



Foto: Puente atirantado "Queensferry Crossing" (Escocia, Reino Unido)



EXECUTIVE SUMMARY

2016

INTEGRATED REPORT

MAIN FIGURES OF THE ACS GROUP

Financial and operating data

€ Mn	2011	2012 ⁽¹⁾	2013 ⁽²⁾	2014	2015 ⁽⁴⁾	2016 ⁽⁴⁾
Turnover	28,471.9	38,396.2	35,178.0	34,880.9	33,291.3	31,975.2
Gross operating profit (EBITDA) ⁽³⁾	2,317.7	3,088.4	2,832.5	2,552.7	2,140.7	2,023.4
Net operating profit (EBIT)	1,333.3	1,579.4	1,639.7	1,684.2	1,420.8	1,445.0
Attributable net profit	961.9	(1,927.9)	701.5	717.1	725.3	751.0
Funds from operations	1,286.7	1,299.4	1,085.8	824.1	1,794.8	1,376.4
Dividends paid	613.9	639.2	398.0	318.0	344.5	326.2
Net investments/(Divestments)	2,901.9	(2,285.2)	494.3	(313.0)	259.0	(522.9)
Total assets	47,987.6	41,563.4	39,965.4	39,320.7	35,279.8	33,373.3
Equity	6,191.3	5,711.5	5,488.9	4,897.9	5,197.3	4,981.9
Shareholders' equity	3,319.1	2,656.5	3,267.9	3,033.5	3,421.0	3,581.8
Non- controlling interests	2,872.2	3,055.0	2,221.0	1,864.4	1,776.3	1,400.1
Total net debt ⁽⁵⁾	9,334.2	4,952.0	3,811.1	3,722.3	2,624.1	1,214.4
Net debt with recourse	3,368.7	3,569.5	2,553.9	2,739.6	2,083.2	1,012.3
Non recourse financing	5,965.5	1,382.4	1,257.1	982.7	540.9	202.0
Order book ⁽⁶⁾	74,333.4	74,587.9	59,363.0	63,871.0	58,942.2	66,526.3
Number of employees	162,262	162,471	157,689	210,345	170,241	176,755

Data per share

€	2011	2012	2013	2014	2015	2016
Earnings	3.24	(6.62)	2.26	2.31	2.35	2.44
Gross dividend*	1.968	1.112	1.153	1.153	1.152	1.210
Cash-flow	4.34	4.46	3.50	2.65	5.16	4.46
Shareholders' equity	11.19	9.12	10.53	9.76	11.09	11.61

* 2016 final dividend pending of approval

Stock market data

	2011	2012	2013	2014	2015	2016
Listed shares	314,664,594	314,664,594	314,664,594	314,664,594	314,664,594	314,664,594
Market capitalization (€ Million)	7,205.7	5,991.1	7,872.8	9,115.7	8,500.5	9,446.2
Year-end closing price	22.90 €	19.04 €	25.02 €	28.97 €	27.02 €	30.02 €
Annual revaluation	-34.71%	-16.86%	31.41%	15.79%	-6.75%	11.12%

Key ratios

	2011	2012 ⁽¹⁾	2013 ⁽²⁾	2014	2015 ⁽⁴⁾	2016 ⁽⁴⁾
Operating margin	4.7%	4.1%	4.7%	4.8%	4.3%	4.5%
Net margin	3.4%	-5.0%	2.0%	2.1%	2.2%	2.3%
ROE	23.3%	n.a.	22.7%	22.0%	20.8%	21.4%
Gearing ⁽⁷⁾	150.8%	86.7%	69.4%	76.0%	50.5%	24.4%
Dividend yield	8.6%	5.8%	4.6%	4.0%	4.3%	3.8%

(1) 2012 data have been restated as a result of the entry into force of the revised IAS 19, which applies retroactively.

(2) 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.

