

## DYCASA (DYCA)

Results for 2<sup>nd</sup> quarter, June 30<sup>th</sup> 2001

The company maintains an interesting portfolio of new works. The fall in the Sales originated by the present recession is not reflected accordingly in its Net Results due to the protection of being a holding of large range of infrastructure businesses. The flow from its "Investments" shows that now it is time to get cash back. PER is extremely attractive and the company has being distributing cash dividends by a 15% of current quotation, while the stock-exchange investors seem to watch for other markets or papers.

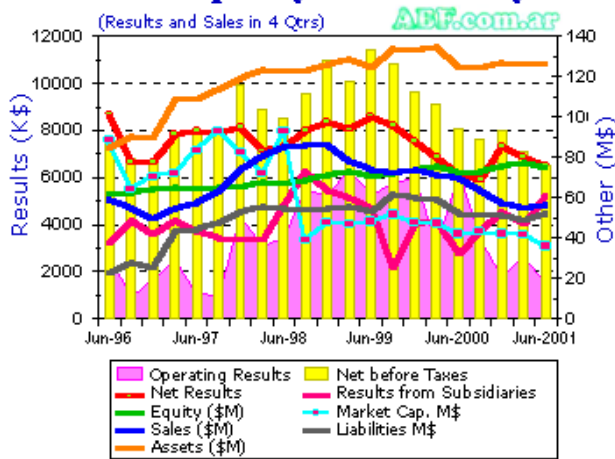
**Recommendation: Strong Buy**

### Business Evolution

If you analyze Dycasa in two main segments: Holding of companies and Construction Services, you'll conclude that the first segment is acting as a protective shield at this moment of crisis.

- Route 2 to Mar del Plata (Covisur), where there are good profits during the time of summer vacation and then a great part is lost to maintain a route with little traffic- and concurrently the toll have been reduced,
- Route 3 to Bahía Blanca (Semacar).

### Company Summary



Whereas Net Sales for last 12 months of the first segment lowered only a 6.6%, the corresponding for the second it did it in a 19,1%. Incomes from highway's toll have grown in that period a 5.2%, surely due to greater shareholder participation in the highway Rosario - Santa Fe and by the new highway to access the city of Salta. The Income from Works and Services by UTEs (Temporarily Joint Ventures) suffered the greatest impact: a loss of 26.7% whereas the talent, via the sale of Services to Third Parties has raised an 8.7% (consolidated).

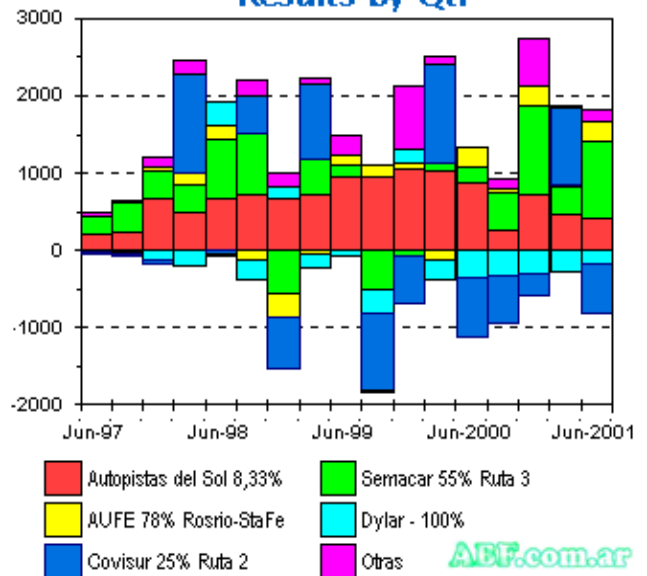
The first segment also provided a significant part of its Net Results. Traditionally, the Results of Permanent Investments provided 50 to 65% of Net Results, but during the last 12 months it contributed in a 80% of the total, and we should take into consideration that in this period the company did not paid Taxes for the earnings of its own operations. Who follow to us should remember that we stressed this before.

