

# ACTIVITY REPORT OF ACS GROUP 2014







# MAIN FIGURES OF THE ACS GROUP

## FINANCIAL AND OPERATING DATA

MILLION EUROS	2009 <sup>(1)</sup>	2010 <sup>(2)</sup>	2011	2012 <sup>(3)</sup>	2013 <sup>(4)</sup>	2014
TURNOVER	15,387.4	14,328.5	28,471.9	38,396.2	35,178.0	34,880.9
GROSS OPERATING PROFIT (EBITDA)	1,429.3	1,431.7	2,317.7	3,088.4	2,832.5	2,466.3
NET OPERATING PROFIT (EBIT)	1,073.9	1,039.2	1,333.3	1,579.4	1,639.7	1,597.8
ATTRIBUTABLE NET PROFIT	1,946.2	1,312.6	961.9	-1,927.9	701.5	717.1
CASH-FLOW <sup>(*)</sup>	2,301.5	1,705.1	1,946.4	-418.8	1,894.3	1,585.6
DIVIDENDS PAID	653.2	618.2	613.9	639.2	398.0	318.0
NET INVESTMENTS/(DIVESTMENTS)	(1,327.2)	2,317.2	2,901.9	(2,285.2)	494.3	(313.0)
TOTAL ASSETS	31,361.2	34,184.5	47,987.6	41,563.4	39,965.4	39,320.7
EQUITY	4,507.9	4,442.4	6,191.3	5,711.5	5,488.9	4,897.9
SHAREHOLDERS' EQUITY	4,219.6	4,178.5	3,319.1	2,656.5	3,267.9	3,033.5
NON- CONTROLLING INTERESTS	288.3	263.8	2,872.2	3,055.0	2,221.0	1,864.4
TOTAL NET DEBT <sup>(5)</sup>	9,089.3	8,003.1	9,334.2	4,952.0	3,811.1	3,722.3
NET DEBT WITH RECOURSE	219.4	956.6	3,368.7	3,569.5	2,553.9	2,739.6
NON RECOURSE FINANCING	8,870.0	7,046.5	5,965.5	1,382.4	1,257.2	982.7
ORDER BOOK <sup>(6)</sup>	28,581.0	27,602.0	74,333.4	74,587.9	59,363.0	63,320.3
NUMBER OF EMPLOYEES	137,015	89,039	162,262	162,471	157,689	210,345

(\*) Net profit + Depreciation + Change in provisions.

## DATA PER SHARE

EUROS	2009 <sup>(1)</sup>	2010 <sup>(2)</sup>	2011	2012 <sup>(3)</sup>	2013 <sup>(4)</sup>	2014
EARNINGS	6.26	4.38	3.24	-6.62	2.26	2.31
GROSS DIVIDEND**	2.050	2.050	1.968	1.112	1.153	1.150
CASH-FLOW	7.40	5.70	6.56	-1.44	6.11	5.10
SHAREHOLDERS' EQUITY	13.57	13.96	11.19	9.12	10.53	9.76

(\*\*) The final amount of the gross dividend of 2014 will be determined according to the scrip dividend result.

## STOCK MARKET DATA

	2009	2010	2011	2012	2013	2014
LISTED SHARES	314,664,594	314,664,594	314,664,594	314,664,594	314,664,594	314,664,594
MARKET CAPITALIZATION (MILLION EURO)	10,953.3	11,036.7	7,205.7	5,991.1	7,872.8	9,115.7
YEAR-END CLOSING PRICE	34.81 €	35.08 €	22.90 €	19.04 €	25.02 €	28.97 €
ANNUAL REVALUATION	6.62%	0.76%	-34.71%	-16.86%	31.41%	15.79%

## KEY RATIOS

	2009 <sup>(1)</sup>	2010 <sup>(2)</sup>	2011	2012 <sup>(3)</sup>	2013 <sup>(4)</sup>	2014
OPERATING MARGIN	7.0%	7.3%	4.7%	4.1%	4.7%	4.6%
NET MARGIN	12.6%	9.2%	3.4%	-5.0%	2.0%	2.1%
ROE	50.0%	32.5%	23.3%	n.a.	22.7%	22.0%
GEARING <sup>(6)</sup>	201.6%	180.2%	150.8%	86.7%	69.4%	76.0%
DIVIDEND YIELD	5.9%	5.8%	8.6%	5.8%	4.6%	4.0%

(1) 2009 are presented applying IAS 31 and IFRIC 12 in comparable terms using the same criteria that it has been used in 2010.

(2) 2010 data proforma, Clece has been reclassified as 'Discontinued Operation', using the same criteria that it has been used in 2011.

(3) 2012 data have been restated as a result of the entry into force of the revised IAS 19, which applies retroactively.

(4) 2013 data have been restated as a result of the entry into force of the IFRS 10, 11 and 12 new standards. Additionally there has been a reclassification of the results from John Holland and Leighton Services as discontinued operations in both exercises after its sale.

(5) In 2014, total net debt includes the proceeds pending to be collected obtained after the sale of John Holland and Leighton Services in December 2014, accounted in the balance sheet by 31st of December 2014 as Accounts receivable.

(6) Includes the order book proportional to the stake in joint ventures that the Group does not fully consolidate.

(7) Gearing: Net Debt / (Shareholders' Equity+Non-controlling interests).

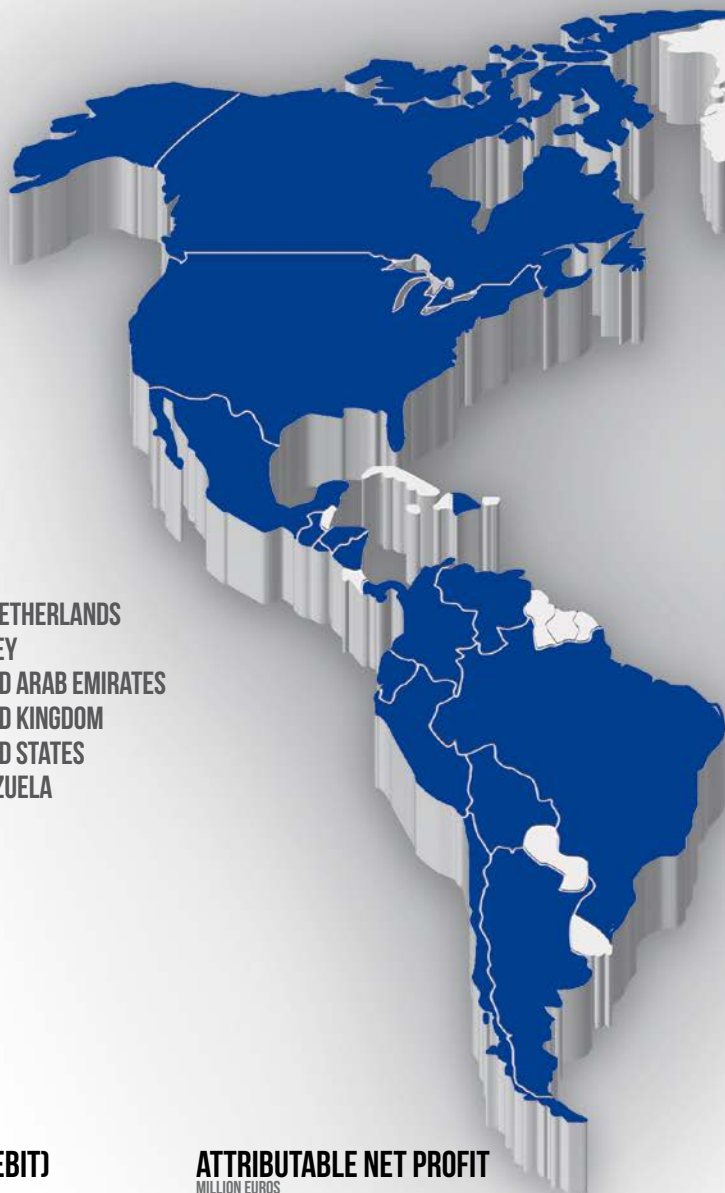


# MAIN FIGURES OF THE ACS GROUP

## INTERNATIONAL PRESENCE

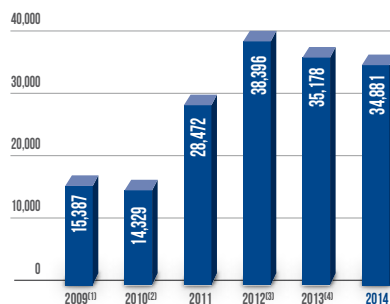
### MAIN COUNTRIES IN WHICH ACS GROUP IS PRESENT

ALGERIA	CZECH REPUBLIC	INDONESIA	PANAMA	THE NETHERLANDS
ANGOLA	DOMINICAN REPUBLIC	IRELAND	PERU	TURKEY
ARGENTINA	ECUADOR	ITALY	PHILIPPINES	UNITED ARAB EMIRATES
AUSTRALIA	EGYPT	JAPAN	POLAND	UNITED KINGDOM
AUSTRIA	EL SALVADOR	LUXEMBURG	PORTUGAL	UNITED STATES
BELGIUM	FRANCE	MALAYSIA	QATAR	VENEZUELA
BOLIVIA	GEORGIA	MEXICO	ROMANIA	
BRAZIL	GERMANY	MONGOLIA	SAUDI ARABIAN	
CANADA	GREECE	MOROCCO	SINGAPORE	
CHILE	GUATEMALA	NEW ZEALAND	SOUTH AFRICA	
CHINA	HONDURAS	NICARAGUA	SPAIN	
COLOMBIA	INDIA	NORWAY	SWEDEN	



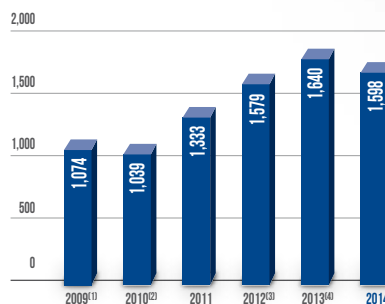
### TURNOVER

MILLION EUROS



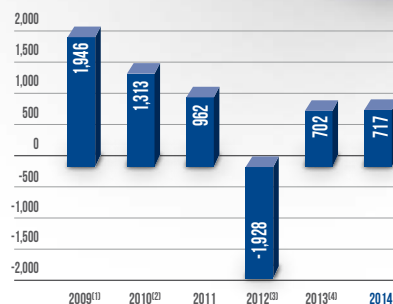
### NET OPERATING PROFIT (EBIT)

MILLION EUROS

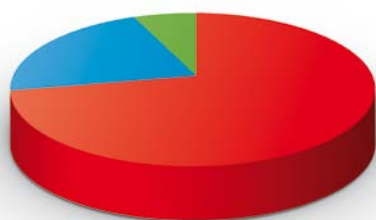


### ATTRIBUTABLE NET PROFIT

MILLION EUROS



### 2014 TURNOVER BY AREA OF ACTIVITY <sup>(5)</sup>



■ CONSTRUCTION: 74%  
■ INDUSTRIAL SERVICES: 19%  
■ ENVIRONMENT: 7%

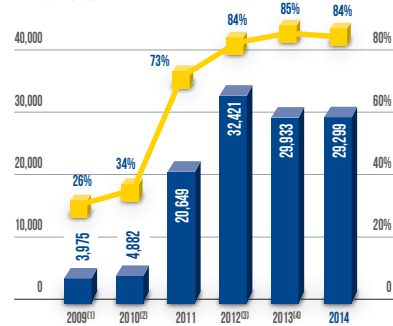
### 2014 GROSS OPERATING PROFIT (EBITDA) BY AREA OF ACTIVITY <sup>(5)</sup>



■ CONSTRUCTION: 53%  
■ INDUSTRIAL SERVICES: 36%  
■ ENVIRONMENT: 11%

### INTERNATIONALIZATION

MILLION EUROS



■ INTERNATIONAL TURNOVER  
■ % INTERNATIONAL OVER TOTAL

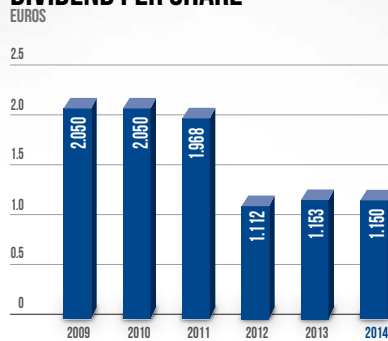
(1) 2009 are presented applying IAS 31 and IFRIC 12 in comparable terms using the same criteria that it has been used in 2010.  
 (2) 2010 data proforma. Clece has been reclassified as 'Discontinued Operation', using the same criteria that it has been used in 2011.  
 (3) 2012 data have been reestimated as a result of the entry into force of the revised IAS 19, which applies retroactively.  
 (4) 2013 data have been reestimated as a result of the entry into force of the IFRS 10, 11 and 12 new standards. Additionally there has been a reclassification of the results from John Holland and Leighton Services as discontinued operations in both exercises after its sale.  
 (5) Percentages are calculated considering the sum of activities included the graph. Construction includes Dragados, HOCHTIEF and Iridium.



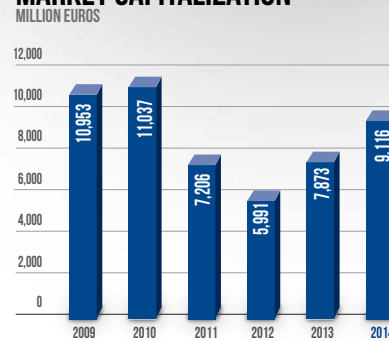
## EARNINGS PER SHARE



## DIVIDEND PER SHARE



## MARKET CAPITALIZATION



## CONSTRUCTION 2014 <sup>(1)</sup>

MILLION EUROS

TURNOVER	25,820
<i>INTERNATIONAL</i>	94.5%
GROSS OPERATING PROFIT (EBITDA)	1,323
<i>MARGIN</i>	5.1%
NET PROFIT	223
<i>MARGIN</i>	0.9%
ORDER BOOK <sup>(2)</sup>	45,135
EMPLOYEES	74,440

## INDUSTRIAL SERVICES 2014

MILLION EUROS

TURNOVER	6,750
<i>INTERNATIONAL</i>	63.5%
GROSS OPERATING PROFIT (EBITDA)	902
<i>MARGIN</i>	13.4%
NET PROFIT	420
<i>MARGIN</i>	6.2%
ORDER BOOK	8,021
EMPLOYEES	41,272

## ENVIRONMENT 2014

MILLION EUROS

TURNOVER	2,338
<i>INTERNATIONAL</i>	26.1%
GROSS OPERATING PROFIT (EBITDA)	291
<i>MARGIN</i>	12.4%
NET PROFIT	72
<i>MARGIN</i>	3.1%
ORDER BOOK	10,164
EMPLOYEES	94,581

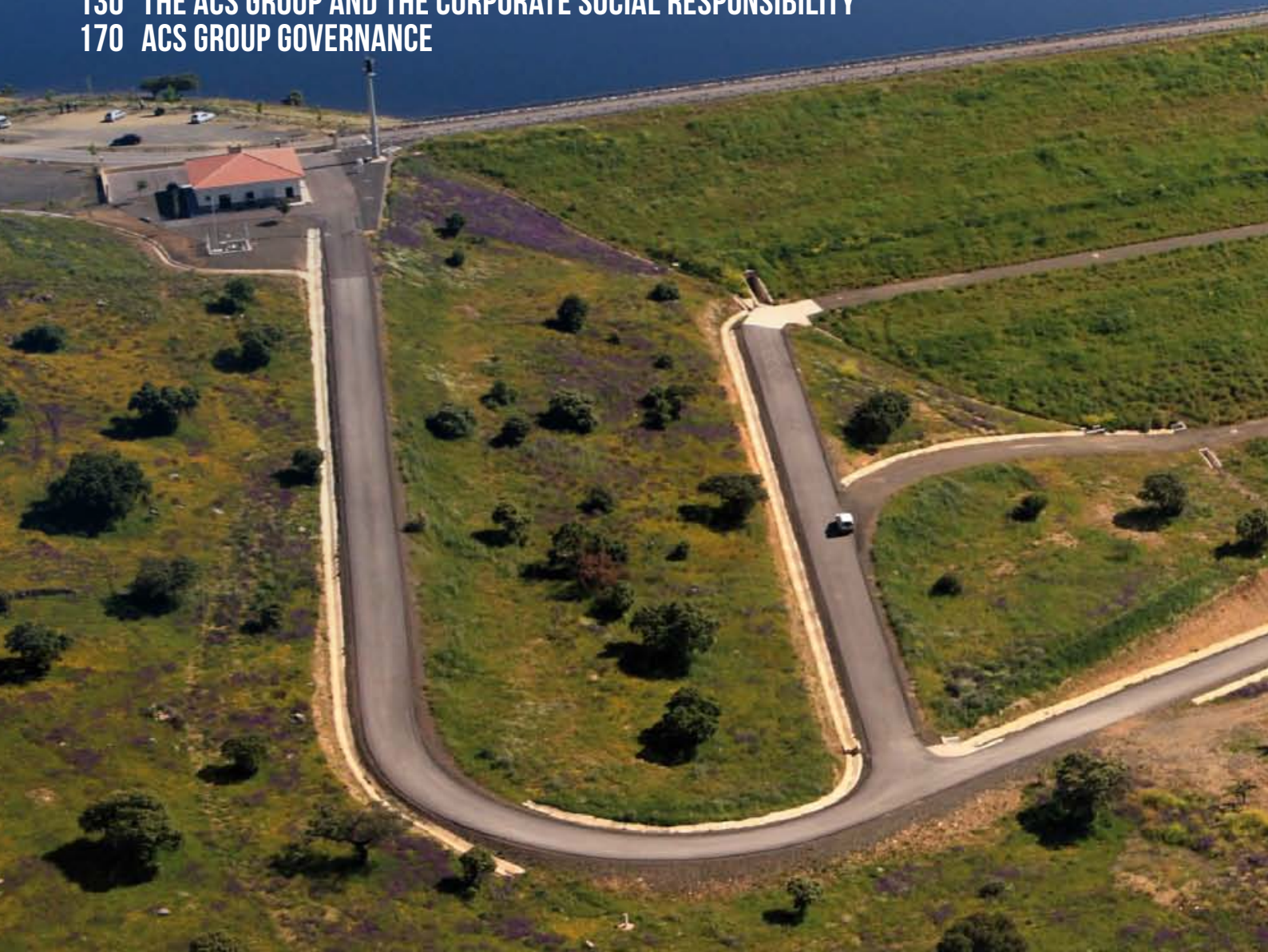
(1) Construction includes the activity of Dragados, Hochtief and Iridium

(2) Construction order book includes the order book proportional to the stake in joint ventures that the Group does not fully consolidate.



# ACTIVITY REPORT OF ACS GROUP

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# LETTER FROM THE CHAIRMAN

## DEAR SHAREHOLDER

For the fourth consecutive year, ACS Group has maintained a position of global leadership in infrastructure development, as the most international construction company in the world. This strong international establishment gives us a very important advantage that allows us to compete in the main infrastructure investment processes at global level.

The results obtained by the Group in 2014 also bear witness to this. Sales reached 34,881 million euros, equally distributed between the different regions in which we operate. With 34% of the total, North America is the greatest contributor, followed by Australia with 27% and Europe with 26%. For its part, Asia accounts for 8% of the total turnover, South America 5% and Africa 1%. In short, more than 87% of our activity takes place in countries with developed economies.

Meanwhile, the portfolio of works at the end of 2014 was 63,320 million euros, after falling 6.7% over the year. By regions, Asia Pacific accounts for 34% of the total, with projects in Australia, Hong Kong, Macao and the Middle East. Europe represents 31% of the portfolio, while North America, with a growing presence in the United States, Canada and Mexico, contributes 27%. South America's share is 7%, following the attainment of several large contracts in Peru, Colombia and Brazil, and Africa weighs in with the remaining 1%.

This important international presence has yielded positive operating results for ACS Group in 2014, generating a gross operating profit of 2,466 million euros and increasing net profit by 2.2% to 717 million euros, fulfilling our objectives.

I would also like to reiterate our strong cash-generation capacity thanks to the development of our operating activities and our resolute policy of disinvestment in non-strategic assets, amongst which the sales of John Holland and the Services area of Leighton, the share capital reduction in Iberdrola and the sale of various infrastructure and energy concessions must be highlighted. As a whole, the operating activities and disinvestments generated resources to the value of 3,447 million euros in 2014, which has enabled us to continue with our ambitious investment programme, reduce our debt and remunerate our shareholders in a sustainable manner.

Specifically, the investments undertaken by the Group in 2014 reached 2,310 million euros and, in addition to the operating investments and the various concession projects that we are promoting across the world, they include the increase of our shareholdings in HOCHTIEF and Leighton, which now stand at 61% and 70%, respectively.

Similarly, the efforts to reduce the net debt of the Group continue to form an important part of our strategy. The net debt of ACS at the close of the 2014 financial year reached 3,722 million euros, equivalent to 1.5 times the gross operating profit obtained in the year and constituting a 60% reduction since 2011, when we began our financial deleveraging process. This is a strategy that we are continuing to apply in 2015, as demonstrated by the recent sale of renewable energy assets with the listing of Saeta Yield on the stock exchange and the agreement with GIP, involving a net cash inflow of approximately 500 million euros.



The strategic and operational development of our Group has been recognised by capital markets, as reflected by the evolution of the share price of ACS in 2014. The share price at the year-end was 28.97 euros, showing a yearly appreciation of 15.8%, considerably greater than the IBEX35 and EuroStoxx50 indexes, which increased by 3.7% and 1.2%, respectively. Furthermore, the total shareholder return of ACS in 2014 increased to 20.1%, also taking into account the dividends paid during the year.

Undoubtedly, the transformation that HOCHTIEF and Leighton are carrying out has been one of the motors for the good operating and financial performance of ACS. In the past two years we have worked intensely on the introduction of our culture, appointing new experienced management teams in both companies, simplifying their corporate structures through the creation of specialised divisions to promote competitiveness in their activities, and implementing our risk control systems to boost operating margins and increase cash generation. Additionally, we have continued with our policy of disinvestment in non-strategic assets and, simultaneously, we have increased our stake in both companies, which are basic strategic pillars for our future growth at global level.

Also, in 2014 we continued to demonstrate our commitment to sustainability, as evidenced by the increase in investments related to areas of Corporate Social Responsibility, which reached 398 million euros, the recognition of our ethics and professional integrity policies at global level by the Dow Jones Sustainability Index, and the efforts exerted by all the companies of the Group in social actions, voluntary work and philanthropy.

Ultimately, the progress made in 2014 enables us to maintain our industrial competitiveness, improve our financial strength and pursue our strategic objectives. The more than 210,000 people who make up ACS Group are fully trained and prepared to successfully negotiate the growth opportunities offered to us by the markets in which we operate, and to continue to offer attractive returns to our shareholders.

**Florentino Pérez**  
Chairman of the ACS Group

# MANAGEMENT BODIES

## BOARD OF DIRECTORS

### CHAIRMAN AND CEO

#### MR. FLORENTINO PÉREZ RODRÍGUEZ

CIVIL ENGINEER

Chairman and CEO of ACS Group since 1993

Member of the Board of Directors of ACS since 1989

### EXECUTIVE VICE CHAIRMAN

#### MR. ANTONIO GARCÍA FERRER

CIVIL ENGINEER

Member of the Board of Directors of ACS since 2003

### VICE CHAIRMAN

#### MR. PABLO VALLBONA VADELL

NAVAL ENGINEER AND MBA FROM THE IESE

Member of the Board of Directors of ACS since 1997

Vice Chairman of Consulnor

Member of the Board of the Fundación Juan March

### MEMBER OF THE BOARD OF DIRECTORS

#### MR. JOSÉ MARÍA LOIZAGA VIGURI

ECONOMIST

Member of the Board of Directors of ACS since 1989

Chairman of Cartera Industrial REA

Vice Chairman of Zardoya Otis

#### MR. AGUSTÍN BATUECAS TORREGO

CIVIL ENGINEER

Member of Board of Directors of ACS since 1999

#### MR. ÁLVARO CUERVO GARCÍA

DOCTORATE IN ECONOMICS

Professor of Business Economics - Universidad Complutense de Madrid

Chairman of Colegio Universitario de Estudios Financieros (CUNEF)

Member of the Board of Directors of ACS since 1997

Member of the Advisory Board of Privatisations

Member of the Board of Directors of SONAE SGPS

Member of the Board of Directors of Bolsas y Mercados Españoles (BME)

#### MR. MANUEL DELGADO SOLÍS

B.S. IN PHARMACY AND LAWYER

Member of the Board of Directors of ACS since 2003

#### MR. JAVIER ECHENIQUE LANDIRIBAR

B.A. IN ECONOMICS

Member of the Board of Directors of ACS since 2003

Vice Chairman of Banco Sabadell

Member of the Board of Directors of

Telefónica Móviles México

Member of the Board of Directors-Advisor of Telefónica

Member of the Board of Directors of ENCE

Member of the Board of Directors of Repsol

### IBEROSTAR HOTELES Y APARTAMENTOS, S.L.

Represented by:

#### MS. SABINA FLUXÀ THIENEMANN

B.A. IN BUSINESS ADMINISTRATION

Member of the Board of Directors of ACS since 2009

Co-Executive Vice Chairwoman and Chief Executive Officer of Grupo Iberostar

**MR. JOAN-DAVID GRIMÀ I TERRÉ****DOCTORATE IN ECONOMICS AND BUSINESS STUDIES**

Member of the Board of Directors of ACS since 2003  
 Member of the Board of Directors of Cory  
 Environmental Holdings Limited (UK)

**MR. PEDRO LÓPEZ JIMÉNEZ** **CIVIL ENGINEER**

Member of the Board of Directors of ACS since 1989  
 Member of the Supervisory Board of HOCHTIEF,  
 Chairman of the Human Resources Committee of  
 HOCHTIEF and of the Appointment Committee  
 of HOCHTIEF  
 Member of the Board of Directors of Leighton  
 Member of the Board of Directors of GHESA

**MR. EMILIO GARCÍA GALLEGÓ** **CIVIL ENGINEER AND LAWYER**

Member of Board of Directors of ACS since 2004

**MR. SANTOS MARTÍNEZ-CONDE GUTIÉRREZ-BARQUÍN** **CIVIL ENGINEER**

Member of the Board of Directors of ACS since 2001  
 Chief Executive Officer (CEO) of  
 Corporación Financiera Alba  
 Member of the Board of Directors of Acerinox  
 Member of the Board of Directors of Banca March  
 Member of the Board of Directors of Indra  
 Member of the Board of Directors of Inversis  
 Member of the Board of Directors of BME

**MR. JAVIER MONZÓN DE CÁCERES****B.A. IN ECONOMICS**

Member of the Board of Directors  
 of ACS since 2003  
 Chairman of Honour of Indra

**MR. MIQUEL ROCA I JUNYENT** **LAWYER**





Member of the Board of Directors of ACS since 2003  
 Secretary non-member of the Board of  
 Directors of Abertis Infraestructuras  
 Secretary non-member of the Board of  
 Directors of Banco de Sabadell  
 Member of the Board of Directors de Endesa

**MS. MARÍA SOLEDAD PÉREZ RODRÍGUEZ**  **B.S. IN CHEMISTRY AND PHARMACY**

Member of the Board of Directors  
 of ACS since 2004

**MEMBER OF THE BOARD OF DIRECTORS-  
SECRETARY GENERAL****MR. JOSÉ LUIS DEL VALLE PÉREZ**   **LAWYER AND STATE ATTORNEY**

Member of the Board of Directors of ACS since 1989  
 Member of the Supervisory Board of Hochtief  
 Member of the Board of Directors of Leighton

-  Member of the Executive Committee
-  Member of the Audit Committee
-  Member of the Appointment and Remuneration Committee
-  Secretary non-member



# MANAGEMENT BODIES

## MANAGEMENT COMMITTEE

### MR. FLORENTINO PÉREZ RODRÍGUEZ

CHAIRMAN AND CEO

Born in 1947. Civil Engineer

Although Mr. Pérez started his career in the private sector, he held different posts in the Public Administration between 1976 and 1982 when he was Delegate for Sanitation and Environment of the Madrid City Council, General Sub-Director of Promotion of the Centre for the Development of Industrial Technology in the Ministry of Industry and Energy, General Manager of Transport Infrastructures in the Ministry for Transport, as well as Chairman of IRYDA in the Ministry of Agriculture. In 1983, he returned to the private sector as top executive of Construcciones Padrós, S.A. since 1984, of which he was one of the main shareholders. Since 1993, he has been the Chairman and CEO of the ACS Group, first as the chairman of OCP Construcciones S.A., as result of the merger of Construcciones Padrós with Geocisa, and since 1997 as the chairman and CEO of the so-called ACS Group, as result of the merger of OCP Construcciones S.A., Ginés Navarro, S.A. and Auxini, S.A.

### MR. ANTONIO GARCÍA FERRER

EXECUTIVE VICE CHAIRMAN

Born in 1945. Civil Engineer.

Mr. García started his career in Dragados y Construcciones, S.A. in 1970. After assuming various positions of responsibility in the construction Company, in 1989 he was appointed Regional Manager for Madrid. Then, in 1998, he was placed at the head of the Building business and in 2001, he became General Manager of the Industrial and Services Divisions. In 2002 Mr. García was appointed as the Chairman of Grupo Dragados, S.A., and in December 2003 he became the Executive Vice Chairman of the ACS Group.

### MR. JOSÉ LUIS DEL VALLE PÉREZ

GENERAL SECRETARY

Born in 1950. Lawyer and State Attorney

From 1975 until 1983 Mr. del Valle held various positions in the Public Administration and was a member of the Parliament from 1979 to 1982 and Deputy Secretary of the Ministry of Territorial Administration. He has been a member of the Board of Directors of the ACS since 1989 and has been the Secretary General to the Board of Directors since 1997.

### MR. ÁNGEL GARCÍA ALTOZANO

CORPORATE GENERAL MANAGER

Born in 1949. Civil Engineer and MBA

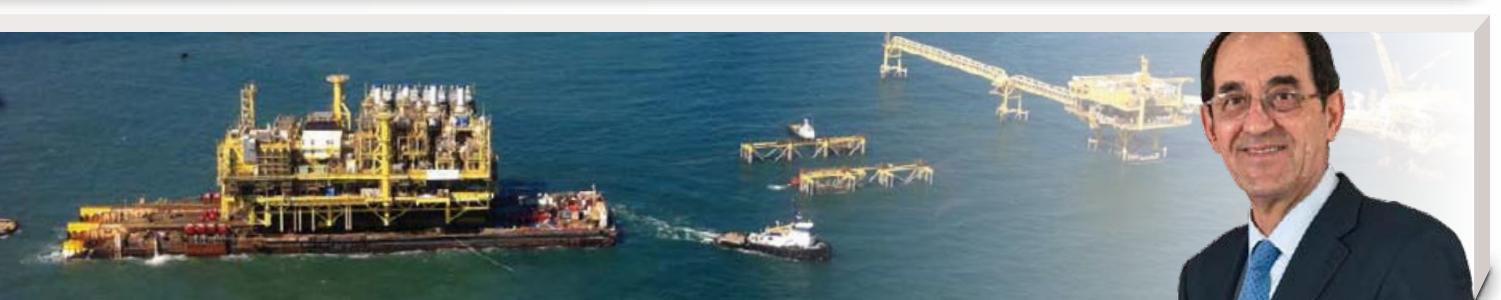
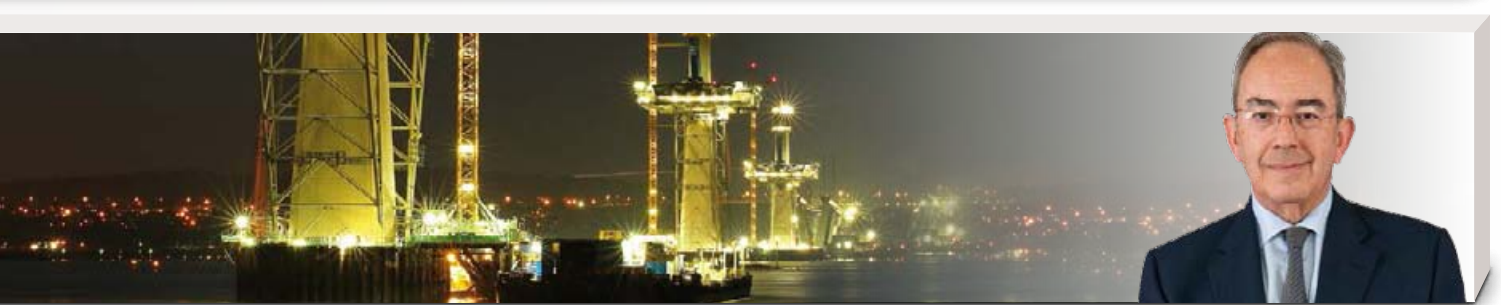
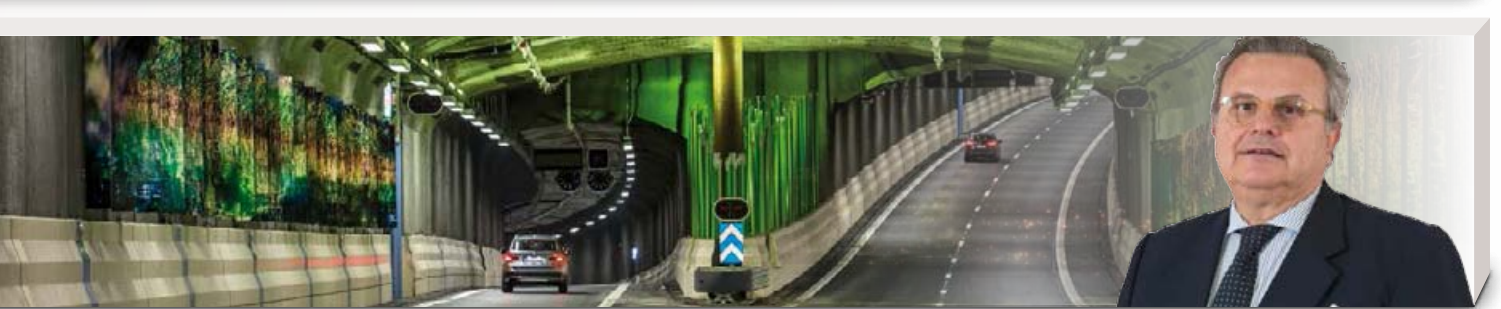
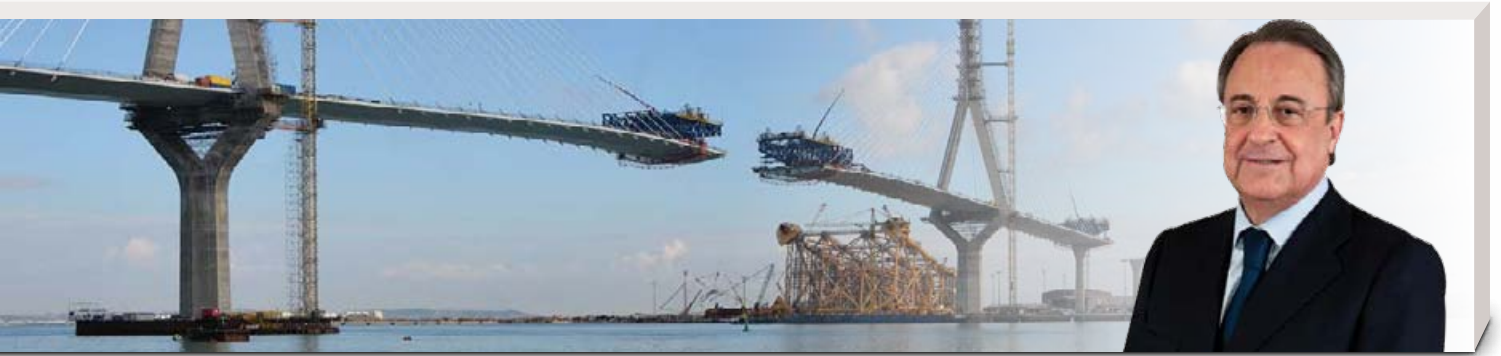
Mr. García Altozano started his professional career in the construction sector. He was General Manager of the Instituto Nacional de Industria (INI) and President of Bankers Trust for Spain and Portugal. In 1997 he joined the ACS Group as Corporate General Manager with responsibility over the economic-financial areas, corporate development and affiliates.

### MR. EUGENIO LLORENTE GÓMEZ

CHAIRMAN AND CEO OF THE INDUSTRIAL SERVICES AND AREA

Born in 1947, Industrial Technical Engineer and MBA, Madrid Business School.

Mr. Llorente started his professional career in Cobra Instalaciones y Servicios, S.A. in 1973. After occupying different positions of responsibility, in 1989 was named director of Downtown, in 1998 he was promoted Corporate General Manager and in 2004 General Manager. Currently, he is General Manager of ACS Services, Communications and Energy and responsible for the Industrial Services Area of the Group.



# MANAGEMENT BODIES

## MANAGEMENT TEAM

### ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

**Mr. Florentino Pérez Rodríguez**  
Chairman and Chief Executive Officer (CEO)

**Mr. Antonio García Ferrer**  
Executive Vice Chairman

**Mr. Ángel García Altozano**  
Corporate General Manager

**Mr. José Luis del Valle Pérez**  
Secretary General

### CONSTRUCTION

#### HOCHTIEF

**Mr. Marcelino Fernández Verdes**  
Chairman of the Vorstand\* of HOCHTIEF AG.  
Chief Executive Officer (CEO)  
Chairman and Chief Executive Officer (CEO) of Leighton Holdings

**Mr. Peter Sassenfeld**  
Member of the Vorstand\* of HOCHTIEF AG.  
Chief Financial Officer (CFO)

**Mr. José Ignacio Legorburo Escobar**  
Member of the Vorstand\* of HOCHTIEF AG.  
Chief Operating Officer (COO)

**Mr. Nikolaus Graf von Matuschka**  
Member of the Vorstand\* of HOCHTIEF AG.  
Chief Executive Officer (CEO) of HOCHTIEF Solutions

**Mr. Adolfo Valderas**  
Chief Operating Officer (COO) of Leighton Holdings

**Mr. Javier Loizaga Jiménez**  
Chief Financial Officer (CFO) of Leighton Holdings

**Mr. Malcolm Ashcroft**  
Deputy Chief Financial Officer (Deputy CFO) of Leighton Holdings

**Mr. Peter Davoren**  
Chairman and Chief Executive Officer (CEO) of Turner Construction

**Mr. John DiCiurcio**  
Chairman and Chief Executive Officer (CEO) of Flatiron

#### DRAGADOS

**Mr. Ignacio Segura Suriñach**  
Chief Executive Officer (CEO)

**Mr. Luis Nogueira Miguelsanz**  
Secretary General

**Mr. Diego Zumaquero García**  
Exploitation Manager of Spain

**Mr. Ricardo Martín de Bustamante**  
Manager of North America

**Mr. Fernando Bolinaga Hernández**  
Manager of South America

#### IRIDIUM

**Mr. Juan Santamaría Cases**  
Chief Executive Officer (CEO)

### INDUSTRIAL SERVICES

**Mr. Eugenio Llorente Gómez**  
Chairman and Chief Executive Officer (CEO)

**Mr. José Alfonso Nebrera García**  
General Manager

**Mr. Epifanio Lozano Pueyo**  
Corporate General Manager

**Mr. Cristóbal González Wiedmaier**  
Finance Manager

### ENVIRONMENT

**Mr. José M.ª López Piñol**  
Chief Executive Officer (CEO) of Urbaser

**Mr. Cristobal Valderas**  
Chief Executive Officer (CEO) of Clece

\* Executive Board.







# THE ACS GROUP IN 2014

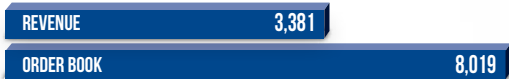
A WORLDWIDE LEADER IN THE  
INFRASTRUCTURE DEVELOPMENT SECTOR



## SPAIN



## REST OF EUROPE



## AMERICA



## ASIA PACIFIC



## AFRICA



MILLION EUROS

REVENUE  
**34,881**  
MILLION EUROS

ORDER BOOK\*  
**63,320**  
MILLION EUROS



- CONSTRUCTION: 74%
- INDUSTRIAL SERVICES: 19%
- ENVIRONMENT: 7%



- CONSTRUCTION: 71%
- INDUSTRIAL SERVICES: 13%
- ENVIRONMENT: 16%

\* Includes the order book proportional to the stake in joint ventures that the Group does not fully consolidate.



EBITDA  
**2,466**  
MILLION EUROS

NET PROFIT  
**717**  
MILLION EUROS

GROSS INVESTMENTS  
**2,310**  
MILLION EUROS

EMPLOYEES  
**210,345**

## WORLDWIDE LEADER IN CONSTRUCTION

**ENR**

THE TOP 250 INTERNATIONAL CONTRACTORS

RANK 2014	2013	FIRM	2013 REVENUE \$ MIL.	
			INT'L	TOTAL
1	1	GRUPO ACS, Madrid, Spain†	44,053.8	51,029.3
2	2	HOCHTIEF AG, Essen, Germany†	34,845.0	37,012.8
3	3	BECHTEL, San Francisco, Calif., U.S.A.†	23,637.0	30,706.0
4	4	VINCI, Rueil-Malmaison, France†	20,292.6	54,107.0
5	5	FLUOR CORP., Irving, Texas, U.S.A.†	16,784.3	22,144.1
6	6	STRABAG SE, Vienna, Austria†	15,392.0	18,023.0
7	7	BOUYGUES, Paris, France†	14,789.0	35,993.0
8	9	SKANSKA AB, Stockholm, Sweden†	14,141.1	18,446.5
9	10	CHINA COMMUNICATIONS CONSTRUCTION GROUP LTD., Beijing, China†	13,162.5	54,181.7
10	11	TECHNIP, Paris, France†	12,243.0	12,399.0

Source: ENR The top 250 global contractors.

## WORLDWIDE LEADER IN CONCESSIONS

**PUBLIC WORKS  
FINANCING**

### World's Largest Transportation Developers

2014 SURVEY OF PUBLIC-PRIVATE PARTNERSHIPS WORLDWIDE

Ranked by Number of Transportation Concessions Developed Worldwide Since 1985\*

Company	Operating or Under Const.	# Sold or Expired	Bid Pursuits	# Operating or Under Construction In:			
				U.S.	Canada	Home Country	All Other
ACS Group/Hochtief (Spain)	56	47	49	2	6	19	29
Macquarie Group (Australia)	43	16	14	5	1	1	36
Global Via-FCC-Bankia (Spain)	43	5	2	1	1	29	12
Abertis (Spain)	38	16	na	0	0	11	27
Vinci (France)	36	6	16	1	2	12	21
Hutchison Whampoa (China)	34	5	na	0	0	12	22
Ferrovial/Cintra (Spain)	33	23	35	6	2	9	16
Bouygues (France)	27	3	11	1	1	10	15
NWS Holdings (China)	26	1	na	0	0	26	0
EGIS Projects (France)	25	1	16	0	1	5	19
Sacyr (Spain)	22	20	9	0	0	14	8
OHL (Spain)	21	17	23	0	0	8	13

Source: Public Works Financing.

# CORPORATE STRATEGY

## VISION

A **worldwide reference** in the **industry of infrastructure development**, both civil and industrial engineering projects. A Group which participates in the **development** of sectors which are fundamental for the economy. A Company committed to **economic and social progress** in the countries where it is present.



## MISSION

### PURSUING GLOBAL LEADERSHIP

- Positioning itself as one of the main players in all those sectors in which it takes part as a means of boosting its competitiveness, maximising value creation in relation to its clients and continuing to attract talent to the organisation.
- Meeting the needs of our clients by offering a diversified portfolio of products, innovating daily and selectively investing to increase the range of services and activities offered.
- Continuously improving quality, safety and reliability standards in the services offered in order to foster stability and to guarantee recurring income.
- Expanding the Group's current client base through a permanent commercial effort in new markets.

### OPTIMISING THE PROFITABILITY OF THE RESOURCES MANAGED

- Increasing operating and financial efficiency and offering attractive profitability to our shareholders.
- Applying strict investment criteria in line with the company's strategy of expansion and growth.
- Maintaining a solid financial structure which facilitates the raising of resources and the maintenance of a low cost thereof.

### PROMOTING SUSTAINABLE GROWTH

- Improving the society in which we live by helping to grow the economy, generating wealth through the ACS Group's own activities, thereby guaranteeing the well-being of citizens.
- Respecting the economic, social and environmental backdrop, innovating in the establishment of company procedures and respecting in each of the activities carried out by the Group, the recommendations of the main domestic and international institutions.
- Helping the economy to grow by creating stable, respectable and fairly-remunerated employment.

## VALUES

All ACS Group activities show a determined customer orientation, with a contracting culture and as a guarantee for future, building solid long-term relationships based on **trust** and mutual knowledge.



The flexible and decentralized Group structure promotes the responsibility and entrepreneurship of the employees, being a basic tool for maximising **profitability** and encouraging the **excellence** necessary to offer the best services and products to the customers.

The ACS Group maintains an unavoidable **commitment** to sustainable development, in order to serve society in an efficient and

ethically responsible manner through its capacity to create value for shareholders and all stakeholders, demanding the maximum **integrity** standards from its employees and collaborators.

These values, which have formed part of the Group's culture since its foundation, have created the main competitive advantages which are the cornerstone of its past and future growth.





# CORPORATE STRATEGY

## COMPETITIVE ADVANTAGES

### TECHNICAL ENGINEERING CAPABILITIES

#### CIVIL ENGINEERING

- Specialization in Infrastructure development.
- Large projects management.
- Development, Construction and Operation of Concessions.

#### INDUSTRIAL ENGINEERING

- Integrated value chain: Engineering, development and maintenance contracts.
- Energy turnkey projects.
- Investment capacity: energy concessional assets, high-voltage lines, desalination plants.

### CONTRACTING CULTURE

- Client Knowledge.
- Flexibility.
- Global clients.

### ENTREPRENEURSHIP

- Efficient management of resources.
- Constant growth and profitability targets.
- Investment Opportunities.



## THE ACS GROUP AND CORPORATE SOCIAL RESPONSIBILITY

Improving society, generating wealth to guarantee the well-being of the citizens it serves, in the final analysis, is a primordial part of the ACS Group's mission.

The ACS Group's commitment to society is summarised in four fields of action:



**RESPECT FOR ETHICS, INTEGRITY AND PROFESSIONALISM IN THE GROUP'S RELATIONSHIP WITH ITS STAKEHOLDERS.**

**RESPECT FOR THE SOCIAL, ECONOMIC AND ENVIRONMENTAL SETTING.**

**PROMOTION OF INNOVATION AND RESEARCH IN ITS APPLICATION TO INFRASTRUCTURE DEVELOPMENT.**

**CREATION OF EMPLOYMENT AND WELL-BEING, AS AN ECONOMIC MOTOR FOR SOCIETY.**

To face up to the challenge of coordinating the **ACS Group's Corporate Responsibility** policy, given its characteristics of operational decentralisation and geographical scope, a project related to the ACS Group's Corporate Responsibility over the coming years, known as **Project one**, was developed in 2013.

