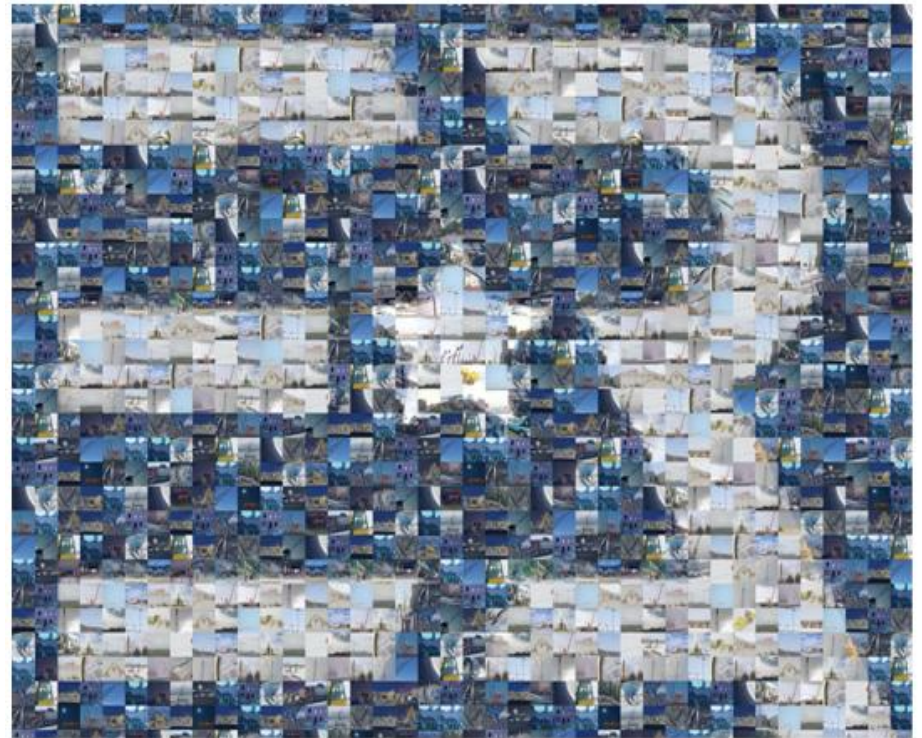


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“Growth Again”

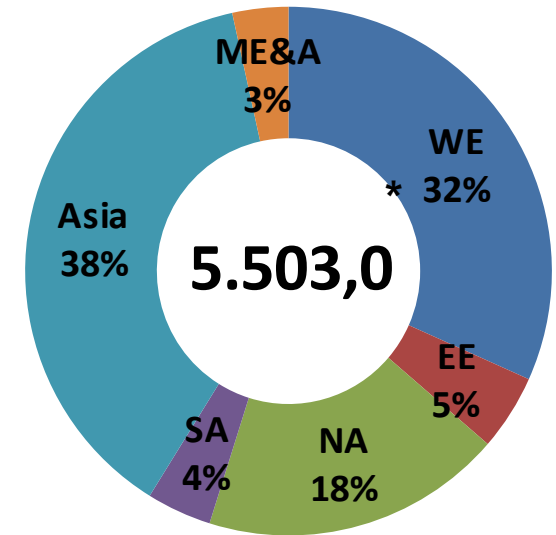
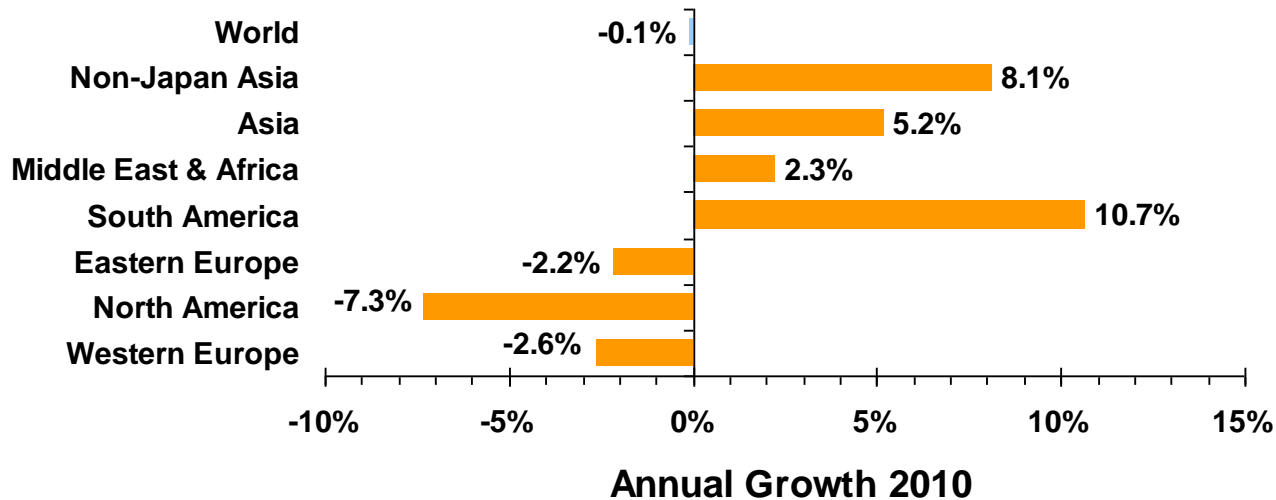
Construction Update

