributable to the parent</b>	<b>36.8</b>	<b>37.9</b>	<b>(1.1)</b>	<b>(2.9%)</b>
<i>% Net profit attributable to the parent margin</i>	<i>4.6%</i>	<i>5.0%</i>		

### 2.3. Evolution of Results

In the first quarter of 2009 the **Operating income** amounts to 792.1 million euros and records an increase of 5.1% in relation to that of same period of the previous year. The **Profit from operations (\*)** reaches 108.9 million euros, 3.3% below the profit obtained in the first quarter of the previous year.

The factors driving the growth of the Operating income and Profit from operations are shown below:

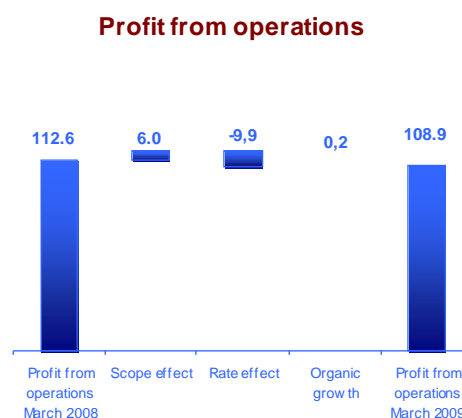
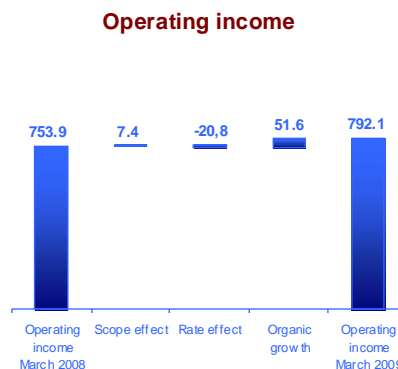
millions of euros	1Q 2008	Scope effect		Rate effect	Organic growth	1Q 2009	% Org. growth
		Inflows	Outflows				
Operating income	753.9	21.7	(14.3)	(20.8)	51.6	792.1	7.0%
Profit from operations (*)	112.6	5.2	0.8	(9.9)	0.2	108.9	0.1%
% Profit from operations margin	14.9%					13.8%	

(\*) This figure refers to the Profit from operations before "Deterioration and result from disposals of fixed assets" and "Other results"

The **scope effect** includes the impact of the incorporation of new companies into the AGBAR Group, departures due to disinvestment, or changes of consolidation method, as appropriate. The main entries into the scope include the companies Essal, S.A., and STC, and the changes of consolidation method that of the Jiangsu Water Group. The departures include the sale in 2008 of Agencia de Servicios de Mensajería and that of Tribugest. The net effect of the entries and departures from the scope explains an increase of 7.4 million euros in the Operating income and of 6.0 million euros in the Profit from operations.

The impact due to variation in the **exchange rates** includes the depreciation of 12.3% in the Chilean peso (average exchange rate to March: 791.02 CLP/EUR in 2009 compared with 693.47 CLP/EUR in 2008) and of 16.7% in the pound sterling (average exchange rate to March: 0.909 GBP/EUR in 2009 compared with 0.757 CLP/EUR in 2008). The effect of this depreciation represents -20.8 million euros in Operating income and -9.9 million euros in Profit from operations.

Good behaviour of the **organic growth** is observed in the Operating income, of 7.0% in relation to the same period of the previous year. However, this growth is reduced to 0.1% in the Profit from operations, mainly due to the increase in the claims rate of the Health sector as a result of the Easter calendar effect.



The item **Deterioration and result from disposals of fixed assets** amounts to 1.0 million euros compared with 0.3 million euros in the same period of the previous year, and includes the gain of 1.0 million euros linked essentially to disposals of fixed assets of subsidiaries in Chile.

