

Telvent Announces Third Quarter 2004 Financial Results

- Revenues Increase 24.8 % to €72.7 Million Year-Over-Year.
- Net Income Increases 54.8 % to €2.7 Million Year-Over-Year.
- Telvent completes its initial public offering raising net proceeds of approximately \$77.4 million, including \$4.6 million related to the subsequent partial exercise of the over-allotment option.
- Completed the xwave acquisition in July 2004.

Madrid – November 29, 2004 – Telvent GIT, S.A. (NASDAQ: TLVT), the Global RealTime Information Technology Company today announced financial results for the third quarter ended September 30, 2004.

Telvent's third quarter 2004 revenues totalled €72.7 million (which includes revenues generated by our temporary consortiums), an increase of €14.4 million or 24.8 percent, versus €58.3 million reported for the third quarter of 2003. Revenues for the nine months ended September 30, 2004 totaled €199.2 million, an increase of €33.2 million or 20.0 percent, versus €166.0 million reported for the nine months ended September 30, 2003.

Third quarter 2004 net income increased to €2.7 million, an increase of €1.0 million or 54.8 percent, versus €1.7 million reported for the third quarter of 2003. Earnings per diluted share for the third quarter of 2004 were €0.14, compared to €0.09 per diluted share in the third quarter of 2003.

Net income for the nine months ended September 30, 2004 totaled €6.4 million, an increase of €4.2 million or 188.4 percent, versus €2.2 million reported for the nine months ended September 30, 2003. Earnings per diluted share for the nine months ended September 30, 2004 were €0.32, compared to €0.11 per diluted share for the comparable nine-month period in 2003.

Pro forma net income for the 2004 third quarter was €3.8 million, an increase of 47.3 percent, versus €2.6 million for the third quarter of 2003. Pro forma net income for the first nine months of 2004 was €9.8 million, an increase of 106.5 percent, versus €4.8 million for the first nine months of 2003. Pro forma net income excludes the amortization of intangible assets from our NMS Division of Metso and Xwave acquisitions purchase price allocations, stock compensation plan expenses and mark to market hedgings, that we believe are not indicative of our core performance or results.

Pro forma earnings per diluted share (EPS), for the 2004 third quarter was €0.19, versus €0.13 for the third quarter of 2003. Pro forma EPS for the first nine months of 2004 was €0.49, versus €0.24 for the nine months ended September, 30 2003. A reconciliation between net income on a GAAP basis and pro forma net income is provided in this release

in a table immediately following the unaudited condensed consolidated financial statements.

Operating expenses for the quarter have remained stable as a percentage of revenues on a year-to-year comparison. However, the cumulative figure for the first nine months of the year shows a decrease from 18.5 percent in 2003 to 17.0 percent in 2004.

Income from operations, as a percentage of revenues, grew from 6.3 percent in the third quarter of 2003 to 7.0 percent in 2004, representing 39.0 percent growth, year-over-year. For the first nine months of 2004, income from operations was 5.4 percent, as a percentage of revenues, versus 3.2 percent in the same period of 2003.

For the nine months ended September 30, 2004, free cash flow, defined as operating cash flow net of property, plant and equipment additions, was €(12.9) million. Operating cash flow for the same period was €(9.8) million and equipment additions were €3.1 million. For the same period of fiscal 2003, free cash flow was €(14.6) million, operating cash flow was €(9.4) million and property, plant and equipment additions were € 5.2 million.

Total debt at September 30, 2004 was €31.9 million.

Manuel Sánchez, Chairman and Chief Executive Officer, said, "We are very pleased with the results of our third quarter. Our increasing sales momentum is reflected in revenue growth, operating margin gains and a stronger bottom line, all of which have improved compared to the same period last year.

"We achieved this strong performance thanks to the dedicated efforts of our 2,300 employees globally. Our robust business model, along with our track record of superior execution of our services, has enabled us to respond quickly to new business opportunities in the marketplace. As an example, we closed the acquisition of Xwave's IT services business in western Canada on July 31, 2004, and have successfully integrated the team into our existing North American operations.

"While remaining focused on our regular business operations, our dedicated team also successfully managed the challenge of completing our initial public offering and listing of our shares on Nasdaq.

"One of the most important things for us is to deliver what we promise. We have strong fundamentals and, based on our solid bookings and increase in backlog, we believe that we will meet our revenue and EPS targets for the year 2004.

"Our overall margin improvement, combined with our revenue growth, is the basis for a more robust business model and positions us well for the future."