Eduardo Rodríguez-Priego



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Total Construction Spending 2009-2010

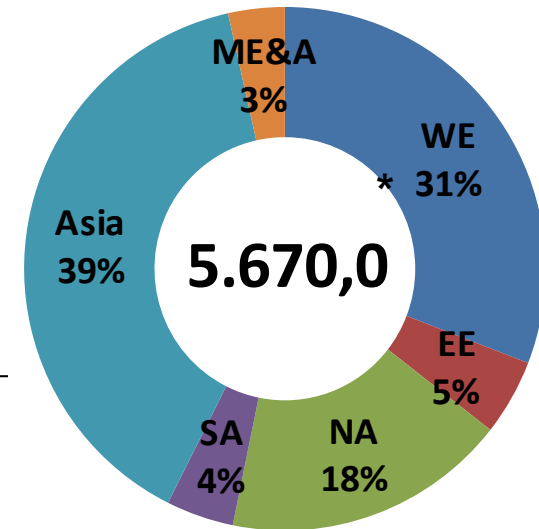
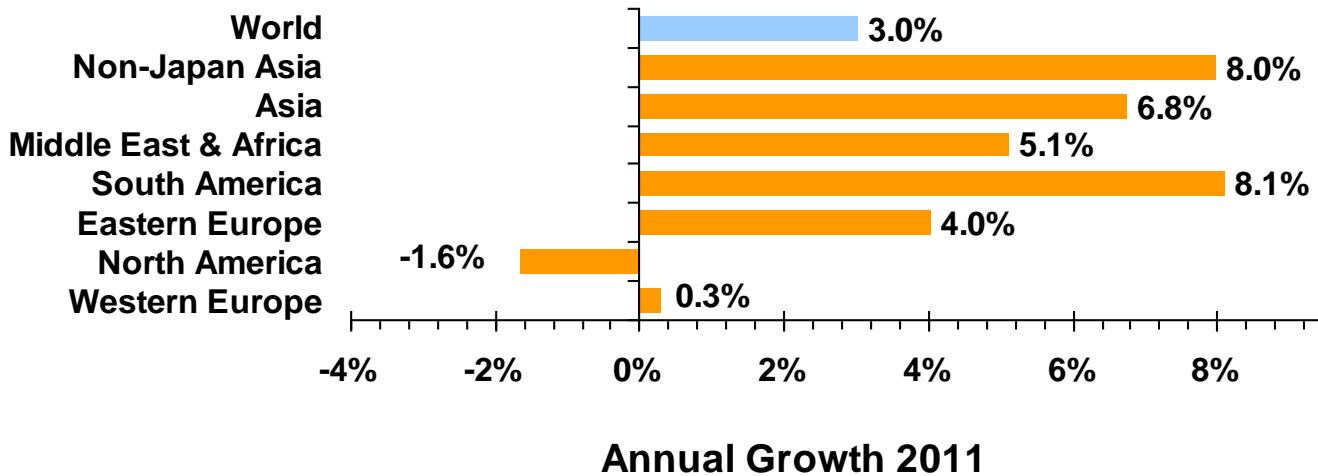


Billion of 2005 USD

2010:
 World spending remained flat
 Europe corrected previous growth
 Emerging markets grew
 Mature markets continued to contract



Total Construction Spending 2010-2011



2011:

