



## **Acquisition of Waste Recycling Group**

**Creating a European Leader in  
Waste Management**

18 July, 2006

# Legal Disclaimer



*This presentation may contain “forward-looking statements” with respect to certain of FCC’s plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond FCC’s control including among other things, Spanish and UK domestic and global economic business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing impact and other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and regulations in the jurisdictions in which FCC and its affiliates operate. As a result, FCC’s actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in FCC’s forward-looking statements. FCC undertakes no obligation to update the forward-looking statements contained in this presentation or any other forward-looking statements we may make. Forward-looking statements made in this presentation relate only to events as of the date on which such statements are made.*



- 1. Transaction Description**
- 2. The Waste Recycling Group Limited**
- 3. Strategic Rationale**
- 4. Impact on FCC**



## 1. Transaction Description

2. The Waste Recycling Group Limited

3. Strategic Rationale

4. Impact on FCC

# Transaction Highlights



- Acquisition of 100% of Waste Recycling Group Limited (“WRG”) from Terra Firma
- Terra Firma to retain Waste to Energy (energy from landfill gas)
  - SLA agreement between WRG and Waste to Energy
- Enterprise value: £1,400 mn (€2,030 mn)
- 100% debt financed
- Closing expected in 4Q 2006
  - Subject to anti trust approval
  - No issues expected

## Section 2 - The Waste Recycling Group



1. Transaction Description

### 2. The Waste Recycling Group Limited

3. Strategic Rationale

4. Impact on FCC

## One of Europe's Largest Markets



- 50 mn tons market, growing at GDP rates
- Landfill is currently the predominant disposal solution in the UK
- Implementation of the Waste European Union Directive is transforming the market
  - Imposes strict restrictions to new landfills (viewed as last resource)
  - Favours alternative solutions (recycling, incineration, etc) imposing specific targets to municipalities
  - Municipalities are relying on PFIs/PPPs to comply with existing regulation

**Landfills become a key strategic resource in the waste management value chain:**

- Scarcity value
- Competitive advantage for PFIs/PPPs

# Leading Waste Disposal Company in the UK



## Activities

### Landfills

- 58 landfill sites
- 185 MM m<sup>3</sup> of consented void (38% of UK landfill void)
- Over 50 MM m<sup>3</sup> of unconsented void

### Transfer stations

- 28 transfer stations

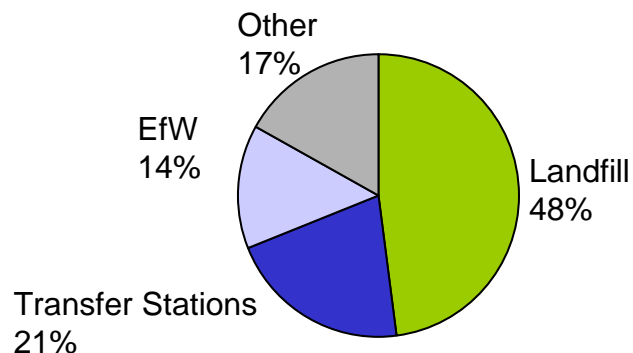
### Incineration

- Hull and East Riding: 240,000 tn / p.a. -under renegotiation
- Eastcroft: 140,000 tn / p.a.
- Allington: 500,000 tn / p.a. - completed in Oct '06
- Norfolk 150,000 tn / p.a. - preferred bidder

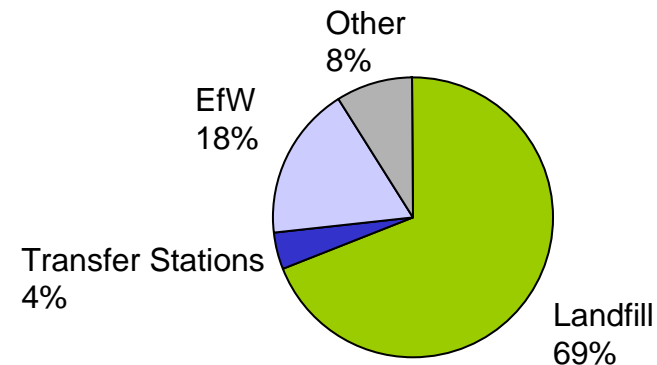
### Other

- 14 composting sites – 150,000 tn, p.a.
- Recycling plants
- Industrial waste treatment plants
- 70 civic amenity sites

