



Spanish Desalination Company

2011.11.16

Inima M&A

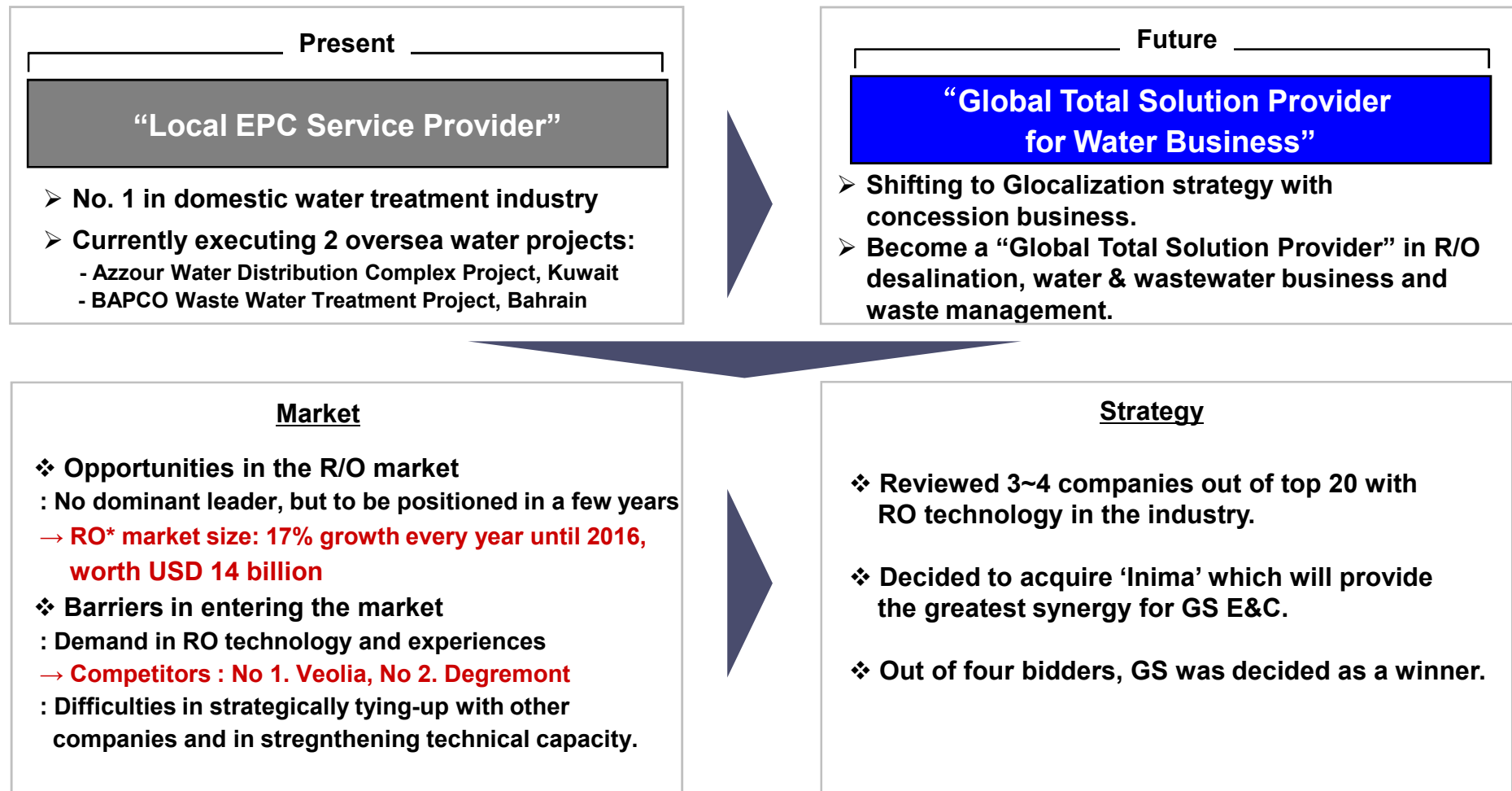
CONTENTS



- 01 _ Background
- 02 _ Analysis
- 03 _ Synergy
- 04 _ Business Target

In order to achieve its vision, GS E&C took over Inima, a renowned company in desalination market with proven track records.