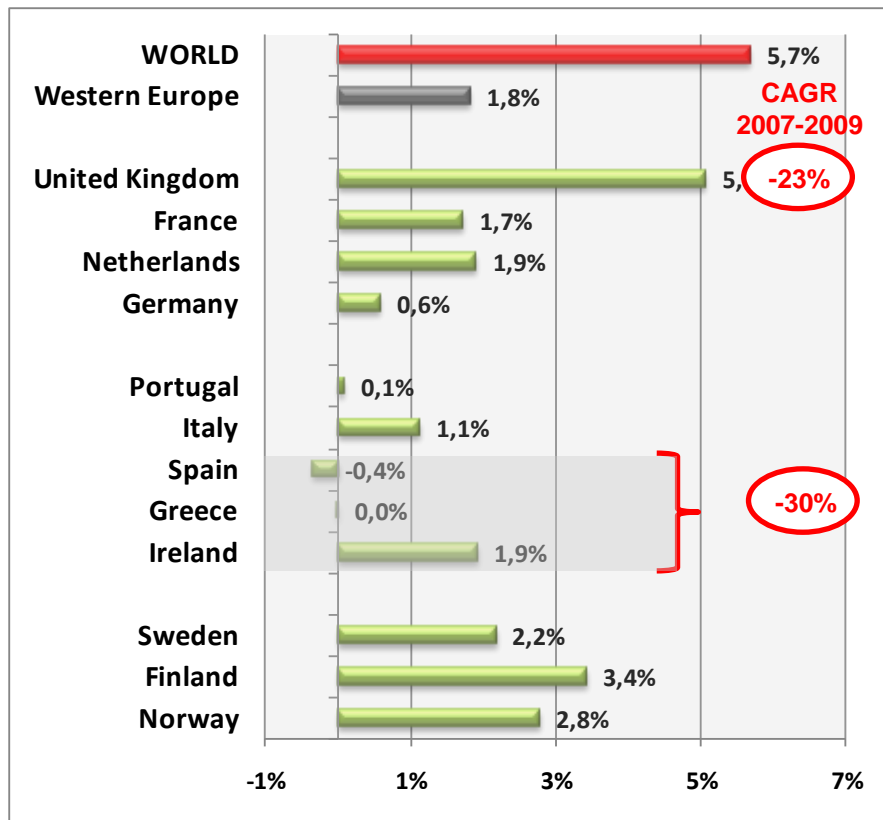
Construction spending rebounds for most of the world
Western Europe rebounds slightly but not homogeneously
Eastern Europe outpaces World growth rate
Emerging market lead the growth

