METITO

Infrastructure Investing and the Global Financial Crisis

Perspectives from the water sector

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AGENDA

- The MENA Water Sector
- Metito's Approach
- Effect of the Financial Crisis

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FRESH WATER IN LIMITED SUPPLY AROUND THE WORLD

Global Water

97% Seawater

3% Freshwater

Global Freshwater

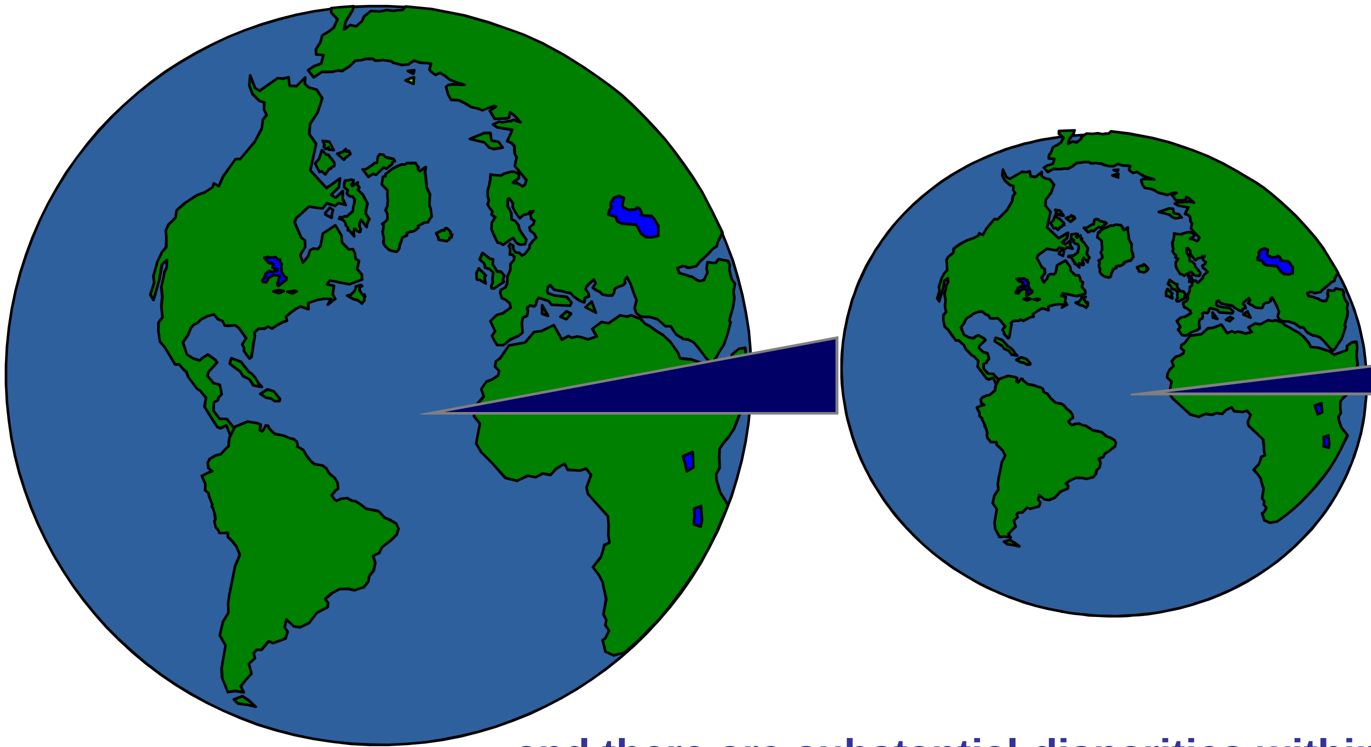
87% Not Accessible

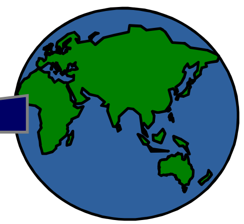
13% Accessible

MENA

1% of accessible freshwater in the world

5% of world population

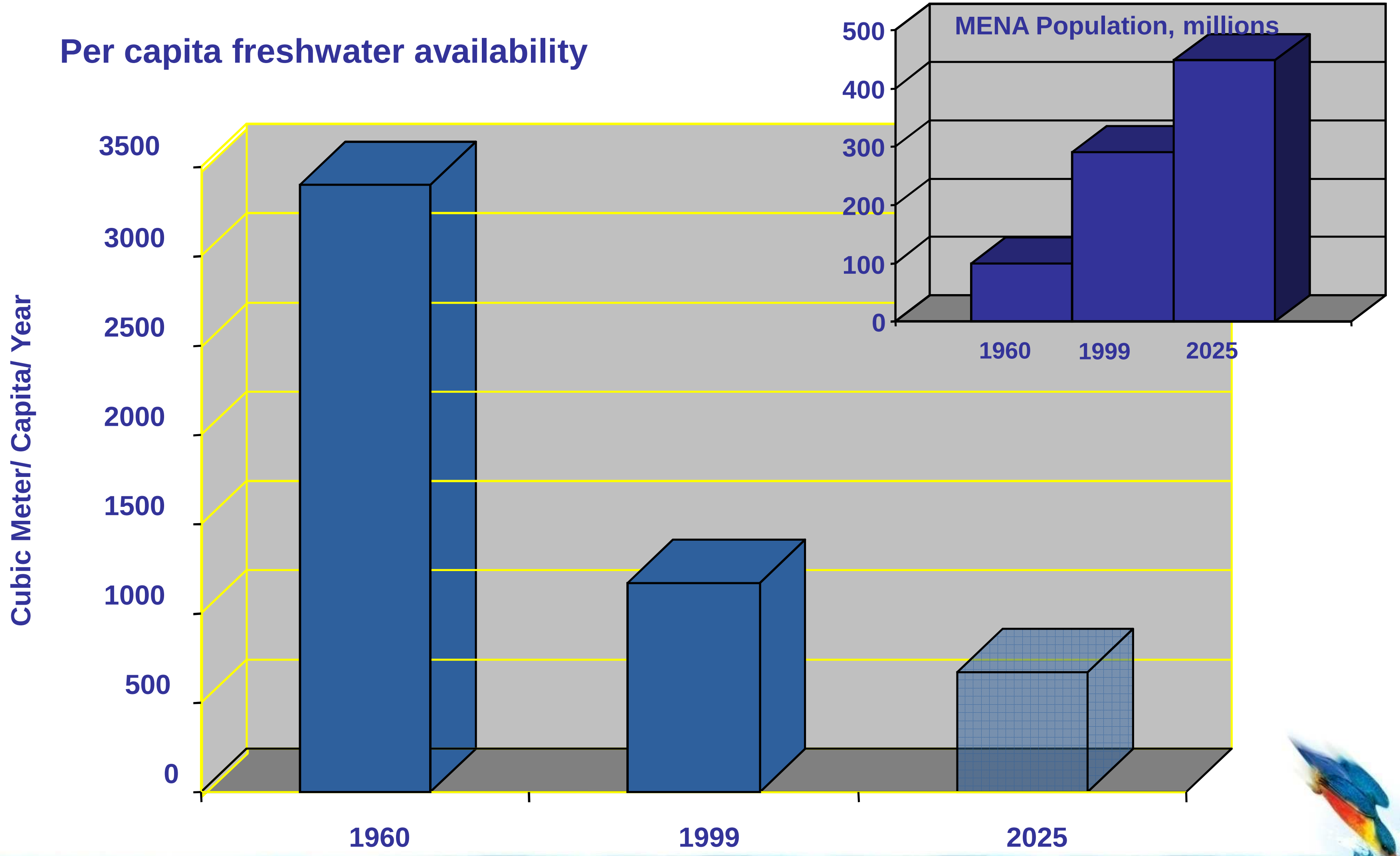