Project one seeks to promote good management practices and is framed in the Group's general strategy, focused on reinforcing ACS's world leadership.

The promotion of good management practices focuses on the following major areas:

**THE GROUP'S POSITION IN TERMS OF ETHICS.**



**IN TERMS OF EFFICIENCY, INVOLVING CLIENT, QUALITY, SUPPLIER, ENVIRONMENTAL AND R&D+I POLICIES.**



**AND IN TERMS OF EMPLOYEES, PERSONNEL, HEALTH AND SAFETY AND SOCIAL ACTION POLICIES OF THE ACS GROUP.**



In practice, Project one analyses and evaluates the performance of the Group and its companies in relation to a scorecard of control indicators, aligned with Dow Jones Sustainability Index requirements, which is supervised by independent external consultants and inspectors who qualify the inclusion of improvements periodically, both at the functional and procedural levels.



# HISTORY



1983



Founded in 1968

Construction company based in Badalona (Spain), restructured and relaunched after acquisition. It was the seed for today's ACS Group.

1986



Founded in 1942

Spanish construction company, the acquisition of which represented a leap in size for the Group in the 80s.

1988



Founded in 1919

A company specialised in power lines, developer of the Spanish grid, the Group's first diversification into industrial services.

1989



Founded in 1948

A leading industrial services company in Spain and Latin America, acquired in the market to lead the Group's expansion in this area.

1992



Founded in 1992

The result of the merger between Ocisa and Construcciones Padrós, creating one of Spain's 10 biggest companies at the time.

1996



Founded in 1945

State-owned construction company, increasing the Group's domestic presence.

1997



Founded in 1930

One of Spain's most important construction companies, specialised in civil works.

1997



Founded in 1928

One of Spain's most practised companies in railway development, with over 80 years' experience. Joined the ACS Group as a Ginés Navarro subsidiary.







# ACS

1997



Founded  
in 1997

A world leader in infrastructure development. Created from the merger between OCP and Ginés Navarro in 1997.

2003



Founded  
in 1941

A leader in Spain and a highly diversified company. Its merger with ACS created one of the world's five biggest companies and laid the foundations for the Group's future growth.

2003



Founded  
in 1983

Created to provide value-added services to local councils and corporations, it is now a world leader in performing environmental activities.

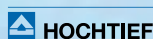
2003



Founded  
in 1992

Initially focusing on providing cleaning services for public organisations, it has become Spain's leading multiservices Company

2011



Founded  
in 1873

A leading company in Germany and involved in over 50 countries, it is the ACS Group's platform for international growth.

2011



Founded  
in 1902

A HOCHTIEF subsidiary since 1999, it is a leading "General Contractor" in the United States and is involved in executing large non-residential building projects across almost the whole country.

2011



Founded  
in 1949

A subsidiary of HOCHTIEF, which holds a 69.62% of the company's shares at December 31, 2014, acquired in 1983. It is Australia's leading construction company and a world leader in mining concessions.





# RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

THE INFRASTRUCTURE SECTOR IS KEY FOR ANY COUNTRY'S ECONOMIC AND SOCIAL DEVELOPMENT. THE ANALYSIS OF THE MAIN FACTORS, WHICH INFLUENCE THE INFRASTRUCTURE SECTOR, IS FUNDAMENTAL TO IDENTIFY INVESTMENT OPPORTUNITIES.







# RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

THE ACS GROUP, PRESENT ON THE MAIN MARKETS OF THE WORLD, IS A KEY ACTOR OF THE INFRASTRUCTURES SECTOR.

The infrastructure sector is one of the fundamental pillars of any country's economic and social development. The ACS Group is present in the main global markets in the infrastructure sector and therefore macroeconomic, geographic, political, demographic and social development factors, among others, must be analysed in order to identify their specific characteristics as well as the risks and opportunities which may determine the evolution of the investment in infrastructure in the various regions.

## MACROECONOMIC ENVIRONMENT

The main factors which influence the infrastructure sector are: the country's economic growth (measured by GDP performance), the portion of gross domestic product which is allocated to investment and how these investments are financed (measured by public spending and debt).

In 2014, according the International Monetary Fund's estimates<sup>1</sup>, global gross domestic product grew by 3.3% due to increased stability in the financial markets and lower risk premiums in advanced countries. Although growth rates in emerging countries continue to be high, they have been affected by geopolitical problems and a drop in the prices of energy resources.

In 2015 the performance of oil prices will be one of the determining factors in the development of the global economy. Oil-importing countries will improve their acquisition capacity, which will positively affect the public deficit due to the decrease in energy subsidies. However, oil-exporting countries expect a slowdown in growth due to a decline in international trade, lower commodity prices and higher interest rates in many emerging countries.

<sup>1</sup> "World Economic Outlook", International Monetary Fund, January 2015.



Consequently, the IMF expects 2015 GDP to grow 3.5% globally, 20 basis points above 2014.

Within the components of gross domestic product, the percentage allocated to investment at the global level<sup>2</sup> stood at 24.8% in 2014 and is expected to reach 25.2% in 2015. Although emerging countries demonstrate the highest investment levels over their GDP, the drop in commodity prices and the activity slowdown affect them. The IMF insists on the need for advanced countries to increase investment rates to drive growth and to attend a demand of infrastructures which, due to lack of investment, are running deficit.

The measures adopted by advanced countries to reduce public deficit are expected to have positive results in the coming years and, together with the drop in crude oil prices, the increased stability of the financial markets and the increased availability of financing as a result of the liquidity injections introduced by the central banks, in the future these fiscal consolidation measures are expected to diminish. Despite this, public spending in advanced and emerging economies is expected to continue its downward trend. This implies a trend of greater participation by the private sector in financing infrastructure, mainly through public-private partnerships.

2 "World Economic Outlook", International Monetary Fund, October 2014.

%	% GDP CHANGE					% INVESTMENT OVER GDP				
	2012	2013	2014E	2015E	2016E	2012	2013	2014E	2015E	2016E
<b>WORLDWIDE</b>	<b>3.4%</b>	<b>3.3%</b>	<b>3.3%</b>	<b>3.5%</b>	<b>3.7%</b>	<b>24.5%</b>	<b>24.5%</b>	<b>24.8%</b>	<b>25.2%</b>	<b>25.6%</b>
EUROPEAN UNION	-0.3%	0.2%	1.4%	1.8%	2.0%	18.8%	18.1%	18.4%	18.6%	18.9%
UNITED STATES	2.3%	2.2%	2.4%	3.6%	3.3%	19.2%	19.3%	19.8%	20.5%	21.1%
CANADA	1.7%	2.0%	2.4%	2.3%	2.1%	24.7%	24.3%	23.8%	24.0%	24.2%
LATIN AMERICA	2.9%	2.7%	1.2%	1.3%	2.3%	20.6%	20.4%	20.0%	20.1%	20.6%
AUSTRALIA	3.6%	2.3%	2.8%	2.9%	3.0%	29.1%	27.6%	26.9%	26.7%	26.3%
ASEAN-5*	6.2%	5.2%	4.5%	5.2%	5.3%	29.7%	29.1%	28.4%	28.5%	29.0%
CHINA	7.7%	7.7%	7.4%	6.8%	6.3%	47.7%	47.8%	47.7%	47.4%	47.0%
INDIA	4.7%	5.0%	5.8%	6.3%	6.5%	34.7%	31.4%	32.2%	32.6%	32.9%
UNITED ARAB EMIRATES	4.7%	5.2%	4.3%	4.5%	4.4%	19.1%	20.2%	22.3%	22.7%	23.6%

%	% FISCAL (DEFICIT)/SURPLUS					% PUBLIC EXPENDITURE OVER GDP				
	2012	2013	2014E	2015E	2016E	2012	2013	2014E	2015E	2016E
<b>WORLDWIDE</b>										
EUROPEAN UNION	-4.2%	-3.2%	-3.0%	-2.5%	-1.8%	49.1%	48.7%	48.2%	47.4%	46.7%
UNITED STATES	-8.6%	-5.8%	-5.5%	-4.3%	-4.2%	37.8%	36.6%	36.9%	36.3%	36.0%
CANADA	-3.4%	-3.0%	-2.6%	-2.1%	-1.7%	44.8%	44.5%	44.0%	43.8%	43.6%
LATIN AMERICA	-3.2%	-3.4%	-9%	-3.7%	-3.5%	33.8%	34.0%	34.5%	34.0%	33.8%
AUSTRALIA	-3.5%	-3.5%	-3.3%	-1.8%	-1.0%	36.8%	37.4%	37.6%	36.6%	36.0%
ASEAN-5*	-2.3%	-2.1%	-2.7%	-2.6%	-2.4%	22.9%	22.8%	22.6%	22.4%	22.2%
CHINA	0.2%	-0.9%	-1.0%	-0.8%	-0.8%	28.2%	29.1%	28.4%	28.1%	27.9%
INDIA	-7.4%	-7.2%	-7.2%	-6.7%	-6.5%	26.9%	27.0%	26.7%	26.2%	26.0%
UNITED ARAB EMIRATES	13.7%	10.7%	10.5%	10.3%	9.8%	22.5%	24.0%	22.8%	22.2%	22.0%

\* Indonesia, Malaysia, Singapore, Philippines and Thailand  
Source: "World Economic Outlook", International Monetary Fund, October 2014 and January 2015.

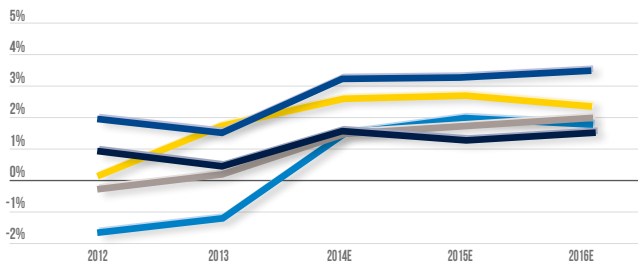
# RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

By geographic areas, the macroeconomic forecasts for the **European Union** are positive as a result of the stabilisation of the financial markets, more neutral fiscal policies which are driving internal demand, supported by a drop in oil prices, and increased competition arising from the euro's depreciation. Despite this, growth in the second half of 2014 did not meet expectations because investment levels came in below estimate. According to IMF data, in 2014 the European Union's GDP grew 1.4% compared to 0.2% in 2013 and growth in 2015 is expected to be 1.8%. Within the European Union, the recovery prospects for countries are uneven; in Spain the increase in international and domestic demand, driven by improved competitiveness and drop in the

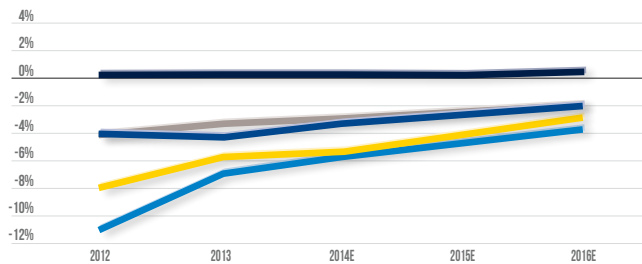
risk premium will enable GDP to grow in 2% in 2015; in other central European countries such as Germany, growth levels will remain stable with respect to previous years thanks to low unemployment levels and their economic strength; however, in countries such as France and Italy, recovery continues but more slowly than expected. For Eastern European countries, after the slowdown in growth in recent years, the IMF expects healthier recovery prospects due to the stronger domestic demand, increased investment and, as in the case of Poland, lower unemployment rates. In terms of investment, it is expected to grow very moderately supported by the economic recovery and reduced deficit, although the related public spending will continue to decline.

## EVOLUTION OF THE MAIN MACROECONOMIC INDICATORS IN EUROPE

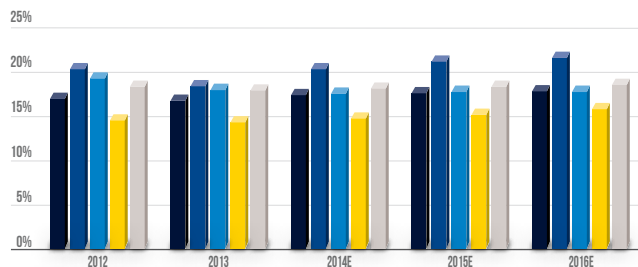
**GDP EVOLUTION**  
% GDP ANNUAL CHANGE



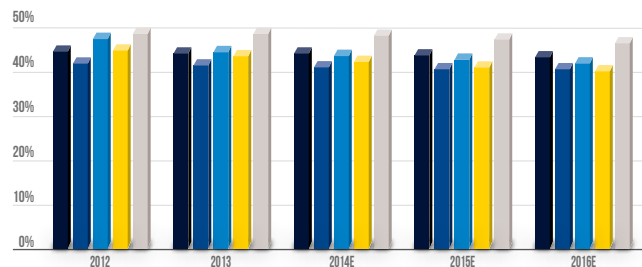
**FISCAL (DEFICIT)/SURPLUS EVOLUTION**  
% FISCAL (DEFICIT)/SURPLUS



**INVESTMENT EVOLUTION**  
% INVESTMENT OVER GDP



**PUBLIC EXPENDITURE EVOLUTION**  
% PUBLIC EXPENDITURE OVER GDP



- GERMANY
- POLAND
- SPAIN
- UNITED KINGDOM
- EUROPEAN UNION

Source: "World Economic Outlook", International Monetary Fund, October 2014 and January 2015.



*Public investment in infrastructure can drive for an economic growth in countries with idle resources and defined investment needs.*

In **America**, significant growth is expected in activity<sup>3</sup> in the United States, from 2.4% in 2014 to 3.6% in 2015, driven by lower unemployment rates, growth in domestic demand due to lower oil prices and fiscal adjustments, although the dollar's appreciation with respect to the euro could affect its competitiveness. The progressive increase in the percentage of GDP allocated to investment in the United States must also be emphasised. In 2015 it is expected to reach 20.5%, which would entail growth of more than 7% in a country characterised by an infrastructure system with much room for improvement.

In Canada growth and investment prospects remain stable, supported by economic growth in the United States and improved competitiveness due to Canadian dollar's depreciation. However, there is some uncertainty regarding the real estate market's performance after the significant increase in housing prices in recent years.

In Latin America, the drop in oil prices and other commodities will negatively impact the performance of its domestic product. This, together with the slowdown in international demand and weaker than expected domestic demand, will entail 1.3% growth in GDP in 2015, less than that registered in recent years.

According to the IMF, in the **Asia Pacific** area, Australia will continue to register solid growth above that of other advanced economies. In 2015 it is expected to grow by 3%, driven by a increase in exports which will offset the decrease in mining activity.

In China, although growth rate estimates continue to be the highest worldwide, there has been a slowdown due less investment after the significant growth experienced in recent years. Thus, the sector is moving towards stabilisation, which will affect not only the growth of

the country's gross domestic product (6.8% in 2015 compared to 7.4% in 2014), but also the region's prospects given China's influence on international trade. India, however, continues to maintain its solid growth prospects due to the strength of its domestic demand and its technological development. Growth in Middle Eastern countries such as the United Arab Emirates, will slow down due the drop in oil product prices, although the country's fiscal reserves are expected to help it maintain stable investment levels.

## INFRASTRUCTURE NEEDS AND DEMAND

The infrastructure sector is necessary for the proper economic and social development of countries and, as indicated by the IMF<sup>4</sup>, right now when interest rates are low and demand is moderate, public investment in infrastructure can drive for medium-term economic growth and benefit economic performance in countries with clearly defined investment needs and idle resources. According to the IMF's estimates, a 1% increase in the percentage of GDP allocated to investment in advanced countries would have a +0.4% impact on GDP in the first year and +1.5% impact on GDP growth four years after the investment is made. In terms of debt ratios, if the investment is made in an efficient manner, the effect resulting from the increase in GDP may offset the increased debt.

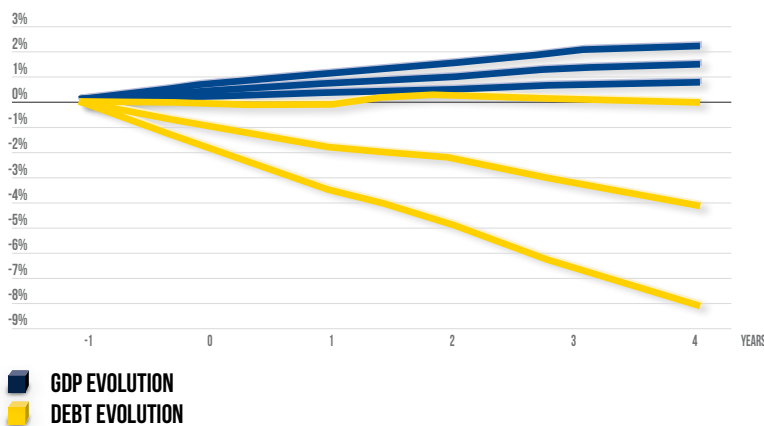
<sup>3</sup> "World Economic Outlook", International Monetary Fund, January 2015.

<sup>4</sup> "World Economic Outlook. Chapter 3. Is It Time for an Infrastructure Push? The Macroeconomic Effects of Public Investment", IMF, October 2014.



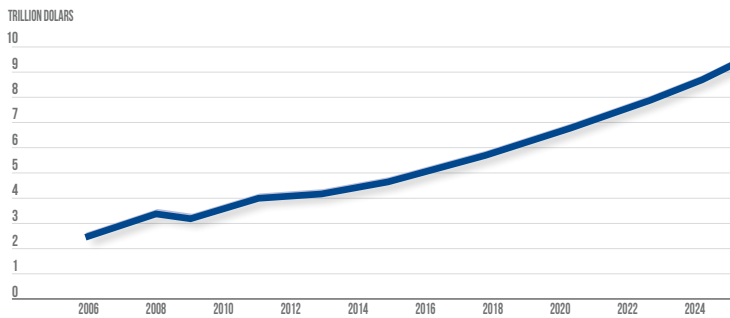
# RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

## THE EFFECTS OF PUBLIC INVESTMENT ON ADVANCED ECONOMIES



Source: "World Economic Outlook", IMF, October 2014.

## EVOLUTION OF GLOBAL SPENDING ON INFRASTRUCTURES



Source: Oxford Economics.

In this respect, the investment deficit in advanced countries, especially in maintenance material, is leading to a deterioration in the quality of infrastructure systems which directly effects the economy's competitiveness. In emerging countries, the lack of infrastructure creates bottle necks which slow down and are detrimental to growth at medium/long term.

According to PWC's<sup>5</sup> report prepared by Oxford Economics, 9 trillion US dollars will be needed annually by 2025, compared with 4 trillion US dollars in 2012, in capital and infrastructure projects related to natural resources, energy generation, industry, transportation and social infrastructure. In cumulative terms, 78 trillion US dollars will be invested in the 2014-2025 period.

According to this report, increased demand for natural and energy resources will lead the areas of natural resource extraction (oil, gas, coal, metals and other materials) and processing to be one of the sectors with the most growth until 2025, with an annual growth rate of 5% in the extraction sector, while the processing sector (refineries, chemical industries, etc.) will represent 21.3% of the global infrastructure market in 2025 compared to the current 18.8%.

<sup>5</sup> "Capital project and infrastructure spending. Outlook to 2025", PWC, 2014.



In civil and building infrastructures, i.e., those comprised mainly of transportation and logistics infrastructures, as well as those related to housing and public services (hospitals, schools, water and waste management, etc.), certain key factors take on particular relevance such as:

- Rapid growth in emerging countries and increased demand for social infrastructures in advanced countries. Initially, these investment needs are focused on water, electricity, energy and transportation infrastructure distribution systems and, as countries' social and economic development takes hold, investment turns towards improved quality of life and technological development.
- Demographic growth, global urbanisation and population ageing which will determine investment needs. According to the United Nations, currently 1.5 million people move from rural to urban areas each week and by 2030, 60% of the world's population is expected to reside in cities which presents the challenge of adapting civil and logistical infrastructures. Another factor to take into account in advanced countries is population ageing. According to the United Nations in 2050, 21% of the population will be over 60 years of age compared with 10% in 2010, which requires the adaptation of health and care infrastructures.
- The increase in investments to benefit sustainability and efficiency in an environment affected by rapid growth in demand and limited resources.

By geographic areas, in 2025, more than the 50% of worldwide infrastructure investment is expected to come from emerging economies<sup>6</sup>. More specifically, the Asia Pacific region, led by China, will represent around 60% of global infrastructure spending. Although Western Europe is expected to recover pre-crisis investment levels in 2018, in 2025 its share in the global market is expected to be 10% compared to its current 20%.

## INVESTMENT IN AUSTRALIA: FROM MINING TO CIVIL INFRASTRUCTURES

In recent years, Australia has stood out as a result of the solid growth of its GDP and due to the significant investment efforts it has made. The outlook for Australia in the 2015-2016 period remain above the average for advanced countries, but will be affected by fluctuations in commodity prices and mining products which represent close to 10% of Australia's GDP.

According to the BIS Shrapnel study<sup>7</sup>, mining and gas investments, after reaching a peak investment in 2013/2014 period, will decrease around 12% annually over the next four years. Despite this, only in energy and raw material explorations, 59 projects have been announced for a total of between 75,000 million and 95,000 million Australian dollars and another 138 projects for a total of 146,000 million Australian dollars are in the viability phase.

On the other hand, according to BIS Shrapnel production in the mining sector is expected to increase by 7.4% annually until 2017/2018 and, thus, investments and expenses are going to be focused on the operation and maintenance of existing infrastructures, with a particular focus on improving production efficiency and reducing costs.

As indicated by the Reserve Bank of Australia<sup>8</sup>, after ten years of increasing investments in new mining explorations, right now a transition to the production and efficiency optimisation phase is under way. In this connection, the BIS Shrapnel report projects that the contract mining segment will experience cumulative annual growth of 4.8% annually until 2018, while that of the maintenance sector will be 6.5%.

<sup>6</sup> "Capital project and infrastructure spending. Outlook to 2025", PWC, 2014.

<sup>7</sup> "Mining in Australia 2014 to 2029", BIS Shrapnel, November 2014.

<sup>8</sup> "The Domestic Outlook and the Role of Mining", RBA, November 2014.

# RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

Likewise, in Australia in recent years, investment in transportation and logistics, civil building, as well as other investments in public works whose weight has increased with regard to the total, has grown significantly due to the notable infrastructure needs generated by the economic growth. Given its role as raw material exporter, according to the Australian government, road and rail transport will grow by 80% and 90%, respectively, over the next 20 years. In addition, according to the OECD, the population of Australia will increase by 25% until 2030 and the majority of this population will be concentrated in coastal cities. In order to handle this increase in demand, more investment in infrastructures will be needed and, in the event this does not occur, the economic cost<sup>9</sup> of problems due to lack of infrastructures in the cities will amount to 20,400 million Australian dollars in 2020.

The drop in commodity prices in 2014 and the economic slowdown influenced the infrastructure sector's performance, however, due to the significant need for investments the sector is expected to recover.

Australian Prime Minister Tony Abbott has remarked that infrastructure development is a government<sup>10</sup> priority and has committed to investing 50,000 million Australian dollars between 2014 and 2020 in order to improve the country's transport network. Taking into account the government's investments and private investment as a result of this plan, this figure will increase up to 125,000 million Australian dollars. As part of this programme, in May 2014, 11,600 million Australian dollars worth of investments in strategic infrastructures were announced.

<sup>9</sup> "State of Australian Cities", Department of Infrastructure and Transport, 2013.

<sup>10</sup> "Investment Opportunities in Australian Infrastructure", Australian Government, 2014.

## SUMMARY OF THE BACKLOG FOR EXPLORATION PROJECTS RELATED TO NATURAL AND ENERGY RESOURCES AUSTRALIA

	ANNOUNCED		FEASIBILITY STAGE		COMMITTED		COMPLETED	
	NUMBER OF PROJECTS	RANGE (AUD MN)	NUMBER OF PROJECTS	RANGE (AUD MN)	NUMBER OF PROJECTS	RANGE (AUD MN)	NUMBER OF PROJECTS	RANGE (AUD MN)
ALUMINIUM, BAUXITE, ALUMINA	2	0-500	2	1,750	-	-	-	-
COAL	9	10,769-12,019	39	54,019	9	5,483	-	-
COPPER	3	5,290-5,540	9	6,022	-	-	1	250
GOLD	6	730-1,480	13	2,451	1	246	1	74
INFRASTRUCTURE	7	16,500-21,000	14	10,043	10	9,944	1	81
IRON ORE	11	15,019-22,519	18	24,978	6	12,045	-	-
LEAD, ZINC, SILVER	-	-	4	565	3	2,029	1	360
LNG, GAS, OIL	7	23,500-25,500	7	29,700	13	197,113	1	429
NICKEL	1	0-250	7	5,828	-	-	-	-
URANIUM	6	2,010-3,760	1	315	-	-	-	-
OTHER COMMODITIES	7	1,376-1,876	24	8,270	2	845	-	-
<b>TOTAL</b>	<b>59</b>	<b>75,194-94,444</b>	<b>138</b>	<b>146,740</b>	<b>44</b>	<b>227,705</b>	<b>5</b>	<b>1,194</b>

Source: "Resources and Energy Major Projects", Bureau of Resources and Energy Economics, October 2014.



According to this same report, despite public effort, annual investment in transportation infrastructures in Australia stands at 4% of the GDP. With this growth, the Business Council of Australian expects that 760,000 million Australian dollars will be needed in the next ten years.

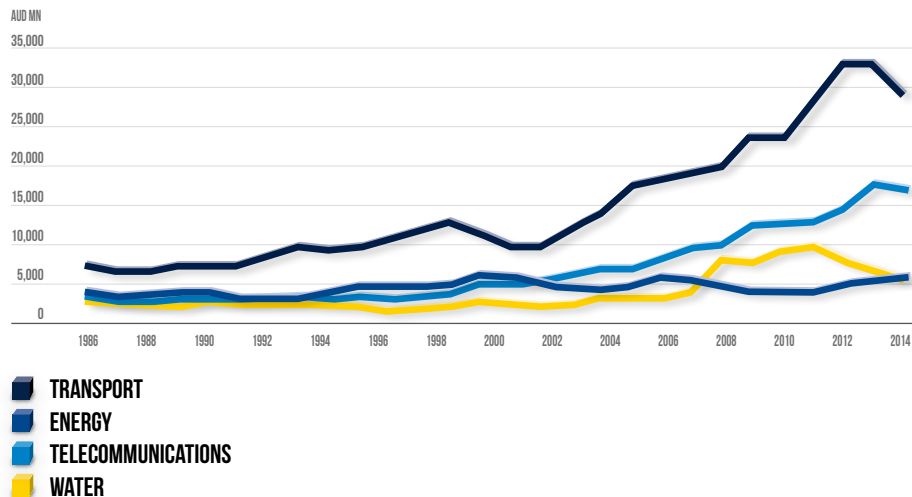
Thus, a joint public-private investment system is increasingly necessary in order to meet the infrastructure financing needs. In this respect, Australia has extensive experience in the sector of public-private partnerships, and since the 1980s has carried out more than 127 projects for a total investment of 60,000 million Australian dollars<sup>11</sup> in roads, water infrastructures, energy assets, public infrastructures, etc.

Furthermore, the “Superannuation Funds”, Australian pension funds, are active investors in the infrastructure sector given the essential characteristics of these assets. Currently these funds, with managed assets totalling 1.62 trillion Australian dollars, are the third largest in the world and the largest in Australia. They are expected to grow in a sustained manner over the next 20 years to 7.6 trillion Australian dollars<sup>12</sup>, representing important financing opportunities for the sector.

<sup>11</sup> “Investment Opportunities in Australian Infrastructure”, Australian Government, 2014.

<sup>12</sup> “Why Australia? Benchmark Report”, Australian Government, January 2015.

## PERFORMANCE OF INFRASTRUCTURE CONSTRUCTION ACTIVITY IN AUSTRALIA



Source: “Australian Infrastructure Statistics, Yearbook 2014”, Bureau of Infrastructure, Transport and Regional Economics.



# RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

## OUTLOOK FOR THE CONSTRUCTION SECTOR IN THE UNITED STATES

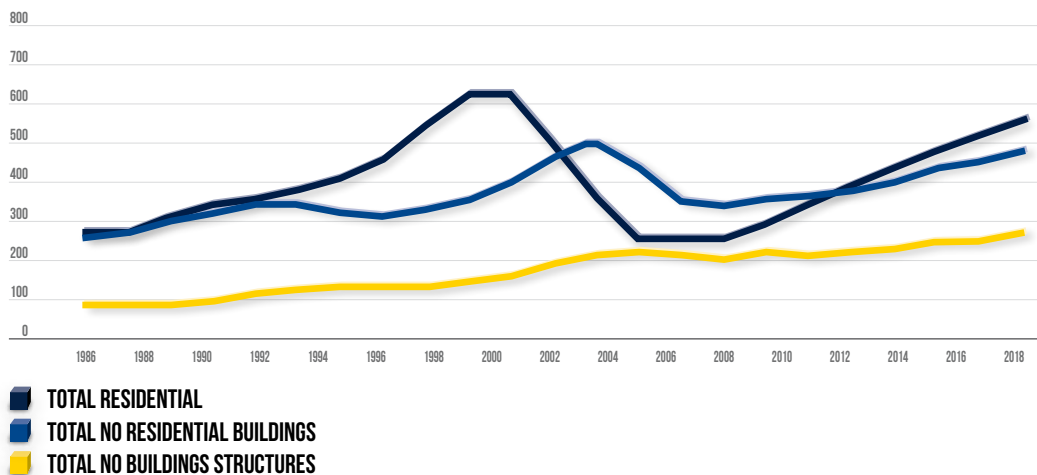
According to the IMF Corporation<sup>13</sup>, the construction sector in the United States is beginning to show clear signs of recovery with estimated growth rates of 6%-7% for the 2014-2018 period, providing support for this new expansion and recovery cycle. Although, according to this report, the most significant growth rates in the sector are expected to continue to emanate from residential building with a compound annual growth rate of 8.7% for the 2014-2018 period, it will grow less than it did between 2011 and 2014 with respect to civil works and non-residential building, whose outlook for growth in the 2014-2018 period stand at around 5%.

One of the challenges faced by the infrastructure sector is not the lack of demand since, historically, low levels of investment in this sector have led to a progressive deterioration of the existing network, but rather the need to seek out financing for these projects. In this respect, the ASCE estimates that by 2020 the investments necessary to maintain, expand and improve transportation, water, waste management and electricity transmission system infrastructures will total 3.6 trillion US dollars in order to meet infrastructure investment needs in the United States in 2020. However, according to the same association, the financing deficit for the projects necessary until 2020 is 1.6 trillion US dollars. If these investment levels are not met, the cost for companies will be 1.2 trillion US dollars and for citizens will be 611,000 million US dollars.

<sup>13</sup> "U.S. Markets Construction Overview 2015", IMF, December 2014.

## PERFORMANCE OF THE CONSTRUCTION SECTOR IN THE UNITED STATES BETWEEN 1996 AND 2018

MILLIONS OF CURRENT DOLLARS



Source: U.S. Markets Construction Overview 2015, IMF, December 2014.

More specifically, the investment deficit in the transportation infrastructure sector is seriously affecting the country's competitiveness and its citizens. According to the US Department of Transportation,<sup>14</sup> the quality of the roads has dropped to number 16 worldwide (compared to number 8 in 2008); more than 65% of the roads in the United States are below optimal quality; more than 25% of bridges need urgent repairs in order to withstand current traffic; and 45% of United States citizens do not have access to public transportation systems. As a result of the foregoing, it is estimated because of the lack of infrastructures<sup>15</sup>, citizens spend 120,000 million US dollars in extra fuel, traffic accidents have increased (33,000 since 2013, of which one third were influenced by the poor state of the roads) and an annual increase of 27,000 million US dollars in transportation expenses.

This lack of investment, together with losses in the Highway Trust Fund' and the Transit Trust Fund, the main sources of public financing for transportation infrastructure investments, led the United States' Government to draft a bill in 2014 called "Generating Renewal, Opportunity, and Work with Accelerated Mobility, Efficiency, and Rebuilding of Infrastructure and Communities throughout America Act" ("Grow American Act"), which was expanded in the 2016 budget proposals made by President Obama in February 2015.

With this programme, the United States Federal Government expects to invest 476,000 million US dollars in the next six years which will be distributed as follows:

- 317,000 million US dollars will be invested in the highway system and road safety;
- 115,000 million US dollars will be invested in transit systems and expand transportation options;
- 18,000 million US dollars for a multi-modal freight program that strengthens the country's exports and trade;

- 28,600 million US dollars for rail projects which improve the connections between key cities and reduce travel times.

In addition to these investments, the Grow Act will also implement tools and resources to encourage regional coordination and local decision making, as well as policy reforms to improve project delivery, investment efficiency and innovation.

The Grow America Act will also incentivise public-private partnership projects and attract private investment in transportation infrastructure. Thus, 6,000 million is expected to be granted through TIFIA ("Transportation Infrastructure Finance and Innovation Act"), which provides loans with better financing conditions for these types of projects.

<sup>14</sup> "Beyond traffic 2045", US Department Transportation, 2014.

<sup>15</sup> "An economic analysis of transportation infrastructure investment", The Council of Economic Advisers, July 14.

### OVERALL INVESTMENT NEEDED IN INFRASTRUCTURE UP TO 2020

BILLION US DOLLARS	TOTAL NEEDS	ESTIMATED FUNDING	FUNDING GAP
LAND TRANSPORT	1,723	877	846
WATER/WASTERWATER INFRASTRUCTURE	126	42	84
ELECTRICITY	736	629	107
AIPORTS	134	95	39
INLAND WATERWAYS AND MARINE PORTS	30	14	16
DAMS	21	6	15
WASTE TREATMENT	56	10	46
LEVEES	80	8	72
GREEN AREAS	238	134	104
RAIL	100	89	11
SCHOOLS	391	120	271
<b>TOTALS</b>	<b>3,635</b>	<b>2,024</b>	<b>1,611</b>
YEARLY INVESTMENT NEEDED	454	253	201

Source: "2013 Report Card for America's Infrastructure", American Society of Civil Engineers, 2013.

# RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

It is estimated that through this programme, 60,000 million US dollars worth of loans will be provided for these types of projects. This sector has significant growth potential since, according to a report from the United States Department of Treasury,<sup>16</sup> between 2007 and 2013, 22,700 million US dollars were invested, taking into account both public and private investment, in public-private partnership transportation infrastructure projects, representing only 2% of the total capital invested over the same period in highways. In addition, in July 2014 the United States Department of Transportation opened the "Build America Transportation Investment Center" to evaluate possible investors in these types of projects.

Another one of the challenges the public-private partnership projects sector faces is the promulgation of laws authorising these types of projects in all states (currently, they only exist in 33 States and Puerto Rico) and their standardisation in order to promote these types of contracts between the various states.

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<sup>16</sup> "Expanding our Nation's Infrastructure through Innovative Financing", US Department Treasury, September 2014..





## THE CONSTRUCTION SECTOR IN SPAIN

In Spain, the improved macroeconomic environment in 2015 will be reflected in the performance of the growth prospects for the construction sector. According to Euroconstruct<sup>17</sup>, after a 2.4% decline in the sector in 2014, the sector will begin to recover in 2015 with growth of 1.8%, while in 2016 and 2017 this increase will be 3.6% and 5%, although determining factors of a structural nature continue to exist (excess supply, restriction on public spending, etc.) which may affect the sector's performance.

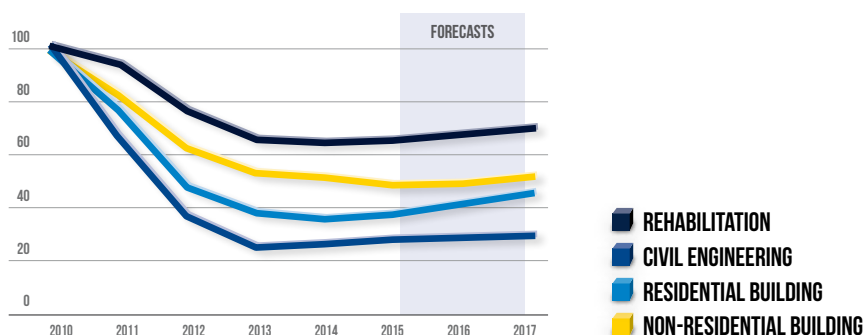
Residential building would grow 5% in 2015, 9% in 2016 and 11% in 2017 after being the sector hardest hit by the crisis and after market prices readjust. For non-residential building, recovery is slower. In 2015 it is expected to continue to fall by 5.5% and in 2016 grow by 2% once again.

Lastly, in 2014 the civil engineering segment grew by 2.6% and in 2015 it is expected to grow by 5.4% in part due to the elections scheduled for this year. In 2016 and 2017, fluctuations of +2.4% and +3.5% are expected given the government's commitment to restraint as a result of the tax deficit. Despite this, economic improvement provides a more significant margin for budget allocation and in this respect, the loans allocated to

infrastructure policy in the General State Budget for 2015 amount to 6,141 million euros, 12.6% more than those of 2014. Real investments in infrastructures, considering both the government's contribution and that of public entities and private and state-owned companies, total investment would grow 8.8% to 9,469.3 million euros, of which more than 4,127.8 million euros will be allocated to high speed, commuter and conventional rail networks.

### EVOLUTION OF THE DIFFERENT SUB-SECTOR IN THE SPANISH MARKET

PRODUCTION INDICES AT CONSTANT PRICES, BASE 2010=100



<sup>17</sup> ITEC-Euroconstruct, November 2014.

Source: ITEC-Euroconstruct, November 2014.

### INVESTMENTS ALLOCATED IN INFRASTRUCTURES IN SPAIN ACCORDING TO 2014 AND 2015 GENERAL STATE BUDGET

INFRASTRUCTURES	BUDGET 2014			BUDGET 2015			% TOTAL VAR.
	GOVERNMENT	PUBLIC ENTITIES AND PRIVATE AND STATE-OWNED COMPANIES	TOTAL	GOVERNMENT	PUBLIC ENTITIES AND PRIVATE AND STATE-OWNED COMPANIES	TOTAL	
ROADS	1,646.9	382.0	2,028.8	1,721.3	370.5	2,091.7	3.1%
RAILWAYS	107.4	3,554.4	3,661.8	21.0	4,106.8	4,127.8	12.7%
PORTS	2.5	776.5	779.0	2.8	863.9	866.7	11.2%
AIRPORTS	12.6	550.3	562.9	12.6	527.0	539.6	-4.1%
HYDRAULICS	806.9	660.7	1,467.6	868.7	716.4	1,585.1	8.0%
COAST AND ENVIRONMENT	164.5	0.0	164.5	218.0	0.0	218.0	32.5%
OTHERS	38.7	2.0	40.7	38.7	2.0	40.7	0.0%
<b>TOTAL</b>	<b>2,779.5</b>	<b>5,925.8</b>	<b>8,705.3</b>	<b>2,882.2</b>	<b>6,587.1</b>	<b>9,469.3</b>	<b>8.8%</b>

Source: General State Budget.

# RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

## INVESTMENTS IN ENERGY INFRASTRUCTURE AND RELATIONSHIP TO FLUCTUATIONS IN THE PRICE OF OIL

In 2014 the price of oil dropped considerably, especially in the last quarter of the year when the Crude Oil Brent price fell by 50.2% to \$57.33/barrel at 31 December.

This drop in prices can be explained by the situation in Europe, energy efficiency policies and the slowdown in growth in China and other emerging countries which have contributed to the global decline in demand for oil. With regard to supply, excess production was created due to an increase in fracking in the United States and an increase in production which exceeded expectations in countries such as Libya and Angola. According to IEA, in the fourth quarter of 2014 this over production reached around 0.9 million barrels

per day, while in the same quarter of the previous year, there was a deficit of 1.0 million barrels per day.

With these prices, the profitability of the investment in new wells decreases and according to various companies and analysts<sup>18</sup> average investment of the main companies in the sector is expected to fall 20% in 2015. This decline in investment will mainly affect regions with non-conventional production sources due to the fact that they are less profitable and the upstream sector (exploration, drilling and extraction). In regions with capacities arising from improved efficiency, such as Mexico, and in midstream (liquefaction, transport and storage) the “downstream” (refineries, regasification plants, etc.) sectors the impact will be less.

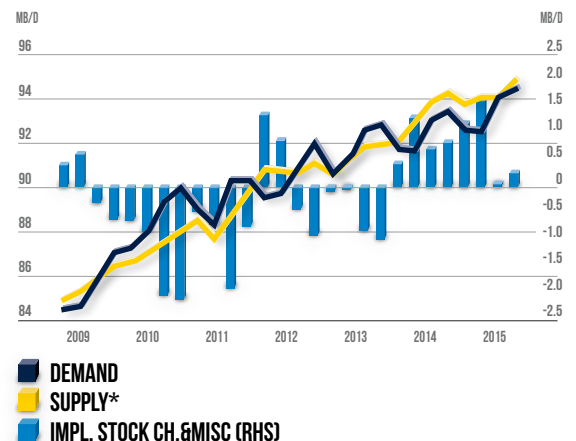
<sup>18</sup> Joseph LaVorgna, Deutsche Bank’s chief US economist, December 2014. Conoco Phillips, December 2014, Pemex, January 2015.

## FLUCTUATIONS IN THE PRICE OF CRUDE OIL BRENT BETWEEN 2010 AND 2014



Source: Factset.

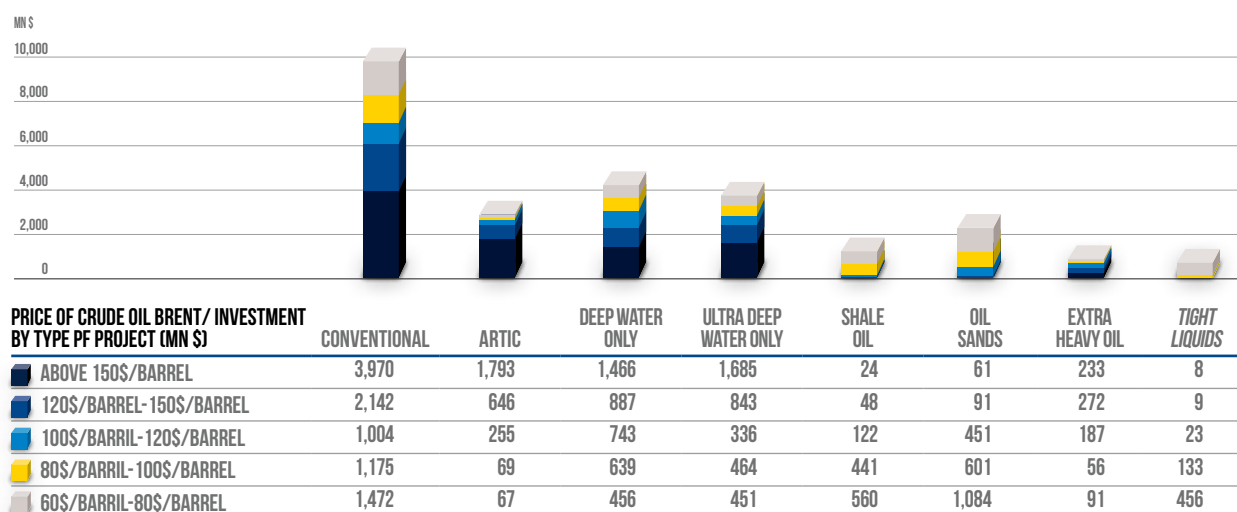
## EVOLUTION OF GLOBAL OIL DEMAND/ PRODUCTION BETWEEN 2009 AND 2015



\* OPEC production assumed at 30 mb/d through forecast period. Source: “Oil Medium market Report 2015”, IEA, January 2015.



## ESTIMATED INVESTMENT BETWEEN 2012 AND 2050\*



\* In the estimates, it is not included the investment from national oil companies.  
Source: "Carbon supply cost curves oil capital expenditures", Carbon Tracker Initiative, May 2014.

Due to the decline in investment, production is expected to drop off in the next six to eight months. Although forecasts for oil prices are still uncertain, most organisations and analysts agree that the price of crude oil will increase in 2015 due to a decline in production.

The IEA<sup>19</sup> points out that, despite excess production in the short term, the structural problems in the derivative market related to the higher cost and increased complexity of projects in an attempt to meet growing demand in the commodities market, which is increasingly limited and dependent on a small number of producers, must not be forgotten. However, fossil fuel's reduced weight in the energy mix, long-term stabilisation of consumption and greater use of oil for transport and in the petrochemical industry will cause demand to increase from 90 million barrels of oil per day in 2013, to 104 million barrels of oil per day in 2040. As a result, the IEA predicts that until 2030 an annual investment of 900,000 million US dollars will be necessary in order to explore for and produce oil and gas.

At a global level, it is estimated<sup>20</sup> that until 2035 the investment necessary in energy infrastructures will reach 2 trillion dollars per year, and annual spending on energy efficiency measures will reach 550,000 million dollars. This would entail a total accumulated investment of 48 trillion dollars in the period or which, around 23 trillion will be allocated to the fossil fuel sector, 10 trillion to energy generation and 7 trillion to energy transmission and distribution systems. According to this report, more than two thirds of the investment will be made in emerging countries, although the deterioration and ageing of the infrastructures and the environmental policies will also entail significant infrastructure requirements in developed countries.

19 "World Energy Outlook", IEA, November 2014.

20 "World Energy Investment Outlook", IEA, June 2014.



# RELEVANT FACTORS IN THE CURRENT ENVIRONMENT OF THE INFRASTRUCTURES SECTOR

## THE EUROPEAN UNION'S ENVIRONMENTAL COMMITMENT

Environmental activity in the European Union will continue to advance towards the objectives set by the European Commission for 2020 in the fight against climate change and energy efficiency which are:

- A 20% reduction in emissions of greenhouse gases compared to 1990.
- Increasing consumption of energy generated from renewable sources to 20% of total consumption in the European Union.
- Improving energy efficiency in the European Union by 20%.

For compliance with these goals in the field of waste management, the European Union issued a directive which set targets in all Member States for 2020 to increase the reuse and recycling of household waste up to 50% and to reuse, recycle and recover up to 70% of construction, demolition and other non-hazardous waste. These targets aim by 2020 to eliminate the burying of household waste in landfills and to ensure that incineration is used only for waste that cannot be recycled.