* Based on IHS country coverage

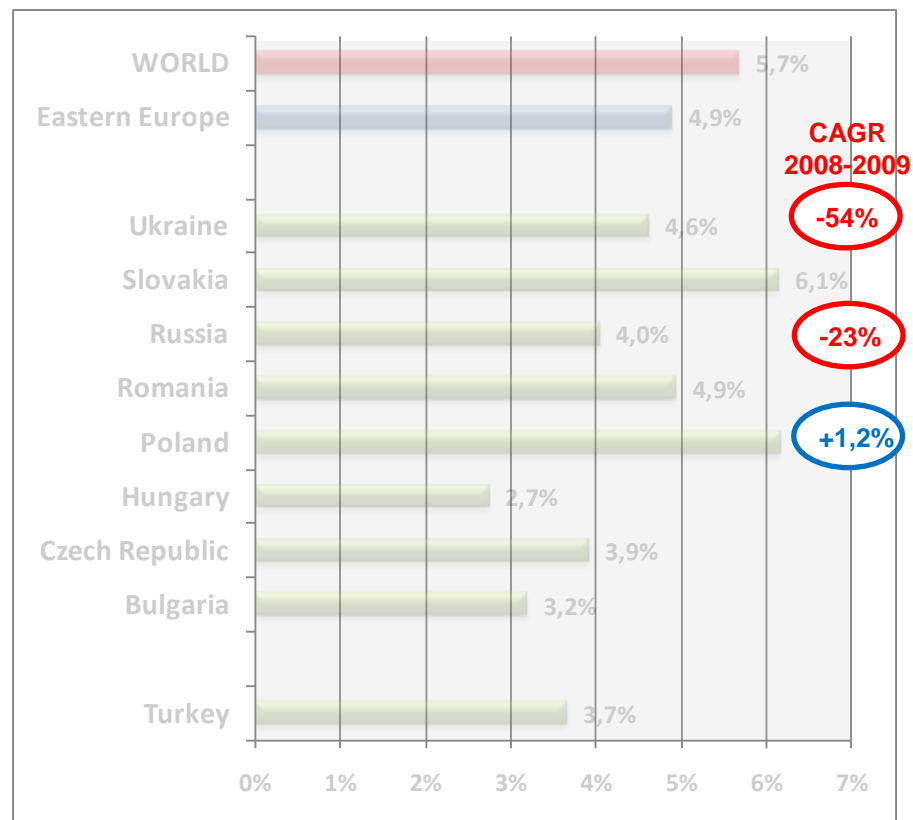


Residential Growth: CAGR 2010 - 2015

Western Europe



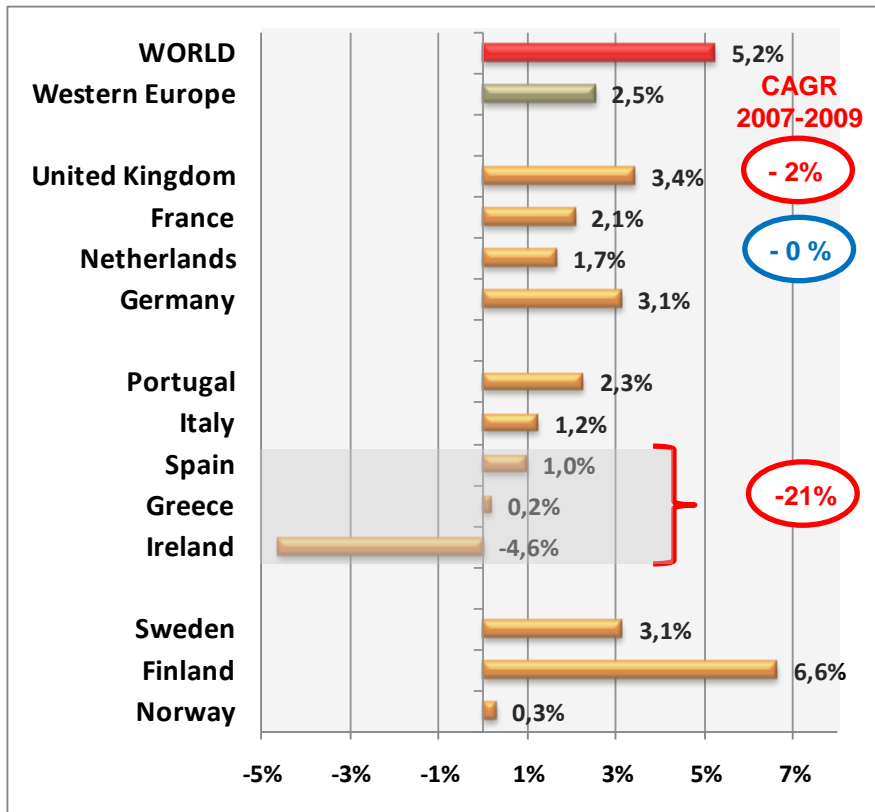
Eastern Europe



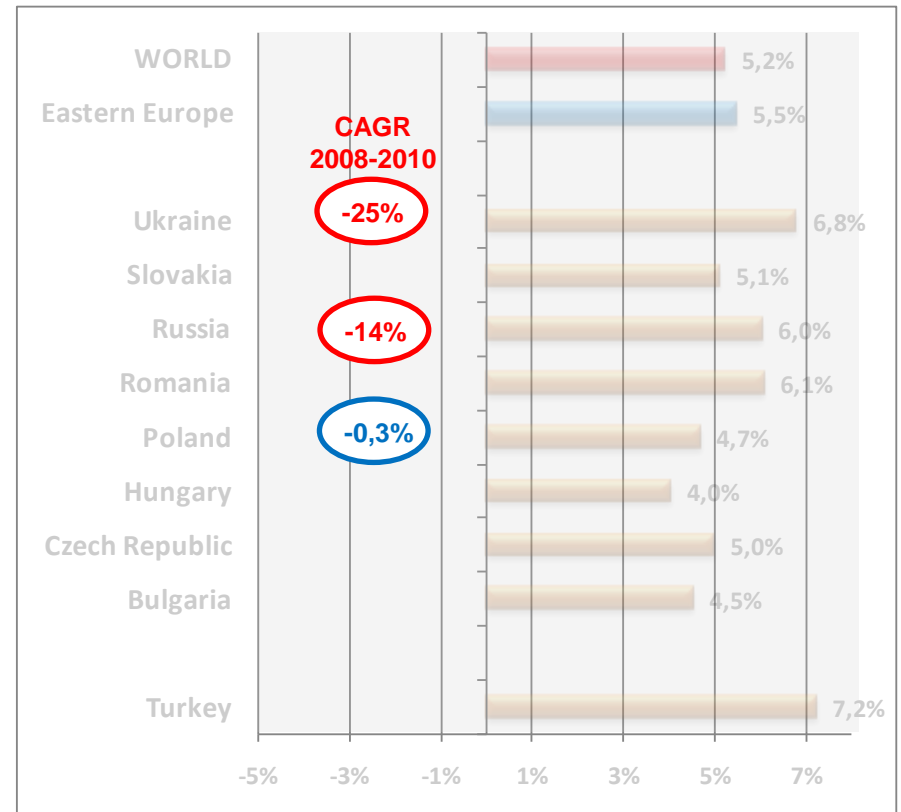


Non-Residential Growth: CAGR 2010 - 2015

Western Europe



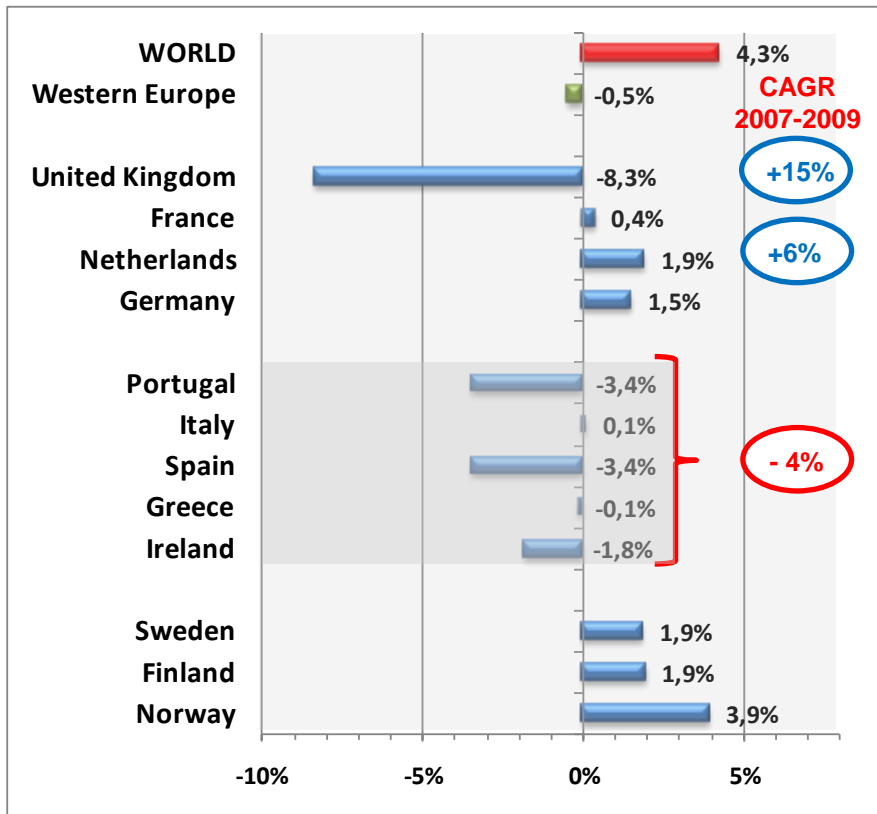