…and there are substantial disparities within MENA

Source:
World Bank, 2006

FRESHWATER AVAILABILITY
Falling to crisis levels in MENA



Source:
World Bank, 2003

WATER CRISIS IN THE MENA REGION

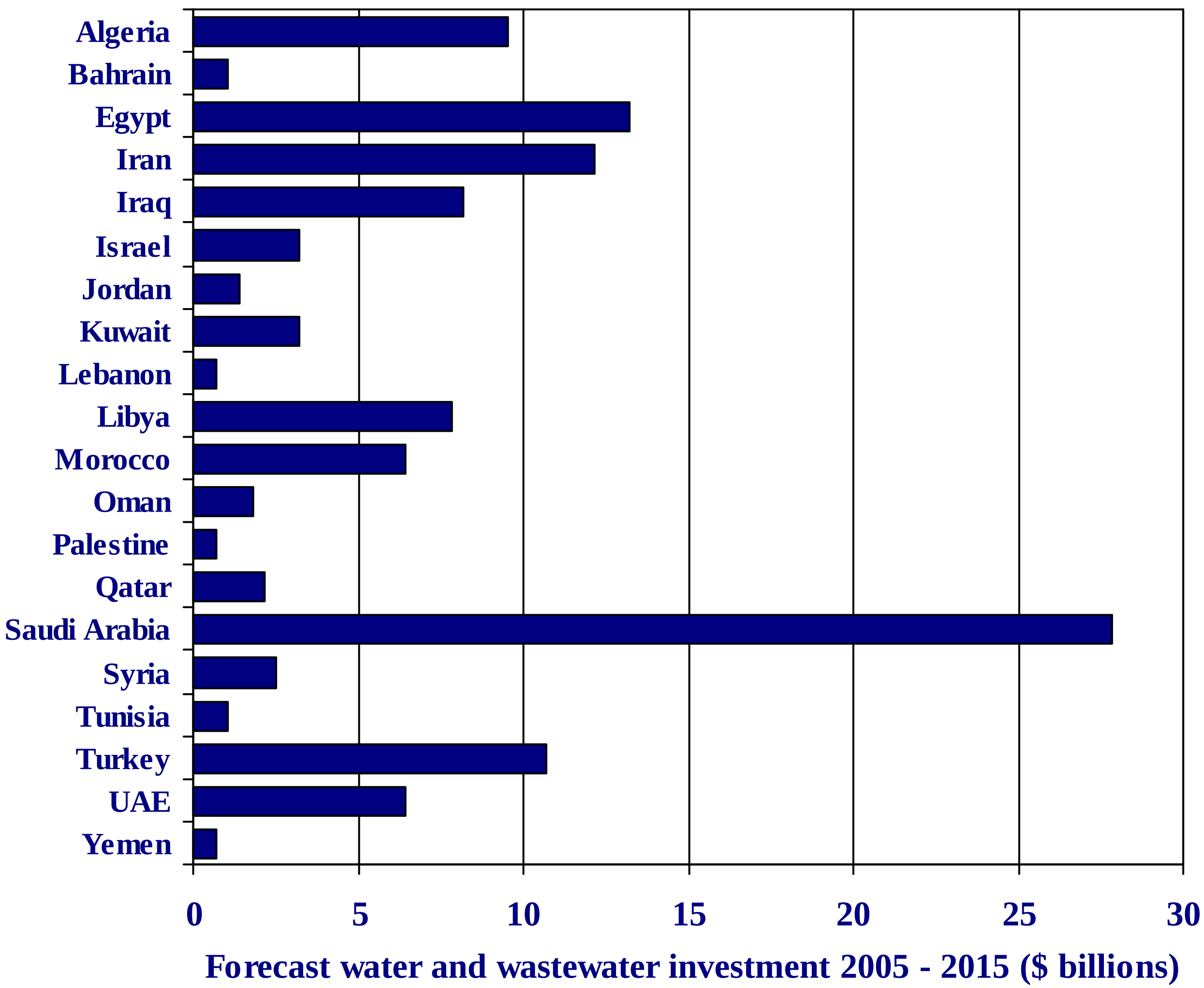
- **About 45 million people in MENA region lack safe water and more than 80 million lack safe sanitation.**

