



06

Economic Performance

We have an environmental commitment to develop our activities while always considering the improvement of environmental conditions and maintaining lasting resources for future generations.

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In 2009, Befesa achieved consolidated net profits of 40.9 M€, a decrease of 30% over the previous year.

The Befesa profit and loss account forms part of the Legal and Economic-Financial Report of 2009, which stresses the amount obtained from sales and services over the last three years:

2007= 769.7 M€

2008= 873.4 M€

2009= 721.8 M€

In addition to the exhaustive Economic-Financial information contained in the Legal and Economic-Financial Report of 2009, in this chapter we add a series of indicators of the impacts that Befesa has on its stakeholders, and on the local, national and world systems in which it operates.

Generation of Direct Employment

Befesa contributes to the generation of employment in the places where it operates:

Salary and Wage Expenses (M€)	2008	2009
Salaries and wages	82.7	86.8
Social charges	20.4	21.1
Share Purchase Plan	1.7	1.7
Total salary and wage expenses	104.8	109.6

Generation of Indirect Employment

The acquisition of goods and services by Befesa favors economic development in highly diverse sectors on a domestic as well as international level. The cost of all raw materials and merchandise acquired and all services contracted is as follows:

Cost of Raw Materials (M€)	2008	2009
Consumption and other external expenses	524.1	387.1
Other operating expenses	147.0	166.0

Remuneration to Equity and Borrowed Capitals

During 2008 Befesa did not distribute dividends to its stockholders.

1- Financial expenses for interest on debts and loans: 30,267 M€.

The breakdown of debts with credit entities is as follows:

Financial Debt (k€)	2008	2009
Debts with credit entities L/T	11,105	13,355
Debts with credit entities S/T	12,945	19,913
Financing without resource L/T	344,149	459,913
Financing without resource S/T	44,498	49,009
Debts with affiliate companies	54,173	80,982
Temporary financial investments	(51,212)	(35,563)
Treasury	(100,853)	(102,043)
Total net debt	(314,805)	(485,566)

Economic Performance

Movements of Stockholders' Equity (k€)	Balance at 31/12/2008	Yield Distribution 2008	Other Movements	Balance at 31/12/2009
Share capital	81,612	-	-	81,612
Share issue premium	11,593	-	-	11,593
Reserve for revaluation of assets and liabilities unperformed	98,143	-	(112,789)	(14,646)
Legal reserves	8,679	168	-	8,847
Other voluntary reserves	45,964	1,510	-	47,474
Reserves in consolidated companies	86,338	57,030	(1,607)	141,761
Conversion differences	(4,505)	-	(1,385)	(5,890)
Dividend on account	-	-	-	-
Minority interests	48,057	-	16,152	64,209
Subtotal	375,881	58,708	(99,629)	334,960
Consolidated results of the year	62,744	(62,744)	40,244	40,244
Results attributed to external partners	(4,036)	4,036	(621)	(621)
Results attributed to the dominant company	58,708	(58,708)	40,865	40,865
Total stockholders' equity	434,589	-	(58,765)	375,825

As thoroughly reflected in the Legal and Economic-Financial Report for the year 2009, Befesa has received the following aid from public agencies and institutions:

Economic Aid received (k€)	2008	2009
Capital subsidies transferred to results	1,877	2,456
Operating subsidies	1,207	1,690
Total	3,084	4,146

Contribution to Society

The economic value distributed by Befesa increases with the payment of taxes and social charges, together with voluntary contributions to social and cultural projects.

Taxes constitute an important part of the economic contribution that Befesa makes to society. This indicator is variable and depends upon the various legislations applicable and to the evolution of profits.

The following is the total sum of all taxes paid by Befesa in 2008 and 2009.

List of Countries (k€)	2008	2009
Spain	32,798	14,295
United Kingdom	387	(4)
Sweden	1,658	81
Germany	16,898	2,271
France	4,788	(2,426)
Peru	334	656
Mexico	547	16
Chile	378	141
Argentina	1,145	1,155
Algeria	3	(143)
India	26	759
Malta	-	1,203
Total taxes paid	58,962	18,004

Of the total taxes paid in 2009, 20% correspond to withholdings and income on account for the personal income taxes of employees, made by the various companies and deposited by them with the Tax Authorities.

Furthermore, through its projects and investments in infrastructures, Befesa contributes to the benefit of the general public.

Economic Performance

List of infrastructure projects in 2009 that benefit the community

Description of the project that benefits the public	Description of existing and future positive impacts	Description of existing and future negative impacts
Water treatment works in Spain (Kurkudi, Murcia and Segovia)	Improvements in the drinking water for these populations. The works will benefit 250,000 people.	There are no existing or foreseeable negative impacts
Expansion of the water treatment plant in Santomera (Spain)	These actions will improve the process for obtaining treated water under optimum conditions, which will benefit more than 20,000 people.	There are no existing or foreseeable negative impacts
Qingdao desalination plant (China)	The desalination plant has a capacity to desalinate 100,000 m ³ /day and will be able to supply drinking water to a population of 500,000 people.	There are no existing or foreseeable negative impacts
Modernisation of the Canal del Viar in Seville (Spain)	The project will allow the Canal to be used for irrigation (12,000 ha) and for supplying the city of Seville.	There are no existing or foreseeable negative impacts
Works to reuse the water from the treatment plant in Peñón del Cuervo in Málaga (Spain)	The works will provide irrigation for urban green areas and suburban parks instead of using new resources.	There are no existing or foreseeable negative impacts
Works to modernise the Canal de Estremera irrigation system (Spain)	This project will benefit more than 2,000 hectares in the municipalities of Driebes, Almoquera and Estremera in the autonomous region of Madrid.	There are no existing or foreseeable negative impacts
Contract to modernise the Guadalhorce irrigation channels in Málaga (Spain)	This project will help to prevent the risk of accidents and toxic spills, which could affect the more than 550,000 inhabitants of the city of Málaga, as well as increasing the capacity of the canal.	There are no existing or foreseeable negative impacts

In addition to the direct economic value that Befesa generates and distributes among its stakeholders, it also generates quite a significant indirect economic value in those societies in which it operates. These indirect effects go from the activity that stimulates the customers who work with the company by virtue of the services and products it renders to them, or the suppliers with whom it operates. Such effects may also be obtained from the most general contributions to the soundness and dynamism of the economic systems in which they take place.

The technological innovation and development undertaken by Befesa is a clear example of one of the indirect economic effects of greatest relevance. Investments in innovation have a positive economic impact, since they help local communities where they are made to grow and prosper. It is an efficient and necessary instrument for progress toward a society of sustainable development. Innovation is not an end in itself, as is sometimes the case with research, but instead has the mission of making society into something better. Endeavoring to evolve our current socioeconomic system, that is not sustainable for everyone, into another one that is sustainable and for everyone. Innovation is therefore our commitment to the future.