The **Financial loss** amounts to -1.6 million euros compared with -12.3 million euros recorded in the same period of the previous year. The reduction in the net financial burden (10.7 million euros) is mainly due to the reduction in the financial costs in Chile caused

by the negative variation in the UF (indexation unit) to which the Chilean debt is indexed.

The **Net Profit attributable to minority interests** amounts to 49.6 million euros compared with 44.6 million euros in the first quarter of 2008 and mainly corresponds to the minority shareholders of the IAM Group (in which Agbar has a 56.6% holding and which is the owner of 50.1% of Aguas Andinas, S.A.), and of Compañía de Seguros Adeslas, S.A. (in which Agbar has a holding of 54.8%).

The **Net Profit attributable to the parent** amounts to 36.8 million euros, 2.9% below that obtained in the same period of the previous year for the reasons set forth above.

### 3. CONTRIBUTION BY SECTOR

The detail and evolution by sector of the Operating income and Profit from operations in the first quarter of 2009 is as follows:

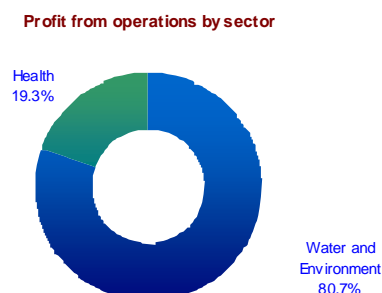
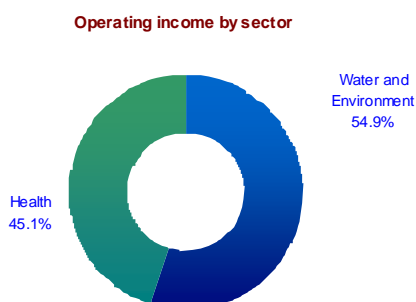
millions of euros	Operating income			Profit from operations(**)		
	1Q 2009	1Q 2008	Var.%/2008	1Q 2009	1Q 2008	Var.%/2008
Water and Environment (*)	434.8	421.7	3.1%	87.9	87.6	0.3%
Health	357.3	332.2	7.6%	21.1	25.0	(15.7%)
<b>Total Agbar</b>	<b>792.1</b>	<b>753.9</b>	<b>5.1%</b>	<b>108.9</b>	<b>112.6</b>	<b>(3.3%)</b>

(\*) Includes Holding

(\*\*) This figure refers to the Profit from operations before "Deterioration and result from disposals of fixed assets" and "Other results"

The contribution of the **Water and Environment** sector stands out, representing 54.9% of the Operating income and 80.7% of the Profit from operations, with an increase of 3.1% and of 0.3%, respectively, in relation to the same period of the previous year.

In the **Health** sector, the 15.7% reduction in the Profit from operations is mainly due to the increase in the claims rate.



#### 4. WATER AND ENVIRONMENT

The detail of the main magnitudes of the consolidated income statement of the Water and Environment sector in relation to the first quarter of the financial years 2009 and 2008, is as follows:

Millions of euros	1Q 2009	1Q 2008	Abs. Var.	Var. %
Operating income	434.8	421.7	13.1	3.1%
Operating cash flow	130.2	128.5	1.7	1.3%
<i>% Operating cash flow margin</i>	<i>29.9%</i>	<i>30.5%</i>		
Profit from operations before deterioration, disposal assets and other results	87.9	87.6	0.2	0.3%
<i>% Profit from operations before deterioration, disposal assets and other results margin</i>	<i>20.2%</i>	<i>20.8%</i>		
Profit from operations	89.0	87.9	1.1	1.2%
<i>% Profit from operations margin</i>	<i>20.5%</i>	<i>20.8%</i>		

##### 4.1. Operating income and Profit from operations of Water and Environment

The factors driving the growth of the Operating income and Profit from operations relating to the first quarter of 2009 of the Water and Environment sector are analyzed below.