M&A Motivation



II . Analysis (Outline & Organization Chart)



Inima is ranked within the top 10 in the water treatment industry, which began as a pioneer building the first desalination plant in the world since its establishment in 1957.

Inima

Overview

- Head Office in Madrid, Spain
 - Subsidiaries in Brazil, Chile, USA, Mexico and Portugal
- 325 Employees in 2010
 - 273 Engineers, 52 Managing staff

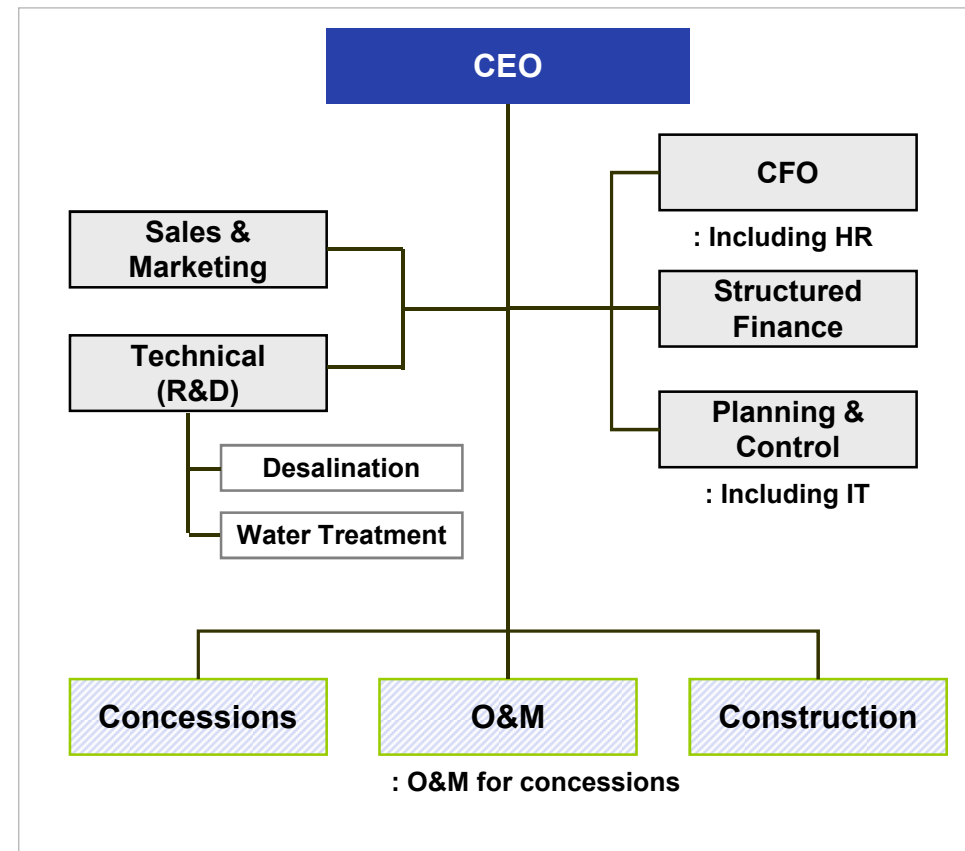
History

- Founded as a state-owned company in 1957
(Spain's first company specializing in water treatment)
- Incorporated to OHL group*(100%) in 1998
- OHL decides to sell Inima in 2010

Records

- First desalination plant in the world in 1967
- First desalination plant in Spain in 1968
- Built over 200 water plants worldwide
- Currently operating 12 concessions globally
- Experiences in performing over 120 water plants under O&M contracts
- EPC experiences in SWRO** and sludge treatment

Organization Chart



*OHL group is ranked among the top 5 in Spanish construction groups. Sales amounted to 7.6 tr. KRW.