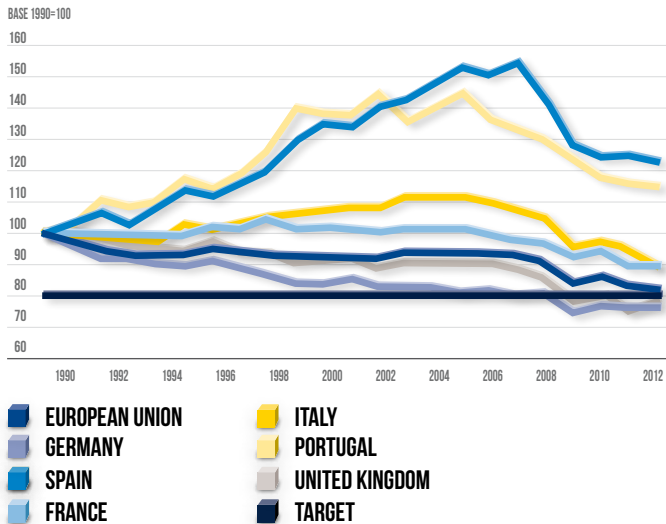
Compliance with these objectives in European countries is highly unbalanced and, therefore, significant investments and efforts will have to be made in order to reach the objectives set for 2020.



The European Union's commitment to the environment is firm and within that commitment, waste management is very significant, and in this area, the European Union is analysing new legislative proposal,

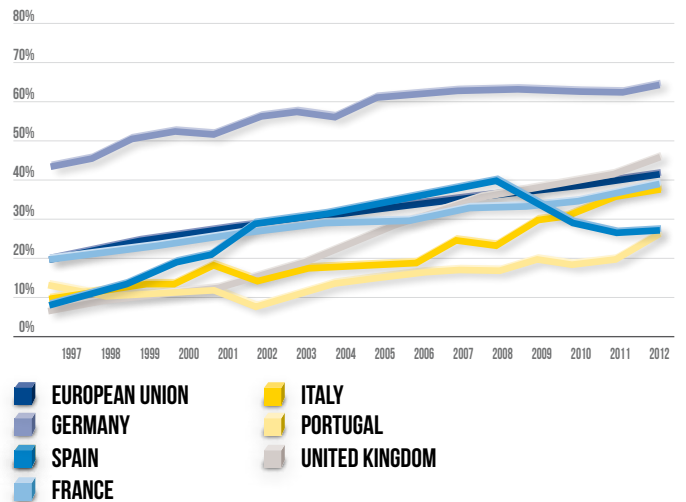
focused on the promotion of a higher reduction of the burying of waste and on the increase of the material recovery and the energy recovery from the waste.

### EVOLUTION OF GREENHOUSE GASES EMISSIONS



Source:Eurostat.

### EVOLUTION OF RECYCLING RATE OF MUNICIPAL WASTE



Source:Eurostat.





# CONSTRUCTION

THE CONSTRUCTION ACTIVITY DEVELOPS CIVIL WORKS, BUILDING AND MINING PROJECTS, DIRECTLY FOR CLIENTS OR UNDER A CONCESSION SYSTEM THROUGH PUBLIC-PRIVATE PARTNERSHIP CONTRACTUAL MODELS.









# CONSTRUCTION



The ACS Group carries out its activity in the **Construction area** through the three leading companies in this area, **Dragados**, **HOCHTIEF** and **Iridium**, which in turn encompass an extensive group of companies.

This area is focused carrying out all types of **Civil Works** projects (activities related to the development of infrastructures, such as motorways, railways, maritime and airport works), **Building** (residential, social infrastructure and facilities) and projects related to the **Mining** sector (contracts for the provision of mining services, as well as the infrastructure required for mining activities).

These projects are carried out by direct construction for clients, both public and private, or under a concession system through various public-private partnership

contractual models, covering the whole value chain for the concession activity, from project conception through financing, construction and start-up to operation.

In 2014 the Construction area has followed a strategy based on maximising operating efficiency and profitability, strict monitoring and control of the risks associated with each project and optimisation of this area's financial strength.

The ACS Group's construction area has a highly-decentralised structure and significant diversification in terms of geography and activities. Due to the complementary nature of the different companies, the Group is able to take on large and complex projects in more than 30 countries around the world, thereby positioning itself as one of the leading construction companies globally.



## MAIN FIGURES

In 2014 **revenue** from the ACS Group's Construction area amounts to 25,820 million euros, a 2.1% drop in sales with respect to 2013. The year-on-year decline is explained in part by the average depreciation of the Australian dollar and is affected by HOCHTIEF's asset sale in 2013 and Dragados' acquisition of the US companies Prince Contracting and J.F. White Contracting. If all of these effects were eliminated, Construction sales would have fallen by 1.4%.

By market, in 2014 sales in Spain stabilised, growing 1.6% compared to 2013 and accounting for 5% of the amount of total revenue. International revenue fell by 2.3% with respect to 2013. In Europe, revenue decreased by 25.8% due to the sale of Hochtief's Services and Real Estate business and the restructuring of its backlog. In the Asia Pacific area sales dropped 1.6% due to the average depreciation of the Australian dollar and reduced activity in the mining area. Revenue from America grew 5.4% due to an operational improvement and the acquisition of the new companies mentioned above, and now represents 40% of the total sales in this area.

## REVENUE BREAKDOWN BY GEOGRAPHICAL AREA



### CONSTRUCTION

MILLION EUROS	2013*	2014	% VAR.
<b>REVENUE</b>	26,365	25,820	-2.1%
<b>EBITDA</b>	1,656	1,323	-20.1%
<b>MARGIN</b>	6.3%	5.1%	
<b>EBIT</b>	674	704	4.4%
<b>MARGIN</b>	2.6%	2.7%	
<b>NET PROFIT</b>	189	223	18.1%
<b>MARGIN</b>	0.7%	0.9%	
<b>ORDER BOOK **</b>	43,507	45,135	3.7%
<b>MONTHS</b>	19	19	
<b>EMPLOYEES</b>	87,457	74,440	

\* Dec-13 figures have been restated as a result of the entry into force of the IFRS 10, 11 and 12 new standards, additionally there has been a reclassification of the results from John Holland and Leighton Services as discontinued operations.

\*\*Includes the order book proportional to the stake in joint ventures that the Group does not fully consolidate.





# CONSTRUCTION





NET PROFIT FOR THE CONSTRUCTION AREA HAS GROWN BY 18.1% COMPARED WITH THE PREVIOUS YEAR. MEANWHILE THE BACKLOG HAS INCREASED 3.7%.

**EBITDA** for the Construction area amounted to 1,323 million euros in 2014 with a sales margin of 5.1%. As a result, in 2014 **net profit** totalled 223 million euros, a year-on-year increase of 18.1%.

The Construction activity **backlog** amounted to 45,135 million euros in December 2014, representing a coverage ratio of 19 months of sales. In 2014 the backlog increased by 3.7% with respect to the previous year. In America the backlog increased by 35.9% due to the incorporation of Prince and J.F. White and large projects being awarded in this area and now represents 37% of the Group's total backlog. Asia Pacific continues to be the Group's main area accounting for 45% of the backlog projects at 2014 year end despite the 9.5% decrease in the backlog with respect to 2013 as a result of the decline in contracting in the mining segment.

## ORDER BOOK BREAKDOWN BY GEOGRAPHICAL AREA



	SPAIN: 7%
	REST OF EUROPE: 11%
	AMERICA: 37%
	ASIA PACIFIC: 45%

## DRAGADOS

Dragados is dedicated to developing Civil Works infrastructures (motorways, railways, maritime, water and airport infrastructure) and (residential and non-residential) Building projects.

In addition to being the leading Construction company in Spain, it carries out important infrastructure projects in other European countries such as Poland (through its Polish subsidiary, Pol Aqua), Portugal, the United Kingdom and Ireland. In recent years, Dragados has also consolidated its position in the United States and Canada, thanks to the activity of its North American subsidiaries, Schiavone, Pulice, John P. Picone and the recently acquired Prince Contracting and J.F.White Contracting. In addition, Dragados has extensive experience executing projects in Latin America, especially in Peru, Colombia, Chile, as well as Argentina and Venezuela, where it has its own subsidiaries (Dycasa and Dycvensa).





# CONSTRUCTION

Dragados' strategy is focussed on maintaining its leadership position in Spain as it continues to consolidate its business in international markets, all the while maintaining strict control over risks and costs, allowing it to maximise operational efficiency and ensuring the profitability of projects.

In 2014 Dragados recognised 3,643 million euros in revenue, 3.1% less than in 2013. The

activity in Spain began to show signs of stabilisation and grew 2.5% with respect to the previous year. Sales in foreign markets decreased by 6.1% due to the completion of projects in the United States and Canada. Dragados' backlog stands at 9,431 million euros, which represents 31 months of activity coverage, with 66% of the backlog coming from Civil Works projects awarded internationally.

## DRAGADOS REVENUE BREAKDOWN BY TYPE OF ACTIVITY



## DRAGADOS ORDER BOOK BY TYPE OF ACTIVITY



## DRAGADOS

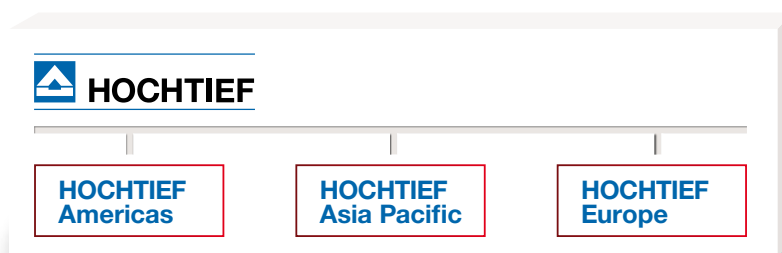
MILLION EUROS	2013	2014	% VAR.
REVENUE	3,760	3,643	-3.1%
EBITDA	319	295	-7.5%
MARGIN	8.5%	8.1%	
EBIT	234	257	9.5%
MARGIN	6.2%	7.0%	
NET PROFIT	101	103	1.6%
MARGIN	2.7%	2.8%	
ORDER BOOK	7,622	9,431	23.7%
MONTHS	24	31	
EMPLOYEES	11,746	12,244	



## HOCHTIEF

HOCHTIEF is one of the world's leading construction groups with more than 140 years' of experience in the sector and a consolidated presence in the Asia-Pacific, Middle East, United States and Canadian markets, as well as in Central Europe and, according to Engineering News-Record (ENR) magazine, it is one of the most internationalised companies in the sector. HOCHTIEF's activity is focused on the development of projects in the transportation, energy and social and urban infrastructure sectors, as well as executing contracts in the mining sector.

HOCHTIEF's extensive experience in the market, its size and the synergies between its various areas of activity, allow it to tackle very complex projects, both directly as well as under concession systems, since its comprehensive focus produces results which are particularly beneficial in public-private partnership projects.



HOCHTIEF's commercial activities are divided into the three large geographical areas in which the company operates: HOCHTIEF Americas, HOCHTIEF Asia Pacific and HOCHTIEF Europe.

HOCHTIEF's strategy is aimed at the infrastructure sector, and seeks to continuously improve its risk management, maximise profitability and optimise its financial structure with the support of its excellent staff and through highly-specialised solutions.



# CONSTRUCTION

In 2014 HOCHTIEF has continued with its restructuring process through the divestment of its non-strategic businesses with the sale of John Holland, Leighton Services and most of its HOCHTIEF Europe Real Estate assets.

In 2014 HOCHTIEF's **revenue** stood at 22,099 million euros, 1.8% more than in the previous year. By division, HOCHTIEF Americas sales increased by 8.5% with respect to 2013, while HOCHTIEF Asia Pacific activity decreased by 1.9% due fundamentally to the

average depreciation of the Australian dollar. HOCHTIEF Europe sales suffered a 30.3% fall due to the sale in 2013 of the Services and most of its Real Estate activity and the restructuring of its backlog.

In 2014 HOCHTIEF's **backlog** stands at 35,704 million euros, which is equivalent to 19 months of activity. Of particular note is the 25% increase in HOCHTIEF Americas' backlog supported by the sector's positive evolution, especially in the building area.

**HOCHTIEF REVENUE BREAKDOWN BY DIVISION**



-  HOCHTIEF ASIA PACIFIC: 52%
-  HOCHTIEF AMERICAS: 39%
-  HOCHTIEF EUROPE: 9%

**HOCHTIEF ORDER BOOK BREAKDOWN BY DIVISION**



-  HOCHTIEF ASIA PACIFIC: 57%
-  HOCHTIEF AMERICAS: 33%
-  HOCHTIEF EUROPE: 10%





**HOCHTIEF\***

MILLION EUROS	2013	2014	% VAR.
REVENUE	22,499	22,099	-1.8%
EBITDA	1,086	906	-16.6%
MARGIN	4.8%	4.1%	
EBIT	375	456	21.6%
MARGIN	1.7%	2.1%	
NET PROFIT (HOCHTIEF A.G.)	171	252	47.0%
MARGIN	0.8%	1.1%	
NET PROFIT (CONTRIBUTION TO ACS)**	91	150	65.5%
ORDER BOOK***	35,884	35,704	-0.5%
MONTHS	19	19	
EMPLOYEES	75,433	61,949	

**CONSOLIDATION ADJUSTMENTS**

	2013	2014
	0	0
	201	101
	n.a.	n.a.
	43	(4)
	n.a.	n.a.
	6	(30)

\* Data presented according to ACS management criteria. Dec-13 figures have been restated as a result of the entry into force of the IFRS 10, 11 and 12 new standards, additionally there has been a reclassification of the results from John Holland and Leighton Services as discontinued operations.

\*\* HOCHTIEF contribution to ACS Group during 2013 and 2014 fully integrated consolidation. Neither in 2013 nor in 2014, financial expenses related to Hochtief's acquisition were included.

\*\*\* Includes the order book proportional to the stake in joint ventures that the Group does not fully consolidate

**HOCHTIEF. RESULTS BY BUSINESS AREA\***

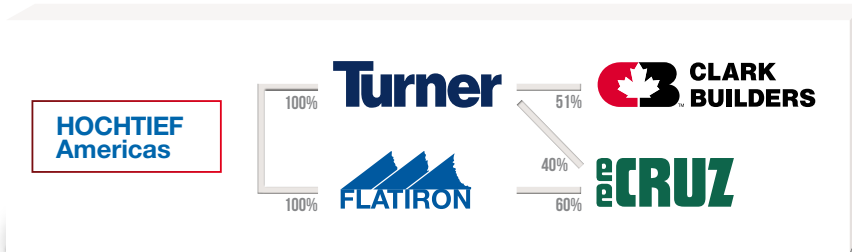
MILLION EUROS	HOCHTIEF AMERICAS			HOCHTIEF ASIA PACIFIC			HOCHTIEF EUROPE			CONSOLIDATION / ADJUSTMENTS*		TOTAL		
	2013	2014	% VAR.	2013	2014	% VAR.	2013	2014	% VAR.	2013	2014	2013	2014	% VAR.
REVENUE	7,944	8,615	8.5%	11,623	11,397	-1.9%	2,819	1,966	-30.3%	112	121	22,499	22,099	-1.8%
EBITDA	83	121	45.6%	1,122	917	-18.3%	(62)	(73)	-17.6%	(57)	(58)	1,086	906	-16.6%
MARGIN	1.0%	1.4%		9.7%	8.0%		-2.2%	-3.7%				4.8%	4.1%	
EBIT	55	97	77.1%	504	524	4.0%	(124)	(105)	15.3%	(60)	(61)	375	456	21.6%
MARGIN	0.7%	1.1%		4.3%	4.6%		-4.4%	-5.3%				1.7%	2.1%	
NET PROFIT	59	63	6.3%	184	265	44.1%	32	(81)	n.a.	(104)	4	171	252	47.0%
MARGIN	0.7%	0.7%		1.6%	2.3%		1.1%	-4.1%				0.8%	1.1%	
ORDER BOOK	9,279	11,603	25.0%	22,469	20,355	-9.4%	4,138	3,747	-9.5%			35,884	35,704	-0.5%

\* Data presented according to ACS management criteria. Dec-13 figures have been restated as a result of the entry into force of the IFRS 10, 11 and 12 new standards, additionally there has been a reclassification of the results from John Holland and Leighton Services as discontinued operations. The results from the Airports activity, sold during 3Q13, have been included in the Holding accounts.





# CONSTRUCTION



## HOCHTIEF AMERICAS

The HOCHTIEF Americas division concentrates and coordinates HOCHTIEF's activities in the North American market through its four companies (Turner, Flatiron, E.E. Cruz and Clark Builders). Each one of these companies is specialised in different segments and regions and, as a whole, they serve the building, civil works and infrastructure construction sectors in the United States and Canadian markets.

HOCHTIEF's North American subsidiaries improved their operating results in 2014 thanks to the sector's positive trend in these markets, as well as these subsidiaries' consolidated position and recognised experience, enabling them to grow at significant rates, especially in the building sector.

Turner continues to hold its own as a leading general builder in the United States, as reflected in the latest ENR magazine ranking. The company is among the leaders in the categories of healthcare, education, offices, commercial properties, cultural facilities, sports facilities and hotels. Likewise, it is first in the green building category for the seventh time running. Turner is thus the market leader in sustainable construction, holding first place in the Top 100 Green Building Contractors in the United States. The HOCHTIEF subsidiary is also first in the Top Green Building Construction Firms ranking published by Building Design and Construction magazine for the eighth time in a row. Turner has a staff of more than 1,500 LEED<sup>21</sup> certified professionals who are qualified to inspect and certify green building projects.

In turn, Flatiron, which specialises in civil works projects, is among the top 20 companies in the transportation infrastructure and civil construction categories according to ENR's ranking. The measures implemented at Flatiron to improve the management of project risks, as well as the efficiency of contract management, are already bearing fruit. New IT tools have also been deployed to improve project reporting. Likewise, sustainable infrastructure project certification plans are being launched in the United States which are similar to those already established for building and the Presidio Parkway in San Francisco—which Flatiron is currently constructing—is the company's first project which will obtain Greenroads certification.

HOCHTIEF aims to further enhance synergies in the North American market through cooperation among the Group companies and the exchange of technical expertise, and continue its role as a promoter of innovation. This mainly includes developing and improving virtual design and construction services, known as Building Information Modelling (BMI).

<sup>21</sup> LEED (Leadership in Energy and Environmental Design) is the rating system of the US Green Building Council and defines the specific standards to be met in the construction of "green" buildings.



## HOCHTIEF ASIA PACIFIC

The Australian group Leighton Holdings, together with its subsidiaries, is a leader in the Australian, Asian, and Middle Eastern construction markets with projects in more than 20 countries. Through its operating units, the Leighton Group carries out projects in the areas of building, civil works and natural resources, in addition to being the largest mining contractor in the world.

In 2014 the ownership interest in Leighton increased to 69.62%, thereby demonstrating the confidence in the Leighton Group's current capabilities and potential, as well as its excellent market position.

In 2014 Leighton continued its strategic reorientation process which requires the rationalisation of its operating activities. The company has realigned its operations at a strategic and organisational level, establishing a new operating structure divided into four segments: construction, public-private partnership projects, engineering and mining, which will help to eliminate overlaps in responsibilities and reduce costs. Likewise, it aims to consolidate Leighton's expertise in public-private partnership projects, which will allow the Group to offer comprehensive services in this segment which has enormous potential for growth. In-house engineering and design capabilities are going to be expanded through the engineering segment.



# CONSTRUCTION

The mining segment will be pooled in Thiess, and Leighton Contractors will serve the construction activity. The restructuring will also enhance the Group's ability to monitor and manage risk, thereby optimising project results. The goal of harmonising the operating structures is to further promote existing synergies between the different Group divisions.

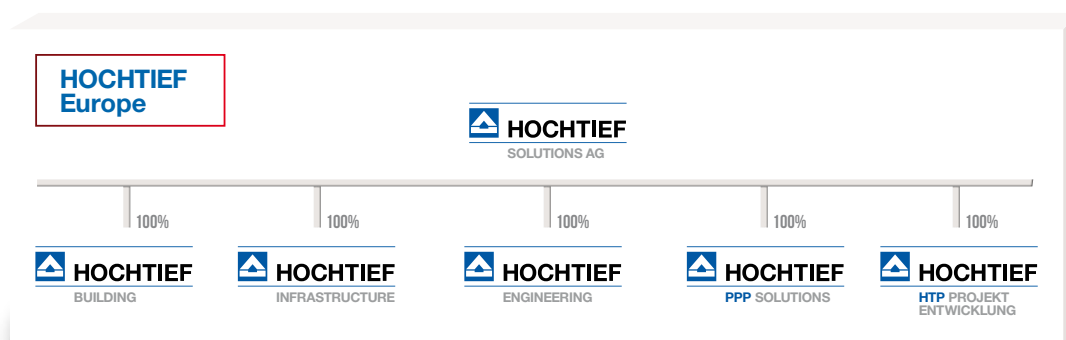
As part of the strategic reorientation process, Leighton has continued to sell its non-strategic activities. Thus, in December 2014, a binding agreement was signed for the sale of Leighton's subsidiary John Holland to CCCC International Holding Limited (CCCI). Likewise, on 17 December, Leighton agreed to sell 50% of its services subsidiary to various Apollo Global Management LLC's subsidiary funds. The funds from the sale of these assets will be used to strengthen the balance sheet and reduce debt, as well as for investment in growth segments such as public-private partnership projects.

Leighton's performance in 2014 has been positive thanks to winning major contracts in the energy, transportation and social and urban infrastructure segments. In this respect, the company is being more selective when seeking out contracts and will continue to systematically improve the focus of its risk management, with the goal of generating sustainable profit which results in cash recovery.

New opportunities are expected to arise in the public-private partnership project segment given that the number of projects being tendered is increasing, especially in the healthcare and education sector, with the government as the main driver. Leighton also aims to continue asserting its position as a top global contract miner in Australia and Asia.







## HOCHTIEF EUROPE

The HOCHTIEF Europe division combines the core business in Europe and selected high-growth regions around the world. Since 2014, the four new subsidiaries (HOCHTIEF Building, HOCHTIEF Infrastructure, HOCHTIEF Engineering and HOCHTIEF PPP Solutions) and HOCHTIEF Projektentwicklung GmbH, under the common name of HOCHTIEF Solutions AG, have carried out this division's operating activities.

HOCHTIEF Building's building construction the building construction market in Germany and surrounding countries, HOCHTIEF Infrastructure offers a wide range of transportation and energy infrastructure services in Europe and select regions throughout the world, HOCHTIEF Engineering offers its clients its expertise in planning, technical consulting and design management in the transportation, energy and building infrastructure segments, while HOCHTIEF PPP Solutions designs, finances, constructs and manages transportation, energy and social infrastructure public-private partnership projects, only offering this service when HOCHTIEF is also commissioned with the construction works in a manner that increases the value to society .

The aim of these more rationalised and flexible structures in which the various technical specialisations are grouped within the same unit, is to promote the competitive advantages of each one of the companies, as well as to continue to improve efficiency and risk management.

In this context of rationalisation and creation of structures focused on activities deemed strategic, certain operating units

were divested. Thus, in March 2014, the sale of its 50% ownership interest in Aurelis Real Estate was completed. HOCHTIEF also divested the construction logistics and security services business unit of Streif Baulogistik that same month. The remaining Streif Baulogistik businesses –crane leasing and formwork technology–continue to operate under the TRINAC brand. In July, the property management activities were sold to Vincitag. In October, HOCHTIEF sold Formart, a residential real estate developer, to fund manager ActicumSG. At the same time, the offshore assets were sold to GeoSea, a subsidiary of DEME Group which acquired all of HOCHTIEF's jack-up vessels and pontoons. With closing expected to take place in the first half of 2015, the sale is subject to the usual conditions, as well as approval by the authorities.

HOCHTIEF wants to continue consolidating its position in Germany, as well as in other European countries such as Scandinavia, the Netherlands, and the United Kingdom. It also expects to continue carrying out activities in Middle Eastern countries such as Qatar, Saudi Arabia and Oman where forecasts are solid and there is significant growth potential. HOCHTIEF Europe is likewise focusing on improving processes and risk management in order to maximise profitability and the visibility of results.

# CONSTRUCTION

## IRIDIUM

Iridium manages concession contracts and transportation infrastructure and public facility public-private partnerships, both nationally and internationally.

For another year, Iridium, together with the rest of the ACS Group, has maintained its privileged position as a global benchmark in infrastructure development and management. The reports published by the specialised magazine Public Works Financing once again recognise this, continuing to rank ACS highest among the leading concession groups worldwide, both according to number of assets, as well as investment volume.

With an accumulated experience of over 45 years, Iridium operates by implementing a strict risk control policy. Thus, Iridium identifies, assesses and minimises each specific risk of the different projects.

In 2014 the infrastructure sector stabilised and made progress on its recovery as a result of improved macroeconomic indicators in countries with significant debt problems and a drop in risk premiums in certain eurozone countries. Consequently, finance costs decreased, leading investors to perceive less risk. Ireland is a clear example.

In 2014 Iridium was awarded the N25 Road contract—the first project awarded by the Irish government after its recovery—in this market.

In 2015 investor interest in the market is expected to continue, mainly due to low interest rates and the high level of liquidity worldwide. Likewise, greater political stability in certain eurozone countries and less uncertainty with respect to election results in certain countries and their potential effect on macroeconomic policies will enable the foundation to be laid for sustained interest in the sector over the coming years. Iridium will therefore continue to monitor and select markets, projects and opportunities in Europe which meet the aforementioned parameters.

This market context has allowed Iridium to continue its development, expansion and internationalisation strategy while remaining loyal to market and business selection principles which are summarised as follows: ensuring the proper functioning of the legal framework which guarantees protection of the investment and legal stability at long term; ensuring transparent and sound contracting processes which



promote the perception of tender processes as entirely legal; favourable socio-economic environments which provide incentives for private investment; facilitating competitive processes; consolidated, stable political and economic systems which minimise risk for private investment; and guaranteeing the existence of clear, efficient, transparent and appropriate risk assignment mechanisms.

Given this market situation framework and the company's activity strategy, North American continues to be the Group's target and priority market. Currently, the seven projects awarded to Iridium in North America exceed 9,000 million US dollars: the A-30 autoroute in Montreal, in operation since 2012; the South Fraser Perimeter Road in Vancouver (opened to traffic in December 2013), in addition to the I-595 Express in Florida (opened to traffic in March 2014), the Windsor Essex Parkway in Ontario, closure of the Edmonton ring road (North East Anthony Henday) in Alberta, the new light rail transit in Ottawa and the Portsmouth Bypass (Ohio).

## PUBLIC WORKS FINANCING

### World's Largest Transportation Developers

2014 SURVEY OF PUBLIC-PRIVATE PARTNERSHIPS WORLDWIDE

Ranked by Number of Transportation Concessions Developed Worldwide Since 1985\*

Company	Operating or Under Const.	# Sold or Expired	Bid Pursuits	# Operating or Under Construction In:			
				U.S.	Canada	Home Country	All Other
ACS Group/Hochtief (Spain)	56	47	49	2	6	19	29
Macquarie Group (Australia)	43	16	14	5	1	1	36
Global Via-FCC-Bankia (Spain)	43	5	2	1	1	29	12
Abertis (Spain)	38	16	na	0	0	11	27
Vinci (France)	36	6	16	1	2	12	21
Hutchison Whampoa (China)	34	5	na	0	0	12	22
Ferrovial/Cintra (Spain)	33	23	35	6	2	9	16
Bouygues (France)	27	3	11	1	1	10	15
NWS Holdings (China)	26	1	na	0	0	26	0
EGIS Projects (France)	25	1	16	0	1	5	19
Sacyr (Spain)	22	20	9	0	0	14	8

## IRIDIUM

MILLION EUROS	2013	2014	% VAR.
REVENUE	106	77	-26.9%
EBITDA	50	21	-59.0%
EBIT	22	-4	n.a.
NET PROFIT	-9	0	n.a.
NUMBER OF EMPLOYEES	278	247	





# CONSTRUCTION

In addition, the ACS Group is pre-qualified for three projects in the United States and four in Canada: The SH 288 Toll Lanes Project in Harris County (Texas), the Illiana Expressway (Indiana), the Illiana Expressway (Illinois), the Eglinton Crosstown LRT (Ontario), the Resource Recovery Center (British Columbia), the Champlain Bridge (Quebec) and the Edmonton LRT (Alberta) with an investment of 12,000 million US dollars.

The company can also consider 2014 as the year Latin America was consolidated as a key foundation for business development over the next decade. This consolidation translated into four new infrastructure projects being awarded in 2014 totalling more than 7,000 million US dollars: Line 2 of the Lima Peru underground railway, two toll roads in Colombia (Conexión Pácifico 1 near Medellín and Mulaló-Loboguerrero near Cali) and the Los Libertadores border facility in Chile. Together with the Puerto Mont-Pargua toll road in Chile, which is already operating, the project backlog in Latin America consists of five strategically diversified concessions which together form a solid foundation for future growth. In this geographic area, the company has been pre-qualified for projects amounting to more than 3,000 million euros. Chile, Peru and Colombia are benchmarks

with regard to being well positioned to benefit from the advantages of public-private partnerships in the development of large infrastructures. Thus, in Chile, the new government has reaffirmed its commitment to concessions, announcing a pipeline of 25 infrastructure projects amounting to 4,600 million US dollars during its term in office. In Peru, the current government has promoted policies to make use of private financing to improve the country's infrastructure and the Ministry of Transport and Communication (MTC) is successfully implementing its 19,000 million dollar 2011-2016 Infrastructure Investment Plan, approximately 50% of which is being carried out through public private partnerships. The Fourth Generation (4G) Highway Concession Program for the construction, rehabilitation, operation and maintenance of 27 road corridors with an investment of nearly 50,000 million dollars and a 10-year time line in Colombia is of particular note.

With respect to Australia, it remains one of the most interesting markets for Iridium, with an infrastructure package which, together with the public private partnership, will amount to approximately 125,000 million Australian dollars during the 2014-2019 period.



Shown below is a detail of the projects making up the Group's current backlog at 31 December 2014:

CONCESSION-DESCRIPTION	ACS GROUP STAKE	COUNTRY	ACTIVITY	PHASE	UNITS	EXPIRY DATE	TOTAL INVESTMENT (MILLION EUROS)	ACS GROUP INVESTMENT (MILLION EUROS)
AB/AP1 - BIDE LAN	50.0%	SPAIN	HIGHWAYS	OPERATION	124	2018	57	3
AUTOVÍA DE LA MANCHA	75.0%	SPAIN	HIGHWAYS	OPERATION	52	2033	128	21
CIRCUNVALACIÓN DE ALICANTE	50.0%	SPAIN	HIGHWAYS	OPERATION	148	2040 <sup>(1)</sup>	464	71
AUTOPISTA DEL HENARES (R2 Y M50)	35.0%	SPAIN	HIGHWAYS	OPERATION	87	2039	898	81
ACCESOS MADRID (R3/R5 Y M50)	19.7%	SPAIN	HIGHWAYS	OPERATION	90	2049	1,679	55
REUS-ALCOVER	100.0%	SPAIN	HIGHWAYS	OPERATION	10	2038	72	16
SANTIAGO BRIÓN	70.0%	SPAIN	HIGHWAYS	OPERATION	16	2035	118	14
AUTOVÍA DE LOS PINARES	63.3%	SPAIN	HIGHWAYS	OPERATION	44	2041	96	17
AUTOVÍA MEDINACELI-CALATAYUD	95.0%	SPAIN	HIGHWAYS	OPERATION	93	2026	183	23
AUTOVIA DEL CAMP DEL TURIA (CV 50)	65.0%	SPAIN	HIGHWAYS	CONSTRUCTION	20	2043	110	10
AUTOVÍA DEL PIRINEO (AP21)	72.0%	SPAIN	HIGHWAYS	OPERATION	45	2039	226	58
AUTOVÍA DE LA SIERRA DE ARANA	40.0%	SPAIN	HIGHWAYS	CONSTRUCTION	39	2041	200	16
EMESA (MADRID CALLE 30)	50.0%	SPAIN	HIGHWAYS	OPERATION	33	2040	221	48
EJE DIAGONAL	100.0%	SPAIN	HIGHWAYS	OPERATION	67	2042	406	154
A-30 NOUVELLE AUTOROUTE 30	50.0%	CANADA	HIGHWAYS	OPERATION	74	2043	1,329	80
CAPITAL CITY LINK (NEAH)	25.0%	CANADA	HIGHWAYS	CONSTRUCTION	27	2046	1,095	13
FTG TRANSPORTATION GROUP	50.0%	CANADA	HIGHWAYS	OPERATION	45	2034	530	11
WINDSOR ESSEX	33.3%	CANADA	HIGHWAYS	CONSTRUCTION	11	2044	925	8
RUTA DEL CANAL	51.0%	CHILE	HIGHWAYS	OPERATION	55	2050	176	18
AUTOPISTA CONEXIÓN PACÍFICO 1	40.0%	COLOMBIA	HIGHWAYS	CONSTRUCTION	50	2039 <sup>(1)</sup>	1,076	79
MULALÓ LOBOGUERREROS	40.0%	COLOMBIA	HIGHWAYS	CONSTRUCTION	32	2044	805	57
AUTOPISTA JÓNICA (NEA ODOS)	33.3%	GREECE	HIGHWAYS	CONSTR. / OPERATION	380	2037	1,391	64
CENTRAL GREECE	33.3%	GREECE	HIGHWAYS	CONSTR. / OPERATION	231	2038	1,146	22
CRG WATERFORD - SOUTHLINK	33.3%	IRELAND	HIGHWAYS	OPERATION	23	2036	321	22
CRG PORTLAISSE - MIDLINK	33.3%	IRELAND	HIGHWAYS	OPERATION	41	2037	328	23
N25 NEW ROSS BYPASS	50.0%	IRELAND	HIGHWAYS	CONSTRUCTION	14	2043	173	12
SPER - PLANESTRADA (BAIXO ALENTEJO)	49.5%	PORTUGAL	HIGHWAYS	CONSTRUCTION	347	2038	539	79
ROTAS DO ALGARVE - MARESTRADA	45.0%	PORTUGAL	HIGHWAYS	CONSTRUCTION	260	2039	271	50
A-13, PUERTA DEL TÁMESIS	25.0%	U.K.	HIGHWAYS	OPERATION	22	2030	309	8
PORTSMOUTH	40.0%	USA	HIGHWAYS	CONSTRUCTION	35	2053	496	18
I595 EXPRESS	50.0%	USA	HIGHWAYS	OPERATION	17	2044	1,352	82
<b>TOTAL HIGHWAYS (KM)</b>					<b>2,532</b>		<b>17,120</b>	<b>1,233</b>
FIGUERAS PERPIGNAN - TP FERRO	50.0%	SPAIN - FR	RAILWAYS	OPERATION	45	2057	1,206	66
LÍNEA 9 TRAMO II	50.0%	SPAIN	RAILWAYS	OPERATION	11	2042	724	35
LÍNEA 9 TRAMO IV	10.0%	SPAIN	RAILWAYS	OPERATION	11	2040	613	6
METRO DE ARGANDA	8.1%	SPAIN	RAILWAYS	OPERATION	18	2029	149	3
ELOS - LIGAÇÕES DE ALTA VELOCIDADE	15.2%	PORTUGAL	RAILWAYS	CONSTRUCTION	167	2050	1,649	19
RIDEAU TRANSIT GROUP (LIGTH RT OTTAWA)	40.0%	CANADA	RAILWAYS	CONSTRUCTION	13	2048	1,442	21
METRO DE LIMA LÍNEA 2	25.0%	PERU	RAILWAYS	CONSTRUCTION	35	2049	3,885	25
<b>TOTAL RAILWAYS (KM)</b>					<b>299</b>		<b>9,669</b>	<b>175</b>
CÁRCEL DE BRIANS	100.0%	SPAIN	JAIL	OPERATION	95,182	2034	106	14
COMISARÍA CENTRAL (RIBERA NORTE)	100.0%	SPAIN	POLICE STATION	OPERATION	60,330	2024	70	12
COMISARÍA DEL VALLÉS (TERRASA)	100.0%	SPAIN	POLICE STATION	OPERATION	8,937	2032	17	3
COMISARÍA DEL VALLÉS (BARBERÁ)	100.0%	SPAIN	POLICE STATION	OPERATION	9,269	2032	16	4
LOS LIBERTADORES	100.0%	CHILE	BORDER FACILITY	CONSTRUCTION	32,011	2030	70	8
<b>PUBLIC FACILITIES (M<sup>2</sup>)</b>					<b>205,729</b>		<b>279</b>	<b>41</b>
HOSPITAL MAJADAHONDA	55.0%	SPAIN	HOSPITALS	OPERATION	749	2035	257	19
HOSPITAL SON DURETA	49.5%	SPAIN	HOSPITALS	OPERATION	987	2039	306	17
HOSPITAL DE CAN MISSES (IBIZA)	40.0%	SPAIN	HOSPITALS	OPERATION	297	2042	130	13
CENTROS DE SALUD DE MALLORCA	49.5%	SPAIN	HEALTH CENTRE	OPERATION	N.A.	2021	19	3
<b>PUBLIC FACILITIES (NUMBER OF BEDS)</b>					<b>2,033</b>		<b>711</b>	<b>52</b>
INTERCAMBIADOR PLAZA DE CASTILLA	4.4%	SPAIN	TRANSFER STATIONS	OPERATION	59,650	2041	167	3
INTERCAMBIADOR PRÍNCIPE PÍO	8.4%	SPAIN	TRANSFER STATIONS	OPERATION	28,300	2040	66	1
INTERCAMBIADOR AVDA AMÉRICA	12.0%	SPAIN	TRANSFER STATIONS	OPERATION	41,000	2038	75	1
<b>TRANSFER STATIONS (M<sup>2</sup>)</b>					<b>128,950</b>		<b>307</b>	<b>5</b>
IRIDIUM APARCAMIENTOS	100.0%	SPAIN	PARKINGS	CONST./OPERATION <sup>(2)</sup>	15,715	2058	49	49
SERRANO PARK	50.0%	SPAIN	PARKINGS	OPERATION	3,297	2048	130	24
<b>TOTAL PARKINGS (NUMBER OF PLACES)</b>					<b>19,012</b>		<b>179</b>	<b>73</b>
<b>TOTAL CONCESSIONS</b>							<b>28,266</b>	<b>1,579</b>

\* The investment paid already by ACS up to December 2014 accounted for 1,200 million euros, while 379 million euros where pending.

(1) Extendable by 2044

(2) Cover main contracts managed by Iridium Aparcamientos

# CONSTRUCTION

## THE ACS GROUP'S CONSTRUCTION ACTIVITY IN 2014\*

MILLIONS EUROS

### REVENUE

#### SPAIN



#### REST OF EUROPE



#### AMERICA



#### ASIA PACIFIC



### ORDER BOOK

#### SPAIN



#### REST OF EUROPE



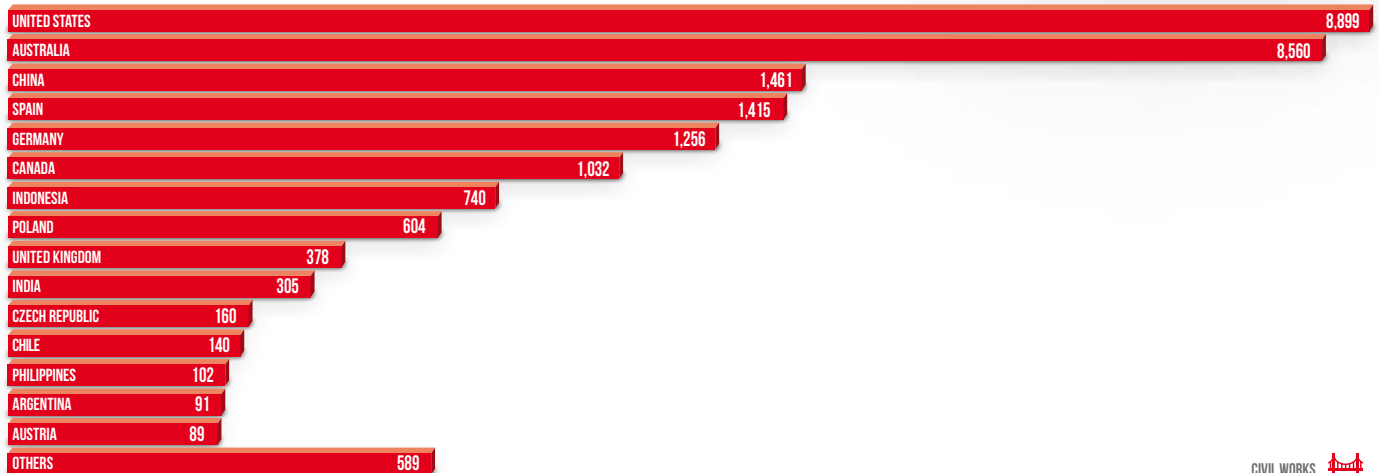
#### AMERICA



#### ASIA PACIFIC



### 2014 REVENUE BREAKDOWN BY COUNTRY



\* Main countries where the Construction area reported ongoing projects or new awarding projects. 2013 figures have been restated as a result of the entry into force of the IFRS 10, 11 and 12 new standards, additionally there has been a reclassification of the results from John Holland and Leighton Services as discontinued operations.







**1** NEW SOUTH WALES, AUSTRALIA  
 DESIGN, BUILDING, FINANCING AND OPERATION FOR A 15 YEAR PERIOD OF THE RAPID TRANSIT TRAIN SERVICE NORTH WEST RAIL LINK PROJECT IN NEW SOUTH WALES.

**VALUE**  
**1,850**  
 MILLIONS EUROS

**2** LIMA, PERU  
 WORKS FOR THE CONSTRUCTION OF LINE 2 AND STRETCH FROM AV. FAUCETT-AV GAMBETTA OF THE LIMA SUBWAY NETWORK.

**VALUE**  
**900**  
 MILLIONS EUROS

**3** DOHA, QATAR  
 DESIGN AND CONSTRUCTION OF A 56KM HIGHWAY PLUS FIVE INTERCHANGES OF NEW ORBITAL HIGHWAY IN DOHA (QATAR).

**VALUE**  
**684**  
 MILLIONS EUROS

**4** HONG KONG  
 CONSTRUCTION OF A PASSENGER CLEARANCE BUILDING FOR HONG KONG'S INTERNATIONAL AIRPORT.

**VALUE**  
**607**  
 MILLIONS EUROS

**5** NEW ZEALAND  
 CONTRACT FOR THE DESIGN AND CONSTRUCTION OF THE 27 KM TRANSMISSION GULLY MOTORWAY AND OPERATION AND MAINTENANCE CONTRACT FOR A PERIOD OF 25 YEARS.

**VALUE**  
**560**  
 MILLIONS EUROS

**6** COLOMBIA  
 CONSTRUCTION, REHABILITATION AND UPGRADING WORKS IN THE PACIFIC HIGHWAY 1.

**VALUE**  
**439**  
 MILLIONS EUROS

**7** UNITED ARAB EMIRATES  
 WORKS FOR THE PROJECT "JEWEL OF THE CREEK" IN DUBAI COMPRISING OF BUILDINGS, MARINA, BRIDGES AND LANDSCAPING WORKS.

**VALUE**  
**420**  
 MILLIONS EUROS

**8** GERMANY  
 PROJECT FOR THE CONSTRUCTION OF THE MOTORWAY A7 BETWEEN HAMBURG AND BORDESHOLM.

**VALUE**  
**406**  
 MILLIONS EUROS

**9** AUSTRALIA  
 CONTRACT TO DESIGN AND CONSTRUCT SYDNEY'S NEW NORTHERN BEACHES HOSPITAL.

**VALUE**  
**365**  
 MILLIONS EUROS

**10** UNITED STATES  
 PROJECT FOR THE CONSTRUCTION OF THE SEGMENTS 2 AND 3 OF THE CALIFORNIA HIGH SPEED RAILWAY SYSTEM, LOCATED WITHIN THE COUNTIES OF FRESNO, TULARE, AND KINGS AND THE CITIES OF HANFORD, CORCORAN AND ALLENSWORTH AND WITH A LENGTH OF AROUND 100 KILOMETERS.

**VALUE**  
**357**  
 MILLIONS EUROS

**11** AUSTRALIA  
 CONSTRUCTION OF STRUCTURAL, MECHANICAL, PIPING, ELECTRICAL AND INSTRUMENTATION WORKS FOR THE ROY HILL IRON ORE MINE, WESTERN AUSTRALIA.

**VALUE**  
**224**  
 MILLIONS EUROS

**12** DOHA, QATAR  
 SUPPLY AND INSTALLATION OF 120 KILOMETERS OF DUCTILE IRON PIPES IN THE MEGA RESERVOIR CORRIDOR MAIN 1 PROJECT TO SUPPLY WATER IN DOHA.

**VALUE**  
**219**  
 MILLIONS EUROS

**13** OHIO, USA  
 DESIGN AND CONSTRUCTION OF A HIGHWAY AROUND THE CITY OF PORTSMOUTH IN SCIOTO COUNTY.

**VALUE**  
**172**  
 MILLIONS EUROS

**14** POLAND  
 PROJEC FOR THE CONSTRUCTION OF THE S7 NATIONAL ROAD IN THE RANDOM RINGROAD WITH THE VOIVODATA MAZOWIECKIE BORDER.

**VALUE**  
**163**  
 MILLIONS EUROS

**15** GERMANY  
 WORKS FOR THE CONSTRUCTION OF THE RAILWAY TUNNEL CALLED ARGE TUNNEL RASTATT.

**VALUE**  
**156**  
 MILLIONS EUROS

**16** UNITED STATES  
 BUILDING OF THE NEW STOCKTON COURTHOUSE IN CALIFORNIA.

**VALUE**  
**149**  
 MILLIONS EUROS

**17** CHILE  
 BUILDING OF THE NEW HEALTH COMPLEX OF CLINICA CRUZ BLANCA SALUD.

**VALUE**  
**89**  
 MILLIONS EUROS

**18** PONTEVEDRA, SPAIN  
 PROJECT FOR THE CAPACITY EXPANSION OF THE HIGHWAY AP-9 BETWEEN CANGA AND TEIS IN THE STRECHT OF THE RANDE OVER THE ESTUARY OF VIGO.

**VALUE**  
**85**  
 MILLIONS EUROS

# CONSTRUCTION

## EUROPE

In 2014 Construction revenue in Europe totalled 4,019 million euros, representing 15% of sales.

Dragados and Iridium occupy a leading position in the construction and concessions sectors in Spain, and HOCHTIEF is one of the leading companies in the German construction sector. Furthermore, in the rest of Europe, the ACS Group's Construction companies have a strong presence and proven track record in implementing projects in countries such as Poland, the United Kingdom and Ireland, and countries in Central European, such as Austria and the Czech Republic.

Sales in Spain for 2014 stand at 1,415 million euros, growing 1.6% with respect to 2013. This market, which represents 5% of Construction sales, is beginning to show signs of stabilising.