millions of euros	1Q 2008	Scope effect		Rate effect	Organic growth	1Q 2009	% Org. growth
		Inflows	Outflows				
Operating income	421.7	21.3	(14.3)	(20.8)	26.9	434.8	6.6%
Profit from operations (*)	87.6	5.5	0.8	(9.9)	3.9	87.9	4.4%
<i>% Profit from operations margin</i>	<i>20.8%</i>					<i>20.2%</i>	

(\*) This figure refers to the Profit from operations before "Deterioration and result from disposals of fixed assets" and "Other results"

The variation in the **Operating income** of 13.1 million euros is mainly due to the organic evolution of the business, which presents growth of 6.6% (26.9 million euros), to the entry of the companies Essal, S.A. (11.1 million euros), STC (2.2 million euros) and to the change of consolidation method of the Jiangsu Water Group (5.8 million euros). In the other direction, there is the departure of Agencia de Servicios de Mensajería (-11.4 million euros) and that of Tribugest (-2.9 million euros), in addition to the effects of the depreciation of the Chilean peso by 12.3% (-15.6 million euros) and of the pound sterling by 16.7% (-5.2 million euros).

The 0.2 million euro improvement in the **Profit from operations** is essentially explained by the same factors that have just been mentioned, that is: by the organic growth of 4.4% (3.9 million euros), by the contributions of the companies Essal, S.A. (3.6 million euros), STC (0.5 million euros) and of the Jiangsu Water Group (1.1 million euros) and, in the other direction, by the depreciation of the Chilean peso (-8.3 million euros) and of the pound sterling (-1.6 million euros).

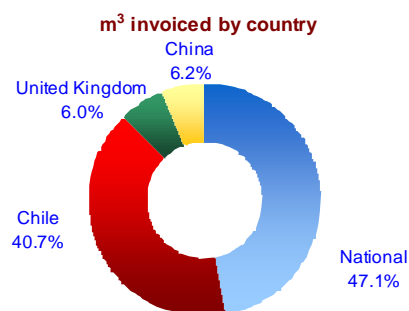
#### 4.2. Operating Variables of Water and Environment

The cubic metres invoiced in the national and international market in the first quarter of 2009 and 2008 in the Water and Environment sector are analyzed below:

Thousands of m <sup>3</sup>	1Q 2009	1Q 2008	Abs. Var.	Var. %
m <sup>3</sup> Invoiced national	163,192	168,993	(5,800)	(3.4%)
m <sup>3</sup> Invoiced international	183,053	159,816	23,237	14.5%
Total m <sup>3</sup> Invoiced	346,245	328,809	17,436	5.3%

In the national market a reduction is recorded in the cubic metres invoiced in relation to the first quarter of the previous year.

The increase in the cubic metres invoiced in the international market in relation to the same period of the previous year is mainly due to the incorporation of the Jiangsu Water Group in China and Essal, S.A. in Chile.



#### 5. HEALTH

The detail of the main magnitudes of the consolidated income statement of the Health sector in relation to the first quarter of the financial years 2009 and 2008, is as follows:

millions of euros	1Q 2009	1Q 2008	Abs. Var.	Var. %
Operating income	357.3	332.2	25.1	7.6%
Operating cash flow	26.2	29.8	(3.7)	(12.3%)
<i>% Operating cash flow margin</i>	7.3%	9.0%		
Profit from operations before deterioration, disposal assets and other results	21.1	25.0	(3.9)	(15.7%)
<i>% Profit from operations before deterioration, disposal assets and other results margin</i>	5.9%	7.5%		
Profit from operations	21.1	25.0	(3.9)	(15.7%)
<i>% Profit from operations margin</i>	5.9%	7.5%		

## 5.1. Operating income and Profit from operations of Health

The factors explaining the variation in the Operating income and Profit from operations relating to the first quarter of 2009 in the Health sector are analyzed below.