As of September 30, 2004, Telvent had cash totaling €17.6 million compared to €27.7 million as of December 31, 2003. Net proceeds from Telvent's initial public offering on October 21, 2004 and Telvent's portion of the subsequent partial exercise of the overallotment option were received after September 30, 2004 and will be reflected in the fourth quarter 2004 financial results.

Initial Public Offering

In October 2004, Telvent completed an initial public offering of ordinary shares. In connection with the offering, Telvent offered and sold 8,700,000 ordinary shares at a price of \$9.00 per share. Net proceeds from the initial public offering, after deducting underwriting discounts, were approximately \$72.8 million. Subsequent to the initial sale, Telvent announced the partial exercise of the overallotment option to purchase an additional 655,000 ordinary shares, 547,100 shares of which were purchased from Telvent. Telvent received \$4.6 million of the net proceeds from the issuance of the additional shares.

Xwave Acquisition

On July 31, 2004, Telvent acquired the western region business unit of Xwave Solutions, Inc., for €1.9 million. Xwave specializes in customized IT for a variety of sectors, mainly oil and gas, primarily in Alberta, Canada.

Segment Discussion

Energy

Revenues for the energy sector during the nine months ended September 2004 were €81.2 million and represented 40.8 percent of total revenues, an increase of €8.3 million or 11.3 percent from €73.0 million during the same period of 2003. Gross margin in this sector was 23.7 percent in the nine months period of 2004 versus 22.0 percent in 2003. The most significant contract in this sector during the third quarter was the Telecontrol project for 20 transmission substations in the high voltage ring of the Brazilian power transmission operator, ONS, worth €4.5 million.

Traffic

Revenues for the traffic sector during the nine months ended September 30, 2004, were €69.5 million, or 34.8 percent of total revenues. This represents an increase of €2.8 million, or 48.9 percent, from the €66.6 million during the same period in 2003. Gross margin in this sector was 18.8 percent in the nine-month period of 2004, versus 19.4 percent in 2003. The most significant contract in this sector during the third quarter was the Intelligent Traffic System for the A-8 highway in Vizcaya, Spain, worth €1.5 million.

Transport

Revenues for the transport sector during the nine months ended September 30, 2004, were €13.7 million, representing 6.9 percent of total revenues. This was a decrease of €2.4 million, or 15.0 percent, from €16.1 million during the same period in 2003. Gross margin in this sector was 21.3 percent in the nine-month period of 2004, versus 14.6 percent in 2003. The most significant contract in this sector during the third quarter was the Automatic Fare Collection System for Line 3 of the Metro in Madrid, worth €6.5 million.

Environment

Revenues for the environment sector for the nine months ended September 30, 2004, were €18.7 million, or 9.4 percent of total revenues. This represented an increase of €4.0 million or 27.0 percent from €14.7 million during the same period in 2003. Gross margin in this sector was 20.6 percent in the nine-month period of 2004 versus 26.7 percent in 2003. The most significant contract in this sector during the third quarter was the Automatic Hydrological Information System for the Duero River in Spain, worth €12.3 million.

Other

Revenues for the other sector during the nine months ended September 30, 2004, were €16.2 million, or 8.1 percent of total revenues. This represented an increase of €0.5 million, or 3.1 percent, from €15.7 million during the same period in 2003. Gross margin in this sector was 34.5 percent in the nine-month period of 2004, versus 29.8 percent in 2003. The most significant contract in this sector during the third quarter was the maintenance and integral support of the Hospital Information Systems for the Clinical, Logistic, and Patient Management Systems for the Andalusian Public Healthcare Service. The contract also includes technical assistance for the evolutionary updating of the HIS (Hospital Information System), and is worth €3.5 million.

Backlog

Backlog (representing the portion of signed contracts for which performance is pending) as of September 2004 was €46.5 million, which reflects 17.2 percent growth over the €95.7 million in backlog at the end of September 2003.

New Bookings

Bookings (or new contracts signed) in the third quarter 2004 were €122.6 million, showing the continued success of the Company's new products and services solutions, and sales and marketing activity. These drove bookings for the first nine months up to €268.1 million, an increase of 29.0 percent versus €207.8 million for the same period of 2003.

Business Outlook

For fiscal year 2004, Telvent expects revenues will be within the range of €286.0 million and €301.0 million. Telvent forecasts full-year 2004 pro forma earnings per share will be within a range of €0.49 per diluted share to €0.54 per diluted share. Pro forma earnings per share were determined by using a weighted average number of shares issued and outstanding in the period of 22,311,755 shares.