The following are among some of the most significant projects executed by Dragados in Spain in 2014 in the areas of Civil Works and Building:

- Construction of the viaduct over the Ulla River which will connect the provinces of Pontevedra and A Coruña to the Atlantic axis of the high speed railway network.
- Building of the new Hospital Universitario La Fe in Valencia.
- Remodelling and expansion of the current intermodal transportation hub and public car park located on Avenida de America in Madrid.
- Construction of the railway platform in Tolosa (Guipúzcoa) as part of the new high speed railway line in the Basque Country.
- Expansion of port of Tazacorte on the island of La Palma.
- Duplication of the AS-17 carriageway between San Miguel de la Barreda and Riaño in Langreo, Asturias, with a length of 1.2 kilometres and the construction of 4 new viaducts.





*In Europe, both Dragados and Iridium in Spain, as well as HOCHTIEF in Germany, occupy a leading position in their respective sectors.*

- Building of the Centro Polivalente Barceló in Madrid which includes a municipal library, sport centre, market and a three floor underground car park for residents.
- Construction of 11.9 kilometres of tunnels, rails and overhead power cables of Line 9 of the Barcelona underground railway which includes section II between Parc Logístic and Zona Univerisitària and section IV between Gorg and Havaneres.
- Construction of 8.5 kilometres of the electricity interconnection tunnel between France and Spain for the passage of two high-voltage continuous current lines. The project also includes the construction of two technical buildings and the provision of control and safety installations for the tunnel.
- Project to complete the Tous dam which includes plating and injecting the intermediary drain, water interpretation centre, replacement and upgrading of communication systems and environmental activities.
- Construction of the CaixaForum building in Zaragoza.

In addition, Iridium manages 14 motorways, 4 railway works and 10 public and social facility assets in Spain.

In the other European countries, revenue amounts to 2,604 million euros, 25.8% down on the year-on-year figure due to the sale of assets in 2013 and the restructuring of the European backlog. The Construction activity in this area represents 10% of total sales and is carried out through Dragados' subsidiaries in countries like Poland, the United Kingdom and Ireland where in recent years it has been awarded significant contracts related to the development of transportation infrastructures, as well as through HOCHTIEF Europe which is focused on executing building and civil engineering projects in countries such as Germany, Austria, the Czech Republic, Poland, the United Kingdom and Sweden.





# CONSTRUCTION

The following are some of the projects being carried out 2014 in these countries:

- Project to expand and upgrade the ring road in northern Stockholm, Norra Länken (Sweden). The project includes the construction of two 1.2 kilometres long tunnels, the interchange section and the construction of a six lane bridge (three in each direction).
- Modernisation and widening of the A-4 motorway near Vienna, including upgrading four bridges and adding one lane in each direction over a 7 kilometres section (Austria).
- Building of the new headquarters of the French company Technip in Düsseldorf (Germany).
- Construction of the “Lehel Höfe” residential complex comprised of 105 dwellings and 113 car park spaces, in addition to other complementary facilities (Germany).
- Development of the construction project of the Cherbourger Strasse in Bremerhaven (Germany).
- Design and construction of the Halstenbenk institute in the German state of Schleswig-Holstein and its subsequent operation until 2033 (Germany).
- Project to increase the capacity of Bank station where five of the most important underground railway lines converge in the financial centre of London (Central Line, Northern Line, District Line, Circle Line and DLR) (United Kingdom).
- Construction of a new railway line, which will travel through the city of London from east to west, featuring 118 kilometres of lines, of which 21 kilometres are in underground tunnels (United Kingdom).
- Construction of section 5 of the S8 motorway in the section between Sieradz Poludnie and Lask with a length of 33.5 kilometres (Poland).

- Modernisation of the number 1 railway line between Koluszki and Czestochowa (Poland).
- Installation of flood protection in Racibòrz (Poland).
- Project for the construction and installation of a gas pipeline between Świnoujście and Szczecin (Poland).

In 2014 Iridium continued to manage six motorways in Europe, specifically in Ireland, the United Kingdom and Portugal and was awarded the concession contract for the project to finance, design, construct, operate and maintain the N25 New Ross Bypass for 25 years in Ireland. It also signed agreements for restructuring the Nea Odos and Central Greece motorways concession contracts executed in 2013, through which the ACS Group significantly reduced its exposure in both projects and maintained the original profitability expectations for the capital invested in the concession companies. Iridium is likewise involved in the high-speed railway line construction project in Portugal.

The backlog in Europe, including Spain along with the rest of European countries, amounts to 8,074 million euros, representing 18% of the total Construction backlog for 2014. One of the countries which has experienced the most growth in Europe is Poland. The backlog has increased by 19.5% with major awards for the execution of transportation infrastructure projects by Dragados’ subsidiaries, for example, construction of the S7 national road in the final section of the Radom ring road bordering Voivodato Mazowieckie for 163 million euros, the execution of building projects by HOCHTIEF Europe and the Wiśniowy Business Garden II office complex for 63 million euros.

# NUEVO HOSPITAL UNIVERSITARIO LA FE IN VALENCIA

## PROJECT EXECUTION DATES

2013-2014.

## LOCATION

Valencia (Spain).

## TYPE OF WORKS

Non-residential building.

## AMOUNT

380 million euros.

## COMPANIES INVOLVED IN THE PROJECT

Dragados S.A. (70%),  
Edificaciones Ferrando S.A. (15%),  
Becsa (15%).

## FULL PROJECT DESCRIPTION

The Nuevo Hospital La Fe is being built to transfer all of the activity from the old Hospital La Fe in Valencia to the new hospital complex. It will become the hospital of reference in the Valencian Community.

The hospital will have 1,000 beds in individual rooms.

The new building will provide hospital coverage to 1,275,000 people. 360,000 users will be assigned to it and it will have 7,000 workers.

The hospital will also have ambulatory care with 195 external consultation centres, 113 day hospital units, 120 home hospitalisation beds, 60 outpatient care units and 39 emergency boxes.

The works include the construction of four buildings. The first consists of a tower with 10 floors dedicated to laboratories and research. The second building, for care and hospital services has 11 floors, including the basement. The third building dedicated to administration and teaching is comprised of three floors. The fourth building where the installations are located has two floors. The four buildings are connected by the basement which they all share.

The building is located on a 177,500 m<sup>2</sup> plot of land of which it occupies 61,100 m<sup>2</sup>. The building's total built area is 266,900 m<sup>2</sup>, including the car park and installations areas.



# CONSTRUCTION

## ENLARGEMENT OF THE A-7 HIGHWAY IN HAMBURG

### CLIENT

Federal Republic of Germany.

### PROJECT EXECUTION DATES

Construction between 2015-2018  
(subsequent management over 30 years).

### LOCATION

Hamburg (Germany).

### TYPE OF WORKS

Civil Works (Railways).

### AMOUNT

Cost of construction: 600 million euros  
(Hochtief's share 460 million euros).

### COMPANIES INVOLVED IN THE PROJECT

HOCHTIEF Infrastructure, KEMNA BAU and  
KEMNA's subsidiary, Tesch Straßenbau GmbH &  
Co. KG.

### FULL PROJECT DESCRIPTION

Via Solutions Nord GmbH & Co. KG is a consortium formed by HOCHTIEF PPP Solutions GmbH, a subsidiary of HOCHTIEF Solutions of the Dutch infrastructure fund, as the institutional investor, and by KEMNA BAU Andraea GmbH & Co. KG, which will plan, finance and modernise 65 kilometres of the A7 federal motorway between the Hamburg-North East and Bordesholm intersections. Similarly, it will manage and maintain the section between Hamburg and Neumünster for 30 years.

The project involves widening said section of the motorway from six to eight lanes, and also includes the construction or refurbishment of 72 overpasses and bridges. In addition, a noise protection tunnel is to be built in the section at Schelsen. Likewise, a new highway maintenance depot—which will also be the headquarters of the operating company—will be constructed in the community of Nützen, at the Kaltenkirchen interchange.

The construction work, which will be handled by a joint venture between HOCHTIEF Infrastructure, KEMNA BAU and KEMNA subsidiary, Tesch Straßenbau GmbH & Co. KG, will take approximately four years. Once completed, an approximately six-kilometre section between Neumünster and Bordesholm will be handed over to the federal state of Schleswig-Holstein. The remaining 59 kilometres will be operated and maintained by the consortium led by HOCHTIEF until 2044.





## ENLARGEMENT OF THE BANK STATION IN LONDON UNDERGROUND (LONDON)

### CLIENT

London Underground.

### PROJECT EXECUTION DATES

2013-2021.

### LOCATION

London (United Kingdom).

### TYPE OF WORKS

Civil Works (Railways)

### AMOUNT

314 million euros.

### COMPANIES INVOLVED IN THE PROJECT

Dragados.

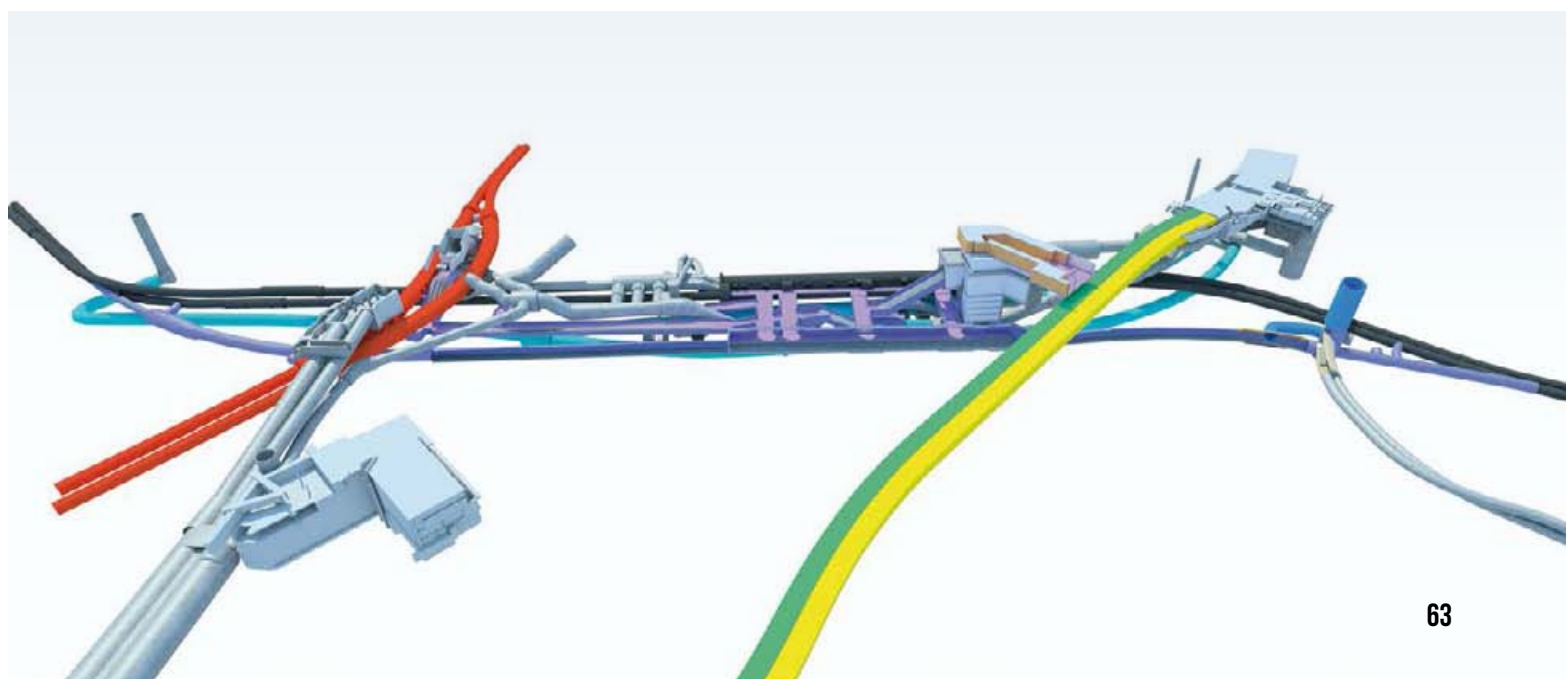
### FULL PROJECT DESCRIPTION

The purpose of the project is to expand the capacity of Bank station where five of the most important underground railway lines converge in the financial centre of London (Central Line, Northern Line, District Line, Circle Line and DLR). The projects main units are:

- Development of the design, from the conceptual phase when the contract is awarded up to structural detail.
- Preparation of documentation and support for the London Underground team in the application process for the relevant licences (Transport and Works Act Order, TWAO).
- Demolition of the six existing buildings on the plot of land proposed for the new entrance to the station.
- Construction of a pit with 45 metres deep secant pile walls to accommodate lifts, escalators and the rest of the electromechanical equipment which will serve the station.
- Construction of a 12 metres wide and 40 metres deep temporary access pit made of gunned concrete for excavation work.
- Excavation of the new Northern Line southbound running tunnel (570 metres long) and interchange tunnels (gunned concrete).
- New connections between the 5 existing underground lines.
- Building of the new Northern Line platform.
- Electromechanical installations, through the commissioning and start-up on the station.

The project is currently in the design phase. Almost one and a half years after the contract was awarded, the Dragados team is working with the client's team (London Underground, all based out of the same office) to implement the project proposal based on which we were awarded the project.

The construction work is expected to begin in early 2016.



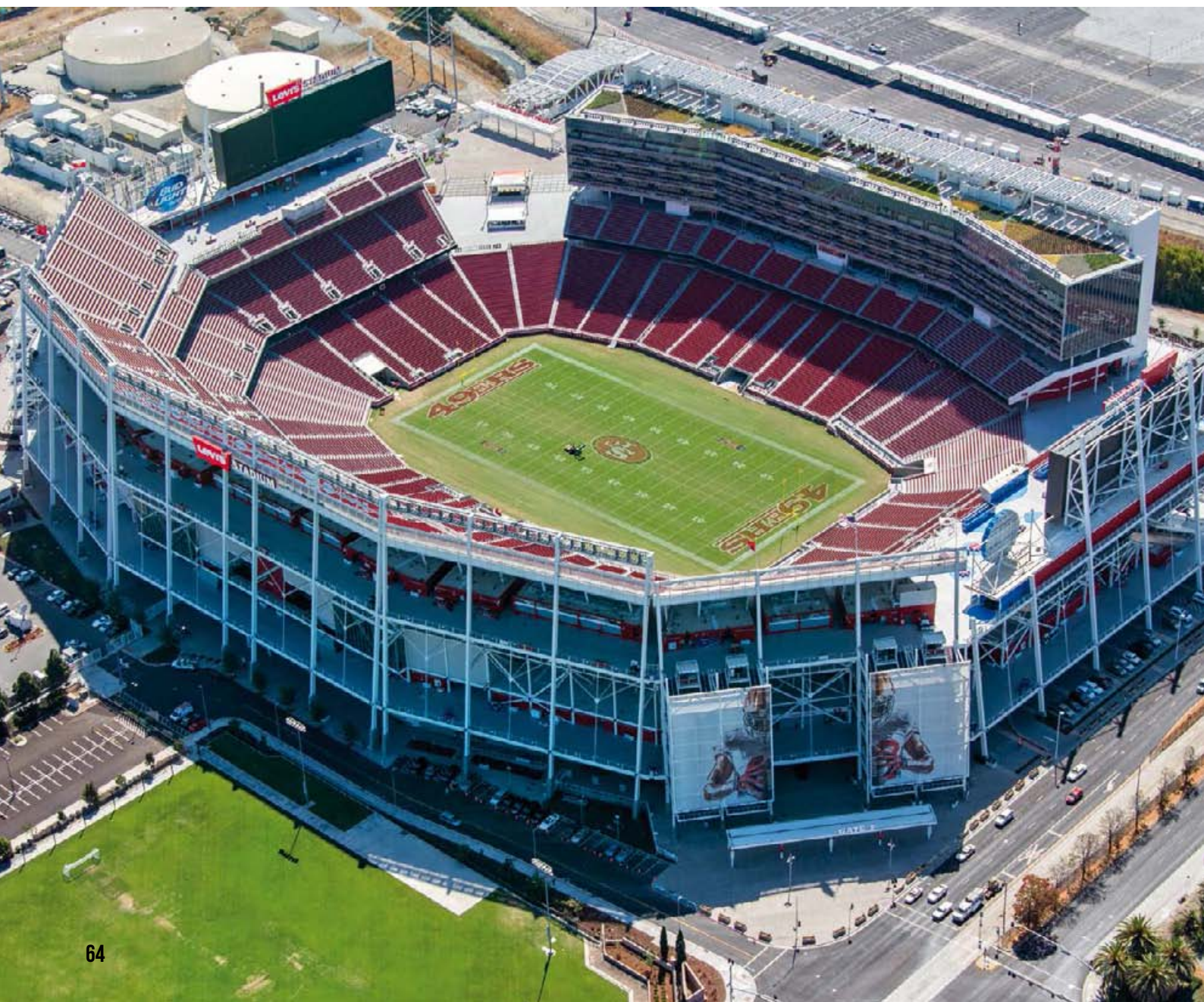


# CONSTRUCTION

## AMERICA

In America, the ACS Group's Construction area carries out the activities of civil engineering, infrastructure development and building in the United States and Canada, where it continues to lead the infrastructure concessions market. Similarly, it has experience executing projects in Latin American in countries such as Argentina, Chile, Peru, Colombia and Venezuela.

Thanks to the commercial efforts of all of the Construction subsidiaries of the ACS Group, activity in America has registered 5.4% growth with respect to 2013. As a result, revenue stands at 10,283 million euros and represents 40% of the total sales in the area, making it the second largest market in terms of the Construction activity.



*The construction activity in America has increased by 5.4% with respect to 2013, reaching a revenue of 10,283 million euros.*

In 2014 sales in the United States and Canada exceeded 9,900 million euros, representing a year-on-year growth in revenue of 6.1%. This data confirms the growing consolidation of the Group in the civil engineering and building market in these countries, thanks to the organic growth of the Group's subsidiaries operating in this sector: Pulice, Picone, Flatiron, Turner, E.E.Cruz and Clarks Builder, as well as the recent acquisitions by Dragados of Prince Contracting (Florida) and JF White Contracting (Massachusetts) to strengthen its positions in this strategic market.

Certain of the most significant projects carried out in the United States and Canada in 2014 by these companies were:

- Construction of the framework of the 96th Street station of the Second Avenue metro in Manhattan (New York, United States).
- Project for the construction of two cross pontoons to join the State Route 520 floating bridge with the Montlake neighbourhood in Seattle (United States).
- Expansion of the Clark Art Institute complex in Williamstown, Massachusetts (United States).
- Works for the construction of the Levi's American football stadium in Santa Clara (United States).
- Construction of the James Cancer Hospital and the Solove Research Institute at Ohio State University in Columbus (United States).
- Project for the expansion of terminal 2 at San Diego International Airport (United States).
- Construction of the Northeast Anthony Henday Drive highway in Edmonton, Alberta (Canada).
- Execution of SR 303L construction project on the stretch between Camelback Road and Glendale Avenue (Arizona, United States).
- Construction work on the two twin 6.2 kilometres long tunnels for the Eglinton-Scarborough Crosstown Light Rapid Transit Line (LRT) in Toronto (Canada).
- Construction of light rail transit in the city of Ottawa, Canada, with a length of over 12.5 kilometres and 13 stations, 3 of which are underground.
- Expansion and upgrading work on the Calaveras dam in the United States.
- Excavation and construction work on the 72nd Street subway station structure in New York (United States).

In addition, with regard to concessions, Iridium has continued to consolidate its position in the market; in March 2014 the I-595 Express entered into service and in September 2014 the Ohio Department of Transportation awarded the Portsmouth Bypass project which entails a total investment of 560 million US dollars to the consortium which ACS Infrastructure Development, an Iridium subsidiary in the United States, is an investor. Currently, the seven projects managed by Iridium in the United States and Canada exceed 9,000 million dollars. In addition, Iridium is pre-qualified for three projects in the United States and four in Canada: The SH 288 Toll Lanes Project in Harris County (Texas), the Illiana Expressway (Indiana), the Illiana Expressway (Illinois), the Eglinton Crosstown LRT (Ontario), the Resource Recovery Center (British Columbia), the Champlain Bridge (Quebec) and the Edmonton LRT (Alberta) with an investment of 12,000 million dollars.

In addition to the above, ACS Group companies were awarded major projects in 2014 in the United States and Canada. Of note, due both to its size and significance, was the project awarded to Dragados for the construction of segments 2 and 3 of the high speed railway system in California with an approximate length of 100 kilometres.



# CONSTRUCTION



Other projects obtained in this area in 2014 were the construction of the I-85 and I-385 interchange in Greenville (South Carolina) and the building of the new courthouse in Stockton, California. As a result, the backlog in the United States and Canada has grown by 27% with respect to 2013 and now represents 32% of the area's total backlog.

In Latin America, the Construction area carries out mainly civil engineering projects such as roads, railway or water projects and has a strong presence in Argentina and Chile, where Dragados has its own subsidiaries in addition to executing projects in developing countries with high growth potential such as Colombia and Peru. In this area in 2014 Dragados executed projects such as the construction of the new road between Bogota and Villavicencio, repair work on railway lines in Colombia and construction work on the waste treatment plant in Bahía de las Vizcachas, Chile.

In addition, HOCHTIEF is entering this sector with the development of complex projects, as demonstrated by the construction of the BBVA tower in Mexico and the Alto Maipo hydropower plant in Chile.

As regards concessions, in 2014 Iridium consolidated its activity in Latin America after being awarded four projects for an amount exceeding 4,000 million euros in Colombia, Peru and Chile. Among these projects, of particular note is the contract awarded in March 2014 to the consortium which is 25% owned by Iridium to design, construct, finance, operate and maintain line 2 of the Lima underground railway and the branch of line 4 which will extend to the Lima airport, with an investment of nearly 3,300 million euros to construct 35 underground stations over 35 kilometres. Also in March the consortium which is 40% owned by Iridium was awarded the project to construct, rehabilitate and upgrade the Conexión Pacífico 1 motorway with an investment of 1,200 million euros. In addition, the consortia in which Iridium is an investor were awarded the project for the new road which will connect Mulaló and Loboguerrero (Colombia), the estimated length of which is 32 kilometres; and the construction of the new Los Libertadores border facility in Chile. These four new projects, together with the Puerto Montt-Pargua toll road project in Chile, which is already operating, compose a solid base for the business' future growth which is expected to continue over the coming years since the company is pre-qualified for projects in the area in excess of 3,000 million euros.

# WIDENING OF THE I-595 HIGHWAY BETWEEN FORT LAURDEDALE AND MIAMI

## CLIENT

Florida Department of Transportation.

## PROJECT EXECUTION DATES

Construction: 2009-2014, maintenance for 30 years.

## LOCATION

Florida (United States).

## TYPE OF WORKS

Civil Works (Roads).

## AMOUNT

Initial investment of 1,383 million euros.

## COMPANIES INVOLVED IN THE PROJECT

ACS Infrastructure Development, Dragados USA.

## FULL PROJECT DESCRIPTION

The I-595 project in Florida entails widening and improving 17 kilometres of Interstate I-595 and 4 kilometres of the Florida Turnpike. The project also includes the construction of three tolled reversible express lanes on the I-595 median, as well as reconstruction of the S-84 entrance and exit ramps and improving the connections with I-75, SR-7 and the Florida Turnpike. The connections between the entrance and exit ramps and the interstate have improved with the construction of seven braided ramps. The concessionaire is responsible for the design, construction, financing, operation and maintenance of this project. The construction phase was 5 years and the subsequent operation and maintenance for 30 years. The initial investment was 1,383 million euros. The concessionaire received 5 annual final acceptance payments for a total of 571 million euros, as well as monthly availability payments, which will be reviewed annually according to the concession contract, amounting to 62 million euros a year. In March 2014 the tolled reversible express lanes were successfully opened to traffic and since then the concessionaire has been operating and maintaining the interstate.





# CONSTRUCTION

## EXPANSION AND REHABILITATION OF THE NORTH EAST ANTHONY HENDAY DRIVE IN EDMONTON

### CLIENT

Alberta Ministry of Transportation (Canada).

### PROJECT EXECUTION DATES

Construction between 2012-2016, subsequent 30 year concession contract.

### LOCATION

Edmonton, Alberta (Canada).

### TYPE OF WORKS

Civil Works (Roads).

### AMOUNT

1,540 million Canadian dollars.

### FULL PROJECT DESCRIPTION

Located in Edmonton, Alberta (Canada), the project consists of the concession contract for the design, construction, financing, operation, maintenance and rehabilitation of the Northeast Anthony Henday Drive project. The project consists of the construction of 9 km of new freeway and the rehabilitation of 18 km of existing freeway on the Edmonton ring road.

In total 46 bridges and overpasses will have to be constructed, comprised of 37 highway bridges, 8 railway bridges and 2 bridges over the Saskatchewan River. The road will be comprised of six-lane and eight-lane freeway in both directions and will traverse the section between Manning Drive and the southern portion of Whitemud Drive. When completed, the road will greatly reduce congestion and commute times throughout Edmonton. The extreme winter weather conditions, which include temperatures below -38 °C, must be taken into account in relation to this project.

### COMPANIES INVOLVED IN THE PROJECT

Meridiam Infrastructure NEAH ULC (50%, subsidiary of Meridiam Infrastructure North America Inc.), ACS NEAH Partner Inc. (25%, subsidiary of ACS Infrastructure Canada Inc.) and HOCHTIEF NEAH Partner Inc. (25%, subsidiary of HOCHTIEF PPP Solutions GmbH).

The project's construction has been subcontracted to a joint venture comprised of FLATIRON (33.75%), DRAGADOS (33.75%), AECON (22.5%) and LAFARGE (10%).





# WIDENING AND UPGRADE OF THE ROUTE 5, PUERTO MONTT - PARGUA SECTION

## CLIENT

Republic of Chile, Ministry of Public Works,  
General Directorate of Public Works.

## PROJECT EXECUTION DATES

2010 - 2050.

## LOCATION

Los Lagos region. The communities of Puerto Montt, Calbuco and Maullín (Chile).

## TYPE OF WORKS

Civil Works (Roads).

## AMOUNT

4,125 million UF.

## COMPANIES INVOLVED IN THE PROJECT

CV Chile S.A. (Iridium subsidiary in Chile)  
(51% ownership interest).

## FULL PROJECT DESCRIPTION

Concession project to widen, upgrade, conserve and operate Route 5, from Puerto Montt to the village of Pargua in the Los Lagos region for a total length of 55 km.

Its area of influence spans the sectors located next to Route 5 between Puerto Montt and Pargua, extending to the cities and villages located towards the south of Puerto Montt, including villages such as Chinquihue, Maullín, Calbuco, Pargua, and also the northern portion of Isla Grande de Chiloé (Chacao, Ancud, Dalcahue, Castro). The project meets the toll road standard from the start of the concession at kilometre 1,023.6 until the Chayahue interchange at kilometre 1,074.3 by upgrading and rehabilitating the existing carriageway and constructing a second carriageway. It also includes upgrading the existing access carriageway to Pargua between the Chayahue interchange and the access ramp to the ferry, as well as constructing a new Chayahue interchange and new Carelmapu detour with separate carriageways between this interchange and the future Chacao bridge at kilometre 1,081.1. The concession includes the construction work and the maintenance of all pre-existing works and the new works executed by the concessionaire under the conditions and standards established in the tender specifications for the construction and operation phases.

Toll: Initially four toll collection areas were established, one on the main road (Calbuco) and three on lateral roads (Trapén, Calbuco and Maullín).



# CONSTRUCTION

## ASIA PACIFIC

The Asia Pacific region, with revenue of 11,517 million euros in 2014 and a project backlog of 20,512 million euros, remains the main area for Construction activities, and represents 46% of the division's total sales and 45% of the total Construction backlog. In 2014, as part of the Hochtief's strategic reorientation policy, John Holland and the Services business were divested, which reduced this area's ownership interest with regard to the Group's total. The goal of this strategic reorientation is to take advantage of the significant investment opportunities in this area, since it is one of the Group's main growth areas for the Construction activity in the coming years.

The activity in this area is focused on the development of facilities for mining operations, transportation infrastructure, building and public facilities, telecommunications and infrastructure for oil and gas projects.

These projects are mainly carried out through Leighton and its subsidiaries, Leighton Contractors, Thiess, and Habtoor Leighton Group. Dragados is also participating in projects in this area, both as a sole contractor and as an associate with other Leighton companies. With regard to concessions, Australia is one of the most interesting markets for Iridium and Leighton would like to promote its public-private partnership business there since it is a market with significant potential for growth.





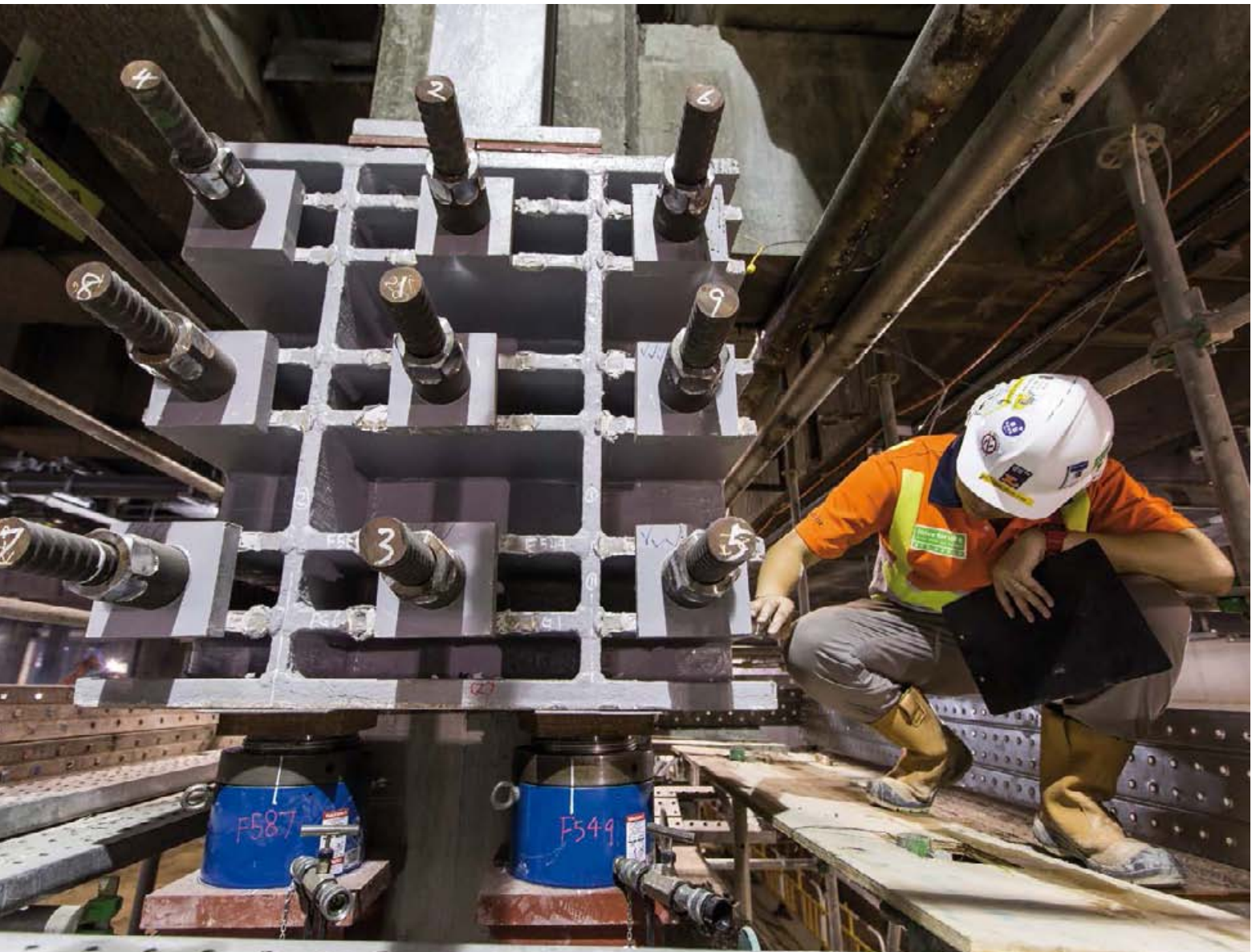
Sales for the Construction area in Australia and New Zealand stood at 8,562 million euros and among the projects undertaken this year, the following are of note:

- Execution of the North West Rail Link light railway projects in Sydney, by Thiess and Dragados Australia.
- Design and building of the Northern Beaches Hospital in Sydney.
- Works to widen and upgrade State Highway 16 in Auckland, the project consists of improving 4.5 kilometres of the existing six-lane highway for flood prevention and to increase its traffic capacity.
- Execution of the Kings Square project which consists of the construction of four 20-floor office towers in Perth's financial district.
- Design and construction of the expansion of the M4 motorway in Sydney.
- Construction of a new 30-floor building which will house Leighton's new offices in Sydney.
- Provision of mining services in the Mt. Owen Coal Mine in New South Wales.
- Structure construction work, mechanical work and installation of piping systems, as well as electricity systems and instrumentation for the Roy Hill iron mine in Western Australia.
- Execution of the Moreton Bay Rail Link project, consisting of 12.6 kilometres which will connect the Brisbane railway network with the Moreton Bay region.





# CONSTRUCTION



Leighton also carries out its activities in Southeast Asian countries, as well as in two of Asia's main powers, China and India. Thus, in 2014 the Group's subsidiaries were awarded the project to construct the passenger terminal building at Hong Kong International Airport and to construct infrastructure for tunnels, systems and complementary works for the Central-Wan Chai Bypass in Hong Kong. Likewise, the Group carries out important projects in the Middle East through

its subsidiary Habtoor Leighton Group with a presence in Qatar and the United Arab Emirates. In 2014 it obtained major projects in this area such as the design and construction of 56 kilometres and 5 interchanges on the New Orbital Highway in Doha; supply and installation of 120 kilometres of pipes for the Mega Reservoir Corridor Main 1 projects for water supply in Doha; and works for the construction of the "Jewel of the Creek" complex in Dubai.

## MANAGEMENT OF THE MT OWEN MINING COMPLEX IN NEW SOUTH WALES

### CLIENT

Hunter Valley Coal Corporation  
(a subsidiary of Xstrata Plc).

### PROJECT EXECUTION DATES

1996-2015.

### LOCATION

New South Wales (Australia).

### TYPE OF WORKS

Mining.

### AMOUNT

1,300 million Australian dollars  
(at 30 June 2014).

### COMPANIES INVOLVED IN THE PROJECT

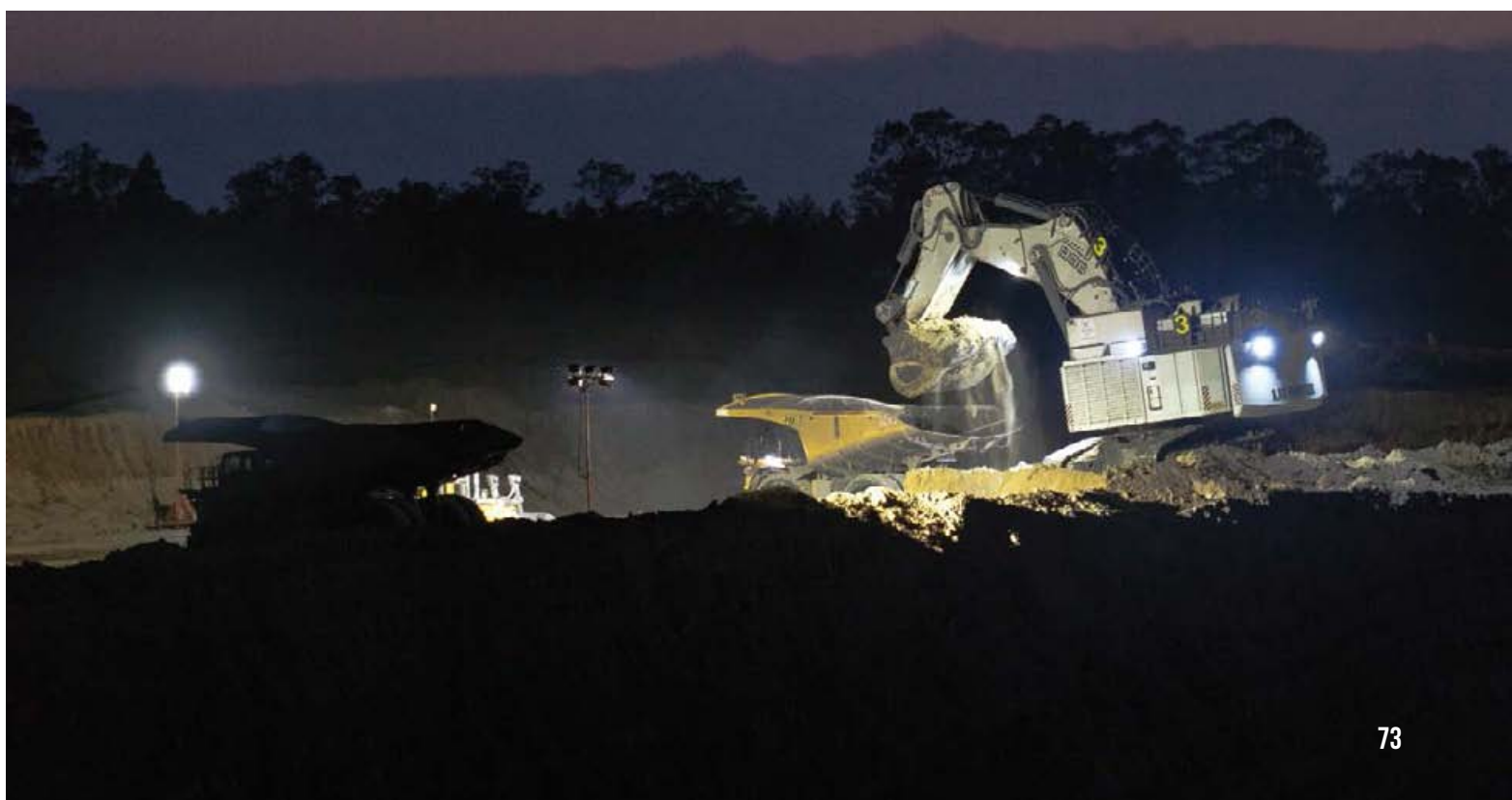
Thiess.

### FULL PROJECT DESCRIPTION

Thiess is executing a contract by Xstrata's Plc's subsidiary Hunter Valley Coal Corporation Pty Limited (HVCC) to operate the Mt Owen Complex, located 25 kilometres north-west of Singleton in the Hunter Valley (New South Wales). The Mt Owen Complex consists of the main pit in the north known as the Mt Owen Coal Mine, and the smaller Mt Owen West Pit (formerly, Ravensworth East Mine). The Mt Owen West Pit is situated midway between Muswellbrook and Singleton.

Thiess' scope of works at the Mt Owen Coal Mine includes the design and construction of the mine and infrastructure, including the coal washing and processing plant. Under the agreement, Thiess will purchase mobile equipment and operate the mine through its programmed life.

At the Mt Owen West Pit, Thiess will be responsible for the operations of the site. This includes the mining, stock piling and loading of coal for both domestic and export markets. Planned total production level is set at 1.2 million tonnes annually, with 600,000 tonnes annually contracted to Macquarie Generation and the remainder to be sold to the export market.





# CONSTRUCTION



## OFFICE SITE OF KINGS SQUARE IN PERTH

### CLIENT

WA State Government, City of Perth and the Federal Government.

### PROJECT EXECUTION DATES

2011-2015.

### LOCATION

Perth (Australia).

### TYPE OF WORKS

Building.

### AMOUNT

533 million Australian Dollars

### COMPANIES INVOLVED IN THE PROJECT

Leighton Properties.

### FULL PROJECT DESCRIPTION

Leighton Properties is developing a new office site in Perth's Central Business District (CBD); constructing four office towers of up to 20 floors, the completion of which is set for 2015.

The Kings Square project is strategically located within the 5,200 million dollar Perth City Link precinct—one of Australia's most significant CBD urban renewal developments. The site sits on top of Perth's primary transport hub—the underground train station and at the junction of four commuter cycle paths. It is also in close proximity to the city's entertainment and cultural precincts including the newly completed Perth Arena and Northbridge's William Street and Perth Cultural Centre.

Kings Square is a master planned precinct that will create an extension of King Street linking St Georges Terrace to Wellington Street.

Upon completion, the buildings will offer more than 60,000 m<sup>2</sup> of modern office space together with storage units, restaurants and shops. Traffic will run underground, creating a pleasant public space that offers locals new opportunities to interact.

Featuring efficient energy systems, the towers are targeting both a Five Star Green Star rating and a Five Star NABERS Energy rating. The systems being incorporated include software which will measure the project's environmental impact throughout the course of its useful life.



# HUNG HOM STATION OF HONG KONG UNDERGROUND

## CLIENT

MTR Corporation Limited.

## PROJECT EXECUTION DATES

2013 - 2018.

## LOCATION

Hong Kong.

## FULL PROJECT DESCRIPTION

Leighton Contractors (Asia) Limited, which belongs to Leighton Asia, India and Offshore, was awarded Contract 1112 from MTR Corporation for the construction of a fundamental component of the Shatin to Central Link (SCL) in Hong Kong.

Contract 1112 is a fundamental component for the execution of the Shatin to Central Link (SCL), a 17 kilometres railway connection which provides service to New Territories, Kowloon and the Hong Kong Island.

Works comprise the permanent and temporary works for Hung Hom Station, Hung Hom Stabling Sidings, the South and North Approach Tunnels to the new platforms, and reprovisioning, repair and upgrading work. The existing Hung Hom Station will require integration with the new platforms, with extensive underpinning and modification of the existing podium structure of the station required. We will also demolish the International Mail Centre, MTR Freight Operations Building and a number of railway ancillary facilities to make way for the construction.

A notable challenge on this project is that the major civil engineering works are to be constructed beneath the existing podium slab, with reduced headroom within a range of 5 metres to 7 metres. Construction must also take place under and within an operating railway station, with no disruption to services.

## TYPE OF WORKS

Civil Works (Railways).

## AMOUNT

655 million US dollars (at 30 June 2014).

## COMPANIES INVOLVED IN THE PROJECT

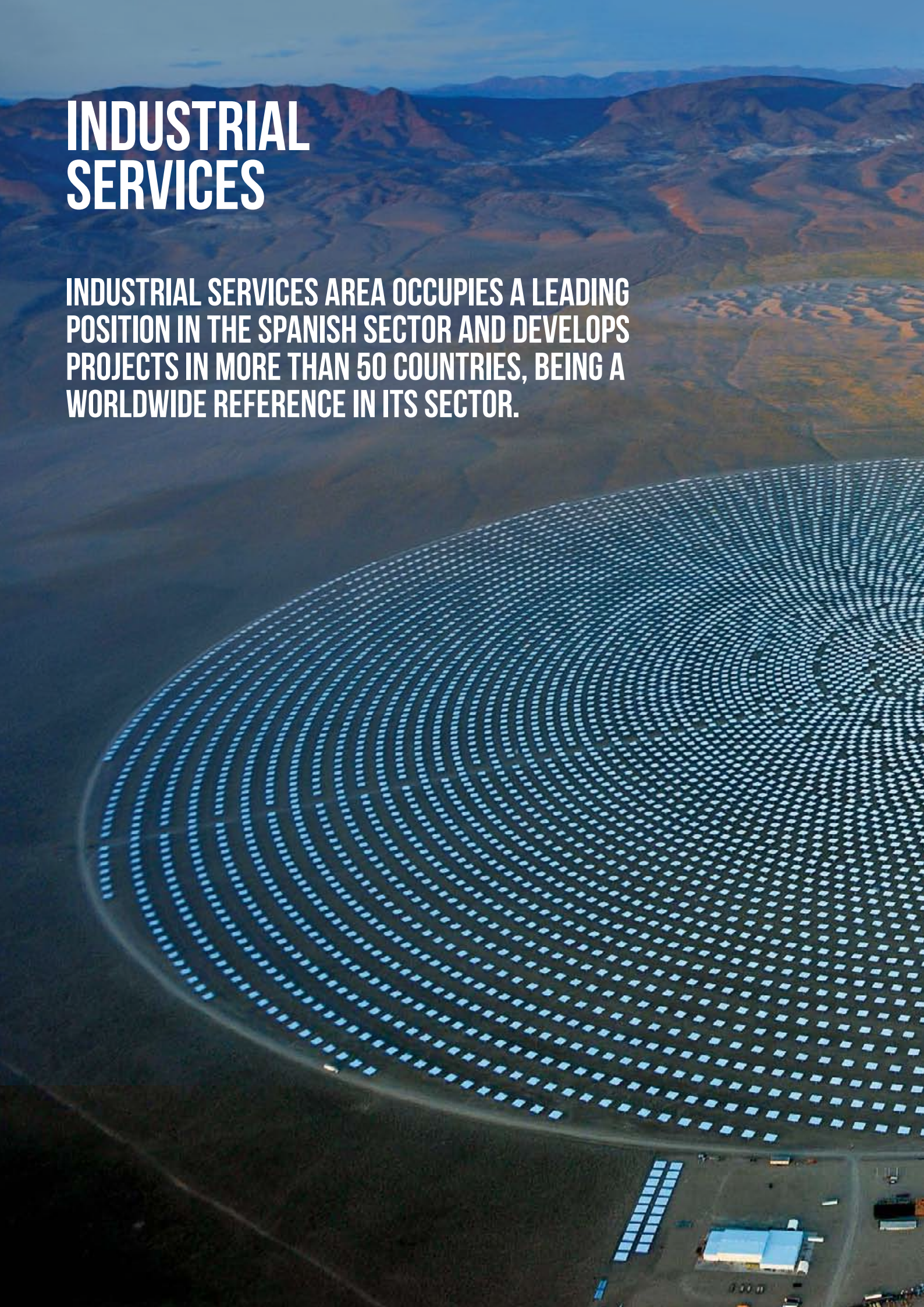
Leighton Asia.





# INDUSTRIAL SERVICES

INDUSTRIAL SERVICES AREA OCCUPIES A LEADING POSITION IN THE SPANISH SECTOR AND DEVELOPS PROJECTS IN MORE THAN 50 COUNTRIES, BEING A WORLDWIDE REFERENCE IN ITS SECTOR.









# INDUSTRIAL SERVICES

## THE ACS GROUP IS ONE OF THE MAIN GLOBAL COMPETITORS IN THE FIELD OF APPLIED INDUSTRIAL ENGINEERING.

The activity of ACS Group **Industrial Services** area is focused on the development, construction, maintenance and operation of energy, industrial and mobility infrastructures through a large group of companies.

The **Industrial Services area** is one of the main global competitors in the field of applied industrial engineering, with projects in more than 50 countries. It is at the forefront of the Spanish market, with extensive experience and steady involvement in executing projects and providing services in Latin America where it occupies a leading position in several of the most significant countries such as Mexico and Peru. In Europe, the Industrial Services area is consolidating its position in the performance of projects and services and is increasingly involved in the remaining geographic areas, such as the Middle East, where the Group has been awarded significant industrial engineering projects in recent years, North America, Africa, and Asian Pacific countries.