Proforma\* Revenues 2006E  
(GBP 570 MM)



Proforma EBITDA 2006E  
(GBP\* 147 MM)



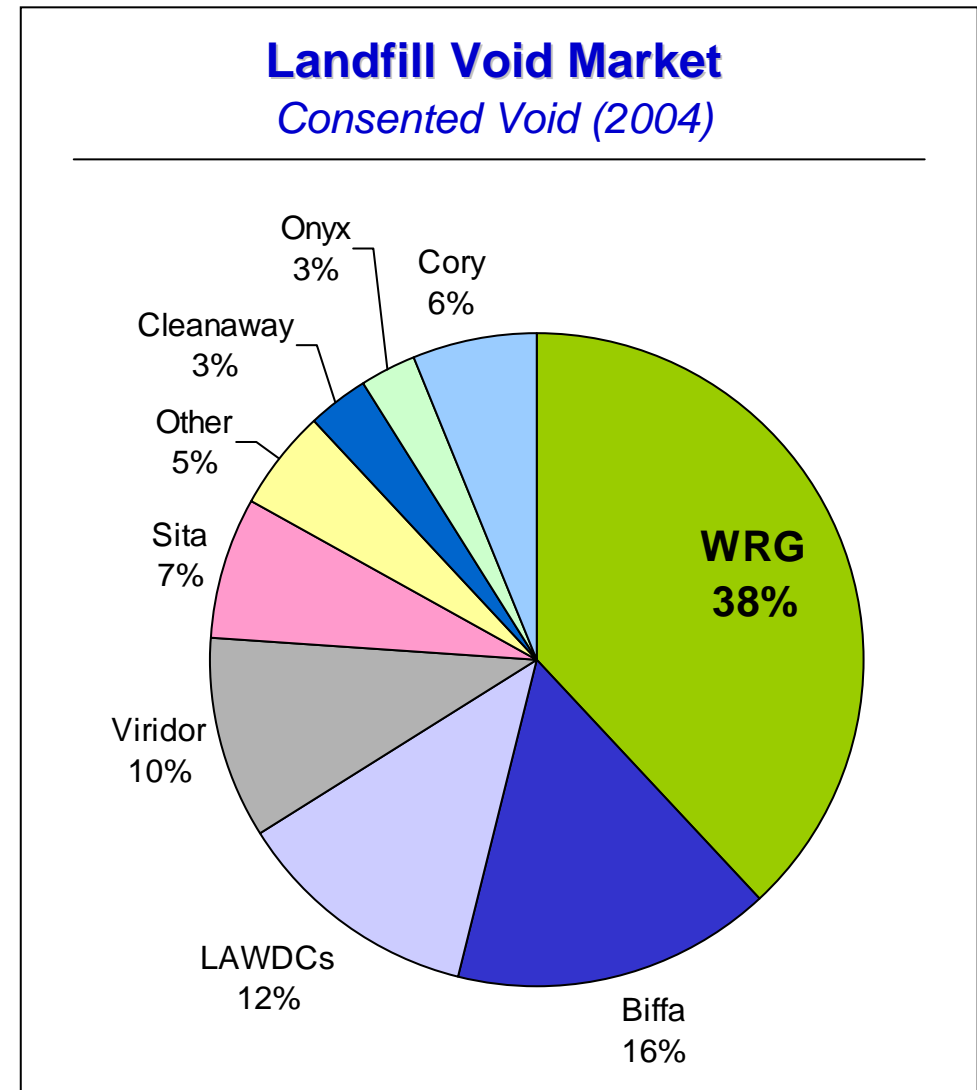


# Largest Landfill Operator in the UK



- 185 mn m<sup>3</sup> of consented void and over 50 MM m<sup>3</sup> of unconsented void
- Long average weighted site life: c. 18 years
  - Over 35% of landfills with life over 20 years
  - Estimated weighted life of competitors: 7 years
  - Proportional market share to increase over time