** SWRO: Seawater Reverse Osmosis

II. Analysis (Market Status)



Inima is one of the most competitive desalination companies in the market with RO technology, and it possesses notable track records in the Americas and in North Africa.

Competitiveness of Inima

1	Experience & Brand Value	<ul style="list-style-type: none"> ● EPC + O&M Project Experiences up to 200,000m³/day desalination plant using RO technology. ● Holds brand power in the world desalination market.
2	Technology and R&D	<ul style="list-style-type: none"> ● As the pioneer in the desalination market, has conducted over 600 projects in the past 50 years with specialized technology. ● Advanced Technology in seawater desalination and sludge treatment.
3	World Wide	<ul style="list-style-type: none"> ● Operates concessions in Brazil, USA, Mexico and Spain, and O&M projects in Chile and Portugal. ● Business networks in the Americas and North Africa
4	Growth and Stability	<ul style="list-style-type: none"> ● CAGR of Revenue in recent 5 years is 14.1% → related with market growth ● More than 2 trillion KRW of Backlog incl. Concession Biz.: Stable cash flow in the future
5	Management	<ul style="list-style-type: none"> ● Most of the management are from Spain with experiences and networks in the industry. ● Subsidiaries in Brazil, USA and Mexico are operated by local manpower.

* Technical abilities of Inima: Desalination Plant of RO method(200,000m³/day), Sludge Treatment Plant(384 ton/day, the biggest in Europe)
Low Energy- Membrane Bio Reactor License

** GS E&C has experiences of water projects (max. 303,000m³/day), without O&M and Desalination Plant

II. Analysis (Business Field & Sales)



Inima is composed of three divisions; Concession, EPC and O&M, and executes in all types of water infrastructure business including desalination, water treatment and sludge treatment.

Business Field

Concession

- Make profits with long-term O&M in return for investing in water plants
- Operates 12 concessions* in Spain (5), Brazil (4), USA (2) and Mexico (1)
- Desalination, water treatment and sludge treatment

Construction

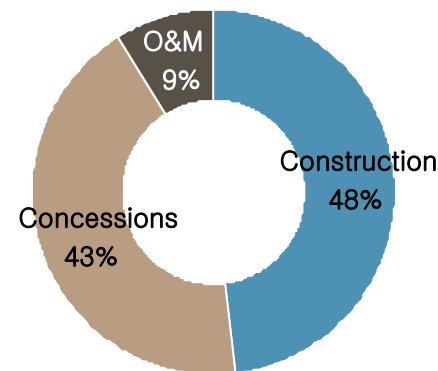
- Turnkey based water treatment plants
- Currently executing 20 projects in Spain and Algeria

O&M

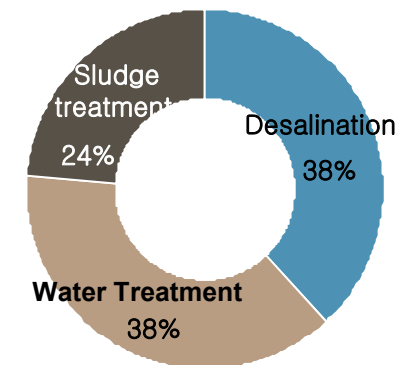
- Operation and maintenance of desalination and water treatment facilities
- Currently operating 17 projects

Sales Breakdown(2010)

By Business type



By Portfolio



Order Backlogs : 2.08 tr. KRW (April 2011)

(Unit: bn KRW)

	Concession	O&M	Construction	Sum (By Country)
Brazil	791	-	31	822
USA	519	-	50	569
Spain	400	45	49	494
Mexico	185	-	-	185
others	-	1	4	5
Sum (By Type)	1,895	46	134	2,075

*11 concessions are DBOOT(Design-Build-Own-Operate-Transfer) type.

Inima owns 1 concession (Aquaria), which is DBOO (Design-Build-Own-Operate) type and has a right to dispose the asset after operation.

III. M&A Synergy



GS E&C can expand the market coverage by maximizing its synergy utilizing technology, track records, experiences and business networks of Inima.