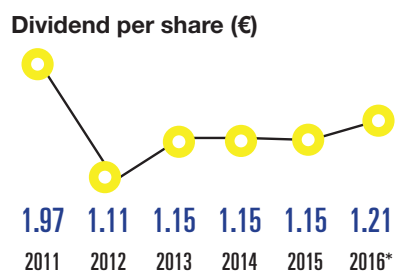
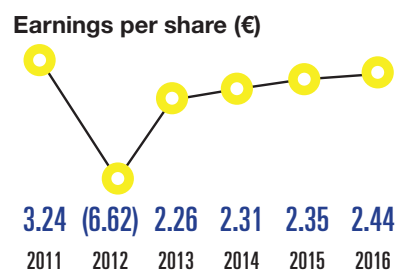
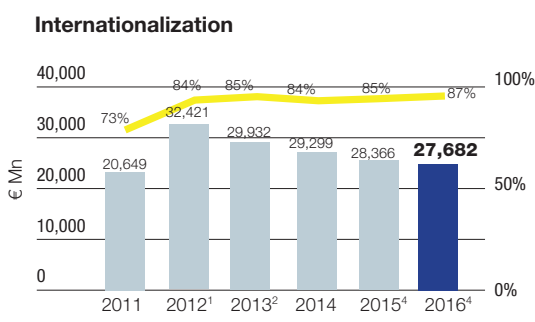
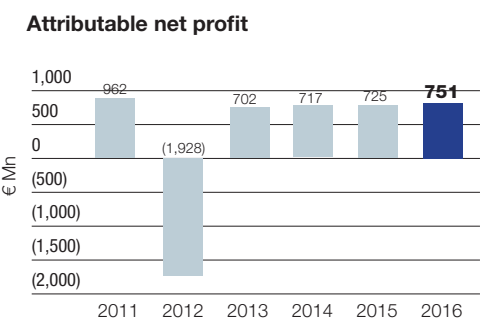
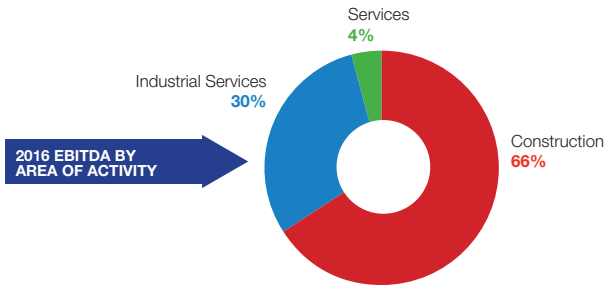
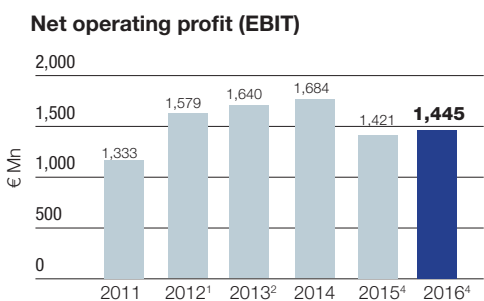
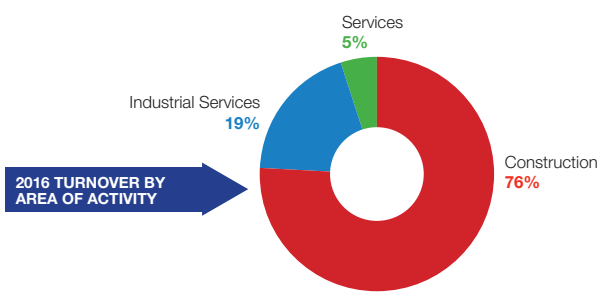
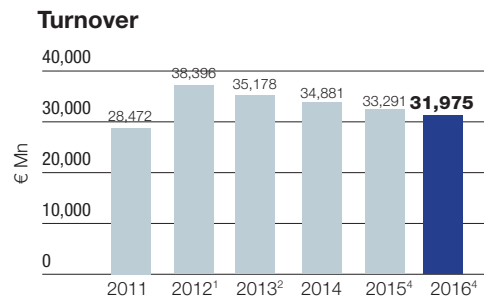
(3) 2014, 2015 and 2016 EBITDA and EBIT include Joint Ventures Net Results (companies executing projects managed with partners) not fully consolidated.

(4) In compliance with IFRS 5, Urbaser has been reclassified as discontinued operations as consequence of its sale agreement. Likewise the prior comparable period has been restated.

(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).



Construction⁽¹⁾

€ Mn	2016
Turnover	24,217
International	95.1%
Gross operating profit (EBITDA) ⁽²⁾	1,405
Margin	5.8%
Net profit	311
Margin	1.3%
Order book ⁽²⁾	55,769
Employees	64,281

Industrial Services

€ Mn	2016
Turnover	6,256
International	72.7%
Gross operating profit (EBITDA)	630
Margin	10.1%
Net profit	305
Margin	4.9%
Order book	8,762
Employees	40,806

Services⁽³⁾

€ Mn	2016
Turnover	1,538
International	7.4%
Gross operating profit (EBITDA)	78
Margin	5.0%
Net profit	84
Margin	5.4%
Order book	1,995
Employees	71,616

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 (2) 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.
 (3) 2014, 2015 and 2016 EBITDA and EBIT include Joint Ventures Net Results (companies executing projects managed with partners) not fully consolidated.
 (4) In compliance with IFRS 5, Urbaser has been reclassified as discontinued operations as consequence of its sale agreement. Likewise the prior comparable period has been restated.
 * 2016 final dividend pending of approval

(1) Construction includes the activity of Dragados, Hochtief and Iridium
 (2) EBITDA includes Joint Ventures Net Results (companies executing projects managed with partners) not fully consolidated. Includes the order book proportional to the stake in joint ventures that the Group does not fully consolidated.
 (3) In 2016, Urbaser has been reclassified as discontinued operations as consequence of its sale agreement.