**Strongly positioned to benefit from greater landfill void scarcity**



Source: OC&C

# Second-to-None Diversified Geographic Footprint



● Landfills

● Transfer Stations

# Unique Competitive Advantage for Securing PFIs / PPP



- Proven track record securing PFIs / PPP

| Portfolio PFI / PPP Projects |                  |                  |                |              |                         |               |
|------------------------------|------------------|------------------|----------------|--------------|-------------------------|---------------|
| PFI / PPP                    | Status           | Timescale        | Tonage (KT/yr) | Type         | Contract Length (years) | Capex (€ GBP) |
| Allington                    | Closed           | Operational 2006 | 500            | Incineration | 25                      | 140           |
| RE3                          | Preferred Bidder | July 2007        | 220            | Integrated   | 25                      | 30            |
| Norfolk                      | Preferred Bidder | October 2006     | 150            | Incineration | 25                      | 70            |
| Wrexham                      | Preferred Bidder | December 2006    | 100            | Integrated   | 25                      | 40            |
| Cumbria                      | BAFO             | 2007             | 380            | Integrated   | 25                      | 120           |
| Wakefield                    | BAFO             | 2007             | 200            | Integrated   | 25                      | 100           |

- High level of success, since this area became a strategic priority (2 years ago)
  - 3 PFIs under preferred bidder status, 2 BAFO out of a total of 9 tenderings in the market
  - Significant number of projects in the pipeline

**Strategic platform for growth**

# Achieving a Leading Position in Incineration in the UK



- Treatment capacity: over 1 mn tonnes per year
- Energy from waste: 87 MW
- 18% market share\* in the UK
- Natural alternative to landfills

| Incineration Asset Portfolio |                  |                |                  |             |
|------------------------------|------------------|----------------|------------------|-------------|
|                              | Status           | Date Operation | Capacity KT/Year | Capacity MW |
| Hull and East Riding         | Operating        | 1999           | 140              | 12          |
| Eastcroft                    | Operating        | Operating      | 500              | 43          |
| Allington                    | Testing          | 4Q 2006        | 150              | 12          |
| Norfolk                      | Preferred Bidder | 2009           | 240              | 20          |

**Demonstrated expertise and resources to deliver and manage major incineration infrastructure projects**

## Section 3 - Strategic Rationale



1. Transaction Description
2. The Waste Recycling Group Limited

### 3. Strategic Rationale

4. Impact on FCC

# Why Waste Recycling Group?



Services

- FCC strategic activity

+

UK

- International
- Well known market: present for over 15 years

+

Market Leader in  
Strategic Segment

- 38% market share
- c. 18 years average landfill site life
- Scarcity value

+



# Why Waste Recycling Group?



+

**Significant Presence  
in Incineration**

- c. 18% market share
- Largest fluidized bed incinerator in Europe (Allington)
- Natural alternative to landfills

+

**Strong Growth  
Potential**

- Uniquely positioned to secure new PFIs / PPPs
- Long term concessions (25 years)
- Fully complementary with FOCSA Services UK: collection and cleansing

+

**Management Team  
Continuity**

- Secures an orderly transition
- Proven track record in the sector
- Experienced