millions of euros	1Q 2008	Scope effect		Rate effect	Organic growth	1Q 2009	% Org. growth
		Inflows	Outflows				
Operating income	332.2	0.4	0.0	0.0	24.7	357.3	7.4%
Profit from operations (*)	25.0	(0.2)	0.0	0.0	(3.7)	21.1	(14.9%)
% Profit from operations margin	7.5%					5.9%	

(\*) This figure refers to the Profit from operations before "Deterioration and result from disposals of fixed assets" and "Other results"

The 25.1 million euro increase in the **Operating income** is due to the sustained organic growth of 7.4%, both in the insurance business due to the 7.9% increase in the number of insured, and in Adeslas Dental due to new clinics coming into operation.

increase in the claims rate in the first quarter of the financial year 2009 in relation to the same period of the previous year. This increase in the claims rate mainly occurs as a result of the calendar effect of the Easter holiday (in April in 2009, and in March in 2008).

The 3.9 million euro reduction in the **Profit from operations** is essentially a result of the

The evolution in the number of insured is shown below:

	1Q 2009	1Q 2008	Abs. Var.	Var.
Number of insured	2,883,951	2,673,349	210,602	7.9%

## 6. CONSOLIDATED BALANCE SHEET

The consolidated balance sheet at 31 March 2009 is presented below in relation to the closing of December 2008:

Millions of euros	31/03/09	31/12/08	Abs. Var.
Non-current assets (*)	3,709.7	3,467.1	242.6
Goodwill	440.4	412.9	27.5
Net current assets	(257.9)	(282.5)	24.5
Non-current provisions	(147.0)	(153.6)	6.6
Other non-current assets/liabilities	(209.1)	(199.5)	(9.5)
<b>Net assets</b>	<b>3,536.1</b>	<b>3,244.4</b>	<b>291.7</b>
Equity Parent	2,052.5	2,010.3	42.3
Equity minority interests	782.9	694.6	88.4
Net borrowings	700.7	539.6	161.1
<b>Net liabilities</b>	<b>3,536.1</b>	<b>3,244.4</b>	<b>291.7</b>

(\*) The "Non-current assets" do not include the "L-T Derivatives" on being presented deducted from the Net borrowings, or the Goodwill, which is detailed on a specific line.

The main variations in the different items of the consolidated balance sheet in relation to the closing of the financial year 2008 are explained below:

The increase in the **Non-current assets** mainly includes: as positive aspects, the investments in Property, Plant and Equipment and Intangible Fixed Assets made in the first quarter of 2009 (82.4 million euros), the effect of the appreciation at closing exchange rate of the Chilean peso by 15.1% in relation to the closing of 2008 (180.6 million euros) and of the pound sterling by 2.2% (7.7 million euros) and the depreciations of Property, Plant and Equipment and Intangible Fixed Assets on closing March (-47.5 million euros).

The increase in the **Goodwill** is due to the already mentioned appreciation of the Chilean peso (22.5 million euros) and of the pound sterling (3.7 million euros).

The growth in the **Equity attributable to the Parent** basically consists of the result on closing March 2009 (36.8 million euros) and the evolution of the conversion differences (6.5 million euros).

The evolution of the **Equity of minority interests** is explained by the result of the minority interests (49.6 million euros), the impact of the appreciation of the Chilean peso (67.3 million euros) and the registration of the dividends to minority interests.

The **net borrowings** experience a 161.1 million euro increase which is explained, to a large extent, by the effect of the appreciation of the Chilean peso (105.4 million euros).