Conference Call Details

Telvent Chairman and CEO, Manuel Sánchez, Chief Financial Officer Ana Plaza, and Jose Ignacio del Barrio, Director of Investor Relations, will conduct a conference call to discuss the third quarter 2004 results, which will be simultaneously webcast at 9:00 A.M. Eastern Time / 6:00 A.M. Pacific Time / 3:00 P.M. Madrid Time on Tuesday, November 30, 2004.

To access the conference call participants in North America should dial 800-374-0724 and international participants should dial +1 (706) 634-1387. A live webcast of the conference call will be available on the investor relations zone of Telvent's corporate web site at www.telvent.com. Please visit the web site at least 15 minutes early to register for the teleconference webcast and download any necessary audio software. A replay of the call will be available on the web site approximately two hours after the conference call is completed.

About Telvent

Telvent (Nasdaq: TLVT), the Global RealTime IT Company, is specialized in high value-added solutions for four specific industrial sectors (Energy, Traffic, Transport and Environment) in Europe, North America, Latin America and China. (www.telvent.com)

Investor Relations Contact:

José Ignacio del Barrio
Phone: +34 902-335599
email: jibarrio@telvent.abengoa.com

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements often are preceded by words such as "believes," "expects," "may," "anticipates," "plans," "intends," "assumes," "will" or similar expressions. Forward-looking statements reflect management's current expectations, as of the date of this press release, and involve certain risks and uncertainties. Telvent's actual results could differ materially from those anticipated in these forward looking statements as a result of various factors. Some of the factors that could cause future results to materially differ from the recent results or those projected in forward-looking statements include the "Risk Factors" described in Telvent's Prospectus filed with the Securities and Exchange Commission on October 21 2004.

Telvent GIT, S.A.

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Unaudited Condensed Consolidated Balance Sheets (In thousands of Euros, except share and per share amounts)

	As of September 30 2004	As of December 31, 2003
Assets:		
Current assets:		
Cash	€ 17,623	€ 27,735
Available-for-sale securities and other short-term investments	3,163	3,311
Investments held at cost	0	25,490
Derivative contracts	2,773	2,816
Accounts receivable (net of allowances of € 1,665 as of September 30, 2004 and € 2,145 as of December 31, 2003)	84,868	68,287
Unbilled revenues	49,880	25,706
Due from related parties	17,471	65,863
Inventory	20,360	11,361
Deferred tax assets	2,794	7,267
Other current assets	546	646
Total current assets	€ 199,478	€ 238,482
Other investments	1,422	2,856
Property, plant and equipment (net of accumulated depreciation of € 27,681 as of September 30, 2004 and € 24,681 as of December 30, 2003)	49,579	48,251
Prepaid expenses and other assets	1,295	134
Deferred tax assets	14,010	7,034
Other intangible assets (net of accumulated amortization of € 9,192 as of September 30, 2004 and € 4,812 as of December, 2003)	7,816	8,400
Goodwill	12,273	11,347
Total assets	€ 285,873	€ 316,504
Liabilities and shareholders' equity:		
Accounts payable	€ 106,264	€ 94,177
Billing in excess of costs and estimated earnings	17,472	10,880
Accrued and other liabilities	6,974	12,092
Income taxes payable	8,938	8,500
Deferred tax liabilities	3,820	2,327
Due to related parties	15,074	60,637
Current portion of long-term debt	10,142	8,826
Short-term debt	2,922	14,868
Short-term leasing obligations	1,725	879
Derivative contracts	2,638	3,917
Total current liabilities	€ 175,969	€ 217,103
Long-term debt less current portion	18,881	25,791
Long-term leasing obligations	3,026	914
Other long term liabilities	13,771	9,754
Deferred tax liabilities	0	2
Unearned income	1,216	474
Total liabilities	€ 212,863	€ 254,038
Minority interest	1,822	1,259
Stock compensation plan, net	1,934	874
Shareholders' equity:		
Common stock, 3,005 € par value, 20,000,000 shares authorized and outstanding, same class and series	60,101	60,101
Cumulative other comprehensive income (loss)	(1,422)	(431)
Retained earnings	10,575	663
Total shareholders' equity	€ 69,254	€ 60,333
Total liabilities and shareholders' equity	€ 285,873	€ 316,504