**Highly Attractive Investment  
Consistent with FCC Strategic Plan**

## Section 4 - Impact on FCC



1. Transaction Description
2. The Waste Recycling Group Limited
3. Strategic Rationale

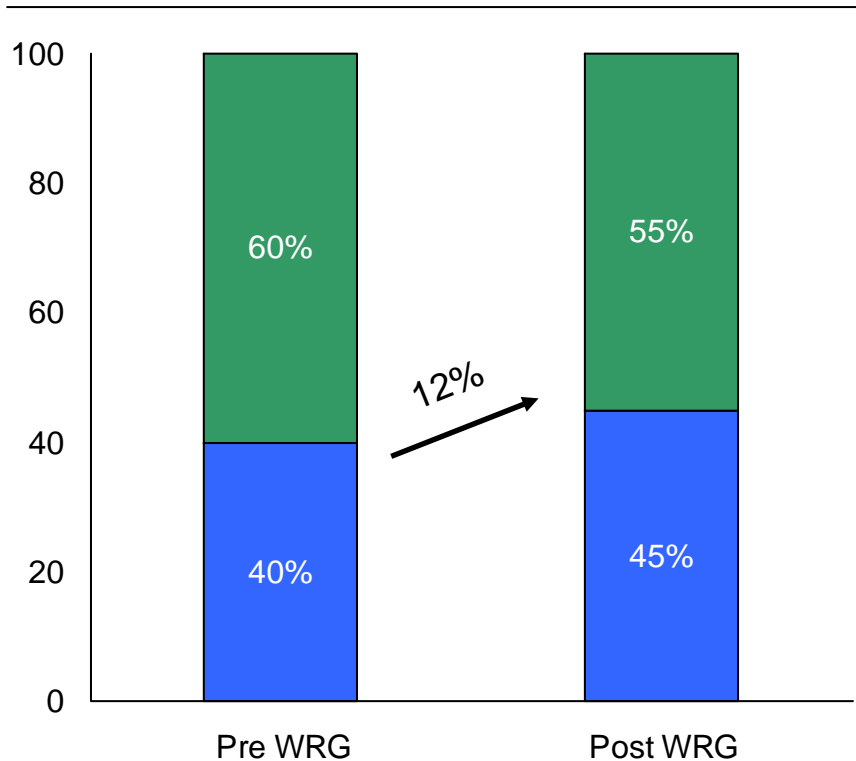
### 4. Impact on FCC



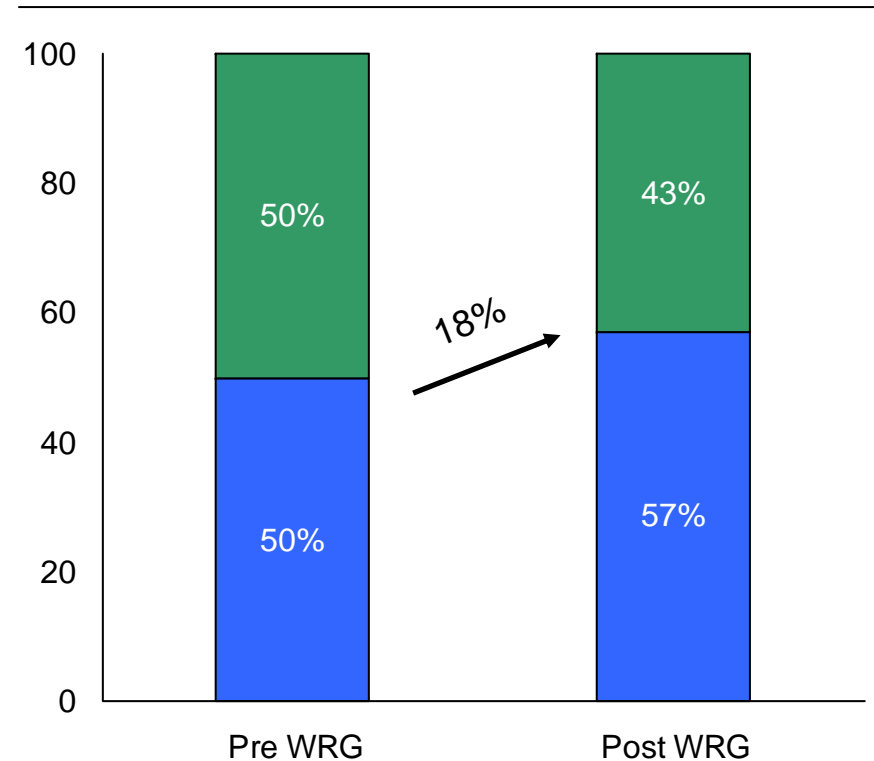
# The weight of Services increases substantially