### Subsidiaries and Related Companies

The three main Subsidiaries and Related Companies are:

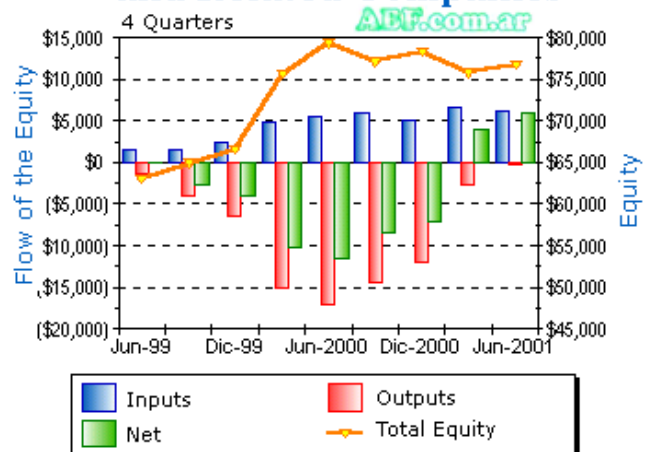
- Autopistas del Sol, one of the most important highways in Argentina, who's Net Results have been reduced,

### Subsidiaries and Related Co. - Results by Qtr



We should also mention again the Highway Rosario - Santa Fe (AUFE), with better results due to a greater participation in the Capital and Dylar, the constructor of houses who contributes its traditional losses, although - so

### Flow from Subsidiaries and Related Companies



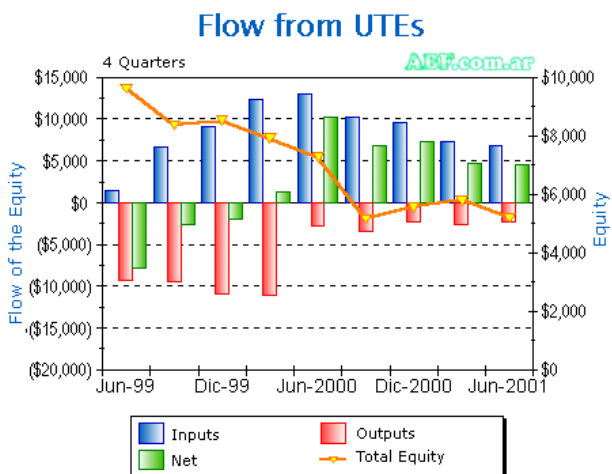
far to except every time are slightly lower. As palliative on Dylar, way should say that when the towers of houses are constructed they may use the services of Dycasa, if there are them idle, serving as source of work at the moments of low activity.

It is interesting to analyze the flow of the involved bottoms for Subsidiaries and Related Companies. Because until first half of 2000, Dycasa maintained a very aggressive sequence of investments in this segment, that now not only has stopped but it is in an involution process. This is due to credits for cashed dividends and also due to a sale process to Dragados (the Parent Company) a part its Related Companies. They announced the sale of Urbaser (Processing of Domiciliary Dust Pan) and his UTE, AGBA (Waters of Great Buenos Aires) and SEMSA (Waters of Province of Misiones), where Dycasa already received \$M 6.0 against the account of price.

**Construction and Services**

Construction and Services Segment have been impacted by recession. It underwent a strong reduction that may have stabilized: the Total of Works and Services that reached \$M 86.4 during 1998, have been decreasing almost continuously during 8 quarters, until reaching \$M 54,7. Now, a small increase took place and perhaps it indicates the beginning of a reverse period. Because in spite of the crisis Dycasa has been signing new contracts, as the construction of section B of new line H of the Metro in the Federal District, the construction of the Tower of the Bank of Galicia, the San Martín Channel in Mendoza Province (\$M 16.4) and the remodeling of the Port of Quequén, where it participates in 70%. Due to these business the company thinks this year to increase its Revenue.