## 7. CONSOLIDATED INVESTMENTS

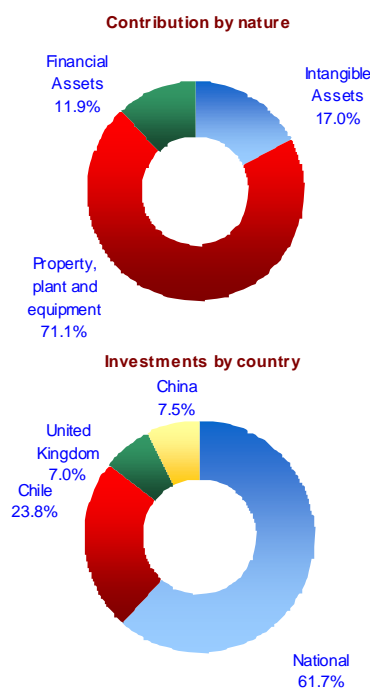
The investments made during the first quarter of the financial year 2009 by the companies belonging to the Agbar group amount to 93.5 million euros, of which 15.8 million euros correspond to intangible assets, 66.5 million euros to property, plant and equipment and 11.1 million euros to the acquisition of companies and other financial assets.

Millions of euros	1Q 2009	1Q 2008	Abs. Var.	Var. %
Intangible Assets	15.8	19.3	(3.4)	(17.9%)
Property, plant and equipment	66.5	48.2	18.3	38.1%
<u>Financial assets</u>	<u>11.1</u>	<u>67.9</u>	<u>(56.8)</u>	<u>(83.7%)</u>
Total Investments	93.5	135.4	(41.9)	(31.0%)

The investments in **Intangible Assets** correspond basically to the payment of fees and renewals of water contracts in Spain.

Of the total volume of **investment in property, plant and equipment**, it is worth highlighting the 21.6 million euros of the Agbar Chile Group, the 6.6 million euros of the Bristol Water Group, the 7.0 million euros of the Jiangsu Water Group and the 11.2 million euros of the Health sector. The rest of the investments in property, plant and equipment are mainly those made by the national water sector.

The **financial investments** in the first quarter of 2008 included the acquisition for 63.2 million euros of the company Labaqua.



## 8. NET BORROWINGS

The net borrowings, calculated as the difference between the current and non-current financial liabilities, plus the provisions for maximum risk of Argentina and the current financial assets, the cash and cash equivalents and the long-term derivatives, have gone from 539.6 to 700.7 million euros.

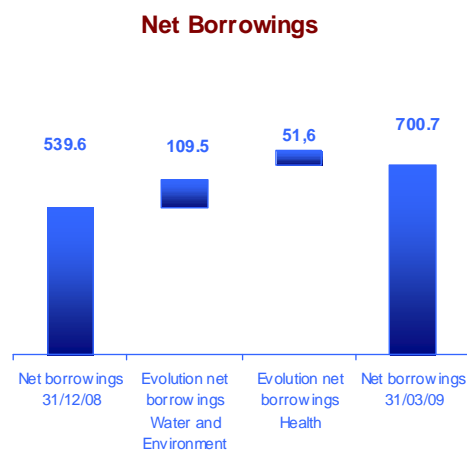
Millions of euros	31/03/09	31/12/08	Abs. Var.
+ Non-current financial liabilities	1,222.3	1,131.1	91.1
+ Current financial liabilities	834.4	721.3	113.1
- Current financial assets	(446.8)	(350.8)	(96.0)
- Cash and Cash Equivalents	(908.4)	(947.5)	39.1
- L-T Derivatives (Financial Assets)	(6.8)	(21.1)	14.3
+ Provisions Risks Argentina	6.0	6.5	(0.5)
<b>Net Borrowings</b>	<b>700.7</b>	<b>539.6</b>	<b>161.1</b>
<b>Gearing</b>			
Net Borrowings / Equity	<b>24.7%</b>	<b>19.9%</b>	
<b>Leverage</b>			
Net Borrowings / (Equity + Net Borrowings)	<b>19.8%</b>	<b>16.6%</b>	

The net borrowings by sector of activity are distributed as follows:

millions of euros	Net Borrowings		
	31/03/09	31/12/08	Var.
Water and Environment (*)	818.5	709.0	109.5
Health	(117.9)	(169.4)	51.6
<b>Total Agbar</b>	<b>700.7</b>	<b>539.6</b>	<b>161.1</b>

