



Afi Services for Companies

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1 | Afi Lines of service

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1. Advice on financial strategy

- ❑ We advise multiple entities, companies and public bodies on their **debt and/or refinancing strategies**. This is an end-to-end service and therefore encompasses aspects of the entire financing process, such as:
 - Diagnosis on the optimal financing structure: borrowing versus capital
 - Dividend policy: definition and justification
 - Choice of instrument (bank loan, syndicated loan, promissory notes, bonds, convertible bonds, etc.)
 - Financing terms
 - Choice of currency, taking into account expected cash flows and potential natural hedges
 - Financing terms (benchmark rates, terms, frequency of resets, etc.) including cost estimation as a function of prevailing market conditions
 - Financial risk management
 - Valuation of complex structures (derivatives)
 - Analysis of hedge effectiveness and performance of effectiveness tests

- ❑ This advisory service, which is based on our skills in economic analysis and our proprietary methodology for drawing up financial forecasts, encompasses **not only the strategic decision but also the negotiations with the various parties**, such as the banks.

- ❑ In the financial advisory service we have around **50 client companies of various sizes**: from small companies up to large multinationals which are listed on the IBEX 35.

2. Company valuation

- We have **extensive experience in (financial and non-financial) company valuation**, and in transactions, both of listed and unlisted companies, as well as public companies or bodies, belonging to multiple sectors, both in Spain and abroad, and with a **wide range of objectives**:
 - Valuation of market transactions
 - Estimate of fair value for accounting purposes (impairment test)
 - Independent expert reports for Companies Register
 - Fairness opinion (vis-a-vis the regulator, auditors, rating agencies, investors)
 - Expert reports to different bodies (arbitration tribunals, Spanish Securities Market Commission (CNMV), High Court...)
 - Valuation reports for claims purposes
 - PPA in business combinations
 - Reports on mergers between public entities and/or companies to reorganize the public sector

- **We can highlight the following attributes of Afi for company valuation**
 - In the last two years, Afi has participated in more than a hundred valuations of companies, entities and transactions for different clients, including high-value transactions (more than 30 cases of companies with an enterprise value exceeding €300 million, in the last 2 years).
 - Over two decades' experience in financial market analysis
 - Technical soundness, hands-on experience and independence
 - Negotiation skills
 - Track record in corporate finance: IPOs, M&A, issuance of equity instruments, appraisal of mergers and third-party strategic alliances, etc.
 - Extensive experience in postgraduate courses specialised in Company Valuation

3. Mergers and acquisitions

- ❑ In Afi we advise companies and investors on capital transactions, providing a **comprehensive advisory service throughout the process**, which includes
 - Strategic advice
 - Financial analysis and valuation
 - Synergies modelling and analysis
 - Development of financial structures and advice on finding, negotiating and closing financing.

- ❑ The **capital transactions on which Afi regularly advises are:**
 - Incorporation of shareholders
 - Acquisitions and sales of companies/businesses
 - Public concessions
 - Corporate divestitures
 - Mergers and strategic alliances
 - MBO/LBO/MBI
 - Search for and structuring of the financing required

4. Financial advice on IPOs

Pre-IPO process

- Analysis of the company's suitability for the stock exchange: advantages, requirements, obligations and impacts on the company.
- Analysis of the market's momentum: outlook for financial markets
- Equity story
- Business plan and preliminary objective valuation
- Preliminary design of the capital structure and dividend policy: recommendations
- Review of the financial requirements for listed companies: formal (supervisors) and market (investors' demands)
- Advice on the selection of the underwriting bank
- Monitoring of the calendar
- Regular reporting to shareholders and resolution of specific tasks requested
- Regular management of relationship with supervisors

IPO process

- Assistance with coordination of all parties involved (underwriters, lawyers, due diligence teams)
- Implementation and advice throughout the process: design of the offer structure, support in developing the equity story, financial valuation, coordination and review of the prospectus, advice on pricing, etc.
- Regular production of financial markets analyses to incorporate in the prospectus and in presentations
- Advice and attendance at the various roadshow presentations
- Approaches to potential investors
- Regular reporting to shareholders and resolution of specific tasks requested
- Regular management of relationship with supervisors