The size of the businesses ahead, combined to the present context of the country (financial problems and expected delayed or reduced payments from the National Government), have suggest for the sale of some business with the help form the Parent Company.

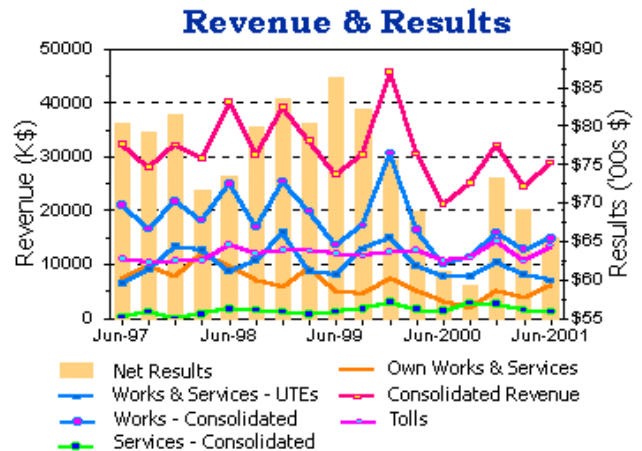


**Balance and Net Results**

Dycasa reported a profit of \$M 1.1 in its second quarter of 2001, \$M 2.5, in the 1<sup>st</sup> half, that compare with similar

previous quarter profits and a profit of \$M 3.3 for 1<sup>st</sup> half 2000. Profits for last 12 months were \$M 6.5 that compares to \$M 6.1 of last year and to \$M 6.9 to the previous quarter.

We may conclude that the Result Statement is not reflecting the crisis that affects Argentina, where indeed the Sector of the Construction has been one of the most affected.



Their Assets are now stable, after a strong growth experienced during 1997-1999. It shows an increase in the Current Assets as a consequence of the growth in the Credits by Sales (+28.7% respect to previous quarter and + 6.3% respect to the previous year with a lower Revenue).

Their Liabilities have been lowering from a top in Set'99, showing a continuous increase in their Ownership Index. The Equity shows also a continuous growth, still in spite of the constant decrease due to annual payment of cash dividends. Bank loans have lowered significantly (50 % in a year). In correlation with the increase in the Accounts Receivables, compensated with the increase of Accounts Payables in UTEs.

**Perspectives:**

Traders are not usually present in Dycasa. Although there were an increase in operations, is it difficult to predict tendencies. But those that look for investments in the long range in Argentina will find in Dycasa one of the best stocks to be in. The company may not be part of the Portfolios of the Pension Plans (AFJPs), and then minority stockholders were limited of a big demand of their shares. But, on the other hand, Dycasa was included in a Pension Fund Portfolio of one of the most important companies in the world.

Dragados, the Controlling Holding, has been buying stocks, but perhaps to provide liquidity to the market instead of becoming a greater participant in the Capital. Measured in terms of the Floating, the participation of Dragados in the market has been very strong, but showed no intention now to take advantage of the current extremely low stock prices. This may be interpreted as a "not support" for these prices. In this way, it seems that the attitude of Dragados may be positive for the minority stockholder.

Floating has been migrating strongly from external investors (who went out with the 1998 crisis) to quite calm domestic investors. Dycasa is a stock for those interested

in the evolution of the business and cashing dividends to get a quick money back and to feel that "everything runs OK".

Some of them may be not too worried about the price of the stock. If you do not need the cash, lower quotes make the reinvestment very attractive. The investor who looks for solid companies and with acceptable dividends will find in Dycasa an ideal option. The Company has been paying 14¢ of cash dividend per year, and this represents a 15% of the current stock price, and the Equity is continuously growing. PER is very low, and the strong fall of prices with the stock-exchange crisis at the end of 1998 was not a balanced advance of smaller profits, giving the appearance of being Dycasa the exception to the rule of which " the

market is anticipating". But this fault of the market gives to long range investors to an excellent opportunity. If you have time and try to assign value to your Assets, you'll surely find this stock very attractive.

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