### 2006E proforma sales



### 2006E proforma EBITDA



Services Other

- 2006E proforma Revenues: +12%
- 2006E proforma EBITDA: +18%

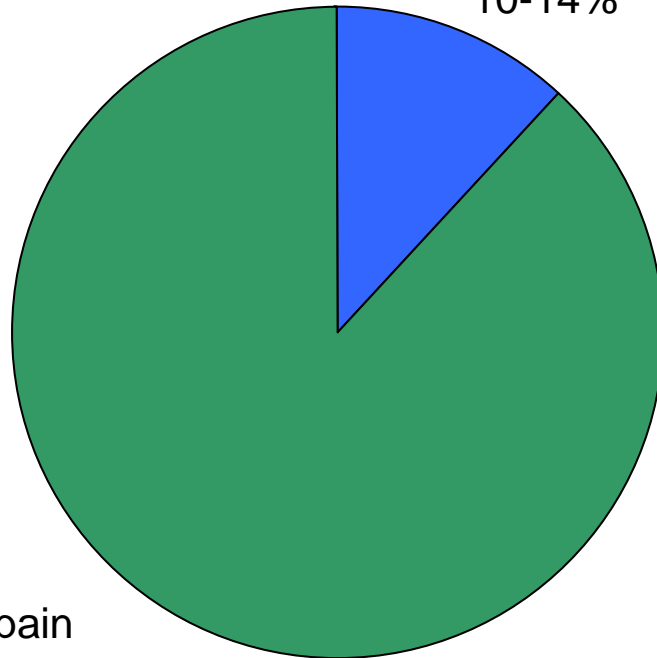
# Doubling International Revenue Contribution