5. Advice on debt issuance

- ❑ We regularly provide advisory services to companies on the **issuance of ordinary and innovative debt instruments** (convertible bonds, retail issues...), in relation to various aspects:
 - Defending proposed issue structures and their impact before management and boards
 - Analysis of the cost of issuance: shadow rating for companies with no rating
 - Advice on the public rating process
 - Defending pricing before supervisors, underwriters and investors
 - Transaction structuring, market fit, detection of issue windows
 - Analysis and valuation of structured products and hedging mechanisms
 - Selection of underwriters
 - Transaction execution: management of administrative processes (support in prospectus drafting, dialogue with supervisors) and the relationship with the underwriters.
 - Ongoing assessment of issues and advice on accounting impact
 - Value-added market intelligence on convertibles for issuers (credit spread implicit in the convertible bond)

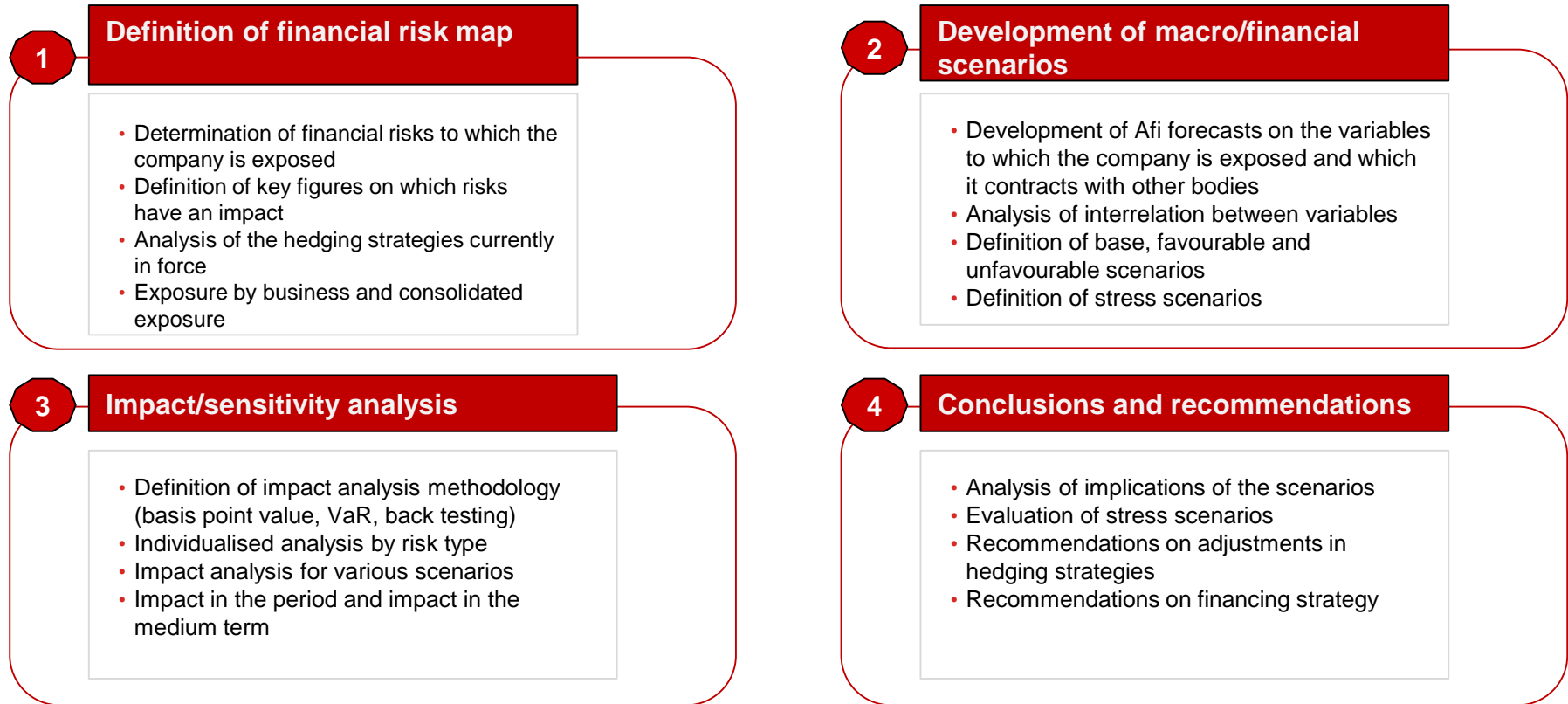
- ❑ Afi is a registered adviser of the Fixed-Income Alternative Market (MARF)