- **MENA region is the driest in the world.**

- **After years of investments, unaccounted for water is still around 50% in almost all MENA countries.**

Source:
World Bank, 2003

$120B TO BE INVESTED IN THE REGION OVER THE NEXT DECADE



Source:
Global Water Intelligence

DESALINATION IS SET TO GROW RAPIDLY

Global Water Intelligence forecasts for 2015

- Largest desalination market in the world remains the Gulf area – with a doubling of capacities

- Largest growth markets will be the Mediterranean Rim, with Algeria and Libya in particular experiencing 300% growth

- Membrane processes, particularly reverse osmosis, will continue to take market share from thermal desalination, with 59% of total new build capacity

Source:
Global Water
Intelligence

KEY ISSUES IN THE MIDDLE EAST

- High non revenue water
- Inappropriate cost recovery
- Limited use of targeted subsidies
- Lack of sound investment planning
- Non-integrated resource management
- Limited environmental impact analyses
- Insufficient capacity building

Private sector needs to get more involved

Source: World Bank 2005 Review of Desalination Needs

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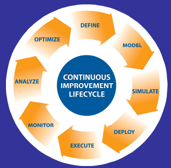
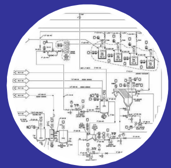
FULL SERVICES WATER COMPANY



Process Design



Detailed Engineering

Manufacturing

Installation & Commissioning

Operation & Maintenance

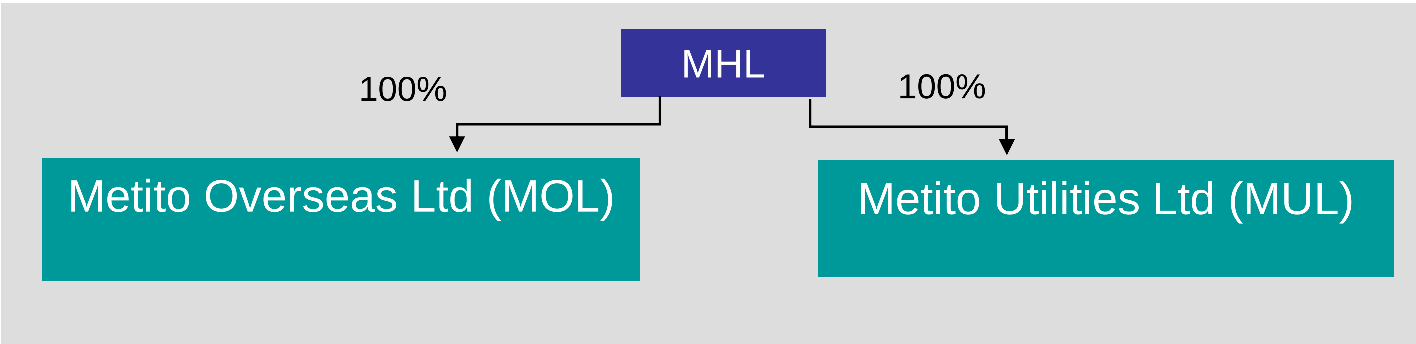
PROJECT FINANCE

- International leader in the water industry
- Established in 1958
- Implemented over 2000 projects
- 19 Plants on BOO, BOT or full concession basis
- Private equity and IFC backed

METITO

METITO OVERVIEW

Metito is the largest Middle-Eastern based privately owned specialized water and wastewater treatment company. Established in 1958, the Group has two principal businesses:



Engineering, manufacturing, contracting, operations and maintenance.

Investment into owning and operating plants.