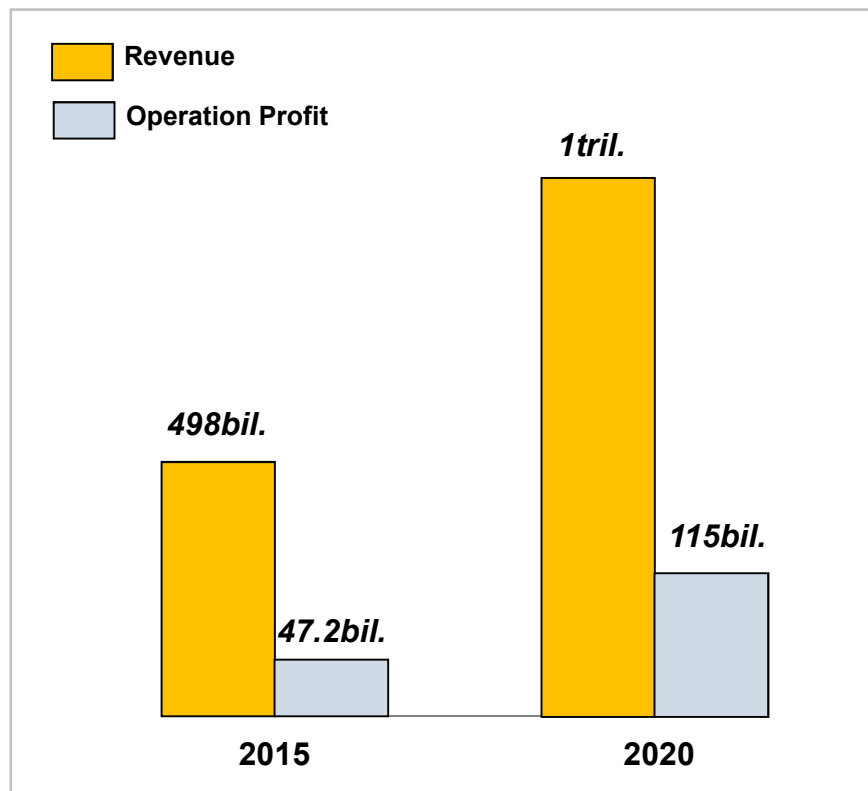
Items	Contents	Expected Synergy
➤ Sharing business networks	<div> <div>GS E&C Middle East, Asia</div> <div>+</div> <div>Inima Americas, Africa</div> </div>	<div>➤ Expanding Market Coverage</div> <div>: 20 subsidiaries and branch offices in the world</div>
➤ Sharing O&M business experiences	<div> <div>GS E&C EPC</div> <div>+</div> <div>Inima EPC + O&M</div> </div>	<div>➤ Diversification of Water Business</div> <div>: Total Solution Provider</div>
➤ Sharing desalination plant experience using RO technology	<div> <div>GS E&C Sewage, Waste T.</div> <div>+</div> <div>Inima Water, Desalination</div> </div>	<div>➤ Balanced Portfolio of Water Biz</div> <div>: Expected market volume of RO desalination is around U\$14bil. in 2016</div>
➤ Sharing financial capability of GS E&C	<div> <div>GS E&C Asset: U\$ 10Bil.</div> <div>+</div> <div>Inima Asset: 480mil.</div> </div>	<div>➤ Diversification of Project Volume</div> <div>: Cooperate in small to mega size projects</div>

IV. Business Target



Final acquisition price is 231m€(KRW 352bil.), but the appraised value were 313m€. We expect that a sale's revenue of Inima in 2020 reach to KRW 1tril.

Vision of Inima



Meaning of Acquisition

- **“Total Solution Provider” of water business through diversifying market area and process.**
- **Expand business networks in unexplored markets.**
- **Secure EPC experiences in R/O Desalination Plant.**
- **The first successful M&A of a foreign advanced company by a Korean EPC contractor.**



www.gsconstir.co.kr