Over the next few years, the Industrial Services area will continue the consolidation of its position and leadership in the countries in which it already has strong implementation, combining it with sustainable expansion toward new geographical markets with strong potential for growth, making use of the synergies arising from joint action with other ACS Group subsidiaries, such as the Dragados, HOCHTIEF, and Leighton companies.

Likewise, the Industrial Services area will continue to focus on consolidating its position as a global benchmark in the sector. It seeks to efficiently and profitably combine Industrial Support activities which provide greater recurrence and stability with the activity of integrated projects, which, being specialised and specific solutions for each client, contribute higher profitability levels.



The Industrial Services area seeks sustainable growth in its activities, driven by expansion of the global market in renewable power generation (especially solar and wind power), environmental projects, sustainable mobility, power transmission projects and those related to hydrocarbon development and use. These are fields in which the ACS Group's Industrial

Services area has extensive experience and in which it has recognition from the sector. Furthermore, it seeks to expand or consolidate activities in new fields with good growth prospects, such as off shore wind power generation, HVDC power transmission technology, and electric vehicle charging infrastructure.

## INDUSTRIAL SERVICES





# INDUSTRIAL SERVICES

## MAIN FIGURES

In 2014, the ACS Group's Industrial Services area turnover was 6,750 million euros, a 4.5% decrease with respect to the previous year. Sales in international markets, which represent 63% of total turnover, dropped by 1% due to the decrease of activity in Europe and Africa. America, which continues to be the primary area of activity representing 46% of sales, grew by 3.7% with respect to 2013. This lower increase in activity

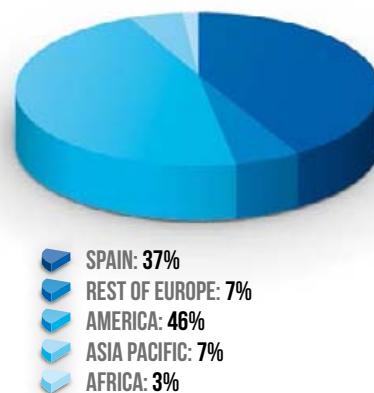
with respect to previous years is due to the completion of some works in this area. Of particular note is the increase of activity in Asia Pacific, thanks to the major contracts awarded in previous years in the Middle East and other countries in this area (Australia, Japan, India).

Furthermore, activities in Spain stand at 2,466 million euros, 10% less than 2013.

### INDUSTRIAL SERVICES

MILLION EUROS	2013	2014	% VAR.
SALES	7,067	6,750	-4.5%
EBITDA	937	902	-3.8%
MARGIN	13.3%	13.4%	
EBIT	881	810	-8.0%
MARGIN	12.5%	12.0%	
NET PROFIT	418	420	0.5%
MARGIN	5.9%	6.2%	
ORDER BOOK	7,413	8,021	8.2%
MONTHS	13	14	
NUMBER OF EMPLOYEES	41,272	41,635	

### REVENUE BREAKDOWN BY GEOGRAPHICAL AREA



The activities in the ACS Group's Industrial Services area combine two fundamental lines of business: Support Services to Industry and EPC Projects.

**Support Services to Industry** are aimed at industrial maintenance contracts and services, as well as support services to the clients' operational activities, and in turn cover three areas of activity:

- **Networks:** electricity, gas and water network maintenance services and activities, in which the ACS Group has over 80 years' experience.
- **Specialised Products:** covering construction, installation and maintenance activities for high-voltage electricity lines, telecommunications systems, railway installations, electricity facilities, mechanical assemblies and heating and cooling systems.
- **Control Systems:** activities for installing and operating control systems for industrial and municipal services, noteworthy among which are traffic and transport control systems and systems for comprehensive management of public infrastructures, segments in which ACS has become the leading engineering supplier.

The ACS Group's activity in EPC Projects focus on the execution of "turnkey" or EPC projects for the design, construction and commissioning of projects connected to the energy sector (electricity generation, also being noteworthy for the execution of projects related to renewable energies, assets related to the oil and gas sector, among others) and engineering applied to industry.

The ACS Group also has outstanding experience in developing and taking a stake in concession assets, basically related to energy, such as wind farms, thermal solar plants (either with central tower or with parabolic trough concentrators and storage based on molten salt technology), transmission lines, purifying plants and desalinating plants.

At 31 December 2014, the ACS Group held stakes in 18 wind farms in Spain, with a gross installed capacity of 547.7 MW and 9 wind farms abroad, with gross installed capacity of 230.8 MW. In thermal solar energy, the ACS Group had 6 plants in operation , with 299.5 MW of installed power, as well as a 10% stake in two other plants of 49.9 MW each. Outside Spain it has a stake in the Tonopah thermal solar plant in the United States, with an installed power of 110 MW, which is the largest tower thermal solar plants with molten salt storage in the world.

22 EPC stands for Engineering, Procurement and Construction.





# INDUSTRIAL SERVICES

Total energy production generated from renewables from plants operated by the ACS Group in Spain amounted to 2,290.9 GWh, divided into 1,127.4 GWh in wind farms and 1,163.5 GWh from solar thermal. In Portugal the energy produced by wind farms was 294.07 GWh during 2014, while in Mexico the production was 368.21 GWh.

In early 2015, the ACS Group restructured these energy assets through the creation and flotation of its subsidiary Saeta Yield S.A., comprising the mature energy assets of the ACS Group. The ACS Group sold 51% of Saeta Yield on the market to qualified institutional investors, and 24.4% to Global Infrastructure Partners, a fund specialising in infrastructures.

Simultaneously, the ACS Group reached an agreement with Global Infrastructure Partners for the sale of 49% of a recently created company for the development of energy assets, comprising the renewable energy assets over which Saeta Yield holds a right of first offer, in order to invest in future energy projects.

With these two operations, the Group has restructured its stake in these assets,

remaining the industrial shareholder of reference in Saeta Yield to promote its profitable growth, and strengthening the rotation strategy of the mature assets developed by the Group.

In addition, the ACS Group also has a stake in several concession projects for the management and maintenance of high-voltage lines in Brazil, with secured financing from the Banco Nacional de Desenvolvimento Economico e Social do Brasil (BNDES), and in Peru. At 31 December 2014, the ACS Group held stakes in 8 transmission lines, with a total length of 3,421 kilometres, and the Sete Lagoas electricity substation.

The ACS Group has also been developing equipment and technologies for water purification and desalination since 1983, as a global leader in this field, especially in water desalination by reverse osmosis, thanks to its extensive experience in carrying out projects in countries such as Algeria, Australia, Mexico, Qatar, etc. The ACS Group had stakes in two desalination plants at 31 December 2014 -one in Spain and one in Algeria- with a capacity of 272,000 m<sup>3</sup>/day of water production for human consumption.

## ENERGY CONCESSIONAL ASSETS IN SPAIN AT 31 DECEMBER 2014

WIND FARMS	NUMBER OF WIND FARMS	INSTALLED CAPACITY (MW)
WIND FARMS IN OPERATION <sup>(1)</sup>	18	547.7
WIND FARMS UNDER CONSTRUCTION	-	
SOLAR THERMAL PLANTS	NUMBER OF PLANTS	INSTALLED CAPACITY (MW)
SOLAR THERMAL PLANTS IN OPERATION <sup>(2)</sup>	6	299.5
STAKE IN SOLAR THERMAL PLANTS IN OPERATION <sup>(3)</sup>	2	99.8
SOLAR THERMAL PLANTS UNDER CONSTRUCTION	0	
PHOTOVOLTAIC PLANTS	NUMBER OF PLANTS	INSTALLED CAPACITY (MW)
PHOTOVOLTAIC PLANTS IN OPERATION	1	3.5
OTHER CONCESSIONAL ASSETS	NUMBER	CAPACITY
DESALINATION PLANTS	1	72,000 M <sup>3</sup> /DAY
WATER TREATMENT PLANTS	30	20,715 M <sup>3</sup> /DAY

## INTERNATIONAL ENERGY CONCESSIONAL ASSETS AT 31 DECEMBER 2014

WIND FARMS	NUMBER OF WIND FARMS	INSTALLED CAPACITY (MW)
WIND FARMS IN OPERATION <sup>(4)</sup>	9	230.8
WIND FARMS IN OPERATION IN MEXICO	1	102.0
WIND FARMS IN OPERATION IN PORTUGAL	8	128.8
WIND FARMS UNDER CONSTRUCTION	2	53.0
WIND FARMS UNDER CONSTRUCTION IN PERU	1	33.0
WIND FARMS UNDER CONSTRUCTION IN PORTUGAL	1	20.0
SOLAR THERMAL PLANTS	NUMBER OF PLANTS	INSTALLED CAPACITY (MW)
SOLAR THERMAL UNDER CONSTRUCTION	1	110.0
PHOTOVOLTAIC PLANTS	NUMBER OF PLANTS	INSTALLED CAPACITY (MW)
PHOTOVOLTAIC PLANTS IN OPERATION	1	10 MW
ELECTRICITY TRANSMISSION ASSETS	NUMBER	KILOMETRES
TRANSMISSION LINES	8	3,421
ELECTRICAL SUBSTATION	1	
OTHER CONCESSIONAL ASSETS	NUMBER	CAPACITY
COMBUSTION CYCLE	1	223 MW
WATER TREATMENT PLANTS	1	1,754,000 M <sup>3</sup> /DAY
DESALINATION PLANTS	1	200,000 M <sup>3</sup> /DAY

(1) The average stake is 89.6%.

(2) The average stake is 100%.

(3) The average stake is 10%.

(4) The average stake is 85.9%.





# INDUSTRIAL SERVICES

## THE INDUSTRIAL SERVICES' ORDER BOOK IN 2014 INCREASED BY 8.2% COMPARED TO 2013.

Turnover in the EPC Projects activity was up 1.8% on 2013, mainly due to the evolution of the major contracts awarded in the international market. In the activity of Support Services to Industry, turnover decreased by 11.1%, while sales of Renewable Energy Generation increased by 18.5% over the previous year due to the commissioning

of a new thermal solar plant in Spain and the greater contribution from wind farms.

The diversification of the businesses operating in the Industrial Services area enables it to achieve a balanced business mix which is capable of facing changes in situation and retaining its profitability.

### REVENUE BREAKDOWN BY ACTIVITY

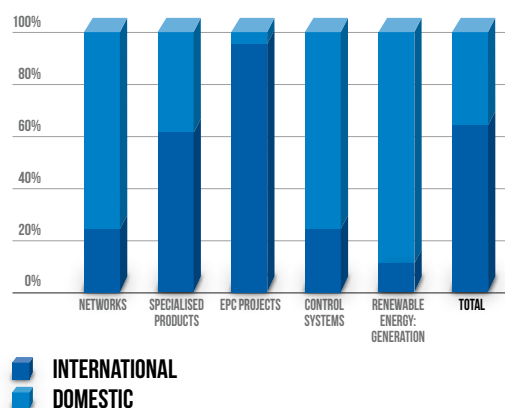
MILLION EUROS	2013	2014	% VAR.
<b>SUPPORT SERVICES</b>	<b>3,904</b>	<b>3,471</b>	<b>-11.1%</b>
<b>NETWORKS</b>	<b>647</b>	<b>661</b>	<b>2.2%</b>
<b>SPECIALISED PRODUCTS</b>	<b>2,396</b>	<b>1,965</b>	<b>-18.0%</b>
<b>CONTROL SYSTEMS</b>	<b>862</b>	<b>845</b>	<b>-2.0%</b>
<b>EPC PROJECTS</b>	<b>2,873</b>	<b>2,923</b>	<b>1.8%</b>
<b>RENEWABLE ENERGY: GENERATION</b>	<b>343</b>	<b>406</b>	<b>18.5%</b>
<b>CONSOLIDATION ADJUSTMENTS</b>	<b>(53)</b>	<b>(50)</b>	<b>n.a.</b>
<b>TOTAL</b>	<b>7,067</b>	<b>6,750</b>	<b>-4.5%</b>

### REVENUE BREAKDOWN BY ACTIVITY



	NETWORKS: 10%
	SPECIALISED PRODUCTS: 29%
	EPC PROJECTS: 43%
	CONTROL SYSTEMS: 12%
	RENEWABLE ENERGY: GENERATION: 6%

### REVENUE BREAKDOWN BY MARKET



In this way the EPC Projects activity (representing 43% of the total) combines with the Specialised Products activity, (29% of the total) which features technologically complex businesses with higher margins such as Networks, Control Systems and Energy Generation that contribute greater stability and visibility to the Industrial Services area with their recurrence.

The geographic diversification of these activities, supported by the company's technological capacity and experience, especially in EPC Projects and Specialised Products areas, with turnover outside Spain of 92% and 61% respectively contributes greater stability in the case of fluctuations in the domestic market.

In 2014, the Industrial Services area recorded an **EBITDA** of 902 million euros, representing a 13.4% margin on sales. The **ordinary net profit** during 2014 increased by 0.5% compared to 2013, standing at 420 million euros.

The Industrial Services' **order book** reached 8,021 million euros in 2014, 8.2% higher than that recorded in 2013, driven by the major contracts awarded in the international sphere, especially those related to the field of energy and the development of turnkey industrial plants in Latin America and countries like Saudi Arabia and South Africa. So, in 2014 EPC Project's and Specialised Products' activity represented 77 % of the total order book, with 94% and 83% respectively of their order book projects located abroad.

### ORDER BOOK BREAKDOWN BY GEOGRAPHICAL AREA



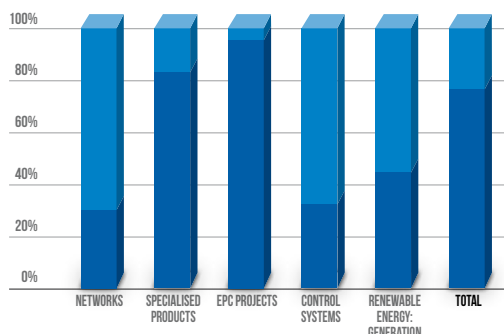
SPAIN:	24%
REST OF EUROPE:	5%
AMERICA:	45%
ASIA PACIFIC:	16%
AFRICA:	10%

### ORDER BOOK BREAKDOWN BY TYPE OF ACTIVITY



NETWORKS:	6%
SPECIALISED PRODUCTS:	38%
EPC PROJECTS:	39%
CONTROL SYSTEMS:	16%
RENEWABLE ENERGY: GENERATION:	1%

### ORDER BOOK BREAKDOWN BY TYPE OF ACTIVITY



INTERNATIONAL
DOMESTIC

### ORDER BOOK BREAKDOWN BY ACTIVITY

MILLION EUROS	2013	2014	% VAR.
SUPPORT SERVICES	4,508	4,833	7.2%
NETWORKS	474	474	0.1%
SPECIALISED PRODUCTS	2,792	3,071	10.0%
CONTROL SYSTEMS	1,242	1,288	3.7%
ENERGY PROJECTS	2,451	3,097	26.4%
RENEWABLE ENERGY: GENERATION	455	92	-79.8%
<b>TOTAL</b>	<b>7,413</b>	<b>8,021</b>	<b>8.2%</b>



# INDUSTRIAL SERVICES

## INDUSTRIAL SERVICES ACTIVITY\*

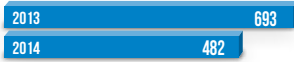
MILLION EUROS

### REVENUE

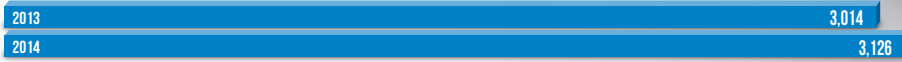
#### SPAIN



#### REST OF EUROPE



#### AMERICA



#### ASIA PACIFIC



#### AFRICA



### ORDER BOOK

#### SPAIN



#### REST OF EUROPE



#### AMERICA



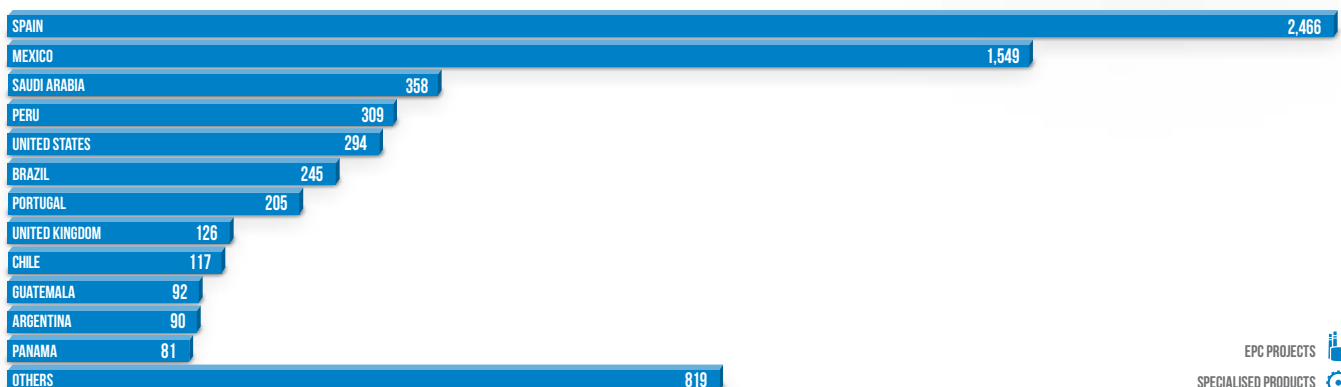
#### ASIA PACIFIC



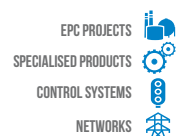
#### AFRICA



### 2014 REVENUE BREAKDOWN BY COUNTRY



\* Main countries where Industrial Services has reported ongoing projects or new awards.





**1** MADRID  
COMPREHENSIVE AND ENERGY  
MANAGEMENT OF URBAN  
INSTALLATIONS IN THE CITY  
OF MADRID.

AMOUNT  
**549**  
MILLION EUROS

**2** MEXICO  
EPC PROJECT FOR THE CONSTRUCTION  
OF NEW PLANTS (SOUR WATER  
TREATMENT PLANT AND HYDROGEN  
PRODUCTION PLANT) AND REBUILDING  
OF THE MIDDLE DISTILLATES  
HYDROSULFURATION PLANT AND  
DIESEL HYDRODESULFURATION  
PLANT.

AMOUNT  
**284**  
MILLION EUROS

**3** MEXICO  
REMODELLING OF THE COMBINED  
CYCLE THERMAL POWER PLANT  
IN TULA DE ALLENDE.

AMOUNT  
**266**  
MILLION EUROS

**4** BRAZIL  
EPC PROJECT FOR THE  
CONSTRUCTION OF THE GUAIMBE  
PHOTOVOLTAIC PLANT WITH AN  
INSTALLED CAPACITY OF 150 MW  
IN THE NORTHERN AREA OF SAO  
PAULO.

AMOUNT  
**212**  
MILLION EUROS

**5** BRAZIL  
EPC PROJECT FOR THE  
CONSTRUCTION OF THE DRACENA  
PHOTOVOLTAIC PLANT WITH AN  
INSTALLED CAPACITY OF 120 MW  
IN THE NORTHERN AREA OF SAO  
PAULO.

AMOUNT  
**174**  
MILLION EUROS

**6** MEXICO  
PROJECT FOR THE REBUILDING OF  
THE UREA PLANTS AND OTHER  
ANCILLARY INSTALLATIONS IN THE  
PAJARTOS INDUSTRIAL COMPLEX IN  
COATZACOALCOS AND VERACRUZ  
MUNICIPALITIES.

AMOUNT  
**173**  
MILLION EUROS

**7** SAUDI ARABIAN  
CONTRACT FOR THE  
CONSTRUCTION OF NEW FACILITIES  
WITHIN THE MA'ADEN PHOSPHATE  
COMPANY (MPC) COMPLEX FOR  
STORAGE AND INTERCONNECTION  
TO THE RAS AL-KHAIR PORT.

AMOUNT  
**162**  
MILLION EUROS

**8** MEXICO  
EPC PROJECT FOR THE  
CONSTRUCTION OF THE HA-  
LITORAL-A2 QUATER PLATFORM.

AMOUNT  
**104**  
MILLION EUROS

**9** GUATEMALA  
DESIGN, SUPPLY AND  
CONSTRUCTION OF THE RENACE  
III HYDROELECTRIC PLANT IN ALTA  
VERAPAZ.

AMOUNT  
**97**  
MILLION EUROS

**10** ECUADOR  
WORKS FOR THE REHABILITATION AND  
IMPROVEMENT OF THE ESMERALDAS  
OIL REFINERY INCLUDING THE  
CONSTRUCTION OF OIL - GAS STORAGE  
TANKS, SOUR WATER TREATMENT PLANT  
AND REPARATION AND MAINTENANCE  
OF OIL - GAS STORAGE TANKS.

AMOUNT  
**95**  
MILLION EUROS

**11** DOMINICAN REPUBLIC  
EPC PROJECT FOR THE DEVELOPMENT  
OF "LOS COCOS III" WINDFARM IN  
DOMINICAN REPUBLIC.

AMOUNT  
**83**  
MILLION EUROS

**12** PERU  
THERMAL POWER STATION  
CONSTRUCTION WITH AN  
INSTALLED CAPACITY OF 182 MW IN  
THE CERRO VERDE MINE.

AMOUNT  
**67**  
MILLION EUROS

**13** PANAMA  
EPC PROJECT FOR THE  
CONSTRUCTION OF THE PENONOME  
WINDFARM.

AMOUNT  
**49**  
MILLION EUROS

**14** JAPAN  
CONSTRUCTION OF PHOTOVOLTAIC  
PLANT OF 32 MW, INCLUDING  
AN EVACUATION LINE OF 8 KM  
AND ELECTRICAL SUBSTATION IN  
FUKURODA.

AMOUNT  
**46**  
MILLION EUROS

**15** EGYPT  
MECHANICAL EPC CONTRACT FOR  
SUEZ THERMAL PLANT WITH AN  
INSTALLED CAPACITY OF 650 MW.

AMOUNT  
**43**  
MILLION EUROS

**16** CHILE  
SUPPLY AND MAINTENANCE OF  
THE COMMUNICATIONS SYSTEM  
FOR LINES 6 AND 3 OF SANTIAGO  
DE CHILE SUBWAY NETWORK.

AMOUNT  
**43**  
MILLION EUROS

**17** SAUDI ARABIAN  
OPERATION AND MAINTENANCE  
OF THE TROLLEYBUS OF THE  
RYHAD UNIVERSITY.

AMOUNT  
**24**  
MILLION EUROS

**18** GEORGIA  
WORKS FOR THE IMPROVEMENT  
OF THE WATER SUPPLY NETWORK  
OF THE CITIES OF ANAKLIA,  
KUTAISSI AND POTI.

AMOUNT  
**14**  
MILLION EUROS



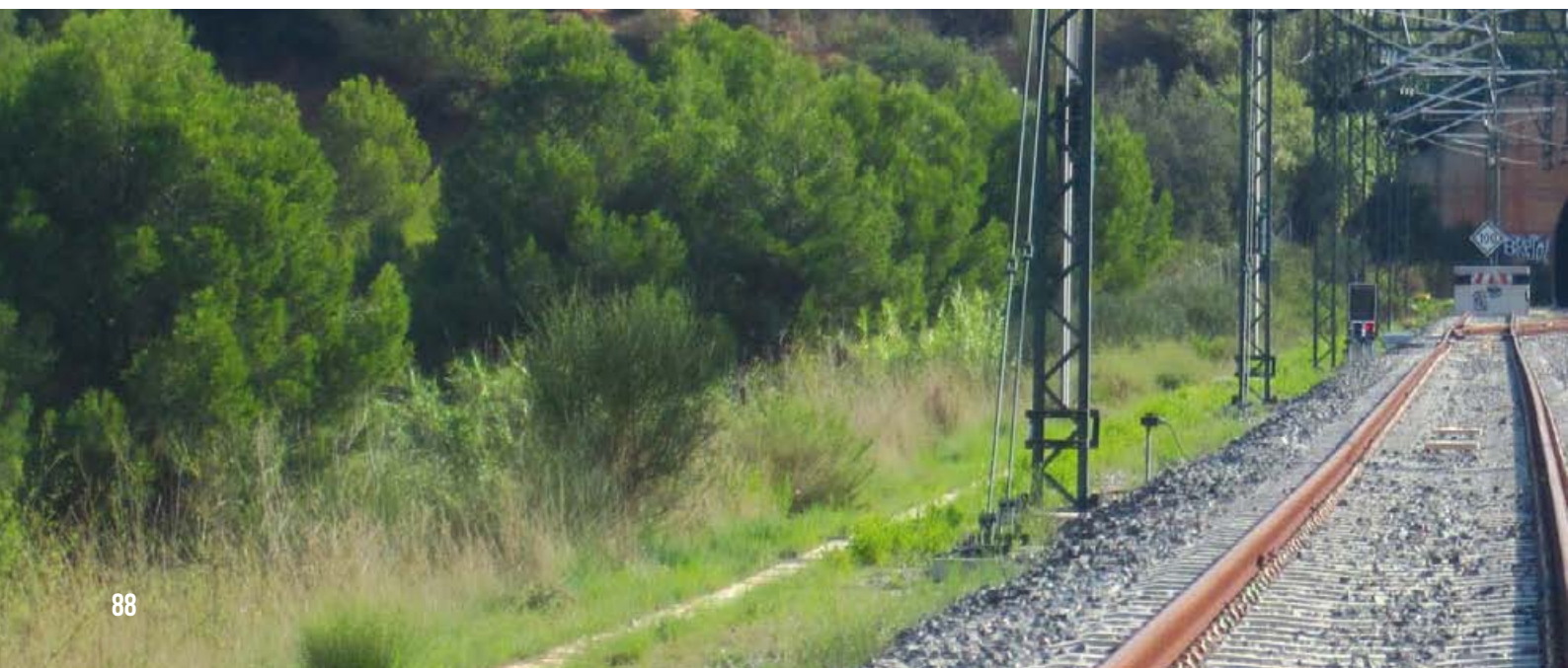
# INDUSTRIAL SERVICES

## EUROPE

The Industrial Services area registered sales of 2,948 million euros in 2014, representing 44% of the total turnover in the area. The order book totalled 2,307 million euros.

In 2014, the Industrial Services area continues to be a leading company in Spain in the field of applied engineering. This fact, along with strong business diversification, has enabled it to partially offset the cuts in investment, both public and private, even though turnover has been affected by the completion of projects, particularly in the field of renewable energies. Turnover in the domestic market stood at 2,466 million euros, while contracting during the year exceeded 2,000 million euros. During 2014, the Group continued to execute significant projects, such as:

- Comprehensive energy management of the urban installations in the city of Madrid, under the concession modality, as well as integration and operation of the control centres that manage the installations (mobility, lighting, tunnels, etc.).
- Project for the construction and subsequent maintenance of the electrification installations (catenary and substations) for the high-speed railway line in the Olmedo-Zamora-Pedralba stretch.
- Contract for the design, installation, and subsequent maintenance of the safety systems of the Madrid underground.
- Works for the enlargement of the drinking water processing station in Lárez (Pontevedra).
- Project for the adaptation of the BBVA data processing centre no. 1 in Madrid.
- Contract for installation and maintenance of telephone, broadband services, voice and television networks for Movistar in various Spanish provinces.
- Contract for metre reading for the company ENDESA in the regions of Catalonia, the Balearics, Andalusia, and the Canary Islands.

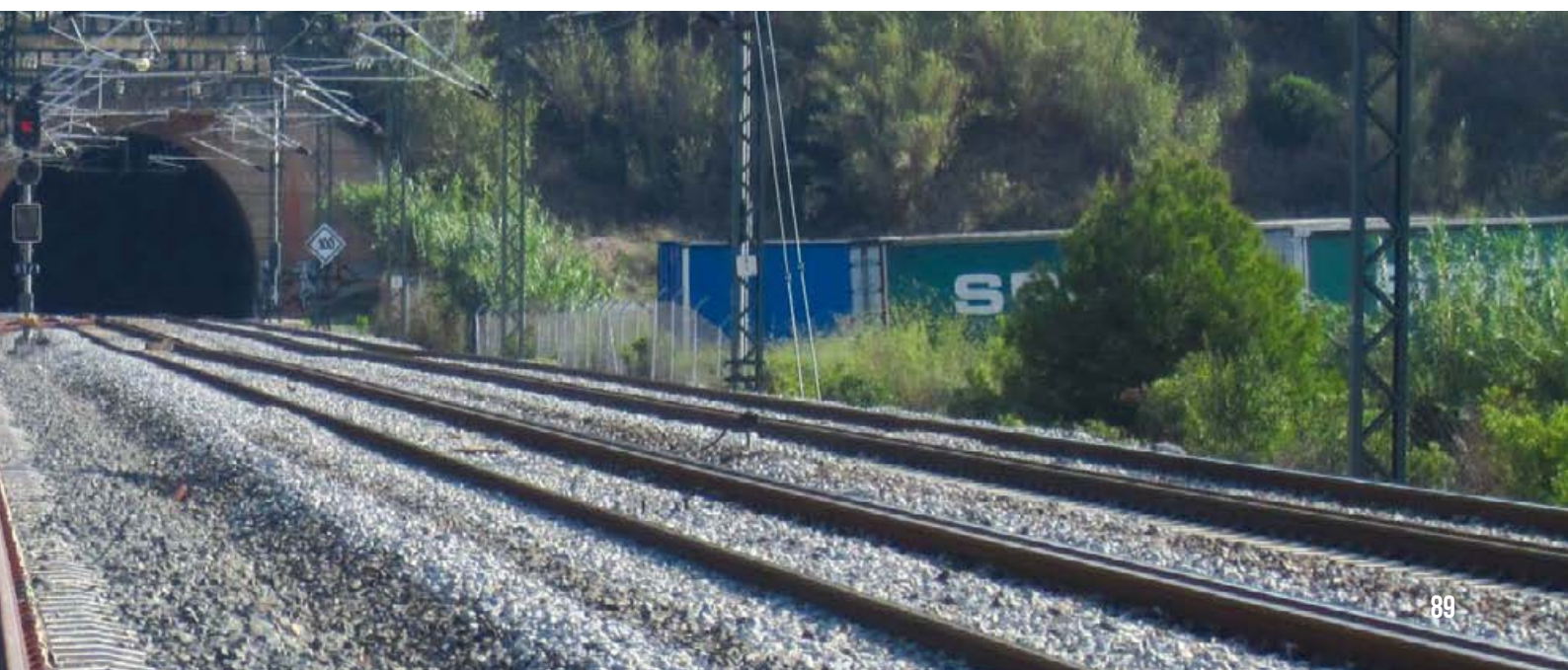


*In 2014, the Industrial Services area continues to be a leading company in Spain in the field of applied engineering with a turnover of 2,466 million euros.*

In the rest of Europe, ACS Group's Industrial Services area is present in major European countries such as Portugal, the United Kingdom, France, Italy, Ireland, Poland and some Eastern countries, developing power generation projects as well as projects related to control systems and other specialised installations. Sales in this area represent 7% of the total turnover with billing of 482 million in 2014, while the order book for the rest of Europe stood at 370 million euros, accounting for 5% of the total order book.

Some of the main projects carried out in this region in 2014 are the following:

- Construction of a photovoltaic plant with 49.9 MW of installed capacity in West Raynham (United Kingdom).
- Works for the improvement of the water distribution network in the towns of Anaklia, Kutaisi and Poti in Georgia.
- Assembly of the heat recovery boiler at the Mittelsbüren combined cycle plant in Bremen (Germany).
- Implementation of 46 km of drinking water pipes, construction of four tanks, three pumping stations, and two chlorination plants in Mures (Romania).
- Assembly of a process steam generation boiler (142tph) and power assembly in the BASF chemical plant in Antwerp, Belgium.
- Control and security system installations in the tunnel under the Vistula river (Poland).
- Construction and commissioning of the Great Island combined cycle plant in Ireland, with an installed capacity of 450 MW. This contract was made in a joint venture with Dragados.





# INDUSTRIAL SERVICES

## COMPREHENSIVE AND ENERGY MANAGEMENT OF URBAN INSTALLATIONS IN THE CITY OF MADRID (LOTS 1 AND 2)

### CLIENT

Madrid City Council.

### PROJECT TYPE

EPC projects.

### PROJECT EXECUTION DATES

2014-2022.

### TOTAL AMOUNT

645 million euros

### LOCATION

Madrid (Spain).

### COMPANIES INVOLVED IN THE PROJECT

TBA LUZ MADRID  
SICE, Imesapi, Etralux, Urbalux and Citelum Ibérica.

### FULL PROJECT DESCRIPTION

The Madrid City Council awarded Lots 1 and 2 to the TBA Madrid Centro and the TBA Luz Madrid Oeste, respectively, for the provision of "Comprehensive and energy management of urban installations in the city of Madrid."

The period of execution is 8 years from the date of formalisation of the contract, and is envisaged for a maximum period of two years.

The object of this contract is the management of the public service of comprehensive energy management of the urban installations in the city, under the concession modality.

Lot 1: comprises the central area within the M-30 motorway in the municipality of Madrid, and includes the Centro, Arganzuela, Retiro, Salamanca, Chamartín, Tetuán, Chamberí, Fuencarral -El Pardo (in part) and Moncloa - Aravaca (in part) districts. It includes public lighting and mobility control systems through traffic light installations in the aforementioned territory, as well as all the ventilation, fire prevention, safety, and tunnel surveillance systems all over the city, as well as first response equipment in tunnels.

Lot 2: comprises the west area outside the M-30 motorway, and includes the Fuencarral - El Pardo (partially) and Moncloa -Aravaca (partially), Latina, Carabanchel, Usera and Villaverde districts.

It includes public lighting and mobility control systems through traffic light installations in the aforementioned territory, as well as all the ornamental water installations in the municipality. With this plan, annual consumption of power in Madrid will be reduced by 36%, equal to the annual consumption of electricity of 226,000 homes, which equals savings of 115 million euros during the contract's 8-year term.

The project involves management of all the power-consuming urban installations: traffic lights, ornamental fountains, tunnels and service galleries, etc. Energy improvement will be managed by the same manager.

In 2014 and 2015, 225,000 light points will be renewed, 84,000 new luminaires with LED technology will be installed, and the electronic equipment of a further 124,000 units will be changed. In addition, new consumption-reducing systems will be installed in 194 of the 430 ornamental water installations.

Saving 36% in power also entails preventing the emission of more than 168,000 tonnes of carbon dioxide (CO<sub>2</sub>) into the atmosphere. This is the largest lighting project undertaken in the world in terms of number of light points involved.





# INDUSTRIAL SERVICES

## AMERICA

America remained the source area of internationalisation for Industrial Services in 2014, with a revenue of 3,126 million euros, representing 46% of this division's total sales. The total order book in this area amounts to 3,626 million euros, which represents a 9.5% growth with respect to the previous year, thanks to the contracts awarded for projects related to oil and gas, as well as the development of power generation projects, mainly in Latin America.

In Latin America, the ACS group is a reference company in the applied engineering sector, holding a leading position in several of the most significant countries, such as Mexico and Peru. Turnover in this area exceeded 2,800 million euros and the order book in this area stood at 3,480 million, implying a growth of 12.3% on the previous year, primarily due to the awarding of major contracts in the main countries in the area.

In Mexico, activity in 2014 increased by 23.3%, reaching 1,549 million euros, while the order book increased by 4.2% with respect to 2013, reaffirming the group's

strong presence in Mexico where it is a leader in the development of engineering projects applied to the oil, gas and electricity sectors. The main awards in Mexico during 2014 include the remodelling of the combined cycle plant comprising two 275 MW units, and the development of power transmission and distribution systems in different points of the country. It also has a stake in the execution of major projects related to oil products, such as the construction and remodelling of operating units in the Miguel Hidalgo Refinery in Tula de Allende, and the construction of the HA-Litoral-A2 offshore living quarters platform. Likewise, there are possibilities for growth in other segments in the industrial area, as evidenced by the award in 2014 of the contract for the renovation of several industrial plants for Pro-Agroindustria.

In the remaining Latin American countries, the Group has a sound presence in countries such as Brazil, Peru, Chile, Argentina, Colombia, Ecuador or Panama, where it is developing projects for electricity generation, hydroelectricity and other renewable energies along



with electricity transmission projects, and projects related to oil products, mobility systems and water networks or treatment. For example, in Brazil, during 2014, two photovoltaic plants, among others, were awarded in the State of Sao Paul, with an installed capacity of 270 MW.

The projects executed in 2014 include:

- Turnkey project for execution of the Parnaiba II combined cycle plant with gross installed capacity of 517 MW, comprising two 168 MW gas turbines, two heat recovery boilers, a 179 MW steam turbine, and the common installations (Brazil).
- Project for retrofitting the Manzanillo I electric power plant (Mexico).
- Execution of detailed engineering, construction and commissioning of the CCR Platforming process unit, auxiliary services and integration into the PEMEX Cangrejera petrochemical complex in Veracruz (Mexico).
- Various construction contracts for the installation of transmission lines and substations for the South Brazil Power Transmission System in the states of Paraná, Santa Catarina, and Rio Grande do Sul (Brazil).
- Project for the development of a 28 MW coal-based power plant in San Pedro de Macoris, Dominican republic.
- Development of the turnkey project for the Tres Hermanas wind farm with installed capacity of 90 MW (Peru).
- Construction of the Larraynaga hydroelectric plant in Jinotega (Nicaragua).
- Works for the engineering, supply, construction, and testing of two oil product storage tanks with capacity for 600,000 barrels at the Coveñas plant (Colombia).
- Maintenance of ENTEL data networks for services to companies in various regions in Chile.
- Turnkey project for the construction of a 70 MW photovoltaic plant in the Atacama desert (Chile).
- Installation and maintenance of broadband, basic line, television, and fibre optic services for Movistar in Argentina.
- Supply and installation of boarding equipment for 3,000 buses, as well as other supplementary services for Consorcio de Transportes Metropolitanano in Recife (Brazil).

In the United States, during 2014, projects continued to be developed in the energy field, such as the Tonopah solar thermal plant, and projects related to transport infrastructures, such as works for the Silver Line railway project that will link Dulles International Airport in Washington to Loudoun County, awarded in 2014. The presence of the Industrial Services area is still developing in this market, thus offering great growth prospects. Therefore, the goal is to consolidate the group's position in one of world's major infrastructure markets, particularly in relation to mobility and renewable energy infrastructures. The United States Federal Government's renewable energy policies, particularly solar power, will strongly determine the Group's rate of development in this market.



# INDUSTRIAL SERVICES

## REMODELLING OF THE COMBINED CYCLE THERMAL POWER PLANT IN TULA DE ALLENDE

### CLIENT

Comisión Federal de Electricidad.

### AMOUNT

266 million euros.

### PROJECT EXECUTION DATES

2015-2017.

### COMPANIES INVOLVED IN THE PROJECT

Cobra Instalaciones y Servicios, S.A. de C.V.  
Avanzia Instalaciones, S.A. de C.V.  
Initec Energía, S.A.

### LOCATION

Tula de Allende (Hidalgo, Mexico).

### PROJECT TYPE

EPC projects.

### FULL PROJECT DESCRIPTION

Renovation and modernisation of combined cycle packages 1 and 2 in the Tula thermal power plant, which comprise two units with 275 MW installed power each, located in the municipality of Tula de Allende in the state of Hidalgo.

The project consists of the replacement of the existing gas turbogeneration units and heat recovery units, as well as the renovation and modernisation of the other equipment and systems that currently constitute the Tula combined cycle plant, thus obtaining increased thermal efficiency, increased unit availability, and an extension of the plant's useful life. Scope includes engineering, supply, construction, testing, commissioning, servicing, procedures, permits, and any other factors required for correct execution of the project.



## PROJECT FOR THE DEVELOPMENT OF CLEAN FUELS IN THE ULTRA LOW SULPHUR DIESEL (DUBA) PHASE IN TULA

### CLIENT

PEMEX.

### AMOUNT

284 million euros.

### PROJECT EXECUTION DATES

2014-2017.

### COMPANIES INVOLVED IN THE PROJECT

Cobra Instalaciones México, S.A. de C.V.

Cobra Instalaciones y Servicios, S.A.

Dragados Industrial, S.A.

Dragados Offshore, S.A.

Dragados Offshore de México, S.A. de C.V.

Intecsa Ingeniería Industrial, S.A.

### LOCATION

Inside the Miguel Hidalgo Refinery, in Tula, Hidalgo, Mexico.

### PROJECT TYPE

EPC projects.

### FULL PROJECT DESCRIPTION

Execution of the works, which are part of the package known as clean fuels in their Ultra Low Sulphur Diesel phase. The project includes the development of four new plants and the modernisation of a further five plants.

The works, which will be carried out through the subsidiaries Cobra, Dragados, and its offshore investee, consist of the engineering, construction, and commissioning of various units. They include several regeneration units, a bitter water processing plant, and a hydrogen production plant, as well as the modernisation of the five main diesel hydrodesulphuration plants.

The project also includes the auxiliary integration services required for these new plants, such as the modernisation of the hydrodesulphuration plants, and the adaptation of the sites in the Miguel Hidalgo Refinery in Tula de Allende, Hidalgo.





# INDUSTRIAL SERVICES

## ETEN SIMPLE CYCLE THERMAL PLANT

### CLIENT

Planta de Reserva Fría de Generación de Etén, S.A.

### PROJECT EXECUTION DATES

2011 - 2015.

### LOCATION

Eten (Peru).

### FULL PROJECT DESCRIPTION

The project consists in the installation of a gas turbine for power generation, for net total capacity exceeding 200 MW to be exported to the SEIN electricity network, using a B5 diesel turbine for outdoor operation, fuel storage and distribution systems, and water processing system for the process, as well as the basic structures required for the development and correct operation of the power plant.

The outdoor heavy-duty dual gas turbine will be cutting-edge and high-efficiency, and will have a ground-breaking combustion system, making it possible to achieve low NOx and CO emissions. The turbine generator will supply power to the exterior network through a number of isolated phase bars and a step-up transformer.

The cycle turbogenerator will receive a B5 diesel supply exclusively in the initial phase, although there is the possibility of using natural gas as fuel in the future. To this end, the gas turbine as well as the plant will provide the space required for installation of the regulation and measurement station, as well as the auxiliary gas turbine systems for pre-treatment of natural gas.

Both diesel and water will be supplied to the plant in tankers, so the installation of a tanker unloading system for each one will be required. The turbine will be equipped with a combustion system with reduced NOx emissions based on the injection of demineralised water.

### PROJECT TYPE

EPC projects.

### AMOUNT

102 million euros.

### COMPANIES INVOLVED IN THE PROJECT

Planta de Reserva Fría de Generación de Etén, S.A., Cobra Infraestructuras Internacional, S.A. and Cobra Instalaciones y Servicios, S.A.



## ASIA PACIFIC AND AFRICA

In 2014 the Asia-Pacific, Middle East and Africa region has experienced the largest growth in the Industrial Services area. Sales stand at 677 million euros, up 9% on the previous year. The order book reached 2,089 million euros, an increase greater than 77% with respect to 2013, thanks to the award of major projects in the area, both in countries in which the group has a consolidated presence and in Saudi Arabia, where a new project for the installations of a phosphate mine has been awarded. Projects were also awarded in new regions, such as the construction of two photovoltaic plants in Japan.

In 2014, the contracts awarded in previous years continued to be developed, including:

- Development of the turnkey contract for the construction of the Ilanga thermal solar plant, with installed capacity of 100 MW (South Africa).
- Contract for the engineering, supply, and construction of a fertiliser plant, more specifically, diammonium phosphate (DAP), producing 1.5 million tonnes per year, in the industrial city of Ras al Khair (Saudi Arabia).
- Turnkey contract for the implementation of the "Ibn Sina" plastics plant in Saudi Arabia, with production capacity of 50,000 tonnes of polyoxymethylene. The scope of the work includes the engineering of details, purchase management, and construction of a polyoxymethylene (POM) plant, as well as the auxiliary and offsite services.
- Supply of logistics materials and equipment to strengthen the healthcare and hospital network in more than 70 locations in the Republic of Angola.
- Turnkey contract for the installation of the entire naturally originated radioactive material (NORM) management, processing, and storage during well drilling operations in oil and gas prospecting by the Dhahi National Oil Company's (ADNOC) subsidiaries in the United Arab Emirates.
- Extension of the drinking water systems in the towns of Bangangté, Bana, Bafang, Bangou, Bansoa, and Fouban in Cameroon.
- Demolition of a waste water purification plant and construction of a new one in Sauel (Tunisia).

In short, Africa, Asia-Pacific and the Middle East represent significant expansion opportunities for the Industrial Services area, given its investment needs in energy and mobility infrastructures in countries such as India, South Africa, Australia, United Arab Emirates and Saudi Arabia.





# INDUSTRIAL SERVICES

## 32 MW FUKURODA PHOTOVOLTAIC PLANT

### CLIENT

Gestamp Solar Japón.

### PROJECT EXECUTION DATES

2014-2015.

### LOCATION

Japan.

### PROJECT TYPE

EPC projects.

### AMOUNT

46 million euros.

### COMPANIES INVOLVED IN THE PROJECT

MAETEL.

### FULL PROJECT DESCRIPTION

In June 2014, Maetel signed with its client Gestamp Solar Japón the contract for the execution of the turnkey project for the Fukuroda photovoltaic plant with installed capacity of 32 MW, as well as execution of the high-voltage evacuation underground line, and substations for elevation and interconnection with the Japanese power network. Once the plant is complete, it will be operated and maintained for 3 years.

The plant is located on a former golf course, in the Ibaraki district (Japan), and is designed for the local seismic conditions, as well as for wind conditions in the country, which is in the path of typhoons.

The photovoltaic plant comprises 126,400 modules installed on a fixed structure.

The supporting structure of the photovoltaic modules is anchored to the ground by means of special screws.

The photovoltaic plant will generate an annual 34 Gwh on average, sufficient power for 11,000 homes. During its useful design life, the plant will produce 846 million kwh, preventing the emission of more than 263,000 tonnes of CO<sub>2</sub> into the atmosphere.



## VARIOUS ELECTRICAL SYSTEMS INSTALLATION PROJECTS FOR INDIA'S RAILWAY

### CLIENT

Rail Vikas Nigam Ltd (RVNL) and Core.

### PROJECT EXECUTION DATES

2013 - 2018.

### LOCATION

India.

### PROJECT TYPE

Specialised installations.

### AMOUNT

69 million euros.

### COMPANIES INVOLVED IN THE PROJECT

Cobra.

### FULL PROJECT DESCRIPTION

ACS, through its engineering subsidiary Cobra, was awarded in 2013 and 2014 various projects for the installation of railway systems in India.

These projects consist of the design, supply, installation, and commissioning of the flexible air catenary, electrification, signalling, and traffic control systems, and associated works for the installation of the railway network power systems between Amla-Chhindwara, Raipur-Kharia, Kharia-Titlagarh, Bina-Kota, Anikpur-Satna, Satna-Jabalpur, and Jharsuguda-Dungri.