(\*) Includes Holding

Institution	Long-term debt	Latest review
Moody's	A2 Outlook stable	6 April 2009
Standard & Poor's	A Outlook stable	7 April 2009



## 9. HEADCOUNT

The detail of the consolidated average headcount during the first quarter of 2009 and of the aggregate headcount at 31 March 2009 is as follows:

	Consolidated average headcount			Aggregate headcount at closing		
	1Q 2009	1Q 2008	Var.	31/03/2009	31/03/2008	Var.
Fully consolidated companies	14,508	13,974	534	14,784	14,023	761
Companies accounted for by the equity method	0	0	0	6,006	5,768	238
<b>Total Agbar</b>	<b>14,508</b>	<b>13,974</b>	<b>534</b>	<b>20,790</b>	<b>19,791</b>	<b>999</b>

The growth in the **consolidated and aggregate headcount** of the companies with full consolidation includes, among others, the entry

into the scope of ESSAL, of the Jiangsu Water Group and of STC and the departure of the companies ASM and Tribugest.

## 10. SOCIEDAD GENERAL DE AGUAS DE BARCELONA, S.A. (individual closing)

The individual results of the leading company of the Agbar Group, Sociedad General de Aguas de Barcelona, S.A., under the Spanish General Accounting Plan, are as follows on closing March 2009:

The net amount of the **Revenue** to date at the first quarter of 2009 amounts to 84.7 million euros and the **Profit from operations** is 4.5 million euros.

The volume of water consumed to date in the first quarter continued to go down, being 40.80 Hm<sup>3</sup> compared with 42.78 Hm<sup>3</sup> in the financial year 2008 (-4.6%).

The **Net profit** at 31 March 2009 is 18.3 million euros.

The volume of **investments** made by the Company in the first quarter of 2009 was of 10.2 million euros.

The **headcount** on closing March 2009 amounts to 989 people.

## 11. SIGNIFICANT EVENTS AND OTHER COMMUNICATIONS TO THE CNMV

These significant events and other communications can be viewed in full on the website of the CNMV and of AGBAR in the section "Information for shareholders and investors".

### Significant events:

**Significant event no. 104752** Communicated on 27 February 2009

Annual Financial Report corresponding to the financial year 2008 prepared by the Board of Directors.

**Significant event no. 104765** Communicated on 27 February 2009

Corporate Governance Annual Report corresponding to the financial year 2008 prepared by the Board of Directors.

### Other Communications:

**Other Communications no. 28123** Communicated on 12 February 2009

The Company communicates that it will publicize its results corresponding to the financial year 2008 on the coming 27 February and that a conference call will be held on 3 March 2009.

**Other Communications no. 28258** Communicated on 27 February 2009

Agreements of the Board of Directors. The Company communicates the proposal to the Ordinary General Meeting of Shareholders to pay the supplementary dividend for the financial year 2008.

**Other Communications no. 28260** Communicated on 27 February 2009

The Company sends a press release on the profit obtained in the financial year 2008.

**Other Communications no. 28287** Communicated on 3 March 2009

The Company sends a presentation on the results of Agbar in the financial year 2008.

### Other Significant events subsequent to the closing of March:

**Significant event no. 106624** Communicated on 3 April 2009

Agreements of the Board of Directors. The Company communicates the proposal to the Ordinary General Meeting of Shareholders to distribute an extraordinary dividend charged to reserves.

**Significant event no. 106628** Communicated on 3 April 2009

Agreements of the Board of Directors. The Company communicates the calling of the Ordinary General Meeting of Shareholders for the 5 June 2009, at the first notice of meeting.

**Significant event no. 107459** Communicated on 27 April 2009

The Company communicates the documentation made available to the shareholders of the Company starting from the publication of the announcement of the calling of the Ordinary General Meeting of Shareholders.



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