6. Investment projects, concessions and privatisations

- ❑ We advise companies and other investors on the **analysis, valuation and modelling of their investment projects**. The analysis we perform makes it possible to:
 - Determine the project's investment requirements
 - Develop the business plan (cash flow projections)
 - Evaluation of the scope for leveraging the project based on debt repayment capacity analysis
 - Negotiate the financing terms with the banks
 - Evaluate the viability of the proposed project or transaction
 - Determine the project's risk and implied shareholder returns
 - Estimate hurdle rates of return on international projects (country risk assessment)
 - Make the case for investment decisions to the Board, other decision-making bodies and external agents
 - Calculate the concessional fee and analyse the feasibility of the concession
 - Estimate the authority's income from the sale of assets and public companies

- ❑ In addition to the development of its own financial models, **Afi also reviews or audits models developed by others**, evaluating the model's consistency and its results, in order to give the client and financial institutions confidence in their investment decisions.

7. Financial risk management



Valuation of financial instruments and hedge effectiveness test

8. Sector analysis


- ❑ We research **sectors and subsectors of the Spanish economy** at the national and regional level, as well as conducting international sectoral research. In our reports we analyze demand factors, the business landscape, the regulatory environment, threats and opportunities and all the variables that are relevant to profiling a given sector.
- ❑ Afi has significant experience in multiple sectors, with **specific specialisation in:**
 - Energy
 - Tourism
 - Retail
 - Telecommunications
 - Renewable Energies
 - Construction/Real Estate
- ❑ We advise non-financial companies on how to structure their business plans by preparing strategic plans and other **documents to flesh out and support management's big picture strategic vision.**
- ❑ These strategic plans are underpinned by detailed analysis of the sector and the company's competitive positioning and provide the foundations for developing strategy and specific lines of initiative.

9. Advice on international expansion strategies

- ❑ Assessment of country risk
- ❑ Estimates of cost of capital in international projects
- ❑ International market studies
- ❑ Structuring of financing Source of official financing and other support
- ❑ Valuation work and viability analysis for international projects
- ❑ Mergers, acquisitions, international alliances:
 - Company analysis
 - International investor searches
 - Negotiation advice
- ❑ Review of and advice on cross-border transactions

2 | Selected credentials


Afi's attributes as corporate financial adviser




Track record dating back over two decades in **analyzing Spanish and foreign financial markets** and providing ongoing advice on investing and financing decisions.



Extensive experience in **company and project valuation, both in Spain and abroad**



Track record in corporate finance: IPOs, M&A, issuance of equity instruments, appraisal of mergers and third-party strategic alliances, etc.



Lead adviser in investment decision-making in a major part of the **main Spanish and international institutional investors**; pension funds, insurance companies, family offices and private banking, private equity and hedge funds.



Ongoing monitoring of public accounts, and **in-depth knowledge of the Spanish and international financial system**, having participated in most of the concentration processes of the Spanish financial sector.



Extensive presence in Spanish and international media, with major recognition in terms of generating rigorous and independent opinion.