## 2006E proforma revenues

Pre WRG

International  
10-14%

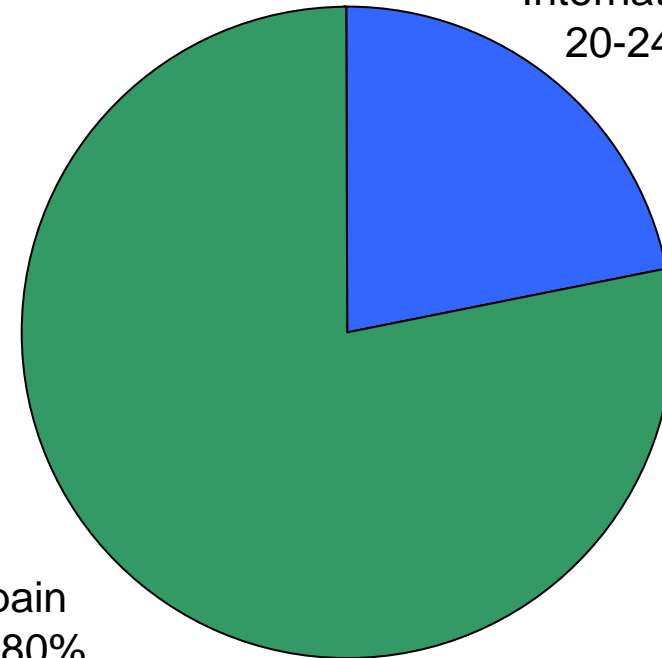


Spain  
86-90%

## 2006E proforma revenues

Post WRGL

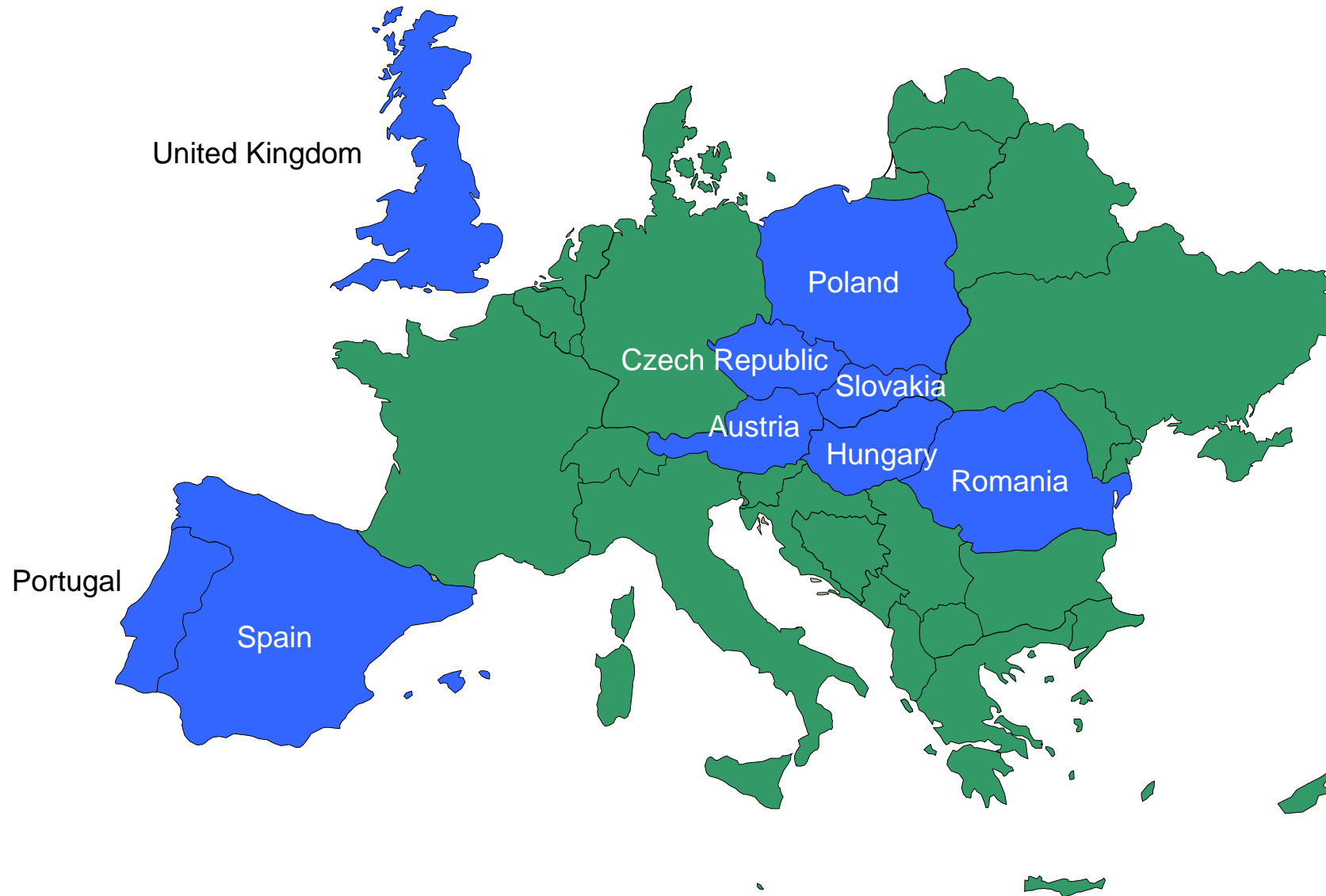
International  
20-24%



Spain  
76-80%

**International Division to account for 20-24% of 2006E proforma revenues**

# Pan European Footprint



■ FCC Presence



# Value Enhancing Transaction



## Valuation

- Enterprise value: £1.400 mn (€2.030 mn)
- EBITDA 06E proforma\*: £147 mn (€213 mn)
- EV/EBITDA: 9.5x

## Impact on EPS

- Slightly EPS dilutive in 2007 and 2008
  - High depreciation due to asset revaluation
  - RE3, Wrexham and Norfolk to start operations in 2008-09
- Accretive from 2009 onwards

## Impact on Capital Structure

- Transaction to be financed with 100% debt
- Sufficient debt capacity at FCC