In these projects, Cobra will carry out the electrification of a total of 1,935 km of railway, the construction of 13 power substations for power supply, 59 switching stations, and the installation of Supervisory Control And Data Acquisition (SCADA) systems.





# ENVIRONMENT

THE ENVIRONMENT AREA OF THE ACS GROUP  
CARRIES OUT THE ACTIVITIES OF ENVIRONMENTAL  
SERVICES, FACILITY MANAGEMENT AND  
LOGISTICS SERVICES.









# ENVIRONMENT



In the **Environment area**, the ACS Group carries out its **Environmental Services** mainly through Urbaser, its **Facility Management** through Clece, and its **Logistics Services** through Syntax.

The **Environment Services** activity is divided into two main areas, **Urban Services and Waste Treatment**.

The **Urban Services** area focuses on urban solid waste collection and cleaning services (including selective collection programs, beach cleaning and office cleaning), landscaping, collecting and processing construction and demolition waste and integral water cycle management.

Urbaser covers the entire value chain in the provision of **Waste Treatment** services,

from the design, development and implementation of the project to the construction, financing and operation of plants for sorting, processing and recycling waste, biomethanization, energy recovery, landfills and landfill degasification, in addition to generating power from materially unrecoverable waste. In this field, Urbaser is a world leader with numerous facilities in different countries, and the treatment of industrial, hazardous and household waste.

Urbaser's extensive experience in the Spanish market, both in waste treatment and urban services, together with its commitment to technological innovation, have led it to reinforce its position in the European market



## MAIN FIGURES

in recent years, especially in France and the United Kingdom, as well as to continue its activities in Latin America and North Africa. In the coming years, it will continue to target development in the United States and Canada. Urbaser has an in-depth understanding of the different processes applicable for the correct management of waste, applying in each case the best available technology, with industrially proven processes designed to recover waste optimally, always within an environmentally sustainable framework.

The **Facility Management** activities include the services required for optimum operation of properties for public or private use (maintenance of installations, cleaning, and auxiliary services), activities related to the green market (gardening, reforestation, environmental recovery, educational activities, environmental disclosure, and development of natural heritage sites), care for social groups with a dependent status, airport services, as well as new activities with a strong future like social restoration and energy efficiency.

**Revenue** in the Environment area in 2014 stood at 2,388 million euros, amounting to 31.3% growth. In this respect, it needs to be borne in mind that all the 2014 operating figures have been affected by the consolidation through global integration of Clece from 1 July 2014.

Spain remains the primary market in the Environment area, representing 74% of total sales in 2014, driven by the consolidation of Clece's global integration in the second half of the year. Most of its activity takes place in the domestic market. Internationally, sales in the area were affected by exchange rate evolution, particularly in Latin America, with a 3.6% decline in activity outside of Spain. In comparative terms, that is, without considering the exchange rate impact or Clece's consolidation, sales in international markets grew by 7% with respect to 2013, thanks to the increasing consolidation of these activities and the major contracts awarded in previous years in countries such as France and the United Kingdom, as well as Chile, Argentina, and Venezuela.





# ENVIRONMENT

## ENVIRONMENT

MILLION EUROS	2013	2014*	% VAR.
REVENUE	1,781	2,338	31.3%
EBITDA	275	291	5.7%
MARGIN	15.4%	12.4%	
EBIT	123	135	9.4%
MARGIN	6.0%	5.8%	
OPERATING PROFIT	58	72	24.4%
MARGIN	3.2%	3.1%	
ORDER BOOK	8,443	10,164	20.4%
MONTHS	57	41	
NUMBER OF EMPLOYEES	28,545	94,581	

\* Clece's consolidation by global integration since 1 July 2014.

The Environment area groups its activities into Waste Treatment, Urban Services, Facility Management, and Logistics.

The revenue of the **waste treatment** services stood at 523 million euros, representing 22% of the Environment activity in 2014.

In 2014, **Urban Services** revenue reached 1,031 million euros, implying a decrease of 7.8% compared to 2013, and accounting for 44% of total activity.

The Logistics area covers the remaining multimodal transport assets. This activity had a turnover of 134 million euros in 2014.

The **Facility Management** activities performed through Clece reached 650 million euros in 2014, including sales in the second half of the year only.

**EBITDA** of the Environment area grew by 5.7% with respect to last year, standing at 291 million euros in 2014, with a margin over sales of 12.4%. This decrease in the margin on sales with respect to 2013 is due to the change in the business mix resulting from the inclusion of the Facility Management business, which, like Urban Services, includes intense activities in

terms of labour, although they are based on medium- and long-term recurring contracts, so they enhance visibility by generating income and sustained returns. Meanwhile Waste Treatment activities are mainly capital-intensive of the concession type with higher returns.

In 2014, the **net profit** in the Environment area was 72 million euros, 24.4% higher than 2013.

The ACS Group Environment area's **order book** stood at 10,164 million euros in 2014, 20.4% more than 2013, equal to 41 months of production. This growth comes from the domestic market, which increased by 40% due to the inclusion of the Clece order book.

In international markets the order book stands at 871 million euros, 1.9% less than 2013, representing 75 months of activity arising from the award of major contracts in international markets, mainly in the field of Waste Treatment and Urban Services in the United Kingdom, Mexico and Argentina in recent years. By type of activity, the Waste Treatment area represents 60% of the total portfolio, while Urban Services represents 23% and Facility Management represents 17%.

## TURNOVER BREAKDOWN BY TYPE OF ACTIVITY



- WASTE TREATMENT: 22%
- URBAN SERVICES: 44%
- LOGISTICS: 6%
- FACILITY MANAGEMENT: 28%

## ORDER BOOK BREAKDOWN BY TYPE OF ACTIVITY



- WASTE TREATMENT: 60%
- URBAN SERVICES: 23%
- FACILITY MANAGEMENT: 17%

### ENVIRONMENT

MILLION EUROS	2013	2014*	% VAR.
<b>SALES</b>	<b>1,781</b>	<b>2,338</b>	<b>31.3%</b>
WASTE TREATMENT	533	523	-1.9%
URBAN SERVICES	1,118	1,031	-7.8%
LOGISTICS	130	134	2.4%
FACILITY MANAGEMENT	0	650	n.a.

### ENVIRONMENT

MILLION EUROS	2013	2014*	% VAR.
<b>ORDER BOOK</b>	<b>8,443</b>	<b>10,164</b>	<b>20.4%</b>
WASTE TREATMENT	5,868	6,072	3.5%
URBAN SERVICES	2,575	2,384	-7.4%
FACILITY MANAGEMENT	0	1,708	n.a.

\* Clece's consolidation by global integration since 1 July 2014.





# ENVIRONMENT

## ENVIRONMENT ACTIVITY\*

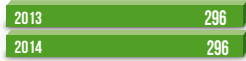
MILLION EUROS

### REVENUE

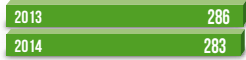
#### SPAIN



#### REST OF EUROPE



#### AMERICA



#### AFRICA



### ORDER BOOK

#### SPAIN



#### REST OF EUROPE



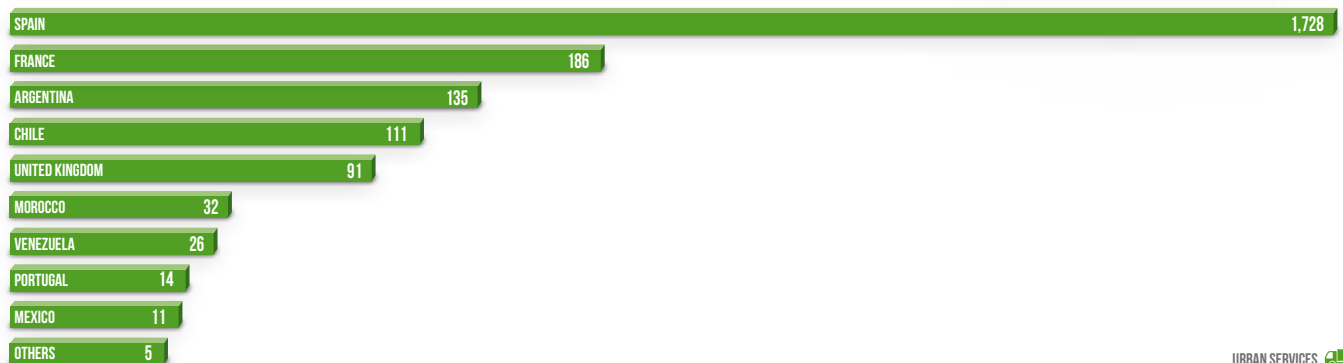
#### AMERICA



#### AFRICA



### REVENUE BREAKDOWN BY COUNTRY



\* Main countries where the Environment Area has reported ongoing projects or new awards.





**1** **BARCELONA, SPAIN**  
EXTENSION OF THE STREET  
CLEANING AND URBAN WASTE  
COLLECTION CONTRACT FOR THE  
EASTERN AREA OF BARCELONA  
(SPAIN).

AMOUNT  
**99**  
MILLION EUROS

**6** **MADRID, SPAIN**  
CONTRACT FOR HOME CARE  
SERVICES IN THE CITY OF MADRID  
(SPAIN).

AMOUNT  
**41**  
MILLION EUROS

**11** **VALENCIA, SPAIN**  
EXTENSION OF THE CLEANING  
CONTRACT FOR CENTERS RUN  
BY THE REGIONAL MINISTRY OF  
EDUCATION OF THE GENERALITAT  
VALENCIANA (SPAIN).

AMOUNT  
**27**  
MILLION EUROS

**2** **LANZAROTE, SPAIN**  
CONTRACT FOR THE  
MANAGEMENT OF THE WASTE  
TREATMENT IN THE ZONZAMAS  
PLANT (LANZAROTE, SPAIN).

AMOUNT  
**71**  
MILLION EUROS

**7** **HAMPSHIRE, UNITED KINGDOM**  
CONTRACT FOR HOME CARE  
SERVICES FOR THE HAMPSHIRE  
COUNTY (UNITED KINGDOM).

AMOUNT  
**37**  
MILLION EUROS

**12** **ARGENTINA**  
CONTRACT FOR THE SOLID  
URBAN WASTE COLLECTION  
AND STREET CLEANING SERVICES  
IN THE MUNICIPALITY OF LO  
BARNECHEA (ARGENTINA).

AMOUNT  
**27**  
MILLION EUROS

**3** **MADRID, SPAIN**  
CONTRACT FOR THE PUBLIC  
CLEANING SERVICES IN MADRID  
(SPAIN).

AMOUNT  
**56**  
MILLION EUROS

**8** **LOGROÑO, SPAIN**  
MANAGEMENT OF A SENIOR  
RESIDENTIAL HOME IN LOGROÑO  
(SPAIN).

AMOUNT  
**35**  
MILLION EUROS

**13** **GIRONA, SPAIN**  
URBAN WASTE COLLECTION,  
STREET AND BEACH CLEANING  
SERVICES IN TORROELLA DE  
MONTGRI (GIRONA, SPAIN).

AMOUNT  
**24**  
MILLION EUROS

**4** **LANZAROTE, SPAIN**  
CONTRACT FOR STREET CLEANING  
AND URBAN WASTE COLLECTION  
IN THE MUNICIPALITY OF ARRECIFE  
(LANZAROTE, SPAIN).

AMOUNT  
**54**  
MILLION EUROS

**9** **MADRID, SPAIN**  
CONTRACT FOR THE SOLID  
URBAN WASTE COLLECTION IN  
SURROUNDING AREA OF MADRID  
CITY (SPAIN).

AMOUNT  
**32**  
MILLION EUROS

**14** **CORONEL, CHILE**  
STREET CLEANING AND  
WASTE COLLECTION IN THE  
MUNICIPALITY OF CORONEL  
(CHILE).

AMOUNT  
**15**  
MILLION EUROS

**5** **ZARAGOZA, SPAIN**  
EXTENSION OF THE CONTRACT  
FOR THE MANAGEMENT OF THE  
URBAN WASTE TREATMENT  
PLANT IN ZARAGOZA (SPAIN).

AMOUNT  
**43**  
MILLION EUROS

**10** **SEVILLA, SPAIN**  
MANAGEMENT OF HOME CARE  
SERVICES IN THE CITY OF MADRID  
(SPAIN).

AMOUNT  
**30**  
MILLION EUROS



# ENVIRONMENT

## ACTIVITIES IN 2014

### SPAIN

In Spain, Urbaser has developed and manages the following **facilities for the treatment, recovery and disposal of urban solid waste** in the **Waste Treatment and Urban Services area**:

- 36 Plants for the pre-treatment of urban solid waste, with capacity to treat 6,585,077 tonnes.
- 4 Energy recovery plants, with capacity to treat 1,163,000 tonnes and an installed electrical power of 101.35 MW.
- 14 plants for biomethanization of organic fractions, with capacity to treat 889,230 tonnes, an installed capacity of 37.54 MW and an average annual production of 88.95 Hm<sup>3</sup> biogas.
- 41 Composting plants with capacity to treat 2,358,733 tonnes.
- 71 Transfer plant installations with capacity to transfer 3,256,156 tonnes.
- 34 Packaging treatment facilities, with capacity to treat 380,261 tonnes.
- 37 Controlled landfills, with an annual theoretical dumping capacity of 5,214,997 tonnes.
- 11 landfill degasification installations with an average annual production of 143,88 Hm<sup>3</sup> of biogas, and an installed capacity of 39.75 MW.

Urbaser consolidated itself in the waste treatment sector, increasing the quantity of recyclable products recovered in the plants, as well as achieving better yield in biogas production from anaerobic digestion of organic fractions from urban solid waste, an activity in which Urbaser is a world leader.

Another highlight in 2014 was the award of the construction of the Zonzamas Environmental Complex on the island of Lanzarote, and of its operation for 15 years, for a total contract amount of 71 million euros. Operation of the Meruelo landfill for 8 years was also awarded for 5 million euros.

Furthermore in 2014 works for the sealing of the San Fernando de Henares industrial waste landfill, the sealing of the Arico landfill in



Tenerife, the sealing of the Zaragoza landfill, as well as the sealing of the landfill and preparation of the new dumping cell in Ibiza were completed.

Furthermore, it launched the automation for the Valsequillo packaging plant in Antequera (Malaga), which now has facilities with capacity to treat 10,000 tonnes per year of selectively collected packaging; and the update of the urban waste and light packaging treatment plant in the Campiña 2000 Environmental Complex located in Marchena (Sevilla), which has a treatment capacity of 80,000 tonnes of waste per year.

As part of the group's policy of strengthening its position as a leader in the domestic market of urban solid waste treatment, Urbaser has increased its stake in the following companies:

- Ecoparc de Barcelona, S.A., an urban solid waste treatment concessionaire in Barcelona's southern metropolitan area, with a treatment capacity of 85,000 tonnes of organic fraction and 180,000 tonnes of other fraction per year.
- TIRSSA, a concessionaire of the Viladecans transfer plant, where more than 300,000 tonnes of waste are transferred from the Barcelona metropolitan area, which is also the major shareholder in Ecoparc del Besós, S.A.
- Ecoparc del Besós S.A., an urban solid waste treatment concessionaire in the northeast of Barcelona's metropolitan area, with a treatment capacity of 80,000 tonnes of organic fraction, 180,000 tonnes of other fraction, and 20,000 tonnes of packaging per year.
- TIRME, S.A., a municipal waste treatment concessionaire on the island of Majorca, which has cutting-edge facilities, including an energy recovery plant adapted to treat the different municipal waste produced on the island that treats about 700,000 tonnes per year. TIRME is in turn the largest shareholder in MAC INSULAR S.A.
- MAC INSULAR S.A., a construction and demolition waste treatment concessionaire, with facilities for voluminous waste, and tyres in Majorca.





# ENVIRONMENT

Urbaser places great emphasis on its R&D+i policy with the objective of distinguishing itself through the technological level of its solutions, as well as supporting our client's urban sustainability. In this sense, Urbaser has invested heavily in the creation of the ground-breaking "Alfonso Maíllo" Technological Innovation Centre for waste treatment in Spain that was certified by AENOR in 2013 under standard UNE 166.002 for R&D+i Management, where the group has its laboratory to study the implementation of the latest technologies.

Activity in the **construction and demolition waste sector** continues to be influenced by the current economic environment in the construction sector, even though the five facilities Urbaser manages in Madrid started to improve slightly in the last quarter of 2014.

The **integral management of industrial wastes** area, through the company Sertego, has an operational and logistics network consisting of 14 laboratories, 34 transfer centres and 20 treatment facilities, a dedicated fleet of 268 vehicles and 320 collaborating agents, enabling it to handle

around 711,000 tonnes of waste per year. Its main features include four plants for regenerating waste oils to obtain base oil from which to manufacture new lubricating oils, fuel production from Marpol residue from ships and the recovery and treatment of packaging and other industrial waste, allowing around 110,000 tonnes of managed waste to be recovered. Furthermore, for waste that cannot be recovered, Sertego has six landfills for hazardous and non-hazardous industrial waste, and has started activity in the thermal biomass sector.

In **urban solid waste collection activity** in 2014, over 5,000,000 tonnes of waste were collected in cities such as Madrid, Barcelona, Buenos Aires, and Santiago de Chile, among others.

The **street cleaning** activity has been awarded the urgent cleaning service in Madrid, amounting to 56 million euros, the street cleaning and collection service in Arrefice, Lanzarote, with a turnover of 54 million euros, and the collection, road/ beach cleaning contract in Toroella de Montgrí for 24 million euros.



In **management of green spaces**, covering both landscaping and the maintenance of these areas, Urbaser provided services for over 50,000,000 square metres. In this area, it is worth noting the award of the service contract for the comprehensive maintenance of the gardens, parks and green zones of Fuenlabrada for 8 million euros, green area maintenance in San Fernando de Henares, in Madrid, for 4 million euros.

Socamex, the company that oversees the **integral water cycle**, manages the following facilities:

- 207 Industrial water purifying stations for 1,337,369 cubic metres per day for the equivalent of 5,922,619 inhabitants.
- 19 Sewage operations for the equivalent of 1,385,000 inhabitants.
- 15 Water supply facilities for 312,834 cubic metres per day for the equivalent of 505,319 inhabitants.
- 10 Drinking water treatment plants at 287,694 cubic metres per day for the equivalent of 421,819 inhabitants.
- 7 analysis and control laboratories for the equivalent of 1,659,605 inhabitants and certified under UNE EN ISO 9001.
- A central laboratory certified under UNE EN ISO 9001 and 14001 and accredited by UNE EN ISO 17025 for potable water, waste water and sludge. This laboratory is accredited as a collaborating body of the water authority.
- 4,490 kilometres of sewer systems managed under the various contracts.
- 24 self-filling cistern trucks for industrial cleaning, cleaning of drainage, and transportation of hazardous waste to third parties.





# ENVIRONMENT

The activity related to the integral water cycle at European level faces the challenge of making the services more sustainable, primarily by optimizing the management and energy efficiency of each of the processes. On the legislative front, the need is maturing to increase the quality requirements for the use of sewage sludge in agriculture, in order to guarantee proper sanitation prior to application. Urbaser has in-house technology and patents in the field of energy use and the treatment of sludge that have kept up with the evolution of the market.

Nationally, the need for implementing and upgrading the water infrastructure, and therefore the sector is progressing towards the creation of a sustainable technical-economic model, bringing together public and private participation. Furthermore, Socamex develops many R+D+I projects, whose results are applied to its activities and designs, thus improving their

competitiveness. The lines of action in the field of R+D+I include recovery of energy from waste water through the optimisation of the anaerobic digestion of WWTP sludge.

In the **Facility Management** area, Clece, which specialises in staff management and resource optimisation, has an extensive portfolio of activities, which can be divided into three main areas: Social Services, Integrated Services, and Environmental Services.

The **Social Services** area specialises in the provision of social services in close partnership with public administrations. The activity has consolidated itself as the company driver, representing more than 30% of the turnover. The following stand out due to their growing demand: the help-at-home service, where Clece serves more than 70,000 people; management of almost 100 nursing homes, day centres, and other social-healthcare centres; and management



of nursery schools. To provide all of these services in the various social spheres, Clece has more than 23,000 professionals with extensive experience. Some of the main 2014 contracts were awarded in these areas, such as the renewal of major contracts like the Sevilla City Council home care services or that of the Valladolid City Council, with 2,700 and 1,463 users, respectively.

Individually, or under the **Integrated Services** modality, Clece is in charge of all kinds of auxiliary services, from cleaning to the maintenance of technical facilities, through security, logistics, and energy efficiency, among others, at all types of properties and facilities (airports, stations, public buildings, hospitals, etc.).

As Clece's original pursuit, cleaning is the activity with the longest history and weight at the company, which is reflected in major contracts in quantitative and qualitative

terms, such as the cleaning service contract for the properties and facilities of the Police Department and the Guardia Civil, awarded in 2014, and the hospital platform contract in the province of Almeria, comprising more than 50 healthcare centres.

In this field, maintenance and energy services are also offered, as they are one of the activities with the best growth prospects.

In **Environmental Services**, Clece operates with the Talher brand, which in 2014 celebrated its 35th anniversary, and was also awarded major contracts, such as the Ecoembes (packaging waste management company) educational project in primary and secondary schools; and the management of the Cuenca "Dinosaur Route."





# ENVIRONMENT

## MANAGEMENT OF THE WASTE TREATMENT SERVICE IN THE ZONZAMAS ENVIRONMENTAL COMPLEX

### CLIENT

Excelentísimo Cabildo Insular de Lanzarote.

### PROJECT TYPE

Waste Treatment.

### PROJECT EXECUTION DATES

2014-2029.

### AMOUNT

71 million euros.

### LOCATION

Lanzarote (Canary Islands, Spain).

### COMPANIES INVOLVED

Tirzonzamas (Tratamiento Integral De Residuos Zonzamas, S.A.). (100% Vertresa).

### PROJECT DESCRIPTION

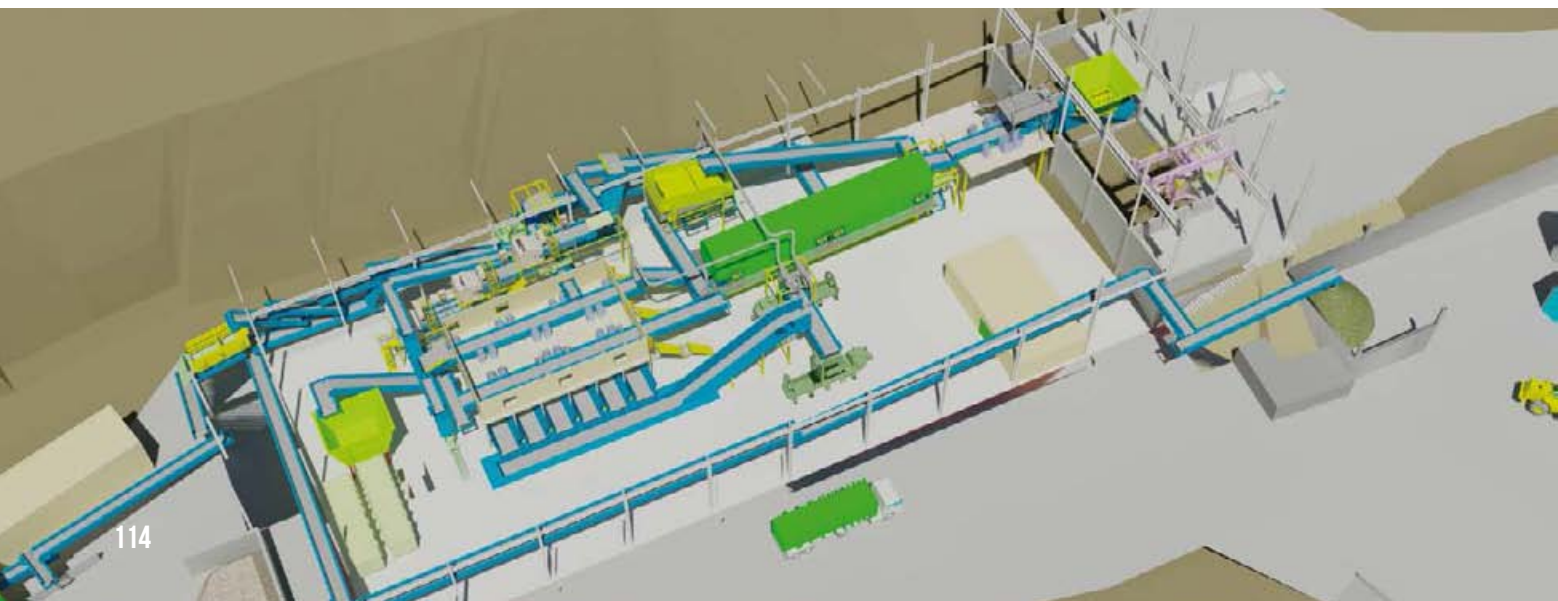
In the Zonzamas Environmental Complex, in response to the governing waste management principles, mechanisms are established and collected to maximise the use of waste through the increase of reuse and recycling, the optimisation of the operation and performance of the facilities, and thus a decrease in the percentage of waste targeted for removal. This complex is designed to treat up to 126,000 t/year, and no waste can be sent to landfill that has not been previously treated.

The pre-treatment plant is expected to receive 100,000 t/year of urban solid waste and 900 t/year of packaging waste. The plant has a new automated classification line of 35 t/h of urban solid waste and 4 t/h of packaging.

The biomethanisation plant is designed for 30,000 t/year of organic fraction of total waste, and 6,000 t/year of WWTP sludge, in which various actions will be performed on critical elements that restrict its operation, as well as the improvement of performance through the inclusion of organic matter separated at the pre-treatment plant and the implementation of an organic supply line from the selective collection.

Finally, energy use from biogas, both from landfill degasification and from the biomethanisation through two 1MW cogeneration engines, which in addition to the production of electricity enable use of the cooling water.

The main goal of the actions to be performed is to achieve the 100% self-sufficiency of the complex, providing an environmentally sustainable, reliable, modern, and proven technical solution for waste treatment on the island of Lanzarote.



## CLEANING SERVICE FOR THE NATIONAL POLICE AND GUARDIA CIVIL

### CLIENT

Ministry of the Interior.

### EXECUTION DATES

2014-2016.

### LOCATION

Spain.

### PROJECT TYPE

Facility Management.

### AMOUNT

158 million euros (extension included).

### COMPANIES INVOLVED

Clece, S.A.

### PROJECT DESCRIPTION

The project includes general and glass cleaning services, floor treatment and DDD in the various areas of the 3,540 properties and facilities held by the Police Department and the Guardia Civil in Spain. Clece has performed these services since 1997, which confirms the high level of loyalty generated in these customers.

The term of the contract, for a value of 113 million euros, is 30 months, which may be extended to one year for an additional 45 million euros. To guarantee optimal execution of the service, Clece has a team of 5,500 professionals and applies various methodologies and techniques, adapting to the hygienic-sanitary needs in each area.

The contract has strengthened Clece's strong presence in the cleaning sector, and its relevance is growing in the field of administration. The concession was made through a public tender by the State Secretariat for Security in the Ministry of the Interior for the centralised contracting of these services. Other institutions, such as the Ministry of Defence, have also entrusted Clece with the overall cleaning of their premises in a unified manner.





# ENVIRONMENT

## THE REST OF EUROPE, AMERICA AND NORTH AFRICA

In the international field, the main Waste Treatment and Urban Services activities where Urbaser has focused its efforts include tendering for contracts in the United Kingdom, France, Latin America, the United States and Canada. It is also starting to explore contracts in Asia.

Urbaser has developed and manages the following **facilities for the treatment, recovery and disposal of urban solid waste:**

- 8 Plants for the pre-treatment of urban solid waste, with the capacity to treat 1,643,400 tonnes.
- 4 Energy recovery plants, where 935,000 tonnes were treated, with an installed electrical power of 90.90 MW.
- 6 plants for biomethanization of organic fractions, with the capacity to treat 511,973 tonnes, an installed capacity of 21,48 MW and an average annual production of 58.49 Hm<sup>3</sup> biogas.
- 9 Composting plants, with the capacity to treat 780,661 tonnes.
- 11 Transfer plant installations with the capacity to treat 2,710,400 tonnes.
- 3 Packaging treatment facilities with the capacity to treat 150,000 tonnes.
- 24 Controlled landfills, with an annual theoretical dumping capacity of 4,493,802 tonnes.
- 3 landfill degasification installations with an average annual production of 110.07 Hm<sup>3</sup> of biogas, and an installed capacity of 28.37 MW.

In 2014, Urbaser completed the construction of the Essex biostabilisation plant, in the United Kingdom. This facility has a treatment capacity of 417,000 tonnes of waste per year through the pre-treatment processes for the recovery of recyclable waste, maturation through a bucket wheel, refining and treatment of effluents. In addition, in 2014 construction began on the Herefordshire and Worcestershire energy recovery plant, with the capacity to recover energy from 190,000 tonnes of waste. These two facilities, together with the Gloucestershire energy recovery plant, whose construction will likely begin next year, reflect Urbaser's success and consolidation in the British market.

In recent years, Urbaser has managed to position itself as one of the leading operators in France, standing out for its high technological added value. During 2014 Urbaser continued operation of the biogas plant in Calais, overseeing the anaerobic digestion of 25,000 tons of solid waste per year, as well as management of the integrated municipal solid waste plant in Marseille which began commercial operation in 2010. In 2014, it started the commissioning of the biomethanisation plant in Bayonne, which incorporates pre-treatment, biomethanisation and composting processes for 85,000 tonnes per year of urban solid waste, 20,000 tons per year of bulk waste, 6,500 tons per year of green waste and classification of 15,000 tons of packaging per year. This contract includes the operation of the facility for a period of 6 years and its overall turnover amounts to 98 million euros.

In 2015, Urbaser, together with its Portuguese investee SUMA, S.A., was awarded the contract for the reprivatisation of Empresa Geral de Fomento, S.A. This company is the majority shareholder in eleven intermunicipal systems that have been the concessionaires for 20 years, managing packaging waste and treating urban solid waste. It serves more than six million residents, handling more than three million tonnes per year, with annual revenues of 170 million euros.

In Chile, through the company KDM, the capacity of the plant to generate power from biogas in the Loma de los Colorados landfill continues to increase. The plant currently has an installed capacity of 22.8 MW. In the industrial waste area, KDM has become a reference in comprehensive management of the waste produced by mining companies.

In Morocco, the company SERTEGO was awarded the contract to manage the marpol waste of the ships in Tangiers harbour.





# ENVIRONMENT

Regarding **Urban Services** activity, Urbaser has been awarded a contract in France to provide collection of urban waste in the city of Paris for 30 million euros, and collection of urban waste in Val de Garonne, for 7 million euros. Furthermore, services awarded in previous years continue to be provided, such as the cleaning of the city of Paris, collection of domestic waste in Olonnes, door-to-door collection of domestic and recyclable waste in La Rochelle (Charente-Maritime), domestic waste collection in Boucle de Seine, domestic waste collection in Ville de Joinville le Pont, domestic waste management in the Communauté de Comune Ardene Rives de Meuse, as well as waste collection and road cleaning in Marseilles.

In the United Kingdom, Urbaser continues to provide waste collection services, road cleaning, and beach cleaning in Gosport, serving a population of 80,000 residents. This contract amounts to a billable total of 26 million euros. It also provides cleaning services in Waltham Forest, London, serving a population of 250,000 citizens. This contract amounts to a billable total of 48 million euros.

Noteworthy in urban waste collection is the award in Chile of contracts for the following services: collection and road cleaning in the town of Lo Barneachea, for 27 million euros, collection and road cleaning in the town of Coronel, for 15 million euros, Urban Waste collection in Nanacagua, for 10 million euros, and the contract for road cleaning and sweeping in Santiago de Chile, for 3 million euros.



## URBAN WASTE COLLECTION, STREET CLEANING AND MECHANISED BIN COLLECTION IN PARIS (FRANCE)

### CLIENT

Ville de Paris.

### EXECUTION DATES

2014-2019.

### LOCATION

Paris (France).

### PROJECT TYPE

Urban Services.

### AMOUNT

30 million euros.

### COMPANIES INVOLVED

Urbaser, Urbaser Environnement (20%).

### PROJECT DESCRIPTION

This comprises door-to-door collection of domestic waste in the City of Paris. Waste collection takes place in district number 13 of Paris for a 5-year term.

Collection is daily 7 days a week, and includes the provision of the collection equipment. The contract includes the study of the possibility of collection 6 days per week.

The staff assigned to this contract is approximately 80 employees, who, together with the more than 24 motorised collection vehicles, provide the client with a reduction of the noise and CO<sub>2</sub> resulting from the service. The vehicles will comply with the EURO 6 Antipollution Standard that came into force on 1 January 2014, by which the vehicles must be fuelled by Vehicular Natural Gas. The services proposed by Urbaser to the City of Paris enable the client to meet its environmental and financial goals.

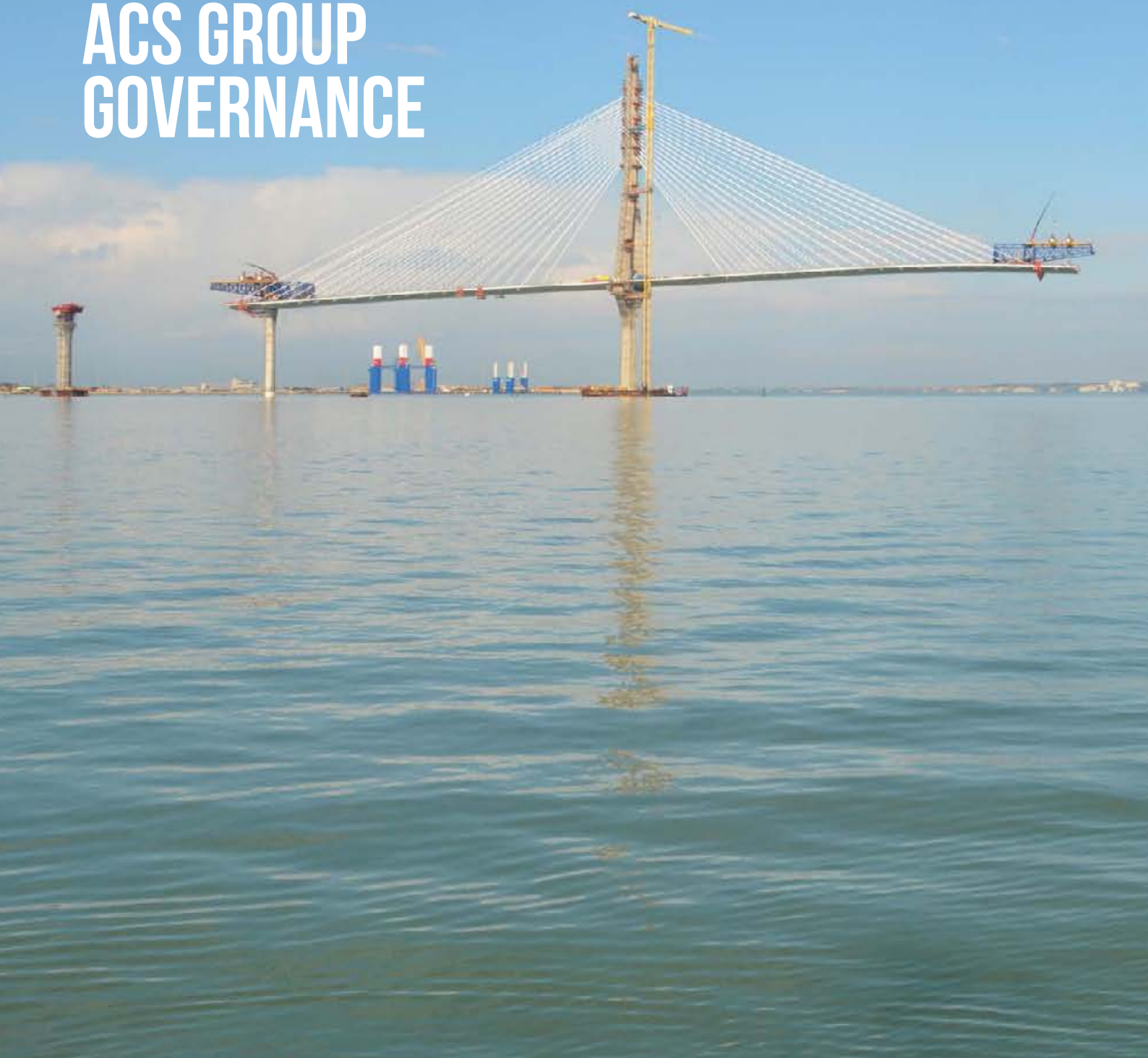




**MAIN ECONOMIC AND  
FINANCIAL FIGURES**

**THE ACS GROUP AND  
THE CORPORATE SOCIAL  
RESPONSIBILITY**

**ACS GROUP  
GOVERNANCE**







# MAIN ECONOMIC AND FINANCIAL FIGURES

## PERFORMANCE OF THE ACS GROUP IN 2014

### KEY OPERATING & FINANCIAL FIGURES

Million Euro	2013	2014	Var.
Turnover	35,178	<b>34,881</b>	(0.8%)
Backlog	59,363	<b>63,320</b>	6.7%
Months	19	20	
EBITDA	2,833	<b>2,466</b>	(12.9%)
Margin	8.1%	7.1%	
EBIT	1,640	<b>1,598</b>	(2.6%)
Margin	4.7%	4.6%	
Attributable Net Profit	702	<b>717</b>	2.2%
EPS	2.26 €	<b>2.31 €</b>	2.0%
Cash Flow from Activities	1,086	<b>824</b>	(24.1%)
Net Investments	494	<b>(313)</b>	n.a.
Investments	2,502	2,310	(7.7%)
Disposals	2,008	2,623	30.6%
Total Net Debt *	3,811	<b>3,722</b>	(2.3%)
Businesses Net Debt	3,126	3,129	0.1%
Project Financing	685	593	(13.4%)

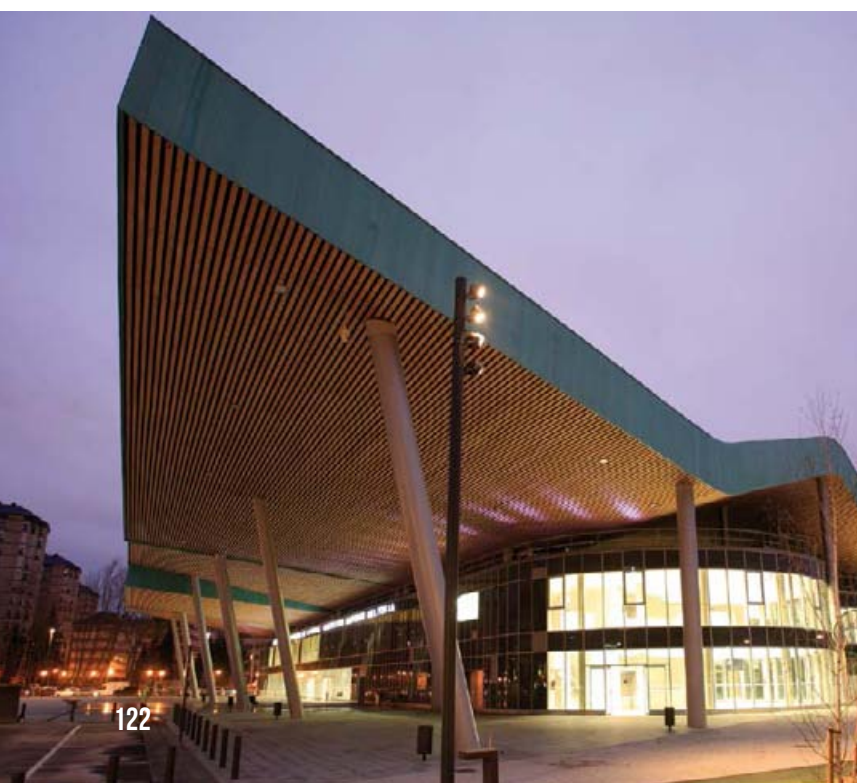
NOTE: Data presented in accordance with ACS Group management criterion. The balance sheet, the income statement and the statement of cash flows in 2013 have been restated as a result of the entry into force of IFRS 10, 11 and 12. The main effect is the application of IFRS 11 which has affected the affiliate Leighton. The IFRS establishes the need to conduct an analysis of whether the joint agreement is structured through a separate vehicle and whether it represents a distribution of net profits or a right or obligation to a proportionate part of its assets or liabilities, respectively. The income statement for the sale of the businesses of John Holland and Leighton Services has also been restated, considering them discontinued operations in both years. In addition, Clece was fully consolidated as of 1 July 2014.

\* Net debt includes amounts pending collection for the sale of John Holland and Leighton Services in December 2014, listed on the Balance Sheet as at 31/12/2014 under the heading Accounts Receivable.

### HIGHLIGHTS

ACS Group sales for the year 2014 amounted to EUR 34,881 million, representing a slight drop of 0.8% compared to 2013 figures. Without taking into account the impact caused by exchange rate fluctuations or variations due to changes in the scope of consolidation other than those that gave rise to the restatement of income therefrom as discontinued operations, sales fell by 1.8%. Activity outside Spain represents 84.0% of sales.

Meanwhile, the backlog at the end of 2014 totalled EUR 63,320 million, reflecting an increase of 6.7% in the last twelve months. The rise in the U.S. dollar and changes in the scope of consolidation in the last few quarters have permitted this positive performance. Without considering these effects the backlog would have decreased in value by 2.9%.



## FOREX & PERIMETER CHANGES IMPACT

Million Euro	2013	2014	Var.	Var. Comp.*
<b>Backlog</b>	59,363	63,320	6.7%	(2.9%)
Direct	53,689	56,472	5.2%	(4.1%)
Proportional**	5,674	6,849	20.7%	9.9%
<b>Work Done</b>	37,205	37,088	(0.3%)	(1.2%)
Direct	35,178	34,881	(0.8%)	(1.8%)
Proportional**	2,027	2,207	8.9%	5.2%
<b>EBITDA</b>	2,833	2,466	(12.9%)	(3.9%)
<b>EBIT</b>	1,640	1,598	(2.6%)	3.1%

\* Comparable change not including the effects of exchange rate, changes in the scope of consolidation and the FleetCo effect.

\*\* Backlog and production equal to the proportional participation in the joint ventures which the Group has not fully consolidated.

EBITDA for the Group totalled EUR 2,466 million in 2014, representing a decrease of 12.9% compared to the 2013 figure, while EBIT decreased by 2.6% to EUR 1,598 million.

The fall in the EBITDA was affected by changes in the scope of consolidation, the effect of the exchange rate for different currencies and the impact of the start-up of FleetCo, the Leighton company that holds the operational assets associated with its mining services, for which the financial leasing arrangement has been replaced with an operating lease. Without the impact of all these effects, the EBITDA would have decreased by 3.9%. Meanwhile, the EBIT, adjusted for the aforementioned effects, increased by 3.1%. The main causes of this reduction in operating margins were:

- The organisational, operational and backlog restructuring that Hochtief Europe, Flatiron and Leighton are carrying out, which are expected to begin yielding results as of 2015.

- The impact of the drop in mining activity in Leighton, whose contribution margin is substantially greater than any other business.
- The reduction in Industrial Services activity as a consequence of the slow-down in investments in the sector, affected by the marked drop in oil prices over the last three quarters.

Leighton has made a provision to reduce the on-balance sheet operational risk by EUR 458 million. It has also recorded the gains obtained from the sale of John Holland and Leighton Services (EUR 409 million after taxes) as a profit from discontinued operations.

The net profit attributable to the Group totalled EUR 717 million, representing an increase of 2.2%, broken down by area of activity as follows:

## NET PROFIT PER AREA OF ACTIVITY

Million Euro	2013	2014	Var.
Net Profit Construction	189	223	18.1%
Net Profit Industrial Services	418	420	0.5%
Net Profit Environment	58	72	24.4%
Net Profit Corporation	37	2	n.a.
<b>Net Profit</b>	702	717	2.2%



# MAIN ECONOMIC AND FINANCIAL FIGURES

The net debt at the end of 2012 was EUR 3,722 million, 2.3% lower than in December 2013. This figure includes amounts pending collection for the sales of John Holland and Leighton Services, which amount to EUR 1,108 million and are entered on the balance sheet as Accounts Receivable.

## THE FOLLOWING SIGNIFICANT EVENTS OCCURRED DURING 2014:

- On 12 December 2013 the ACS Board of Directors approved the distribution of an interim dividend of EUR 0.446 per share, which was distributed during the month of February 2014 using the flexible dividend system.
 

In addition, the General Shareholders' Meeting held on 29 May 2014 approved the distribution of a final dividend of EUR 0.71 per share. This dividend was paid during the month of July by means of the flexible dividend system, whereby 40.89% of ACS shareholders decided to sell their rights to ACS, which represented a total gross amount of EUR 91 million. On 30 July 3,875,019 shares were also issued to shareholders who chose remuneration in shares. The same number of shares was subsequently retired.
- On 31 January 2014 Hochtief, A.G. sold 50% of its share in aurelis Real Estate as part of its non-strategic asset divestment strategy.
- On 10 March 2014 the Australian company Hochtief Australia Holding Ltd (wholly owned by ACS Group member Hochtief, A.G.) announced the launch of a proportional takeover bid of the Australian company Leighton Holdings Ltd. The transaction was completed on 12 May 2014, with the result of an increase in Hochtief A.G.'s share in Leighton to 69.62%. Hochtief, A.G.'s investment in this transaction entailed a disbursement of EUR 617 million.
- On 20 March 2014, ACS, Actividades de Construcción y Servicios, S.A. formalised the renewal of the Euro Commercial Paper (ECP) programme for a maximum amount of EUR 750 million, which has been registered with the Irish Stock Exchange. Through this programme, ACS can issue notes with maturities between 1 and 364 days, thereby facilitating the diversification of the lines of financing on the capital market.
- On 27 March 2014 ACS Actividades Finance 2, B.V. (a Dutch subsidiary wholly owned by ACS, Actividades de Construcción y Servicios, S.A.) issued bonds that are exchangeable for Iberdrola shares for EUR 405.6 million, with a maturity date of 27 March 2019 and a fixed annual nominal interest rate of 1.625%, payable quarterly in arrears.
 

On 9 December 2014, ACS announced an offer to pay a cash incentive to all holders of bonds exchangeable for Iberdrola shares maturing in 2018 and 2019, which resulted in the early redemption of EUR 593.8 million, which breaks down into:

  - EUR 170.3 million for the issue of bonds that mature in 2019, with an incentive of EUR 30.7 million; and
  - EUR 423.5 million for bonds issued in October 2013 that mature in 2018, with an incentive of EUR 55.5 million.