Eastern Europe



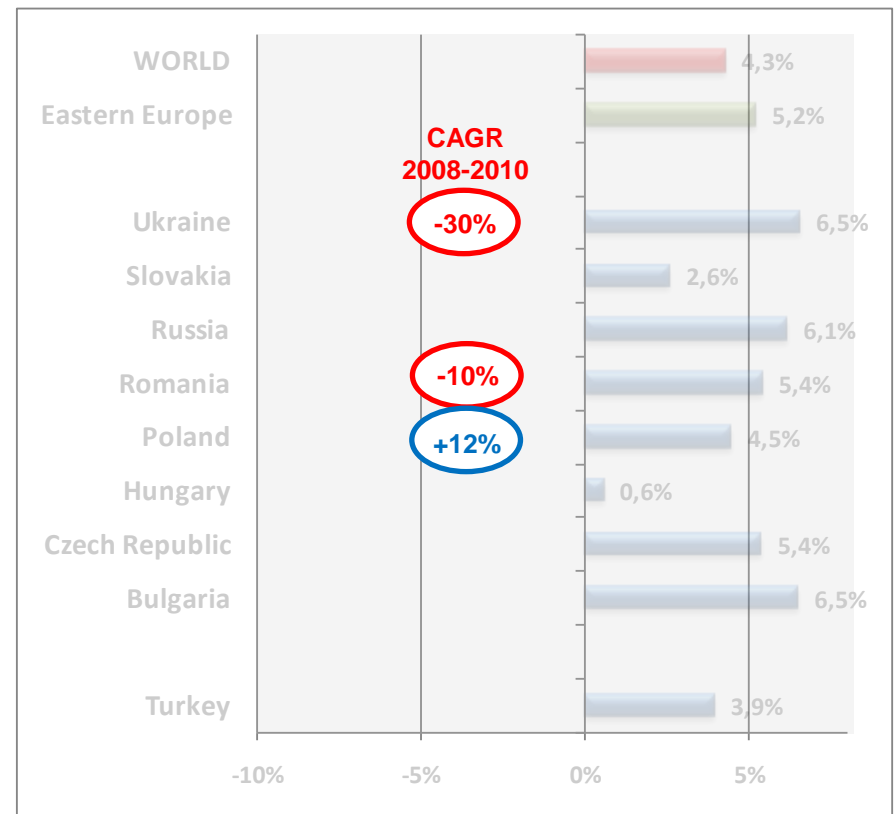


Infrastructure Growth: CAGR 2010 - 2015

Western Europe



Eastern Europe



European Construction in a glimpse

Western Europe

Residential

- ✓ Strong rebound in UK outpacing WE
- ✓ All countries grow after strong corrections, except Spain