Unaudited Condensed Consolidated Statements of Operations

(In thousands of Euros, except share and per share amounts)

	Three Months Ended September 30		Nine Months Ended September 30	
	2004	2003	2004	2003
Revenues	€ 72,680	€ 58,252	€ 199,217	€ 166,049
Cost of revenues	56,422	45,602	154,565	130,040
Gross profit	16,258	12,650	44,652	36,009
General and administrative	5,091	4,874	16,446	16,680
Sales and marketing	1,582	984	5,928	4,601
Research and development	2,565	1,238	6,079	4,409
Depreciation and amortization	1,912	1,877	5,461	5,068
Total operating expenses	11,150	8,973	33,914	30,758
Income from operations	5,108	3,677	10,738	5,251
Financial (expense), net	(949)	(968)	(2,843)	(2,123)
Other income, net	34	(64)	96	(64)
Total other (expense)	(915)	(1,032)	(2,747)	(2,187)
Income before income taxes	4,193	2,645	7,991	3,064
Income tax benefit (benefit)	898	888	1,008	838
Net income before minority interest	3,295	1,757	6,983	2,226
Profit attributable to minority interests	(587)	(8)	(629)	(23)
Net income	€ 2,708	€ 1,749	€ 6,354	€ 2,203
Earnings per share				
Basic and diluted net income per share	€ 0,14	€ 0,09	€ 0,32	€ 0,11
Weighted average number of shares outstanding				
Basic and diluted	20,000,000	20,000,000	20,000,000	20,000,000

Unaudited Condensed Consolidated Statements of Cash Flows (In thousands of Euros, except share and per share amounts)

	Nine Months Ended September 30	
	2004	2003
Cash Flow from operating activities:		
Net income (loss) before minority interest	€ 6,983	€ 2,226
Adjustments to reconcile net income to net cash provided by operating activities	5,058	5,299
Change in operating assets and liabilities	(20,947)	(16,909)
Changes in operating assets and liabilities due to joint ventures	(942)	0
	€ (9,848)	€ (9,384)
Cash Flows from investing activities:		
Restricted cash - guaranteed deposit of long term investments	0	49,681
Due from related parties *	(28,143)	14,565
Metso acquisition, net of cash	(5,225)	(20,428)
ICX acquisition, net of cash	(720)	0
Xwave acquisition, net of cash	(996)	0
ViryaNet acquisition	0	(1,009)
Purchase of property, plant and equipment	(3,057)	(5,193)
Disposals of other investments	32,433	(3,952)
	€ (5,708)	€ 33,664
Cash flows from financing activities:		
Proceeds from short term and long term debt	1,662	12,901
Repayment of short term debt and long term debt	(19,518)	(1,684)
Due to related parties *	20,390	(58,625)
	€ 2,534	€ (47,408)
Net (decrease) in cash	€ (13,022)	€ (23,128)
Net effect of foreign exchange in cash and cash equivalents	(340)	(355)
Cash at the beginning of period	27,735	32,731
Joint venture cash and cash equivalents at the beginning of period	3,250	0
Cash at the end of period	€ 17,623	€ 9,248
Supplemental disclosure of cash information:		
Cash paid for the period:		
Income taxes	€ 1,709	€ 167
Interest	€ 4,531	€ 5,296

* As a result of the new bilateral credit agreement signed in 2004 and described in Note 6 to these Unaudited Condensed Consolidated Financial Statements, there was a direct netting of €24,537 of balances due to and from related parties

Reconciliation between GAAP and Proforma Income and EPS (In thousands of Euros, except share and per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
GAAP basis income before income taxes	€ 4,193	€ 2,645	€ 7,991	€ 3,064
Adjustments to Net Income				
Amortization of intangibles	675	548	1,718	1,718
Stock Compensation Plan expenses	288	135	1,059	400
Mark to market Derivatives	7	364	1,033	1,413
Total Adjustments	970	1,047	3,811	3,532
Adjusted income before income taxes	<u>€ 5,163</u>	<u>€ 3,692</u>	<u>€ 11,802</u>	<u>€ 6,596</u>
Income tax provision	(1,357)	(1,107)	(1,971)	(1,836)
Proforma Net Income	<u>€ 3,806</u>	<u>€ 2,584</u>	<u>€ 9,831</u>	<u>€ 4,760</u>
Earnings per share				
Basic and diluted net income per share	€ 0,19	€ 0,13	€ 0,49	€ 0,24
Weighted average number of shares outstanding				
Basic and diluted	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>