At the end of 2014, ACS Group held a total of 89 million shares in Iberdrola on its balance sheet, maturing in 2018, pledged as security for bonds with a face value of EUR 532 million.
- On 8 May, Urbaser refinanced a syndicated loan for EUR 506 million with 19 national and international banks. The syndicated loan was extended for three more years to November 2017, and the amount was increased to EUR 600 million.

- During 2014 Dragados acquired two companies in the United States, Prince Contracting LLC (Florida) and JF White Contracting (Massachusetts), to boost its operations in North America. In total the two companies had a turnover of EUR 304 million in 2013 and contributed an initial backlog of EUR 525 million.
- In the month of August 2014 the ACS Group closed the acquisition of 25% of Clece S.A. for EUR 121 million with different funds administrated by Mercapital Private Equity, rendering void all previous contracts and agreements signed with them related to Clece. Following this transaction, ACS now holds 100% of Clece's capital with the consequent change to the consolidation method for this company in the Group, changing from the share method to the full consolidation method. The total company value considered was EUR 542 million.
- On 27 August 2014, Iridium reached an overall agreement valued at EUR 175.2 million, which includes the sale of 805 shares in different concession assets such as the Madrid Interchange Stations, Hospital de Majadahonda and Barcelona Metro Line 9, as well as a co-determination agreement for other Spanish motorway assets in which the Group is a controlling shareholder, and also including certain call options exercisable in subsequent periods.
- On 4 October 2014, Royal Decree-Law 13/2014 was enacted to regulate the procedure for acceptance of withdrawal, with the consequent termination of the natural gas exploitation and underground storage concession known as "Castor" and the hibernation of the facilities whose management was assigned to the company Enagás Transporte, S.A.U. The law also establishes the compensation to Escal UGS for its investment in the project (EUR 1,350.7 million), which was paid on 11 November, and for the compensation rights accrued, which include the financial

remuneration and the operating and maintenance costs incurred from the provisional start-up to the date on which the Royal Decree-Law came into effect, as well as the operating and maintenance costs since the date the Royal Decree-Law came into effect, which will be paid in accordance with the applicable legislation in each case.

- On 12 December, Leighton announced the agreement to sell its subsidiary John Holland to China Communications Construction Company. The sale price reflected a business value for 100% of the company of AUD 1,075 million, subject to a series of adjustments. In addition, on 17 December, Leighton agreed to the sale of 50% of its subsidiary services to several funds affiliated with Apollo Global Management LLC. The sale price implied a business value by 100% of the company's AUD 1,075 million, subject to a series of adjustments.

The two transactions combined represented gains after taxes of EUR 409 million, which is recorded for accounting purposes as a net profit from discontinued operations in 2014. Moreover, the ordinary contribution of the net profit from both businesses is listed under the same heading and amounts to EUR 129 million.

These transactions have permitted a reduction in the Group's net debt by EUR 823 million, which is the difference between the EUR 1,108 million of the divestment, the funds for which are pending collection (considered a lower net debt) and the EUR 285 million that both companies held as a net cash balance from their sale and, as such, deconsolidated from the balance sheet as at 31 December 2014.



# MAIN ECONOMIC AND FINANCIAL FIGURES

- On 18 December 2014 the ACS Board of Directors approved the distribution of an interim dividend of EUR 0.45 per share. It was distributed using the flexible dividend system during the month of February 2015. In this process, 40.46% of the rights of cost-free allocation were acquired by ACS under a purchasing commitment undertaken by the company. For the rest of the shareholders a total of 2,616,408 shares were issued on 24 February, which were retired simultaneously as approved at the General Shareholders' Meeting on 29 May 2014.
- On 13 February 2015, ACS, Actividades de Construcción y Servicios, S.A., signed a financing agreement with a syndicate of banks comprising forty-three Spanish and foreign institutions, for a total amount of EUR 2,350 million, divided into two tranches (tranche A being a loan for an amount of EUR 1,650 million and tranche B being a line of credit for an amount of EUR 700 million) with a maturity date of 13 February 2020. This is to be used, in the amount required, to pay off the existing syndicated loan signed on 9 February 2012 for a principal amount of EUR 1,430.3 million, and three loans granted to finance the acquisition of shares in Hochtief A.G. for a total principal amount of EUR 694.5 million.
- On 21 January 2015, ACS Group reached an agreement with Global Infrastructure Partners for the sale of a recently created energy asset development company, integrating the renewable energy assets over which Saeta Yield S.A. holds a right of first offer. This transaction is pending approval by the competent regulatory bodies.
- On 16 February 2015, Saeta Yield was listed on the Stock Exchange. With this transaction ACS Group sold 51.78% of the company to the market. In addition, under the agreements reached with Global Infrastructure Partners, it sold 24.4% of Saeta Yield. The combination of these two transactions brought a net cash inflow of EUR 361 million, after subtracting the prior capital increase, the redemption of intra-group loans and the expenses associated with the transaction.



## SIGNIFICANT EVENTS SUBSEQUENT TO YEAR-END

- On 13 February 2015, ACS, Actividades de Construcción y Servicios, S.A. signed a financing agreement with a syndicate made up of forty-three Spanish and foreign banks for a total amount of EUR 2,350 million, divided into two tranches (tranche A being a loan for an amount of EUR 1,650 million and tranche B being a line of credit for an amount of EUR 700 million) with a maturity date of 13 February 2020. This is to be used, in the amount required, to pay off the existing syndicated loan signed on 9 February 2012 for a principal amount of EUR 1,430.3 million, and three loans granted to finance the acquisition of shares in Hochtief, A.G. for a total principal amount of EUR 694.5 million.
- On 21 January 2015 the ACS Group reached an agreement with Global Infrastructure Partners for the sale of 49% of a recently created energy asset development company, integrating the renewable energy assets over which Saeta Yield, S.A. holds a right of first offer. This transaction is pending approval by the competent regulatory bodies.
- On 16 February 2015, Saeta Yield was listed on the stock exchange. With this transaction the ACS Group sold 51.78% of the company to the market. In addition, under the agreements reached with Global Infrastructure Partners, it sold 24.4% of Saeta Yield. The combination of these two transactions brought a net cash inflow of EUR 361 million, after subtracting the prior capital increase, the redemption of intra-group loans and the expenses associated with the transaction.
- On 16 March 2015, ACS, Actividades de Construcción y Servicios, S.A. issued notes in the Euro market for the amount of EUR 500 million, with a total demand of EUR 1,337 million, under the Euro Medium Term Note Programme (EMTN Programme), approved by the Central Bank of Ireland and approved in its most recent draft on 11 March 2015. The issue matures at five years and the disbursement date is planned for 1 April 2015, with an annual coupon of 2.875% and an issue price of 99.428%. The Notes are expected to be admitted to trading on the Irish Stock Exchange.





# MAIN ECONOMIC AND FINANCIAL FIGURES

## CONSOLIDATED INCOME STATEMENT OF THE ACS GROUP

### CONSOLIDATED INCOME STATEMENT

Million Euro	2013	%	2014	%	Var.
<b>Net Sales</b>	<b>35,178</b>	<b>100.0 %</b>	<b>34,881</b>	<b>100.0 %</b>	<b>(0.8%)</b>
Other revenues	571	1.6 %	623	1.8 %	9.1%
<b>Total Income</b>	<b>35,749</b>	<b>101.6 %</b>	<b>35,504</b>	<b>101.8 %</b>	<b>(0.7%)</b>
Operating expenses	(25,318)	(72.0 %)	(25,276)	(72.5 %)	(0.2%)
Personnel expenses	(7,598)	(21.6 %)	(7,761)	(22.3 %)	2.2%
<b>Operating Cash Flow (EBITDA)</b>	<b>2,833</b>	<b>8.1 %</b>	<b>2,466</b>	<b>7.1 %</b>	<b>(12.9%)</b>
Fixed assets depreciation	(1,145)	(3.3 %)	(824)	(2.4 %)	(28.0%)
Current assets provisions	(48)	(0.1 %)	(45)	(0.1 %)	(7.7%)
<b>Ordinary Operating Profit (EBIT)</b>	<b>1,640</b>	<b>4.7 %</b>	<b>1,598</b>	<b>4.6 %</b>	<b>(2.6%)</b>
Impairment & gains on fixed assets	(199)	(0.6 %)	(4)	(0.0 %)	n.a.
Other operating results	98	0.3 %	(634)	(1.8 %)	n.a.
<b>Operating Profit</b>	<b>1,539</b>	<b>4.4 %</b>	<b>960</b>	<b>2.8 %</b>	<b>(37.6%)</b>
Financial income	362	1.0 %	354	1.0 %	(2.4%)
Financial expenses	(1,122)	(3.2 %)	(1,036)	(3.0 %)	(7.7%)
<b>Ordinary Financial Result</b>	<b>(760)</b>	<b>(2.2 %)</b>	<b>(682)</b>	<b>(2.0 %)</b>	<b>(10.2%)</b>
Foreign exchange results	(23)	(0.1 %)	(24)	(0.1 %)	2.0%
Changes in fair value for financial instruments	555	1.6 %	234	0.7 %	(57.9%)
Impairment & gains on financial instruments	101	0.3 %	163	0.5 %	61.1%
<b>Net Financial Result</b>	<b>(126)</b>	<b>(0.4 %)</b>	<b>(309)</b>	<b>(0.9 %)</b>	<b>144.8%</b>
Results on equity method	96	0.3 %	132	0.4 %	37.4%
<b>PBT of continued operations</b>	<b>1,509</b>	<b>4.3 %</b>	<b>782</b>	<b>2.2 %</b>	<b>(48.1%)</b>
Corporate income tax	(425)	(1.2 %)	(319)	(0.9 %)	(25.0%)
<b>Net profit of continued operations</b>	<b>1,084</b>	<b>3.1 %</b>	<b>464</b>	<b>1.3 %</b>	<b>(57.2%)</b>
Profit after taxes of the discontinued operations	163	0.5 %	464	1.3 %	184.3%
<b>Consolidated Result</b>	<b>1,247</b>	<b>3.5 %</b>	<b>928</b>	<b>2.7 %</b>	<b>(25.6%)</b>
Minority interest	(545)	(1.6 %)	(211)	(0.6 %)	(61.4%)
<b>Net Profit Attributable to the Parent Company</b>	<b>702</b>	<b>2.0 %</b>	<b>717</b>	<b>2.1 %</b>	<b>2.2%</b>

## NET CASH FLOWS

### NET CASH FLOWS

Million Euro	2013			2014			Var.	
	Total	HOT	ACS ex HOT	Total	HOT	ACS ex HOT	Total	ACS ex HOT
<b>Cash Flow from Operating Activities before Working Capital</b>	<b>1,958</b>	<b>1,075</b>	<b>884</b>	<b>1,395</b>	<b>845</b>	<b>550</b>	<b>(28.8%)</b>	<b>(37.7%)</b>
Operating working capital variation	(873)	(583)	(290)	(571)	(89)	(482)		
<b>Cash Flow from Operating Activities</b>	<b>1,086</b>	<b>492</b>	<b>594</b>	<b>824</b>	<b>756</b>	<b>68</b>	<b>(24.1%)</b>	<b>(88.5%)</b>
1. Payments due for investments	(2,502)	(1,668)	(834)	(2,310)	(1,367)	(943)		
2. Cash collected from disposals	2,008	1,912	96	1,515	416	1,099		
<b>Cash flow from Investing Activities</b>	<b>(494)</b>	<b>244</b>	<b>(738)</b>	<b>(795)</b>	<b>(951)</b>	<b>156</b>	<b>60.9%</b>	<b>n.a.</b>
1. Treasury stock acquisition	(98)	0	(98)	(358)	(48)	(310)		
2. Dividends paid	(398)	(180)	(218)	(318)	(151)	(167)		
3. Other financial sources	634	(128)	763	(11)	(60)	49		
<b>Other Cash Flows</b>	<b>139</b>	<b>(308)</b>	<b>447</b>	<b>(688)</b>	<b>(259)</b>	<b>(428)</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Total Cash Flow generated/(Consumed)</b>	<b>730</b>	<b>427</b>	<b>302</b>	<b>(659)</b>	<b>(454)</b>	<b>(205)</b>	<b>n.a.</b>	<b>n.a.</b>

Note1: The cash flow statement for the year 2013 has been restated due to the entry into force of IFRS 10, 11 and 12. The main effect is the application of IFRS 11, which has affected the affiliate Leighton, with the consequent impact on Hochtief, A.G.

Note 2: The heading "Collections from Disposals" does not include the payment of EUR 1,108 million related to the sale of John Holland and Leighton Services.

## CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2013 AND 2014

### CONSOLIDATED BALANCE SHEET

Million Euro	2013	%	2014	%	Var.
Intangible Fixed Assets	4,950	12.4 %	5,042	12.8 %	1.9%
Tangible Fixed Assets	2,607	6.5 %	2,658	6.8 %	2.0%
Investments accounted by Equity Method	1,366	3.4 %	1,231	3.1 %	(9.9%)
Long Term Financial Investments	2,508	6.3 %	2,462	6.3 %	(1.8%)
Long Term Deposits	559	1.4 %	404	1.0 %	(27.8%)
Financial Instruments Debtors	41	0.1 %	6	0.0 %	(84.2%)
Deferred Taxes Assets	2,380	6.0 %	2,196	5.6 %	n.a.
<b>Fixed and Non-current Assets</b>	<b>14,412</b>	<b>36.1 %</b>	<b>14,001</b>	<b>35.6 %</b>	<b>(2.8%)</b>
Non Current Assets Held for Sale	5,310	13.3 %	3,822	9.7 %	(28.0%)
Inventories	1,827	4.6 %	1,522	3.9 %	(16.7%)
Accounts receivables	11,316	28.3 %	11,611	29.5 %	2.6%
Accounts receivables (proceeds on sale of discontinued ops.)	0	0.0 %	1,108	2.8 %	0.0 %
Short Term Financial Investments	2,980	7.5 %	1,893	4.8 %	(36.5%)
Financial Instruments Debtors	12	0.0 %	34	0.1 %	183.9%
Other Short Term Assets	185	0.5 %	162	0.4 %	(12.4%)
Cash and banks	3,924	9.8 %	5,167	13.1 %	31.7%
<b>Current Assets</b>	<b>25,554</b>	<b>63.9 %</b>	<b>25,320</b>	<b>64.4 %</b>	<b>(0.9%)</b>
<b>TOTAL ASSETS</b>	<b>39,965</b>	<b>100 %</b>	<b>39,321</b>	<b>100 %</b>	<b>(1.6%)</b>
Shareholders' Equity	3,803	9.5 %	3,452	8.8 %	(9.2%)
Adjustments from Value Changes	(535)	(1.3 %)	(418)	(1.1 %)	(21.8%)
Minority Interests	2,221	5.6 %	1,864	4.7 %	(16.1%)
<b>Net Worth</b>	<b>5,489</b>	<b>13.7 %</b>	<b>4,898</b>	<b>12.5 %</b>	<b>(10.8%)</b>
Subsidies	50	0.1 %	60	0.2 %	20.1%
Long Term Financial Liabilities	7,411	18.5 %	6,091	15.5 %	(17.8%)
Deferred Taxes Liabilities	1,381	3.5 %	1,269	3.2 %	(8.1%)
Long Term Provisions	1,795	4.5 %	1,764	4.5 %	(1.7%)
Financial Instruments Creditors	498	1.2 %	197	0.5 %	(60.5%)
Other Long Term Accrued Liabilities	188	0.5 %	155	0.4 %	(17.6%)
<b>Non-current Liabilities</b>	<b>11,324</b>	<b>28.3 %</b>	<b>9,535</b>	<b>24.2 %</b>	<b>(15.8%)</b>
Liabilities from Assets Held for Sale	3,878	9.7 %	2,891	7.4 %	(25.5%)
Short Term Provisions	1,108	2.8 %	1,342	3.4 %	21.2%
Short Term Financial Liabilities	3,863	9.7 %	6,204	15.8 %	60.6%
Financial Instruments Creditors	71	0.2 %	78	0.2 %	10.9%
Trade accounts payables	13,677	34.2 %	13,962	35.5 %	2.1%
Other current payables	556	1.4 %	411	1.0 %	(26.0%)
<b>Current Liabilities</b>	<b>23,153</b>	<b>57.9 %</b>	<b>24,888</b>	<b>63.3 %</b>	<b>7.5%</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>39,965</b>	<b>100 %</b>	<b>39,321</b>	<b>100 %</b>	<b>(1.6%)</b>

# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

## SUSTAINABILITY IN THE ACS GROUP

The ACS Group is a worldwide reference in the infrastructure development industry, participating in sectors which are fundamental to the economy. It defines itself as a company committed to economic and social progress in the countries where it is present.

ACS is positioned as a world leader in the infrastructure development industry, with a clear and defined mission:

**TO PURSUE GLOBAL LEADERSHIP, OPTIMISING THE PROFITABILITY OF THE RESOURCES EMPLOYED AND PROMOTING SUSTAINABLE DEVELOPMENT.**

Improving society, generating wealth to guarantee the well-being of the citizens it serves, in the final analysis, is a primordial part of the ACS Group's mission.

The ACS Group's commitment to society is summarised in four fields of action:

1. RESPECT FOR ETHICS, INTEGRITY AND PROFESSIONALISM IN THE GROUP'S RELATIONSHIP WITH ITS STAKEHOLDERS.
2. RESPECT FOR THE SOCIAL, ECONOMIC AND ENVIRONMENTAL SETTING.
3. PROMOTION OF INNOVATION AND RESEARCH IN ITS APPLICATION TO INFRASTRUCTURE DEVELOPMENT.
4. CREATION OF EMPLOYMENT AND WELL-BEING, AS AN ECONOMIC MOTOR FOR SOCIETY.





This performance and all the Group's activities are impregnated with the corporate values ACS has developed over its 30 years of history and form the basis of the actions of all the Group's employees:



**ACHIEVING  
PROFITABILITY**

**RESPECTING  
INTEGRITY**

**COMMITMENT  
TO THEIR WORK**

**SEEKING THE  
CLIENT'S TRUST**

**EXCELLENCE IN THEIR  
PROFESSIONAL ACTIVITIES**

The ACS has a decentralised structure based around its three areas of:

**Construction,**

**Environment** and

**Industrial Services.**

Services and it carries out its activities through dozens of different companies. This complex but highly efficient organisation encourages the Group's companies to compete and carry out their work independently, at the same time sharing common guidelines which add value for their activity.

**PROFITABILITY AND INTEGRITY, TOGETHER WITH COMMITMENT TO STAKEHOLDERS, ESPECIALLY COMMITMENT TO CLIENTS, AND OPERATIONAL EXCELLENCE, ARE THE ACS GROUP'S IDENTIFYING FEATURES.**



# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

Each of the ACS Group's companies is managed autonomously, with independent functional managements and flexible and sovereign executive bodies. The aim of this type of organisation is to promote:

- PROFITABILITY
- DECENTRALISATION
- REDUCED BUREAUCRACY
- ENTREPRENEURSHIP
- COMPETITIVENESS
- FLEXIBILITY AND ABILITY TO ADAPT
- DIVERSITY
- SUBCONTRACTING OF ACTIVITIES

The objective is for all the ACS Group's companies to share the Group's values and culture, at the same time as each operates in a standalone manner, individually contributing numerous valid and profitable management formulas, thanks to the multiple factors involved in their decision making and generating know-how and good practices which are also independent.

Therefore, contributions from a multitude of companies come together in the ACS Group's Sustainability effort, defining its policies for action autonomously and managing their resources in the most efficient manner possible, always covered by a common objective.





## PROJECT ONE

Project one seeks to promote good management practices and is framed in the Group's general strategy, focused on reinforcing ACS's world leadership. The objective of Project one is to promote the eminently industrial nature of ACS's activities by spreading its corporate culture.



The promotion of good management practices focuses on the following major areas:

**THE GROUP'S POSITION IN TERMS OF ETHICS.**



**IN TERMS OF EFFICIENCY, INVOLVING CLIENT, QUALITY, SUPPLIER, ENVIRONMENTAL AND R&D+I POLICIES.**



**IN TERMS OF EMPLOYEES, PERSONNEL, HEALTH AND SAFETY AND SOCIAL ACTION POLICIES OF THE ACS GROUP.**



The process of promoting good practices is divided into two phases implemented every year; a first one in which the Project focuses on the production of a detailed analysis of the position of the Group's different companies in terms of Corporate Responsibility and the on the aforementioned management areas, performing an assessment based on the Dow Jones Sustainability Index.

The second phase is where the implementation of a series of strategies and good practices in each company is recommended. These are a result of the Group's strategic vision, in line with the aforementioned company values and represent an area for substantial improvement.

The results expected from Project one can be summarised as:

- Continuing redefinition of a repository of non-financial, best governance, environmental and social best practices.
- Regular assurance of their implementation in the various Group companies and of the monitoring of their management indicators.
- Aligning the ACS Group with the Dow Jones Sustainability Index, in which the Group appears currently in its European scope.
- The creation of the Corporate Responsibility Report, including a summary of ACS's governance, environmental and social policies.



# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

## ETHICS

### ETHICS AND INTEGRITY: SUMMARY, OBJECTIVES AND GENERAL PRINCIPLES

The ACS Group and the companies which make it up are fully committed to promotion, reinforcement and control in matters related to ethics and integrity, through measures which enable them to prevent, detect and eradicate bad practices.

The ACS Group promotes knowledge of the general principles of conduct, ethics and integrity by all employees, clients, suppliers and contractors.

Integrity is a very important aspect in the ACS Group. In 2011, important measures were promoted from the Board of Directors' Executive Committee to advance these values included in the ACS Group's Code of Conduct.

Currently, the ACS Group has equipped itself with two corporate tools: the Code of Conduct and the Ethical Channel, which are widely adopted in the various business areas, and a control system reporting to the Board of Directors, called the Code of Conduct Monitoring Committee.



## ETHICS AND INTEGRITY: CODE OF CONDUCT

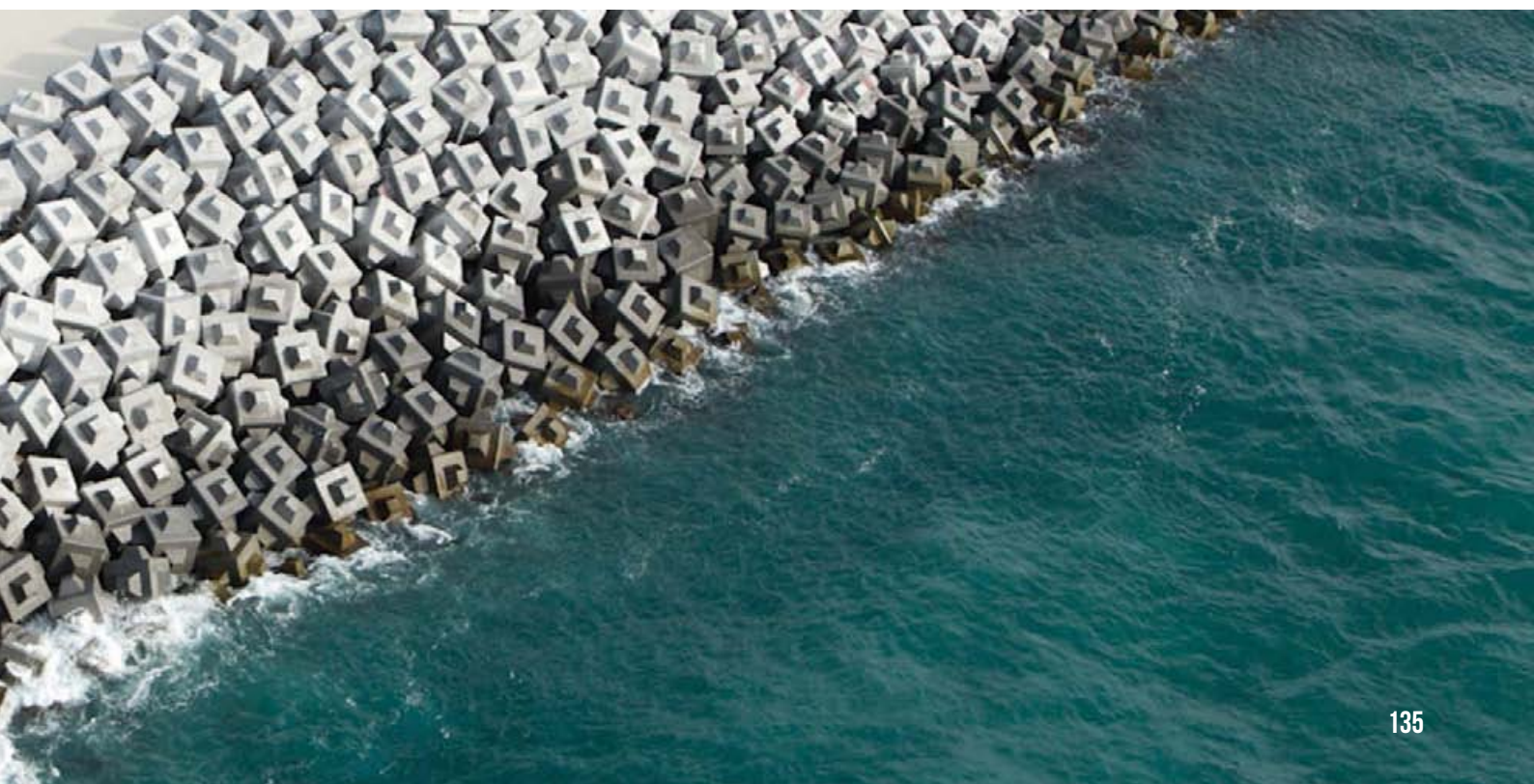
Since its foundation, the ACS Group and its companies have made a commitment to the various parties forming part of its operations and interacting with the company or its employees. This commitment is based on the ethical principles governing the ACS Group's operations, which shape its corporate culture.

ACS's General Code of Conduct<sup>23</sup> constitutes a guide for the professional performance of all the Group's employees and managers in relation to their daily work, the resources used and the business environment, as well as for all the investee companies in which the ACS Group has control of management.

<sup>23</sup> The ACS Group's Code of Conduct can be seen at [http://www.grupoacs.com/index.php/es/c/responsabilidadcorporativ\\_etica\\_y\\_profesionalidad](http://www.grupoacs.com/index.php/es/c/responsabilidadcorporativ_etica_y_profesionalidad)

The basic principles for action in the General Code of Conduct are as follows:

- **Integrity:**  
the ACS Group promotes recognition of behaviour in accordance with loyalty and good faith, and against corruption and bribery, among its employees.
- **Professionalism:**  
the ACS Group's employees and management should be recognised for their high professionalism based on proactive and efficient performance focused on excellence, quality and willingness to provide service.
- **Respect for Others and the Environment:**  
ACS undertakes the commitment to act at all times in accordance with the United Nations Global Compact, to which it has been a signatory since its foundation, the objective of which is the adoption of universal principles in the areas of human and labour rights and the protection of the environment.





# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY



All actions taken by the ACS Group and its employees shall maintain scrupulous respect for the Human Rights and Civil Liberties included in the Universal Declaration of Human Rights. The relationship of the Group with its employees, as well as the relationship among employees, therefore, shall be based on the following commitments:

- Prevention of corruption and bribery.
- Equal opportunities.
- Non-discrimination .
- Confidentiality in information management, when applicable.
- Avoidance of anti-competitive practices.
- Promotion of training and professional and personal development.
- Occupational health and safety.
- Eradication of child labour.
- Reduction of negative impacts on local and indigenous communities.
- Channels for appropriate reporting of those inappropriate practices identified (Ethical Channel).

The General Code of Conduct was approved by the ACS Group's Board of Directors in its meeting of 15 March 2007 and modified by agreement of the Board of Directors' Executive Committee of 30 August 2011.



## MANAGEMENT PRINCIPLES

The ACS Group understands due diligence as the set of activities carried out and aimed at minimising the possibility of bad practices arising in the Group as regards ethics and integrity. The ACS Group understands that the following are necessary for this:

- Allocation of responsibilities as regards supervision of the company's performance in this field This responsibility falls to the Code of Conduct Monitoring Committee, reporting to the Board of Directors.
- Establishing procedures which enable the prevention, detection, notification and eradication of bad practices in this field In this regard, specific initiatives are defined in Group companies where additional risks (operational, geographical or mixed) are detected, to expand on the Code of Conduct at the same time as promoting training in fields related to Ethics and encouraging use of the Ethical Channel.
- The knowledge and understanding by the company's people of what is expected of them in relation to ethics and integrity. Companies representing 87.0% of Group employees report the existence of a specific training plan in matters of Human Rights, Ethics and Integrity and Conduct. A total of 845 training courses, attended by 17,105 employees, were given in this field in ACS in 2014. Indeed, the level of penetration of training in terms of Human Rights, Ethics and Integrity and Conduct has reached 36.0% of the Group's total number of employees. Each trained employee received an average of three hours of training during the year.
- The adoption of good practices has begun to be promoted relating to performance assessment in terms of Ethics and variable remuneration according to parameters related to the control of Ethical risks. As such, formal, documented commitments to the Universal Declaration of Human Rights are included in companies representing 86.9% of ACS employees. Additionally, compliance with the precepts of the Code of Conduct is confirmed in 41.2% of employee performance assessments.



# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

- Establishing commitments which make clear the behaviour expected of the people who make up the company. An outstanding cultural characteristic in compliance terms in the ACS Group is the adoption of “Zero Tolerance” policies to breaches in this field. Companies representing 98.9% of Group employees report the existence of such a policy.
- Supervision and monitoring of the whole process by means of audits or inspections by independent companies. Companies representing 41.1% of Group employees perform periodic (annual or at least biennial) independent external audits.
- Promotion and monitoring of ethical standards in suppliers and subcontractors. ACS Group companies representing 91% of sales explicitly include compliance with the ACS Code of Conduct in the contracts they sign with Suppliers and Subcontractors. Furthermore, 23% internally or externally verify such compliance. Companies representing 76% of ACS’s sales promote and positively assess their suppliers’ adherence to international standards such as the Global Compact, UN and ILO conventions, etc.
- In terms of avoiding monopoly practices, the ACS Group sets itself against such practices, through its Code of Conduct, and assesses annually the level of risk this aspect represents. In 2014, the Group’s Contract managers reported that anti-monopoly policies were developed in companies representing 33.5% of total turnover. Leighton, in turn, published a detailed antitrust policy as part of its Code of Conduct, affecting 32% of ACS Group sales. This policy can be found on its website.





The final aim of ACS's actions with regards to ethics and integrity is the establishment of a framework for action which stimulates everyone to execute their responsibilities in an upright, responsible and transparent manner.

- Defining the cases in which the scope of the Code should be extended to third parties that are to have business or trade relations or with the ACS Group.
- Gathering data on levels of compliance with the Code and disclosing the specific related indicators.
- Preparing an annual report on its actions, making the recommendations it deems appropriate to the Board of Directors through the Audit Committee.

The main tool available to the Monitoring Committee is the Ethical Channel, created in September 2011, enabling anyone to notify of irregular conduct in any of the companies making up the ACS Group or any non-compliance with the standards included in the General Code of Conduct, through:

- the e-mail address:  
**canaletico@grupoacs.com**
- or the postal address,  
**Canal Ético, Grupo ACS,  
Av. Pío XII 102, 28036 Madrid, Spain.**

The Ethical Channel is both a route for denouncing breaches of the rules in the ACS Group's General Code of Conduct and a means for resolving doubts which may be raised on applying the General Code of Conduct.





# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

A total of nine communications were received in 2014, all via digital channels. The details of the communications received are as follows:

## SOURCE OF COMMUNICATIONS



- EMPLOYEES: 3
- SHAREHOLDERS: 3
- THIRD PARTY: 3

## COUNTRY OF ORIGIN



- SPAIN: 7
- BOLIVIA: 1
- ANGOLA: 1

## REASON FOR COMMUNICATION



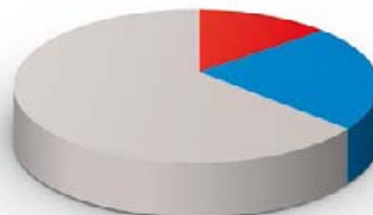
- INFORMATION REQUEST: 3
- COMPLAINT: 6

## METHOD OF RESOLUTION



- INFORMATION PROVIDED: 3
- INADMISSIBLE: 6

## COMMUNICATIONS PER AREA OF ACTIVITY



- CONSTRUCTION: 1
- INDUSTRIAL SERVICES: 2
- ENVIRONMENT: 0
- INDIVIDUALS: 6





## MANAGEMENT INDICATORS

In terms of Ethics, the ACS Group has established that the following management indicators are material, measurable, relevant and representative of the function analysed and form a part of the process for universal application of the good practices developed by Project one.

### MAIN MANAGEMENT INDICATORS - ETHICS

	2012	2013	2014	Objective for 2015
Percentage of total ACS Group employees who have received at least one course in Human Rights, Ethics, Integrity or Conduct during their career with the company (% of total ACS employees)	9%	38%	36%	> 2013
Level of implementation in the ACS Group of regular external audits to confirm the degree of compliance with the Code of Conduct (% of total ACS employees)	n.a.	33%	41%	n.a.
Level of implementation in the ACS Group of contractual clauses on the compliance with the Code of Conduct in contracting with suppliers and subcontractors (% of sales)	83%	90%	91%	> 2013
Level of implementation in the ACS Group of regular external audits to confirm the degree of compliance with the Code of Conduct by suppliers or contractors (% of sales)	35%	17%	23%	n.a.
Communications received by the Ethical Channel	11	27	9	n.a.



# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

## EFFICIENCY

The ACS Group has identified a series of non-financial functional areas which are key to carrying out its business, forming part of the production process and with which it generates a significant part of its profitability and productivity in its operating companies. These are the areas of Clients and Contracting, Quality, the Environment, Suppliers and R&D+i.

These functional areas exist in all the Group companies and they have heads who are responsible for collaborating in preparing this report annually. These are the people responsible for defining the main policies for controlling and reducing costs and promoting and achieving Group revenue.

## CLIENTS AND CONTRACTING

The commitment to clients is one of the ACS Group's most important corporate values. Not for nothing is there a high level of trust between the client and the Group, thanks to the high added value services the company offers throughout time, promoting this close relationship.

This commitment to its clients is tackled from a clear strategy based around the following points:

- Problem-solving orientation.
- Client relationship feedback.
- Information on the ACS Group's capabilities.
- Identification of future needs and opportunities for collaboration.

In addition, the ACS Group seeks appropriate solutions to improve its approach to the client, particularly in technological matters of importance. This leads to the search for collaboration with detail engineering companies, specialised in the specific field required for each project. The most suitable alliances are created for each case in this way and, as such, the final client can be offered the best technical and economic solution.



Another important value for the Group's businesses is confidentiality. ACS Group companies' contracting and client relationship departments carry out periodic initiatives to promote responsible use of information, so guaranteeing client confidentiality.





## MANAGEMENT PRINCIPLES

Given the characteristics of ACS's business, where large infrastructure projects are carried out or general agreements are entered into for the provision of services (such as the cleaning of a city or maintenance of an electricity grid), the number of clients with whom ACS deals is very limited or they are large corporations or public institutions from around the world.

In 2014, companies representing 33.0% of ACS Group sales reported the existence of a client management system, managed by each company's contracting department.

The management aspects common to the whole ACS Group are as follows:

- Monitoring of client needs.
- Periodic measurement of client satisfaction.
- Promotion of commercial activity.

ACS's key client relationship management policy is the measurement of their satisfaction. Companies representing 23.4% of ACS Group sales carry out this type of process, either in a standalone form or within the framework of quality management systems. Furthermore, Group companies representing 23.7% of sales implement measures and plans to improve client satisfaction.

## MAIN MANAGEMENT INDICATORS - CLIENTS

	2012	2013	2014	Objective for 2015
Number of client satisfaction surveys carried out	1,290	2,979	3,134	> 2013
Number of client satisfaction surveys received	860	1,279	1,338	> 2013
Percentage of client responses of "satisfied" or "very satisfied" over the total number of surveys RECEIVED (%)	86.23%	86.91%	87.11%	> 2013
Number of complaints received from clients	2,839	26,506	34,259	< 2013
Number of complaints dealt with	98.8%	100.0%	99.9%	= 2013
Number of complaints satisfactorily resolved (proportion of those received)	85%	97%	99%	=/> 2013



# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

## QUALITY

Quality is a determining factor for the ACS Group, as it represents the factor distinguishing it from the competition in the infrastructure and services industry, with high technical sophistication.

The Quality Department in the Group's different companies is the entity responsible for implementing their own Quality Management Systems. Companies representing 72.0% of ACS Group sales presented some form of quality management system in 2014. In this period and as a consequence of these systems, the ACS Group invested a total of €6.7 million in promoting quality, representing a 37.0% increase over the amount recorded for the previous year.

These quality systems are audited regularly in order to certify Group activities, mainly according to the ISO 9001 standard, held by companies representing 69.1% of the Group's sales.

## MANAGEMENT PRINCIPLES

Cada compañía del grupo adapta sus necesidades a las características específicas de su tipo de producción, pero se han identificado una serie de líneas de actuación comunes dentro de los sistemas de gestión de calidad:

- **Objectives** are set periodically as regards quality and their fulfilment is assessed.
- **Initiatives and actions** are carried out aimed at improving the quality of the services provided.
- Specific actions are carried out in **collaboration with suppliers and subcontractors** to improve quality.

The quality management for the ACS Group's various companies sets general quality objectives for the following financial year. In 2014, companies representing 72.8% of ACS Group sales defined formal objectives in this respect.

### PRODUCTION CERTIFIED UNDER ISO 9001

	2012	2013	2014
Construction	67.1%	65.6%	61.2%
Industrial Services	92.0%	93.5%	94.2%
Environment	89.2%	81.7%	81.2%
ACS Group	72.5%	71.8%	69.1%



According to its characteristics, each project or work adopts the general objectives applicable to it, which generally focus on obtaining, renewing or expanding quality certifications, especially when a Group company develops a new technique or expands its activity into a new geographical area.

At the same time, another common aspiration is to minimise incidents through quantifiable improvement activities, as well as to obtain information relating to clients.

The most important objectives reported by the ACS Group's companies can be summarised in the following overall framework:

- Obtaining and expanding the scope of certifications.
- Implementing tools to improve quality.
- Improving specific performance indicators.

- Improving the training of supervisors, operators and works managers.
- Increasing client satisfaction indices, reducing complaints due to problems in execution.
- Meeting delivery schedules globally and with maximum quality.
- Increasing the number and capacity of internal quality auditors.

The concern with quality in all the group's companies reflects not only the effort to achieve the objectives set, but also the specific actions by the companies. A significant percentage of the Group's companies carry out quality improvement actions. According to the reported data, companies representing 60.2% of ACS Group sales carried out at least one initiative of this type in 2014.

## MAIN MANAGEMENT INDICATORS - QUALITY

	2012	2013	2014	Objective for 2015
Percentage of sales from activities certified under the ISO 9001 standard (%)	72.5%	71.8%	69.1%	> 2013
Number of Quality audits per million euros of turnover	0.041	0.037	0.040	> 2013
Intensity of investment in measures to promote and improve Quality (€ investment per € million of turnover)	348	123	188	> 2013





# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

## SUPPLIERS

In Group companies, the purchasing department manages the relationship with suppliers and contractors by means of specific systems for managing, classifying and approving them and controlling risks.

As a characteristic differentiating the Group from its competitors, it is important to highlight the distinct decentralisation of purchasing and supplier management departments in this area. There are a variety of systems in ACS in this aspect, which vary according to operating company needs. From a central, reference, corporate department, which defines policies and prices, to the most complete decentralisation where the works managers themselves define their needs and meet them using a common, widespread policy.

Furthermore, Group companies face three different types of suppliers or subcontractors:

- Suppliers of materials and/or services defined by the client.
- Suppliers of services or subcontractors contracted by the ACS Group.
- Materials suppliers contracted by the ACS Group.

In the first case, in which an ACS Group company carries out a project in which the client defines the type of suppliers contractually, as well as the quantity and characteristics of the materials to be used, the Group companies, in general, obey these requirements. Even so, the ACS Group's purchasing and suppliers departments have a control procedure established to verify the efficiency of the supplier designated by the client.

This contracting format, in which ACS has very little capability for managing the suppliers, is not watertight as, as mentioned in the section on clients in this report, the Company carries out feedback actions with the client. This means that, in cases in which the suppliers defined by the client have given problems or presented

areas for improvement, the client will be notified of these and corrective measures will be promoted.

It is worth highlighting that, once the special features of the different markets in which the ACS Group is present have been considered, specific purchasing procedures are developed when necessary to increase competitiveness.

For suppliers of services and materials contracted by the ACS Group, whether through a central purchasing department or in a decentralised manner by works managers, detailed management and control processes are defined, which share the following points in common in all Group companies:

- There are specific standards and a system for management, classification and approval of suppliers and subcontractors and risk control.
- The level of compliance with these systems is assessed.
- Collaboration with suppliers and transparency in contractual relationships are promoted.
- The purchasing system supports suppliers in driving a broad policy in its comparison which promotes the participation of various suppliers in selection processes. Given that the works managers tend to use the same suppliers, a study of common suppliers has been started to put decisions into objective terms and give access to new suppliers in different parts of the world.
- Visible purchasing portals for all services are being developed, offering a wide range of products from different suppliers. This is a real aid to cost saving (because the most competitive prices are identified) and to controlling material consumption by employees or works managers. In Spain this portal helps local suppliers to sell their products domestically, promoting their development and growth.



## MANAGEMENT PRINCIPLES

Companies representing 96.4% of ACS Group have a formal system for approving suppliers and subcontractors, in line with a series of clearly established criteria, which is subsequently used by the project works managers and provides them with information on the suitability or otherwise of a supplier to fulfil the anticipated task. The main concepts used for approving suppliers, both in the formal systems and informally are:

- Cost, payment and collection term, experience, professional prestige and technical capability.
- History of fulfilment of contractual clauses in their prior relationship with ACS.
- Additional non-financial criteria (see table attached):

### LEVEL OF IMPLEMENTATION OF NON-FINANCIAL CRITERIA IN SUPPLIER APPROVAL (% OF ACS GROUP SALES)

	2012	2013	2014
Adherence to the ACS Group Code of Conduct	82.7%	90.2%	90.8%
Adherence to international standards as regards human rights and labour rights	67.1%	76.6%	76.0%
Adherence to standards for fulfilment of commitments in ethical, social and environmental matters	67.1%	76.6%	76.0%
Certification in quality aspects (ISO9001)	67.1%	30.0%	96.6%
Certification in environmental aspects (ISO14001, EMAS or similar)	67.1%	95.0%	97.1%
Analysis of labour standards and practices of suppliers and subcontractors	71.2%	77.8%	81.6%

# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

Additionally, companies representing 66.6% of ACS sales specifically promote the use of recycled and/or certified construction materials in the supplier approval process, offering the client this type of option when the type of procurement is decided. The table attached shows the materials covered by these initiatives, their level of consumption and the total percentage of Group clients which decided to use recycled or certified sources.

Within the approval system, an after the fact analysis is carried out on suppliers. This process feeds back into the approval system. This system, which seeks to guarantee compliance with contractual clauses and agreements, is based fundamentally on detection and on corrective measures or management of non-compliance.

In the case of the initiatives for detection and control, the policy is based on regular audits, both internal and independent. In this case, companies representing 15.2% of ACS Group sales report carrying out internal audits of suppliers (affecting an average of 0.8% of suppliers) and 17.0% report that they carry out independent audits (affecting an average of 1.9% of suppliers). Specifically, compliance with the ACS Group Code of Conduct by suppliers is

verified internally or externally in companies representing 23.0% of Group sales.

The corrective measures taken in cases of poor performance are adapted taking the following circumstances into account:

- If it is a critical supplier for the company, the reasons for the negative assessment are analysed and initiatives proposed to strengthen the identified areas for improvement including, among others, training and collaboration activities.
- If the company is not critical for the company, it is classified as not approved in the database.
- Companies representing 97.2% of ACS Group sales immediately cancel contracts or relationship agreements with suppliers if breaches occur in clauses related to performance.

Companies representing 55.7% of ACS Group sales have carried out an analysis to identify whether they have critical suppliers. Specifically, a supplier is defined as critical when it concentrates a significantly higher percentage of procurement or subcontracting costs than the average for the rest of the company's suppliers.





As a result of this analysis, and due to the characteristics of its business, it has been found that in several of the ACS Group's main companies, the suppliers are highly atomised, geographically dispersed and do not reach the critical mass to be determined as critical. On the contrary, in companies representing 87.1% of Group sales, such critical suppliers have been detected.

In these companies, the main data from the analysis of critical suppliers are as follows:

- 26.2% of the suppliers to these companies are covered by this analysis.
- Of these, 15.1% are considered critical suppliers.

- These suppliers represent 47.7% of the total costs for Group companies with critical suppliers.
- Almost all these suppliers consider ACS to be a key client to their business.

### MAIN MANAGEMENT INDICATORS - SUPPLIERS

	2012	2013	2014	Objective for 2015
Analysis of supplier and subcontractor criticality	49.6%	59.9%	55.7%	> 2013
Inclusion of compliance with the Code of Conduct in supplier and subcontractor contract clauses	82.7%	90.2%	90.8%	> 2013
Existence of formal systems for supplier and subcontractor approval	47.3%	95.8%	96.4%	> 2013
Carrying out of internal audits on suppliers and subcontractors	6.6%	8.2%	15.2%	> 2013
Development of corrective plans for suppliers and subcontractors to improve their performance in economic, social or environmental matters	54.0%	4.2%	66.2%	> 2013



# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

## TECHNOLOGICAL DEVELOPMENT. R&D+I IN THE ACS GROUP

The ACS Group is an organisation which is continually evolving, adapting to the needs of its clients and demands from society. The diversification process through which the ACS Group is passing during these years has led it to undertake a wide range of activities which approach innovation and development differently, but resolutely. Through this commitment to technological development, the ACS Group responds to the growing demand for improvements in processes, technological progress and quality of service from its clients and from society.

Its involvement in research, development and innovation are clear in its increased investment and the R&D+i efforts the ACS Group makes year after year. This effort leads to tangible improvements in productivity, quality, client satisfaction, occupational safety, the obtaining of new and better materials and products and the design of more efficient production processes and systems, among others.

The ACS Group's largest companies have governing bodies for technology, which are usually the Technological Development Committee, which leads the development of research activities in each company. The existence of this governing body or committee was reported by companies representing 91.2% of ACS Group sales in 2014.

R&D management takes place through a system which, in the largest companies and in general, follows the guidelines in the UNE 166002:2006 standard and is audited by independent specialists. There is a formal management system in companies representing 68.9% of Group sales. Furthermore, independent audits are carried out in companies representing 33.6% of sales.

This management system serves the general research strategy of each of the companies which, whatever their specific features, share the following lines of action:

- Development of strategic lines of research individualised by company.



- Strategic collaboration with external organisations.
- Growing and responsible investment in order to promote research and generate patents and operational techniques constantly and efficiently.