Non-Residential

- ✓ Finland leads the growth
- ✓ Nordic countries seem strong in all categories

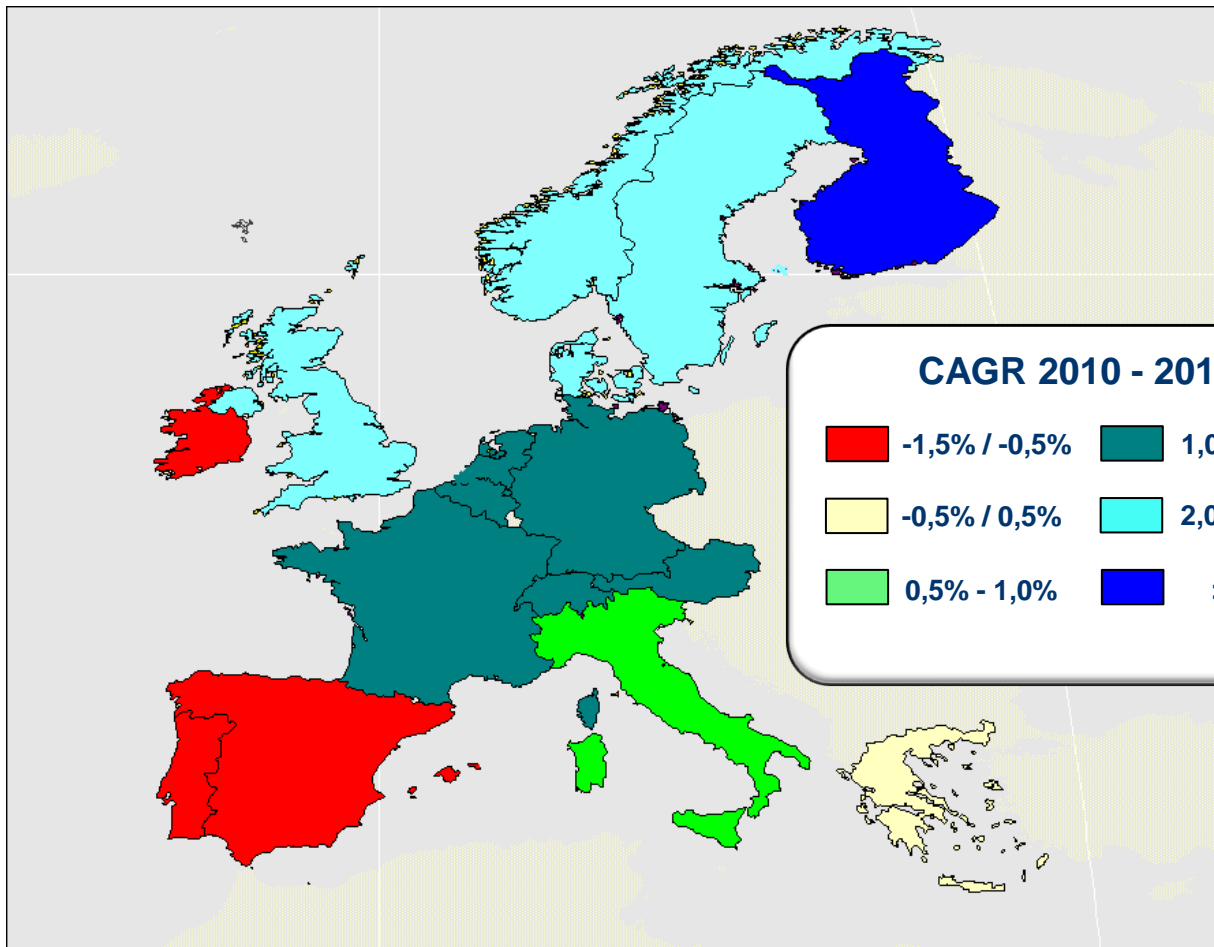
Infrastructure

- ✓ Austerity measures continue to affect the peripheral countries
- ✓ UK suffers the post Olympic investments

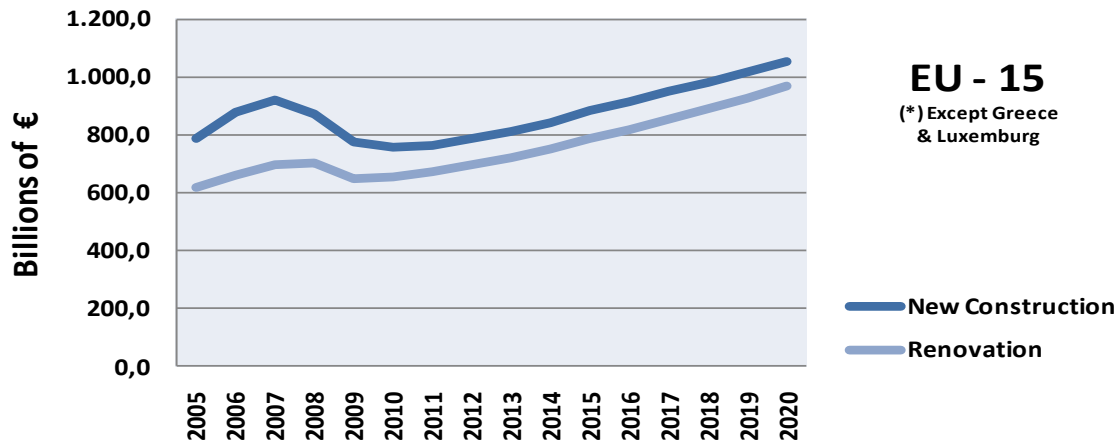
Eastern Europe

- ✓ All countries follow similar patterns in all 3 segments. Non-residential dominates
- ✓ Ukraine and Russia lead the way with strong growth rate (non-res & infr.)
- ✓ Growths start to stabilize after strong corrections in 2008-2010
- ✓ Poland continues growing, with a more stable environment
- ✓ Growth rates will be high but won't hit at all record growths pre-crisis