Independence and absence of **conflicts of interest** with other services, such as auditing

Advisory services to listed companies: selection of companies (I)



- Transaction valuations



vodafone

- Analysis of cost and debt level to be assigned to Vodafone Spain
- Advisory services on debt restructuring



- Advice on monitoring of financial markets
- Advice on estimating cost of capital



- Ongoing corporate financial advice



- Debt diagnosis for subsidiaries in Latin America
- Advisory services in the calculation of the cost of capital for electricity companies
- Expert reports



- Economic valuation of intragroup transaction



- Financial modelling for concessions
- Ongoing valuation of derivatives and accounting hedges



- Analysis of economic importance of Deoleo



IBERDROLA

- Ongoing corporate financial advice
- Ongoing valuation of derivatives and accounting hedges
- Financial risk management

ADOLFO DOMINGUEZ

- Advice on refinancing process



- Ongoing valuation of derivatives and accounting hedges



- Financial modelling for concessions



- Valuation of derivatives and effectiveness test

Advisory services to listed companies: selection of companies (II)

INDITEX

- Advice on financial risk management
- Ongoing valuation of derivatives and accounting hedges



- Comparison of methodology for estimating cost of capital in international projects



- Monitoring financial markets



- Company valuation and advice on searching for capital



- Transaction valuations

ferrovial

- Advice on financial risk management
- Ongoing valuation of derivatives and accounting hedges



- Development of business plan for their refinancing process



- Analysis of the target economic remuneration of renewable energies



- Advisor in estimating costs of financing in line with market conditions



- Financial risk map

ABENGOA

- Concession valuations
- Transaction valuations
- Advisory service in issues
- Advisory services in the calculation of the cost of international capital



- Ongoing advice on financial risk management



- Transaction valuations
- Valuation of complex instruments



- Advice on raising capital



- Annual report on payment methods

2. Afi's credentials

Main unlisted client companies



Sector analysis: selection of companies (I)



- Coordination of the Observatory for the Analysis and Economic Development of the Internet



- Estimate of the economic impact of the ICT sector in Spain. Ad-hoc development of a satellite account of the sector



- Analysis of the coach transport sector and the impact on citizen mobility.



- Preparation of the annual report of the pork industry in Spain EXCELPORK Plus Report



- Characterisation of strategic sectors of the Spanish economy (construction, energy and tourism). Evaluation of their economic weight, the business structure and level of internationalisation.



- Analysis of the economic impact of the tax system of the tobacco sector in Spain



PHILIP MORRIS INTERNATIONAL

- Analysis of the determining factors and the recent evolution of illegal tobacco trafficking and its impact on the Spanish tobacco industry.



- Economic impact on Spain of the proposal for the European tobacco products directive.



- Leasing in the Spanish economy. Evolution, relations with GFCF and economic weight



- Drawing up the study, "Insurance in the Spanish society and economy: socio-economic appraisal of a necessary industry"



- Preparation of a Report on the outlook for tourism for EXCELTUR, an association made up of 24 of the largest Spanish business groups in the tourism sector.



- Monthly analysis of the job market offering forecasts for occupation and analysis of all the indicators of the Spanish job market.



- Socio-economic appraisal of the energy use of biomass and biogas in Spain.

Sector analysis: selection of companies (II)



- Advisory services for the Ministry of Housing (current Ministry of Public Works) designing and implementing housing policy measures.



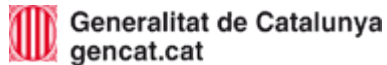
- Ongoing financial and regulatory advice and market analysis for the *Grupo G-14 de Inmobiliarias por la Excelencia*



- Validation of the loan valuation model developed by Sareb and in the review of the procedure for determining PD.



- Housing Observatory of Madrid 2006-2007 / 2008-2009 in joint venture with TINSA, on a mandate from the Council of Madrid



- Quantification and characteristics of housing demand in Barcelona and surrounding counties conducted through surveys



- Advice in its TINSA purchase process in relation to analysing the situation and outlook for the real estate sector and the regulatory environment of the appraisal sector



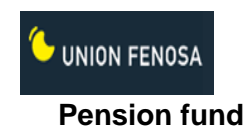
- Preparation of seven editions of this report to be presented in the SIMA Madrid real estate exhibition



- Analysis of the situation and outlook for the real estate and mortgage sector, from a national and regional point of view.

2. Afi's credentials

Main clients, investment institutions



Clients, financial institutions





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