Each Group company's strategic decisions on the execution of R&D projects seek to maximise the positive impact of ACS's technical and technological progress. The companies have analysis and discrimination procedures to decide which projects to undertake.

At 31 December 2014, the ACS Group had 281 projects in progress and had registered 11 patents during the year. Over the past

10 years, the Group has registered a total of 54 patents.

Furthermore, collaboration with external organisations is crucial for the success of the projects tackled. Hence ACS Group companies collaborate with research and technological centres and with universities, as well as with other diverse centres, institutes or institutions related to R&D+i. These prestigious international research institutions complement the ACS Group's own research capabilities.

The ACS Group invested a total of €54.8 million in research, development and innovation in 2014, which represents an increase of around 10.9% compared to 2013.

#### MAIN MANAGEMENT INDICATORS - R&D+i

	2012	2013	2014	Objective for 2015
Investment in R&D+i (€ million)	49.0	49.4	54.8	> 2013
Level of implementation of a specific R&D+i department	87.0%	90.3%	91.2%	> 2013
Level of implementation of a formal system for R&D+i management	60.4%	71.5%	68.9%	> 2013



# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY



## ENVIRONMENT

The ACS Group combines its business aims with the objective of protecting the environment and appropriately managing the expectations of its stakeholders in this area. ACS's environmental policy is intended to be a framework in which, on the one hand, the general lines to be followed (principles) are defined and, on the other hand, the particular features of each business line and each project are collected (articulation).

The principles are the ACS Group's general environmental commitments. These are sufficiently flexible as to accommodate the elements of policy and planning developed by the companies in the different business areas. In addition, these commitments need to keep within the requirements of the ISO 14001 Standard:

- Commitment to complying with the legislation.
- Commitment to preventing pollution.
- Commitment to continuous improvement.
- Commitment to transparency, communication and the training of Group employees, suppliers, clients and other stakeholders.

In order to be able to articulate and deploy a policy on these environmental commitments, the most significant are identified at corporate level and are compared with each company's management system and the environmental priorities for each business. These common priorities, which then become common to the majority of the ACS Group members, establish objectives and programmes to individually improve each company.

## MANAGEMENT PRINCIPLES

The following is a map outlining the main common features of ACS Group company management models and summarising their initiatives and degree of implementation:

### LEVEL OF IMPLEMENTATION OF GOOD ENVIRONMENTAL MANAGEMENT PRACTICES IN THE ACS GROUP

EXPRESSED AS % OF SALES	2012	2013	2014
Implementation of an environmental management system	55.8%	98.1%	97.7%
Implementation of ISO 14001 certification	68.0%	65.7%	63.9%
Implementation of certifications other than ISO 14001	10.6%	11.2%	1.2%
Existence of specific targets for reducing CO <sub>2</sub> emissions	71.3%	71.8%	73.1%
Execution of projects to reduce waste generation	73.2%	93.0%	94.1%
Existence of plans to reduce water consumption	15.1%	81.0%	81.3%
Setting of objectives to minimise the impact of the company's activities on biodiversity	32.8%	57.6%	15.7%
The remuneration of workers, middle management and/or executives is linked to the achievement of formal environmental objectives	25.0%	17.4%	16.9%
There is some kind of non-economic incentive/recognition for the achievement of formal environmental objectives	0.1%	46.5%	42.0%
The environmental management system has been audited by an external independent third party*	55.8%	98.1%	97.7%
Number of environmental audits carried out in your company	724	2,182	1,183
Number of environmental incidents which occurred	967	731	860
Existence of a system for collecting data on environmental near misses	33.0%	81.1%	79.2%
Existence of a centralised database to collect data on environmental matters	71.6%	77.5%	88.8%





# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

The significant level of implementation of an environmental management system, present in companies representing 97.72% of Group sales, is based on the objective of seeking adoption of the ISO 14001 standard in the majority of the Group's activities, which is already implemented in 63.89% of ACS Group sales<sup>24</sup>.

The responsibility of overseeing the ACS Group's environmental performance falls to the Environmental Department in each company. In general, and as summarised in the Management Principles table, the following common, general and most significant characteristics were found in ACS Group companies' management of environmental impacts:

- They themselves, in a decentralised and autonomous manner, develop their own policies and action plans.
- They implement projects for certification and/or independent external auditing.

- They carry out environmental audits.
- They have some kind of centralised database for collecting environmental data.
- They have a system for collecting incidents, non-conformities or near misses related to the environment.
- Companies representing 96.67% of the ACS Group's sales have carried out some kind of environmental initiative that has led to cost savings, and 30.65% have carried out environmental initiatives that have led to an increase in revenues.

Specifically and operationally, the main environmental measures revolve around four key risks, on which the ACS Group's companies position themselves explicitly: **the fight against climate change, promotion of eco-efficiency, water saving and respect for biodiversity.**

<sup>24</sup> Other certifications cover 1.17% of Group sales.





## MAIN INDICATORS

## MAIN MANAGEMENT INDICATORS - ENVIRONMENT

	2011	2012	2013	2014	Objective for 2015
Percentage of sales covered by ISO 14001 Certification	72.6%	68.0%	65.7%	63.9%	> 2013
Total Water consumption (m <sup>3</sup> )	5,577,931	10,067,651	18,460,840	20,152,730	N/A
Ratio: m <sup>3</sup> of Water / Sales (€ million)	151.3	262.2	465.9	566.7	< 2013
Direct emissions (Scope 1) (tCO <sub>2</sub> equiv.)	1,742,344	322,758	3,771,674	5,798,392	N/A
Scope 1 Carbon Intensity Ratio: Emissions / Sales (€ million)	47.3	8.4	95.2	163.0	< 2013
Indirect emissions (Scope 2) (tCO <sub>2</sub> equiv.)	151,738	392,331	302,158	463,901	N/A
Scope 2 Carbon Intensity Ratio: Emissions / Sales (€ million)	4.1	10.2	7.6	13.0	< 2013
Indirect emissions (Scope 3*) (tCO <sub>2</sub> equiv.)	13,620	1,451,662	7,103,265	10,718,982	N/A
Scope 3* Carbon Intensity Ratio: Emissions / Sales (€ million)	0.4	37.8	179.3	301.4	< 2013
Total Emissions (tCO <sub>2</sub> equiv.)	1,907,702	2,166,750	11,177,096	16,981,275	N/A
Total Carbon Intensity Ratio: Total Emissions / Sales (€ million)	51.7	56.4	282.1	477.5	< 2013
Non-hazardous waste sent for management (t)	1,168,706	1,274,102	3,115,431	8,746,743	N/A
Ratio: Tonnes of non-hazardous waste / Sales (€ million)	31.7	33.2	78.6	246.0	< 2013
Hazardous waste sent for management (t)	186,989	88,182	268,137	176,526	N/A
Ratio: Tonnes of hazardous waste / Sales (€ million)	5.1	2.3	6.8	5.0	< 2013

The ACS Group environmental information includes data from Leighton. In 2013 it contains information from January 2013 to December 2013 (inclusive), and in 2014 it contains the information for the period from July 2013 to June 2014 (inclusive). The data on this table corresponding to Leighton (for the period from July 2013 to June 2014) are: ISO 14001 (100%), Scope 1 CO<sub>2</sub> Emissions: (5,362,111 tonnes), Scope 2 CO<sub>2</sub> Emissions: (271,610 tonnes), Scope 3 CO<sub>2</sub> Emissions: (2,747,782 tonnes).

At HOCHTIEF in 2014 hazardous and non-hazardous waste amount to 150,363 tonnes and 8,213,595 tonnes respectively. These figures include data from Leighton.

In terms of water consumption reported, an increase has been noted as a result of the international growth of Cobra. Also, figures do not include information from Leighton, as available data consists of estimates based on the cost of the resource. Consumption

estimated by Leighton using this method totalled 12.5 million m<sup>3</sup> in 2013 and 37 million m<sup>3</sup> in 2014.

A methodology has been adopted in this report to account for CO<sub>2</sub> emissions in all years under which Urbaser classifies the emissions from water and waste treatment centres as indirect under Scope 3, as it does not own or have operational control over these facilities, as included in the international GHG Protocol (Appendix F) and EPE Protocol (waste sector methodology) standards Urbaser has invoked to calculate its Carbon Footprint. The Public Authorities, as the owners of the facilities, impose the operating requirements, with the management companies limiting themselves to operating them temporarily.

The Scope 3 emissions include calculations for travel by employees. In addition, HOCHTIEF and Leighton include emissions calculated for the Supply Chain (Cement, Wood, Scrap and Steel).

# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

## EMPLOYEES

### THE ACS GROUP'S PEOPLE

The ACS Group's business success comes from its team. Hence the company maintains its commitment to continuously improving their skills, capabilities and level of responsibility and motivation, at the same time as it attends to working and safety conditions with the greatest dedication.

The ACS Group applies modern and efficient human resource management tools with the objective of retaining the best professionals. Some of the fundamental principles governing the Group companies' corporate human resources policies are based on the following common actions:

**ATTRACTING, RETAINING AND MOTIVATING TALENTED INDIVIDUALS.**

**PROMOTING TEAMWORK AND QUALITY CONTROL AS TOOLS TO DRIVE EXCELLENCE AS WORK WELL DONE.**



**ACTING QUICKLY, PROMOTING THE ASSUMPTION OF RESPONSIBILITIES AND MINIMISING BUREAUCRACY.**

**SUPPORTING AND INCREASING TRAINING AND LEARNING.**

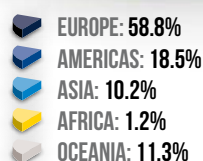
**INNOVATING TO IMPROVE PROCESSES, PRODUCTS AND SERVICES.**

The ACS Group is an active defender of the human and labour rights recognised by various international organisations. The company promotes, respects and protects the forming of labour unions and employees' rights to freedom of association and guarantees equal opportunities and treatment, without discriminating on the basis of sex, ideology, religion or any other social or individual circumstance or condition.

Likewise, the Group promotes the professional development of its workers. With this aim, it has an employment policy which generates wealth in the zones where it operates and produces links which create positive synergies for the environment. Furthermore, it shows special interest in ensuring dignified working conditions, subject to the most advanced measures for health and safety at work. It promotes management by competences, performance assessment and management of the professional careers of its workers.



## PERSONNEL BY GEOGRAPHIC AREA



The ACS Group employs a total of 210,345 people, of whom 110,267 work in Spain and 100,078 abroad. Of all the employees, 36,394 people are of a different nationality to that of their company's head office. The ACS Group has employees in more than 80 countries, in which it promotes its workers' economic and social development.

## NUMBER OF EMPLOYEES BY AREA OF ACTIVITY

	2013	2014	Var.
Construction	87,457	74,440	-14.9%
Industrial Services	41,635	41,272	-0.9%
Environment	94,319	94,581	0.3%
Corporate Unit	52	52	0.0%

## PERSONNEL BY PROFESSIONAL CATEGORY AND AREA OF ACTIVITY

	Construction	Industrial Services	Environment	Corporate Unit	Total
University graduates	19,000	3,936	1,485	32	24,453
Junior college graduates	3,107	3,512	2,395	46	9,020
Non-graduate line personnel	4,740	6,078	3,775	0	14,593
Administrative staff	4,071	2,519	1,593	10	8,193
Other staff	43,522	25,227	85,333	4	154,086

## TYPES OF CONTRACT

	2011	2012	2013	2014
Permanent Contracts	95,325	100,132	94,056	82,740
Temporary Contracts	66,937	62,339	129,407	127,605

## PERSONNEL BY PROFESSIONAL CATEGORY AND GENDER

	Women	Men	Total
University graduates	5,713	18,740	24,453
Junior college graduates	3,167	5,853	9,020
Non-graduate line personnel	4,062	10,531	14,592
Administrative staff	5,530	2,663	8,193
Other staff	60,154	93,932	154,086
<b>Total</b>	<b>78,626</b>	<b>131,718</b>	<b>210,345</b>
<i>Proportion of ACS Group total</i>	<i>37.4%</i>	<i>62.6%</i>	



# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

## MANAGEMENT PRINCIPLES

Equality of opportunity, lack of discrimination and respect for human rights, which are basic principles included in the Group's Code of Conduct, are also determining factors when advancing the professional and personal development of all the ACS Group's employees. Companies representing 86.9% of Group employees express their formal, documented commitment to the Universal Declaration of Human Rights in the development of their Human Rights policy.

The ACS Group rejects any type of discrimination, in particular that due to age, sex, religion, race, sexual orientation, nationality or disability. This commitment extends to selection and promotion processes, which are based on assessment of the person's capabilities, on the analysis of the requirements of the job post and on individual performance.

Currently, companies representing 57.0% of ACS Group employees have formal programmes to ensure equality of opportunities. These Equality Plans include specific actions as regards selection and hiring of personnel, salary, training, working days, professional promotion, assistance, bonuses and social, health and occupational risk prevention policies, as well as in matters of gender violence. A total of 1,205 women were reported in management posts in the company in 2014 (12.0% of total management personnel).

The ACS Group also promotes the hiring of people with disabilities and offers them a working environment which enables them to develop under conditions of equality. In this regard, 4,824 disabled people were working in the ACS Group at 31 December 2014.

The ACS Group also understands the relevance that having local roots and being sensitive to each place's particular nature has in the company's success. For that reason, it promotes direct hiring of local employees and managers. The number of executives from the local community totalled 590 in 2014 (5.9% of the Group's total management personnel).

All the ACS Group's employees, including expatriate Spanish workers, are subject to the collective agreements in force applicable to the sector in which they work, as well as the regulations relating to management personnel and, in all cases, the labour legislation in the countries where they work. For example, collective agreements on matters of notice period(s) regarding organisational changes are rigorously respected.

In the field of labour relations, the ACS Group considers dialogue to be an essential element. For this reason, it holds regular meetings with union representatives for all its companies. Of Group employees, 27.7% are members of trade unions or union organisations.

Furthermore, in companies representing 74.6% of ACS Group employees protocols or policies were developed to minimize situations where union rights or rights of association are prohibited or violated in certain countries, it being ACS Group policy to promote good labour practices and respect for the legislation in force.

Companies representing 91.42% of Group employees have programmes promoting balance between family life and work available to them.

The following are noteworthy among the different initiatives applied by ACS Group companies to promote balance between family life and work:

- The workforce can take up the offer of flexible working time schemes, with a margin of one hour, to accommodate their periods for entering or leaving work to their personal needs.
- Reduced working day: there are people in ACS who have a working day without a break or who have a reduced day.
- Accumulation of breast-feeding periods.
- Time off or part-time working for fathers and mothers after childbirth.
- Change of work centre due to change of residence.
- Management of shift changes between workers in services.

## DEVELOPMENT OF HUMAN RESOURCES

% OF TOTAL EMPLOYEES	2012	2013	2014
Employees covered by a formal professional development system	84.7%	87.8%	89.2%
Employees in posts defined according to a formal competency map	14.5%	33.1%	35.4%
Employees subject to performance assessment processes	36.3%	55.5%	51.3%
Employees covered by variable remuneration systems	90.4%	91.3%	91.5%
Of these, the percentage of variable remuneration systems that include aspects related to Corporate Responsibility	47.4%	21.6%	23.0%
Level of coverage of working environment surveys (% of total employees)	50.5%	31.7%	1.6%
Satisfied or very satisfied employees (out of total surveys performed)	78.8%	84.9%	66.2%



# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

The performance assessment models in ACS companies are based on the competences and parameters for each work post, as described in the management systems.

Each ACS Group company manages its professionals' development independently, adapting this to its needs and the specific nature of its activities. A significant majority of ACS Group companies adopt competence management models to improve personal knowledge and skills and use training as a tool to achieve ideal performance of the work.

Competence maps, prepared in ACS Group companies, are aligned with the strategy and particular features of each one. These maps, which are reviewed regularly, define the basic and specific competences of each work post which are essential for its effective performance.

## TRAINING<sup>25</sup>

	2011	2012	2013	2014
Total teaching hours given	943,890	2,273,361	3,457,414	2,581,675
Teaching hours per employee (over total employees)	5.8	14.0	15.5	12.3
Employees participating in training activities	55,613	114,822	180,143	148,168
Teaching hours per employee (over employees trained during the year)	17.0	19.8	19.2	17.4
Investment in training (€ million)	18.6	87.2	158.2	130.5
Investment in training per employee (over total employees) (€)	114.6	536.6	708.0	620.6
Investment in training per employee (over employees trained during the year) (€)	334.7	759.3	878	881

<sup>25</sup> The contribution from Leighton is included in the information for 2012, 2013 and 2014. This was not included in the 2011 report.





The ACS Group has programmes for continuous training and skills development, aimed at covering the employees' training wants and needs, as identified during the year and in line with the competences established in the management models. The aim of the training plans is to meet the employees' training needs for correct execution of their work and for their personal and professional development.

The training plans for the different companies are updated regularly to adapt them to the needs of each business and, in the end, of each person. Companies representing 91.61% of Group employees report the existence of tools for managing development of human resources such as training platforms, on-line training or even agreements with training centres.

## MAIN MANAGEMENT INDICATORS - PEOPLE

	2012	2013	2014	Objective for 2015
Percentage days lost through absenteeism	4.1%	1.4%	1.3%	< 2013
Employees covered by a formal professional development system	84.7%	87.8%	89.2%	> 2013
Employees in posts defined according to a formal competency map	14.5%	33.1%	35.4%	> 2013
Employees subject to performance assessment processes	36.3%	55.5%	51.3%	> 2013
Employees covered by variable remuneration systems	90.4%	91.3%	91.5%	> 2013
Investment in training per employee (over total employees) (€)	536.6	708.0	620.6	> 2013
Percentage of total current Group employees who have received at least one course in Human Rights, Ethics, Integrity or Conduct during their career	8.7%	38.1%	36.0%	> 2013



# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

## SAFETY IN THE WORKPLACE IN THE ACS GROUP

The prevention of occupational risks<sup>26</sup> is one of the strategic pillars of all ACS Group companies. Each of these companies and the Group in general maintain the commitment to reach the most demanding standards in this area and so become a reference in health and safety protection, not only for its own employees, but also for its suppliers, contractors and collaborating companies.

The main challenge lies in designing and implementing, in all its operating fields,

a risk prevention service which meets expectations. Furthermore, the company considers it fundamental to reinforce its commitment to a risk prevention culture and to optimising resources.

Thanks to the individual commitment of all its employees and the involvement of suppliers, contractors and collaborating companies, the ACS Group continues to advance in building the desired risk prevention culture, approaching its ultimate objective of achieving an accident rate of zero.

26 The data referring to the ACS Group included in this section were calculated by analysing the information supplied by the Group's different companies, weighted by number of employees. The data is expressed in terms of percentage of total Group employees at 31/12/14. In order to weigh the data of 2013 Clece employees are included amounting to 65,774 people at 31/12/2013. The concepts of occupational risk prevention and safety at work are used indistinctly.



## MANAGEMENT MODEL

The ACS Group's risk prevention policy complies with the various Occupational Health and Safety regulations which govern the area in the countries where it is operates, at the same time as promoting integration of occupational risks into the company strategy by means of advanced practices, training and information.

Despite the fact that they operate independently, the great majority of the Group's companies share common principles in the management of their employees' health and safety. These principles are the following:

- Compliance with current legislation on occupational risk prevention and other requirements voluntarily observed.
- Integration of occupational risk prevention into the set of initiatives and at all levels, implemented through correct planning and its putting into practice.
- Adoption of all those measures necessary to ensure employees' protection and well-being.
- Achieving continuous improvement of the system by means of appropriate training and information as regards risk prevention.
- Qualification of staff and application of technological innovations.
- Definition and spreading worldwide of shared, homogeneous standards which enable assessment of Group companies in Safety terms.
- Variable remuneration depending on the success of the risk prevention and safety policy.

The great majority of Group companies report the existence of a health and safety management function and system which deals with the implementation of the policy and of the action plans developed in accordance with the priorities identified. In general, these ACS Group companies share a series of characteristics in risk prevention management:

- Development of systems for management of prevention according to the OHSAS 18001 reference standard. This policy was reported by companies representing 82.80% of Group employees.
- The existence of systems audited internally and/or externally, in addition to the audits regulated by law (96.70% of Group employees).
- Definition of objectives and planning of preventive actions in the framework of the policy and particular nature of each company, an aspect which affects 97.06% of the Group's employees.
- A worldwide system affecting 96.79% of ACS's people.





# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

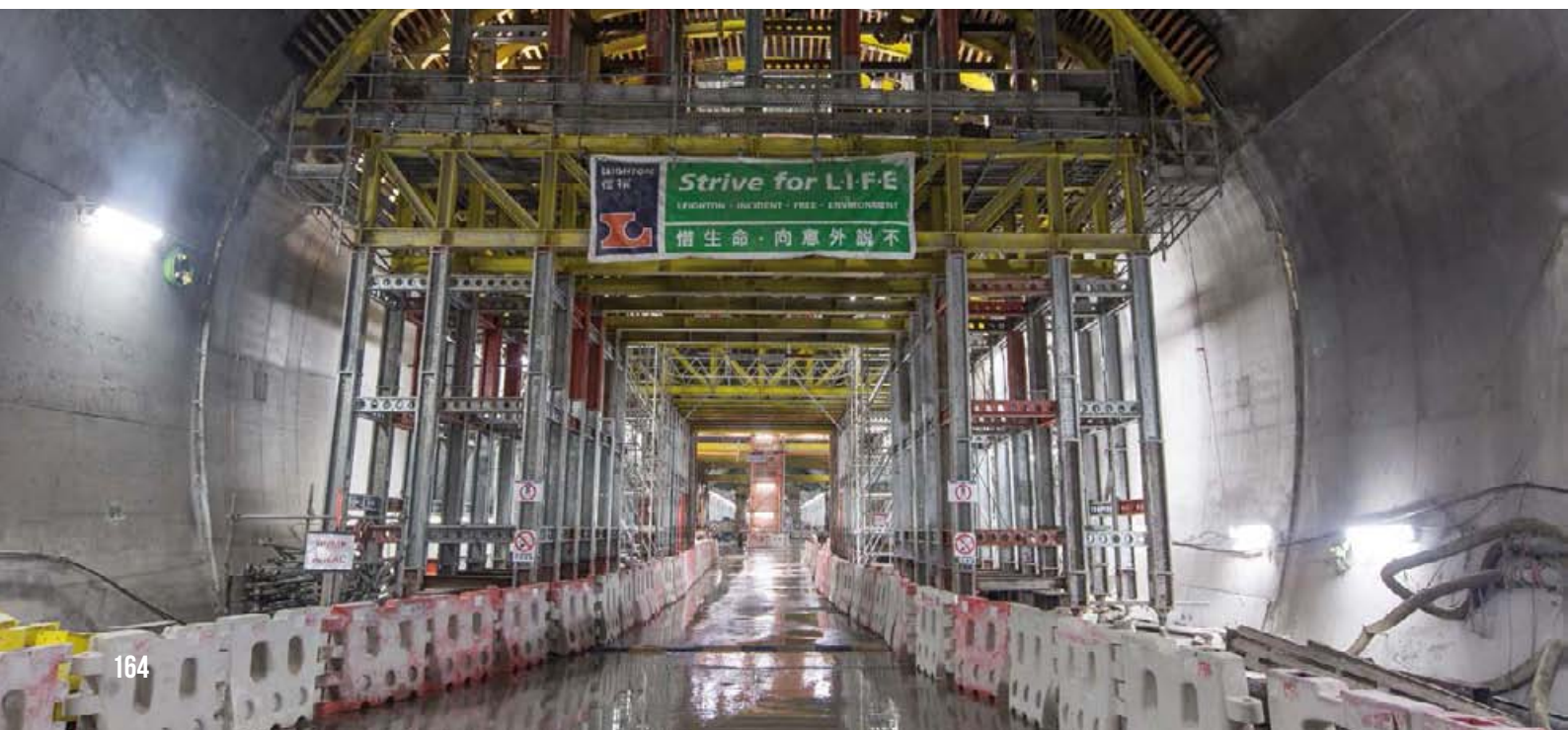
In line with the risk prevention policy, and within these Group companies' management systems, these are the main common characteristics:

- There are systems for regular assessment of the risks to which workers are exposed in companies representing 82.80% of ACS Group employees.
- Risk prevention plans are defined which take in the improvements detected in these assessment procedures (97.06% of Group employees).
- Systems which could have resulted in an incident are identified and recorded (analysis of near misses) in companies representing 96.94% of ACS's employees.
- Workers' and managers' remuneration are referenced to fulfilment of formal targets as regards health and safety in 57.42% of the ACS Group.
- There are integrated computerised systems in the great majority of Group companies, which are used to monitor data related to employee and subcontractor health and safety.

The supervision and optimisation of these systems involves setting and monitoring objectives, which are generally annual, approved by senior management and transferred to the company's various levels to be fulfilled.

The Risk Prevention Plans prepared in the Group companies include the conclusions from the regular risk assessments and guidelines for action are laid down for achieving the objectives set. Likewise, in many of the Group's companies, specific assessments are carried out for activities and centres, leading to Specific Risk Prevention Plans.

Along these lines, certain groups of workers who, due to their occupation, are at high risk of contracting specific diseases, are given special consideration. In 2014, there were 2,858 people in this category.



## SPENDING ON HEALTH AND SAFETY

	2011	2012	2013	2014
Spending (€ million)	26.6	220.1	171.7	197.4
Spending per employee (€)	163.7	1,354.8	768.5	938.3

Training and information are fundamental to the development of the ACS Group's risk prevention policy and are the most effective medium for sensitising the company's people to health and safety.

## TRAINING IN HEALTH AND SAFETY

	2012	2013	2014
Employees who have received training in Health and Safety matters during the year (%)	58.9%	66.9%	65.4%
Employees who have received training on Health and Safety matters during their career with the company (%)	71.2%	94.2%	96.6%

## ACCIDENT RATE INDICES EMPLOYEES

	2011	2012	2013	2014
<b>Frequency</b>	<b>24.43</b>	<b>27.84</b>	<b>19.07</b>	<b>15.18</b>
Construction	10.09	10.70	4.23	2.40
Industrial Services	21.27	16.83	11.95	11.27
Environment	67.93	64.89	39.79	42.69
<b>Severity</b>	<b>0.75</b>	<b>0.73</b>	<b>0.55</b>	<b>0.38</b>
Construction	0.33	0.27	0.12	0.08
Industrial Services	0.51	0.54	0.31	0.31
Environment	2.30	1.63	1.16	1.02
<b>Incident rate</b>	<b>22.63</b>	<b>30.20</b>	<b>33.24</b>	<b>37.29</b>
Construction	9.31	8.47	8.13	9.37
Industrial Services	25.32	22.39	22.11	22.82
Environment	87.37	109.29	61.00	65.10

## MAIN MANAGEMENT INDICATORS - HEALTH AND SAFETY

	2012	2013	2014	Objective for 2015
Percentage of total employees covered by OSHAS 18001 certification	88.9%	75.4%	82.8%	> 2013
Frequency Rate	27.84	19.07	15.18	< 2013
Total number of Accidents with employee time off	4,723	7,321	7,801	< 2013
Spending per employee on Safety (€)	1,354.82	768.49	938.31	> 2013
Employees who have received training on Health and Safety matters during their career with the company (%)	71.2%	94.2%	96.6%	> 2013

# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

## SOCIAL ACTION IN THE ACS GROUP

A commitment to the betterment of society is part of the ACS Group's mission. To contribute to this goal, ACS establishes a Social Action Policy tied to its business strategy, because it is the best way to create real shared value for all stakeholders.

This Policy seeks to promote the ACS Group's Social Action, which will help the company achieve the following objectives:

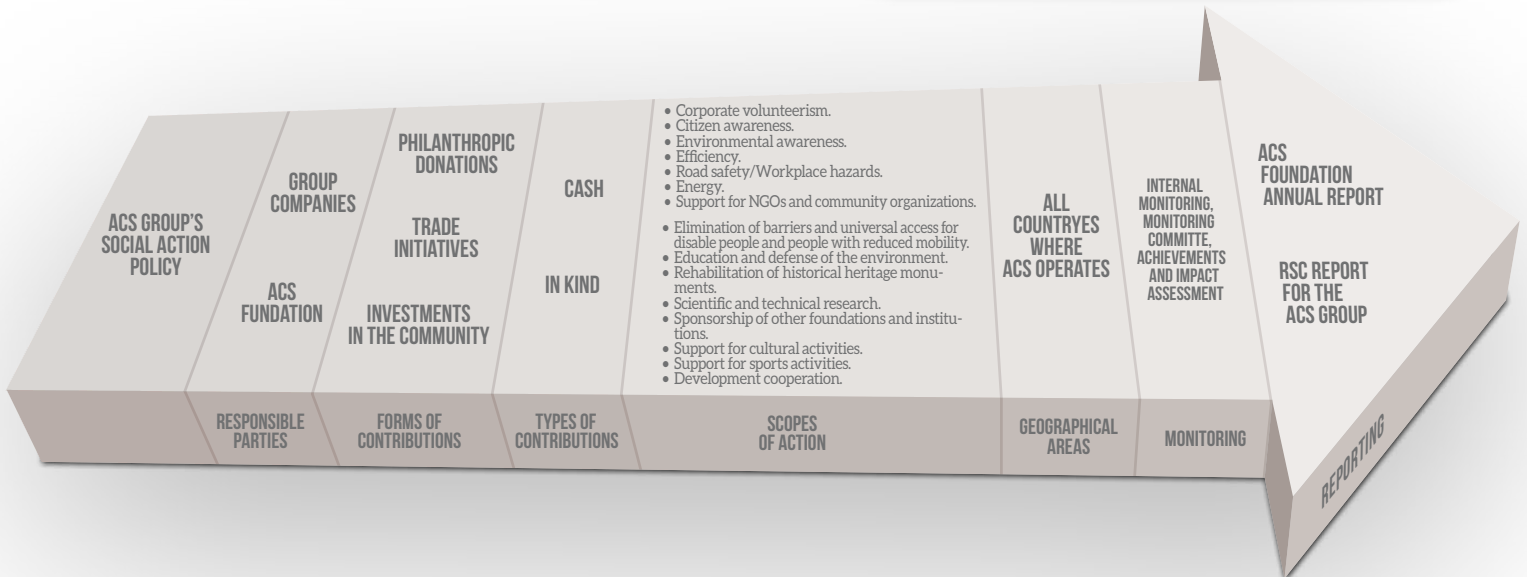


**PROMOTE THE GROWTH OF THE BUSINESS AND ITS SUSTAINABILITY**

**IMPROVE THE RECOGNITION AND REPUTATION OF THE COMPANY**

**INCREASE THE SATISFACTION OF EMPLOYEES AND ASSOCIATES**

**CONTRIBUTE TO THE IMPROVEMENT OF THE SOCIETY IN WHICH THE ACS GROUP OPERATES**





The ACS Group's Social Action Policy is governed by an Action Plan, which sets the procedures for implementation in the Group's various business areas. It has been drafted in accordance with the guidelines and recommendations of the London Benchmarking Group (LBG); it includes the extensive experience gained over the years by the ACS Foundation and covers the current actions by the companies of the ACS Group.

The ACS Group's Social Action Policy will be carried out by both Group companies and the ACS Foundation, with each having differentiated functions and different contributions.

- Group companies: each Group company will have the freedom to select its own social action activities provided they are linked to experience acquired in its business and contribute to the objectives of this policy. The employees of the company may subsequently become involved in these corporate volunteer activities.

In order to operatively implement this Policy, each company will appoint a social action supervisor. This individual will launch the initiatives, act as contact person for employees wishing to participate in the programmes, coordinate the activities, and conduct the monitoring of the indicators needed to measure the impact of these initiatives.

- ACS Foundation: The Foundation will carry out its own activities, according to its statutes, and may support any Group companies that request assistance for their voluntary corporate initiatives, if appropriate.

Social Action contributions may be in cash or in kind.

The activities under the ACS Group's Social Action Policy will be covered by the following categories:

- Community investments: long-term collaboration with NGOs or community organizations to address various social needs. This category will include Foundation activities that meet this description and citizen awareness activities carried out in Group companies' corporate volunteer programmes.
- Trade Initiatives: support for sponsorship and patronage activities conducted by the Foundation or Group companies. An effort will be made for sponsored initiatives to follow the guidelines of the Social Action Policy.
- Philanthropic donations: occasional support for NGOs or community organizations in response to their occasional or emergency needs. This kind of donations will be carried out primarily by the Foundation, but will also include in-kind support provided for these causes to employee volunteers from the different companies, who have requested and received this support.
- Furthermore, the ACS Foundation may carry out any additional initiatives in accordance with its bylaws, as its Board determines.

The ACS Group's Social Action Policy will be the same for all Group companies and the Group Foundation, and may be implemented and carried out in all countries where the ACS Group operates.

Responsibility for the Social Action policy shall rest with the Executive Vice President of the ACS Group, member of the Board of Directors and Vice President of the ACS Foundation.

# THE ACS GROUP AND THE CORPORATE SOCIAL RESPONSIBILITY

## SOCIAL ACTION IN ACS GROUP COMPANIES

In 2014 companies representing 54.14% of ACS employees carried out Social Action initiatives. For this purpose a total of €4,251,468 has been invested. 9,405 people have benefited from these actions.

The development of social action in 2014 is still in its initial stages, and not in vain, since the Group's general policy was approved in May 2014. The goal of the Group's Human Resources offices is to have efforts increase substantially in 2015, just as in previous years.



## ACS FOUNDATION

The ACS Foundation, whose formal social action policy is detailed in its founding charter, is guided by several action principles:

- Philanthropic action by means of donations and contributions to specialised institutions.
- Actions in various fields of work: accessibility, assistance to development, environment, cultural and educational promotion, dissemination and restoration of Spanish national heritage, collaboration with scientific institutions and sponsorship and patronage of philanthropic institutions, universities, technical schools and other learning centres.
- Selection of projects which provide the greatest social benefit –carried out with prestigious bodies, leaders in their field– and of great general interest.
- Setting up of mixed monitoring committees, between donor and beneficiary, to monitor the execution of significant projects.



The ACS Foundation was created to return part of the profits generated by our business to society to improve the quality of life of its citizens in any physical, human, training, cultural or environmental aspect and in support of human rights and the achievement of millennium goals.

To carry out this Social Action, the ACS Group's Board approves a budget annually to make it possible to implement projects framed in the Foundation's ideology and charter, which are executed by the institutions that receive them. An agreement is drawn up with each of them to define each party's obligations, so guaranteeing complete transparency in the management of the Foundation.

In 2014, the ACS Foundation spent €4,010 million, equivalent to 94.5% of its budget. A budget of €4.350 million has been approved for 2015.

Category	Amount allocated
€ million	
Elimination of barriers (disability)	0.696
Environment	0.242
Research	0.683
Promotion of cultural activities	1.118
Aid to other foundations and institutions	0.810
Others <sup>27</sup>	0.461
<b>TOTAL</b>	<b>4.010</b>

<sup>27</sup> Personnel and other costs for actions, such as training, payment of teachers, publishing of materials, etc.



# ACS GROUP GOVERNANCE

## ACS GROUP SHAREHOLDERS

ACS, Actividades de Construcción y Servicios, S.A., (ACS), the ACS Group's parent company, is a Spanish quoted limited company, the share capital of which totalled €157,332,297 at 31 December 2014, represented by 314,664,594 shares, with a face value of €0.50 per share, fully subscribed and paid up, all of a single class and with the same rights.

ACS's shares are represented by means of book entries and admitted to trading in all Spain's Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia). You can access the main data relating to the company's ownership structure in real time through the company's corporate website, [www.grupoacs.com](http://www.grupoacs.com), and that of the Spanish Stock Market Commission (C.N.M.V.), [www.cnmv.es](http://www.cnmv.es), as reflected in the following table as at 31 December 2014:

Shareholder's name or corporate name	Number of shares	Percentage of the total number of shares
Corporación Financiera Alba, S.A	43,682,967	13.88%
Inversiones Vesán, S.A	39,397,625	12.52%
Iberostar Hoteles y Apartamentos S.L.	17,741,012	5.64%
Mr. Alberto Cortina Alcocer	12,098,318	3.84%
Mr. Alberto Alcocer Torra	10,240,773	3.25%

The information obtained from IBERCLEAR, the Spanish Central Securities Depository, for the call to the company's most recent General Shareholders' Meeting, held on 29 May 2014, showed a total of 48,646 shareholders. There were 42,779 resident minority shareholders, who held 15.4% of the share capital. There were 5,867 non-resident shareholders and domestic institutional shareholders with a remaining stake of 84.6%.

According to the stated data and bearing in mind those shareholders who, with a share of over 4% of the capital, also have representation on the board of directors, the distribution of capital ownership is as follows:

## SHARE OWNERSHIP



MAJOR SHAREHOLDERS\*: 39%  
FLOATING CAPITAL: 61%

\* Representation on the Board.

## ACS STOCK

	2012	2013	2014
<b>Closing Price</b>	<b>€19.04</b>	<b>€25.02</b>	<b>€28.97</b>
Appreciation of ACS shares	-16.86%	31.41%	15.79%
Appreciation of the IBEX35	-4.66%	21.42%	3.66%
<b>Maximum closing price</b>	<b>€25.10</b>	<b>€25.02</b>	<b>€34.39</b>
<b>Minimum closing price</b>	<b>€10.38</b>	<b>€16.76</b>	<b>€24.97</b>
<b>Average price over the period</b>	<b>€16.77</b>	<b>€21.11</b>	<b>€28.95</b>
<b>Total volume (thousands)</b>	<b>227,383</b>	<b>201,945</b>	<b>252,049</b>
Average daily volume of shares (thousands)	888	792	992
<b>Turnover (€ million)</b>	<b>3,812</b>	<b>4,248</b>	<b>7,376</b>
Average daily turnover (€ million)	14.89	16.66	29.04
Number of shares (millions)	314.66	314.66	314.66
<b>Capitalisation at the end of the period (million)</b>	<b>5,991</b>	<b>7,873</b>	<b>9,116</b>

ACS is a company committed to generating value for its shareholders, both from the point of view of dividend distribution and share price appreciation. In terms of total shareholder return, an investor who bought one share in ACS on 31 December 1996, just before the creation of ACS in its current form, would have obtained, at the end of 2014,

annual profitability of 25.17%. If he or she had invested €100 on that day, at the end of 2014 he or she would have had €5,685, meaning that the investment would have multiplied by 56.85. Total shareholder return includes stock market appreciation and the dividends paid by the ACS Group.



# ACS GROUP GOVERNANCE

## ACS GOVERNANCE STRUCTURE

It is laid down in the Company's Articles of Association and the Rules of the Board of Directors that ACS will be governed by a Board of Directors made up of a minimum of eleven (11) and a maximum of twenty-one (21) members. ACS's Board Members are named according to a procedure to assess their competences, knowledge, experience and dedication to proper fulfilment of their task, carried out by the Board of Directors' Appointments and Remuneration Committee.

As ACS's decision-making body, it falls to the Shareholders' Meeting, at the proposal of the Board of Directors, both to set the exact number of members of the Board, within these limits, and to name the people to occupy these posts.

The composition of the Board of Directors is based on a proportional principle, by

means of which the interests of all ACS's groups of shareholders are represented on the Board. In this way, at 31 December 2014, ACS's Board of Directors was made up of 17 Board Members: 4 executive members, 7 members representing major shareholders, 5 independent members and 1 external member.

The Group promotes all the policies necessary to ensure equality of opportunities and to avoid implicit bias and any discrimination in selection processes not just for members of the Board of Directors, but also for any work position and to guarantee that the applicants meet the competence, knowledge and experience requirements to carry out their work, as stated in point 1.3.1 of the ACS Code of Conduct. As of 31 December 2014, two of the 17 members of the Board of Directors of the ACS Group are women, or 11.8%.

The mission of these independent and external board members is to represent the interests of the free-float capital on the Board of Directors. The Chairman of the Board of Directors, Florentino Pérez, is also the CEO of ACS.



Board Member <sup>28</sup>	Year of birth
Florentino Pérez Rodríguez	1947
Antonio García Ferrer	1945
Pablo Vallbona Vadell	1942
Agustín Batuecas Torrego	1949
José Álvaro Cuervo García	1942
Manuel Delgado Solís	1948
Javier Echenique Landiribar	1951
Sabina Fluxá Thienemann	1980
Joan-David Grimà i Terré	1953
José María Loizaga Viguri	1936
Pedro López Jiménez	1942
Emilio García Gallego	1947
Santos Martínez-Conde Gutiérrez-Barquín	1955
Javier Monzón de Cáceres	1956
Miquel Roca i Junyent	1940
María Soledad Pérez Rodríguez	1943
José Luis del Valle Pérez	1950

<sup>28</sup> Personal information on ACS's board members can be found on the ACS Group's website: [http://www.grupoacs.com/index.php/es/c/gobiernocorporativo\\_consejodeadministracion](http://www.grupoacs.com/index.php/es/c/gobiernocorporativo_consejodeadministracion)



## GOVERNANCE PROCEDURES IN ACS

As regards the function of the Board of Directors, this acts jointly and is granted the broadest of powers to represent and govern the company as the body supervising and controlling its activity, but also with the capacity to assume the responsibilities and decision-making powers directly on the management of the businesses.

In particular, the Board of Directors fully reserves the authority to approve the following general policies and strategies:

- Investment and financing policy.
- Definition of the corporate group structure.
- Corporate governance policy.
- Policy for Corporate Responsibility.
- The Strategic or Business Plan, as well as management targets and annual budgets.
- Senior executive management assessment and remuneration policies.
- The risk control and management policy, in addition to the periodic monitoring of internal information and control systems.
- The policy on dividends, as well as on treasury stock and its limits.
- Related-party transactions, except in those cases anticipated by the Regulations.

For greater efficiency in its functions, a series of Commissions are constituted within the Board of Directors, the task of which consists of controlling and monitoring those areas of greatest importance for good governance of the company. The Board of Directors is currently made up of three commissions: the Executive Commission, the Audit Committee and the Appointments and Remuneration Committee.

The Executive Committee is a delegated committee which can exercise all the Board of Directors' powers except those which cannot be delegated or which the Board reserves as its competence.

The Audit Committee has the main functions detailed in the ACS Group's Corporate Governance Report (Section C.2.3), outstanding among which are the accounting control functions, supervision of compliance with the ACS Group Code of Conduct and risk management, among others.

Finally, the Appointments and Remuneration Committee has the main functions detailed in the ACS Group's Corporate Governance Report (Section C.2.4), outstanding among which are control of board member and senior management remuneration and performance, proposals for their appointments and matters relating to gender diversity on the Board of Directors, among others.

The Board Members' remuneration is defined by a general policy approved by the full Board, heeding the recommendations of the Appointments and Remuneration Committee. The total remuneration of the ACS Group's Board Members in 2014 was €13.44 million, 1.9% of the company's net profit. Within the ACS Group's transparency and information policy, the remuneration received by both the members of the Board of Directors and the Senior Executives during the financial year, both of which are summarised here, is shown in the Annual Corporate Governance Report.

Remuneration to the Board of Directors	Thousands euros
Remuneration to the Board of Directors.	11,396
Value of the overall remuneration corresponding to rights accumulated by the Board Members as regards pensions.	2,047
<b>Overall remuneration to the Board of Directors.</b>	<b>13,443</b>
<b>Total remuneration of Senior Executives (52 Executives).</b>	<b>26,153</b>

# ACS GROUP GOVERNANCE

The detail of individualised remunerations to the Board of Directors is delivered to the General Shareholders' Meeting in the Annual Remuneration Report, which is also available via the CNMV.

Assessment of the Board of Directors quality and efficiency of performance is a task which falls to the Board itself and cannot be delegated. It is carried out after receiving a report from the Appointments and Remuneration Committee. Furthermore, the General Shareholders' Meeting submits approval of the Board of Directors' management to a vote every year.

Finally, the ACS Group, through the Rules of the ACS Board of Directors, has detailed rules on the mechanisms laid down for detecting, determining and resolving possible conflicts of interest between the company and/or its group and its board members, managers or significant shareholders, as detailed in point D.6 of the ACS Group's Corporate Governance Report.

## SHAREHOLDERS RIGHTS AND THE GENERAL SHAREHOLDERS' MEETING

The operation of the Shareholders' Meeting and the rights of the shareholders are regulated in ACS's Company Articles of Association and in the Rules of the

Shareholders' Meeting. According to Article 1 of the latter, the Shareholders' Meeting is the supreme body for the expression of the will of the company and its decision making.

As such, according to these Rules, the Group's shareholders represented in the General Shareholders' Meeting will decide all matters within the Meeting's powers by majority. This meeting will be made up of those holders of at least one hundred shares present or represented, such that holders of less than one hundred shares can group together to reach this number.

In addition, shareholders' attendance and voting rights are laid down in these Rules, by means of which egalitarian treatment is guaranteed for all and a series of measures aimed at encouraging shareholders' participation in the General Meeting are included. As such, not only is delegation or representation of votes permitted during the Meeting, but the possibility of shareholders casting their vote remotely is also expressly established. Furthermore, since the Ordinary General Shareholders' Meeting of 19 May 2005, the necessary procedures have been articulated for exercising the right to vote in advance remotely. The measures adopted by the Group to encourage attendance of the Meeting are positively reflected in their attendance percentages.

Attendance at Shareholders' Meetings	2009 Ordinary	2010 Ordinary	2010 Extraordinary	2011 Ordinary	2012 Ordinary	2013 Ordinary	2014 Ordinary
Shareholders Present	208	213	115	179	216	226	273
Quorum Shareholders Present	7.66%	19.44%	19.93%	20.55%	20.05%	20.19%	7.31%
Shareholders Represented	2,763	2,776	2,183	2,792	2,368	2,214	1,933
Quorum Shareholders Represented	70.88%	58.22%	57.11%	54.41%	51.40%	55.06%	62.89%
Quorum Total	78.54%	77.66%	77.04%	74.96%	71.45%	75.25%	70.2%

Likewise, the shareholders' and investors' rights to information are detailed in several parts of the Rules of the Shareholders' Meeting. Indeed, all the necessary information is made available to the shareholders prior to holding each Meeting, in that, in addition to the standard information provided by the company in the annual, half-yearly or quarterly reports, the Group maintains a website with all the fundamental data on it. Periodic meetings are also held with analysts for this information to reach both shareholders and the general market in the fairest, most symmetrical and efficient way possible.

The ACS Group not only sets up permanent communications channels with its shareholders and investors, but also ensures that all the information made available to them is truthful and rigorous. The Audit Commission reviews this information before it is transmitted to confirm that it is prepared in accordance with the professional principles, criteria and practices with which the accounts are prepared.

ACS's Board of Directors has, over a number of years, also been promoting measures to guarantee the transparency of the company's action in the financial markets and to exercise as many functions as result from its position as a listed company on the stock exchanges. To this effect, we try to ensure that knowledge of significant events is restricted, until made public, to the minimum number of identified people.





# DIRECTORY

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