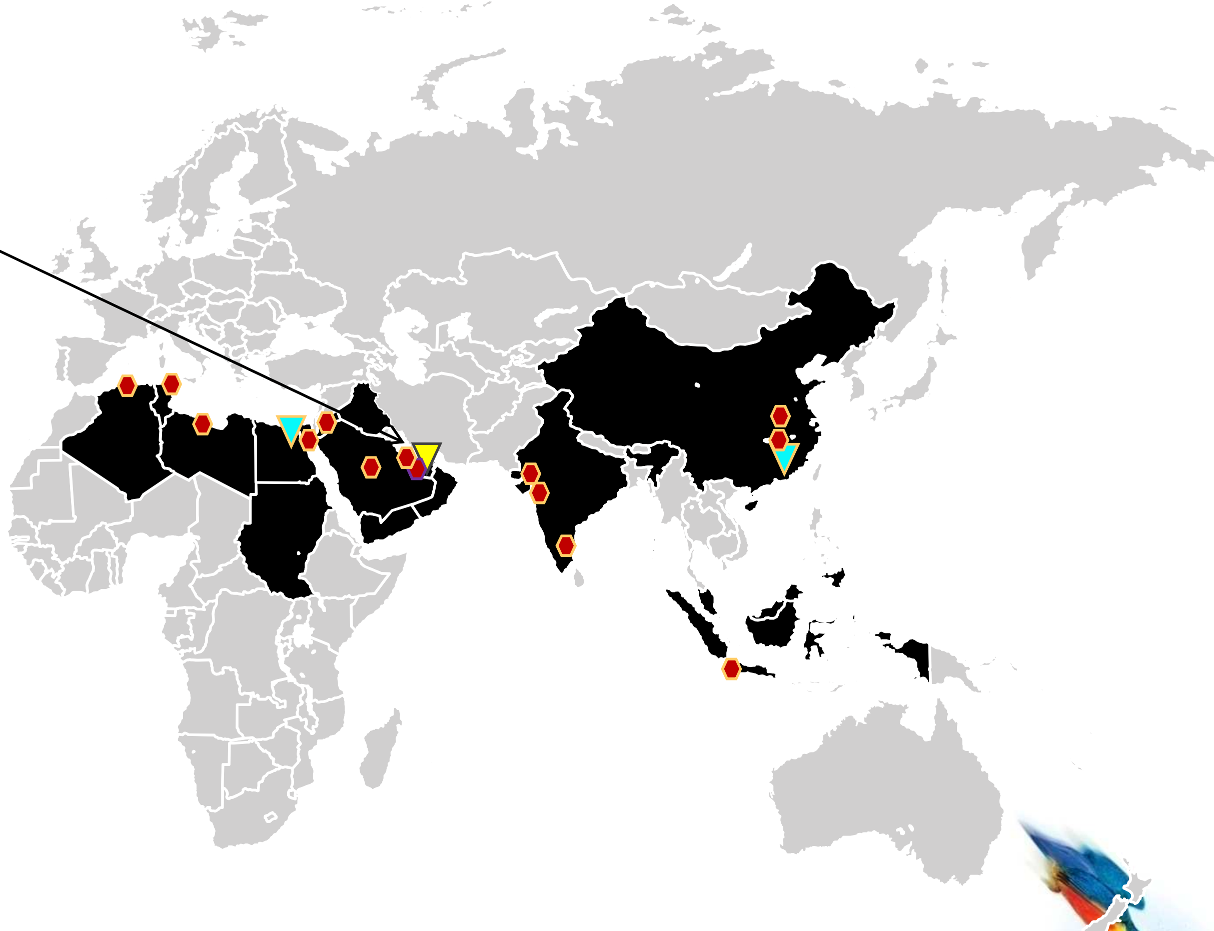
12

OPERATING IN 22 EMERGING MARKET COUNTRIES

Global Headquarters,
UAE

Regional
Headquarters in
- Egypt
- China

Companies / offices

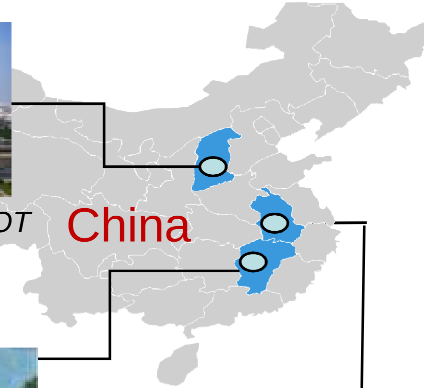


The Group has in excess of 2,200 employees and has developed into the leading water company from the Atlantic to the Pacific

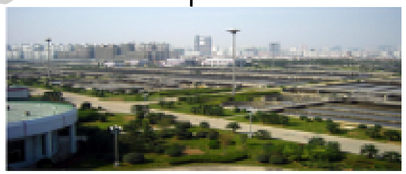
METITO UTILITIES PROJECTS

MUL has 19 projects in UAE, China, Egypt, Bahrain and Indonesia.

Yuan Ping, Municipal TOT & BOT, China



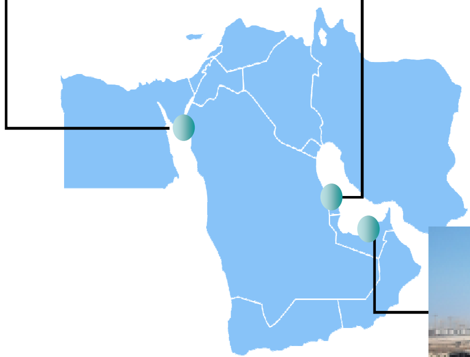
NQP, Municipal BOT, China

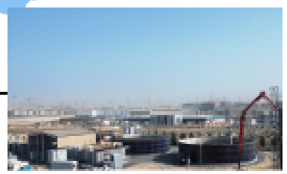


HWC, Municipal TOT, China

Nabq Central, Egypt

Riffa Views, Bahrain





Dubai Investments Park, UAE

Pelindo I & II, Indonesia

14

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KEY THEMES OF THE FINANCIAL CRISIS

- The contradictions of IRR expectations
- The demands of governments
- Small is beautiful
- Each government reacts differently
- China – a model to copy?

KEY THEMES OF THE FINANCIAL CRISIS

- The contradictions of IRR expectations
  - Investors expecting higher returns
  - Cash flowing into safe assets

- The demands of governments
- Small is beautiful
- Each government reacts differently
- China – a model to copy?

KEY THEMES OF THE FINANCIAL CRISIS

- The contradictions of IRR expectations
- The demands of governments
  - Underwritten bids
  - High bid bonds

- Small is beautiful
- Each government reacts differently
- China – a model to copy?

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KEY THEMES OF THE FINANCIAL CRISIS

- The contradictions of IRR expectations
- The demands of governments
- Small is beautiful
  - Project sizes of $50-$250M
  - Opportunity for the water / wastewater sector

- Each government reacts differently
- China – a model to copy?

KEY THEMES OF THE FINANCIAL CRISIS

- The contradictions of IRR expectations
- The demands of governments
- Small is beautiful
- Each government reacts differently
  - Qatar: no effect
  - Saudi: cancel BOT's, go back to EPC's
  - Dubai: considering its first IWPP
  - Libya: consider new laws
  - Egypt: pushing PPP programme forward
- China – a model to copy?