Total Construction: Western Europe

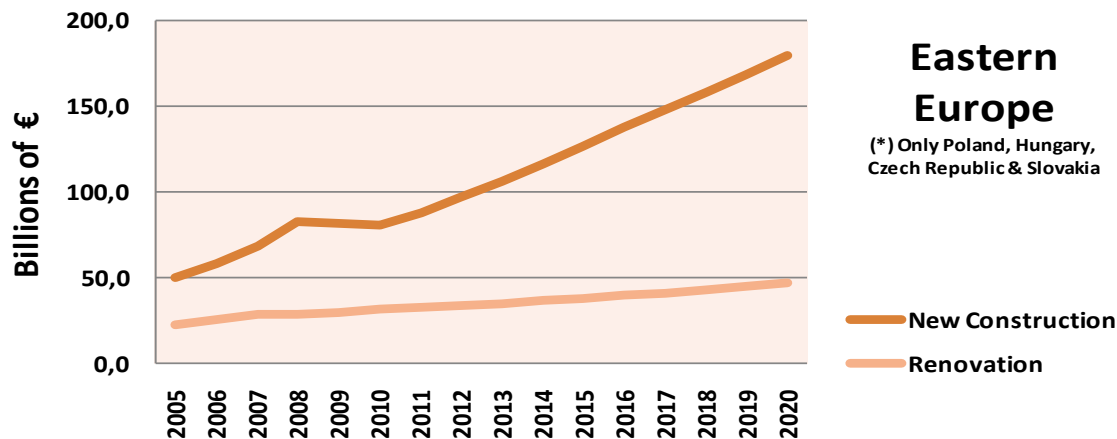


New Construction vs Renovation spending



Western Europe:

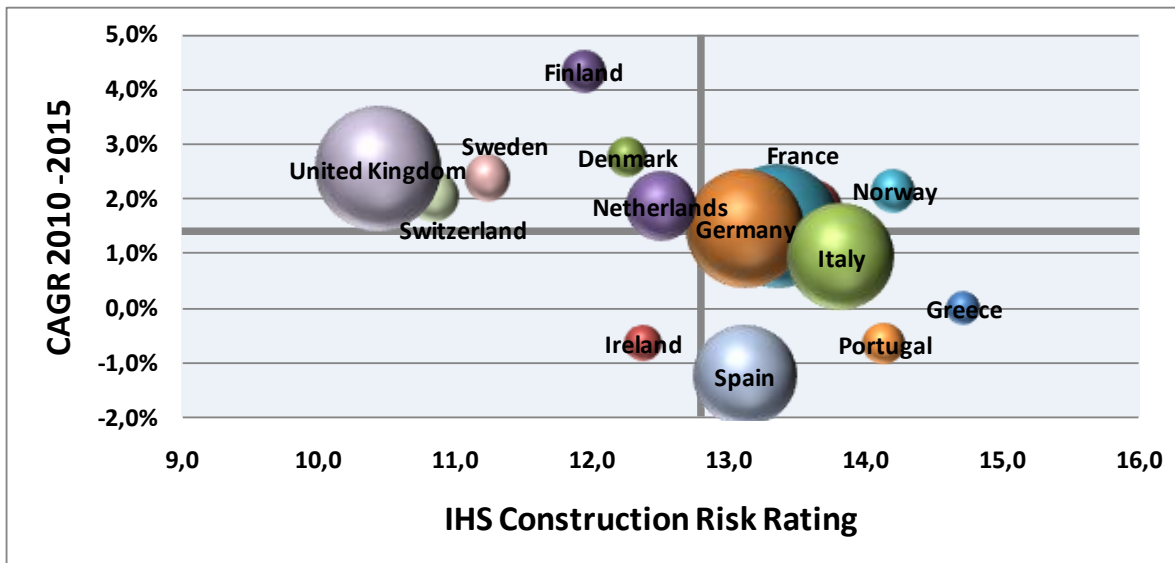
- ✓ change of trend after the crisis
- ✓ similar growth rates in the following years



Eastern Europe:

- ✓ new construction grows 3 times faster than renovation

Growth vs Construction Risk

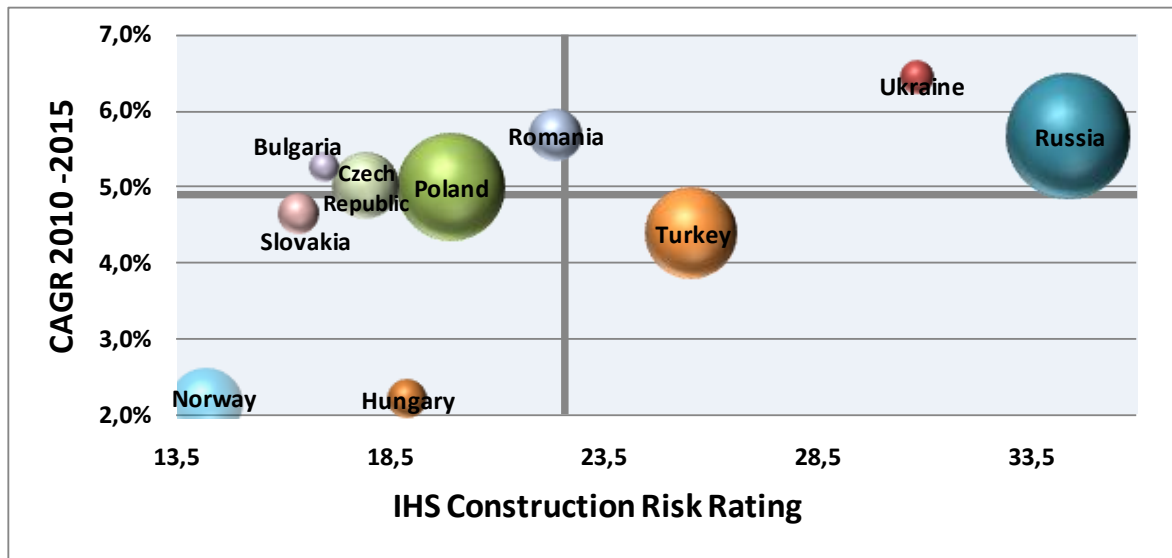


- Western Europe:
- ✓ Clear effect of the Euro debt crisis
- ✓ Peripheral countries with lower than average growths
- ✓ UK, Finland, Switzerland and Sweden look more attractive

How is Risk measured?

- ✓ Relative index
- ✓ Political risk
- ✓ Taxes and transferability of funds
- ✓ Enforceability of Contracts
- ✓ Risk of increased Regulation
- ✓ Transferability of Funds
- ✓ Currency risk
- ✓ Risk of Increased Costs
- ✓ Corruption

Growth vs Construction Risk



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- Eastern Europe:
 - ✓ higher growth opportunities...
 - ...but at a higher risk
- ✓ Need to account for risk premium
- ✓ Poland and Czech Republic continue to rank high in the region



Questions?



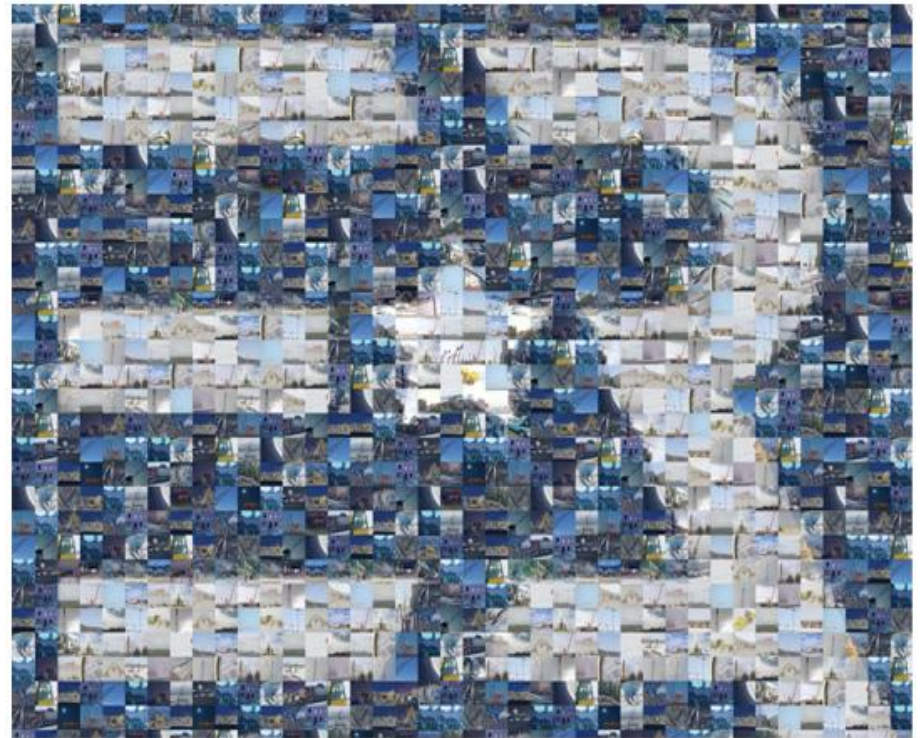
ERA Convention 2011

“Growth Again”

Thank You!

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May, 2011

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