KEY THEMES OF THE FINANCIAL CRISIS

- The contradictions of IRR expectations
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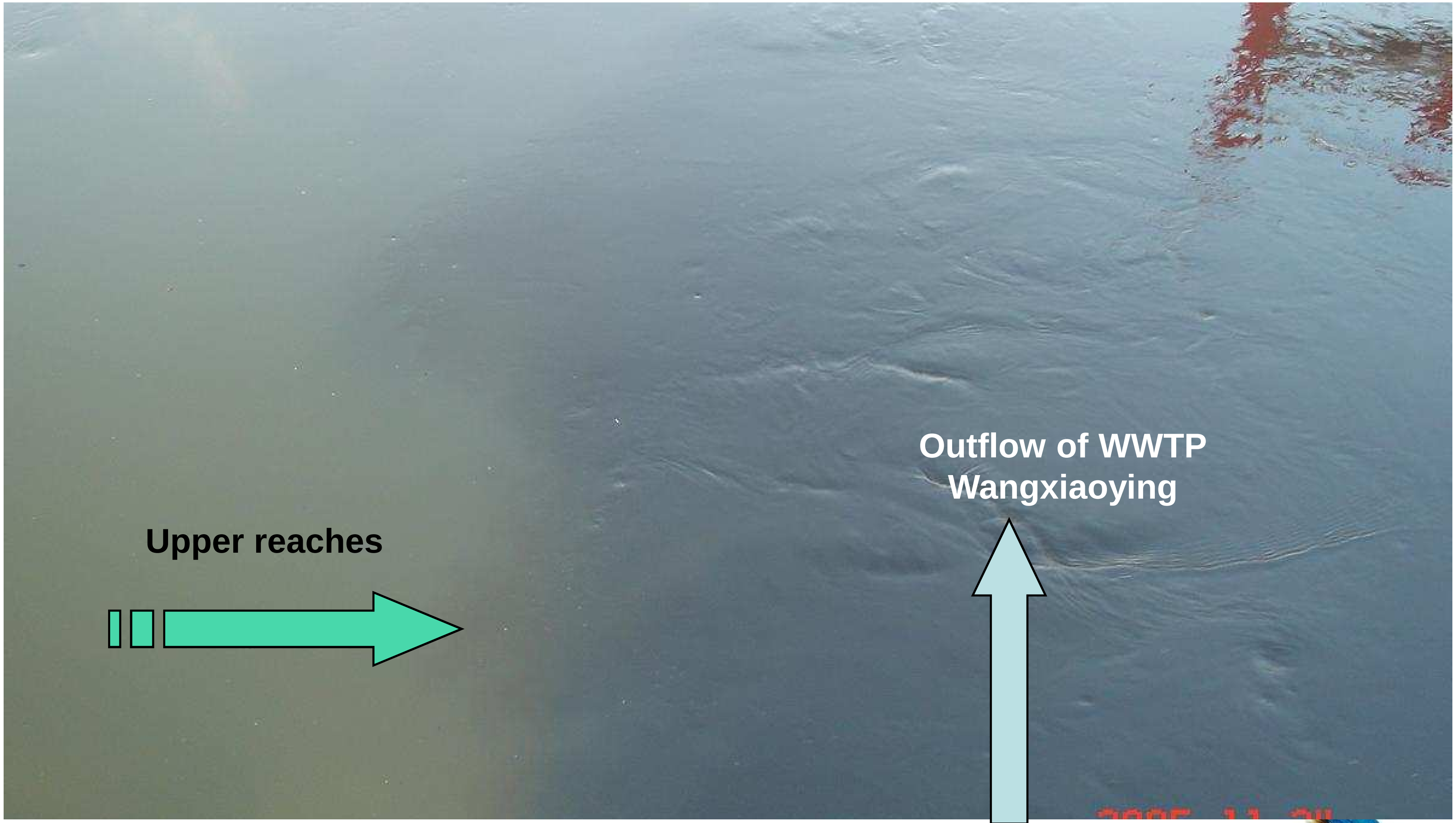
CHINA – A MODEL TO COPY?

- Similar water shortages to MENA
- Huge environmental needs

- $700B infrastructure stimulus package
  - $40B on wastewater alone

- Local banks highly liquid
- Local equity investors very competitive

HEFEI - DISCHARGE POINT IN NANFEI RIVER



NANCHANG – 180,000 m3/d built in 6 months

Commitment to a Cleaner Environment

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