2
**LETTER FROM
THE CHAIRMAN**



4
**MANAGING
BODIES**

Board of Directors
Management Committee
Management Team



10
THE ACS GROUP

A global infrastructure
company
Construction
Industrial Services
Services



32
THE ACS GROUP AND CSR

Transparency, ethics and
integrity
The ACS Group's people
Health and safety
Environment

Suppliers and contractors
Commitment to quality with
the customer
Innovation
Giving back to society



PREPARE TO KEEP GROWING

2

FLORENTINO PÉREZ
CHAIRMAN OF THE ACS GROUP



Dear shareholder,

The ACS Group obtained good results in 2016. The Group's net profit amounted to €751 million, up 3.5% year-on-year with total sales of €31,975 million distributed worldwide, with a particular presence in developed economies.

The region where the Group has the most activity is North America, which represents 46% of its total activity, followed by the Asia-Pacific region that represents 26% of its activity and Europe with 21%. Production in South America amounted to 6% of the total, while Africa represented 1%. In terms of countries, the most important are the United States, Australia, Spain, Hong Kong, Mexico, Canada and Germany. Annual billings from these countries all exceed €900 million.

By activities:

- Construction earned €311 million, representing a 2.2% increase with respect to last year, with sales of €24,217 million making us the leading international construction group.
- Income for the Industrial Services area amounted to €6,256 million, with profit of €305 million. It maintained its characteristic profitability and efficiency ratios and increased its presence in new markets.
- With respect to Services, its profit increased 14.9% to €84 million including Urbaser's operating contribution up until its sale to a Chinese investment group in

December. Billings amounted to more than €1,538 million.

- Corporate results amounted to €52 million. Gains on the sale of Urbaser offset the exceptional provisions made in 2016 that were calculated based on the most conservative hypotheses.

It is important to recall that these results were obtained in the midst of the Group's transformation process begun in 2012 and that has been gradually producing results with notable operating and financial improvements.

- Specifically, the operating efficiencies achieved led to a 30 basis point increase in EBIT bringing the EBIT to sales ratio to 4.5%. Furthermore, generation of operational funds grew 20% to €1,397 million.
- With regard to financial performance, the rapid deleveraging carried out in recent years, substantially reducing net debt, is particularly remarkable. At 2016 year end, net debt stood at €1,214 million, 54% less than in 2015 and equivalent to 0.6 times EBITDA.

During this process we have continued investing to guarantee future growth. Investments made by the Group in 2016 amounted to €1,545 million. In addition to the operating investments necessary for the normal course of our business, these investments include the acquisitions made by CIMIC to round out the services it offers and secure its leadership in the

Australian infrastructure market, as well as the purchase of its treasury shares.

Among divestments, which amounted to €2,068 million, the sale of Urbaser for €1,144 million and the sale of our last remaining shares in Iberdrola for €550 million are of particular note.

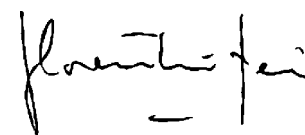
I would also like to highlight the value created in 2016 for our shareholders, who obtained total yields of 15.6% due to the share's annual revaluation of 11.12% — the market price of which closed at €30.02 — and the dividends paid during the year that amounted to €1,152 per share. As reference, the IBEX 35 fell -2.0%.

With regard to sustainability, in addition to the specific advances made by each business in their areas of activity, the Group has strengthened its commitment to sustainability through the approval of various policies related to basic principles on ethics and transparent information that govern all of the ACS Group's actions. Likewise, we are launching the 20-20 Plan that establishes the measures and targets for 2020 in relation to the commitments assumed vis-à-vis occupational safety, integrity and innovation, environmental impact and social action.

Undoubtedly, we are now better prepared to grow and face new challenges in the future thanks to a more efficient and competitive structure, bolstered by a solid backlog of €66,526 million and an excellent leadership position,

particularly in developed markets with growth potential, such as North America, which represents 36% of our backlog, Australia that represents 25% and Europe with 18%.

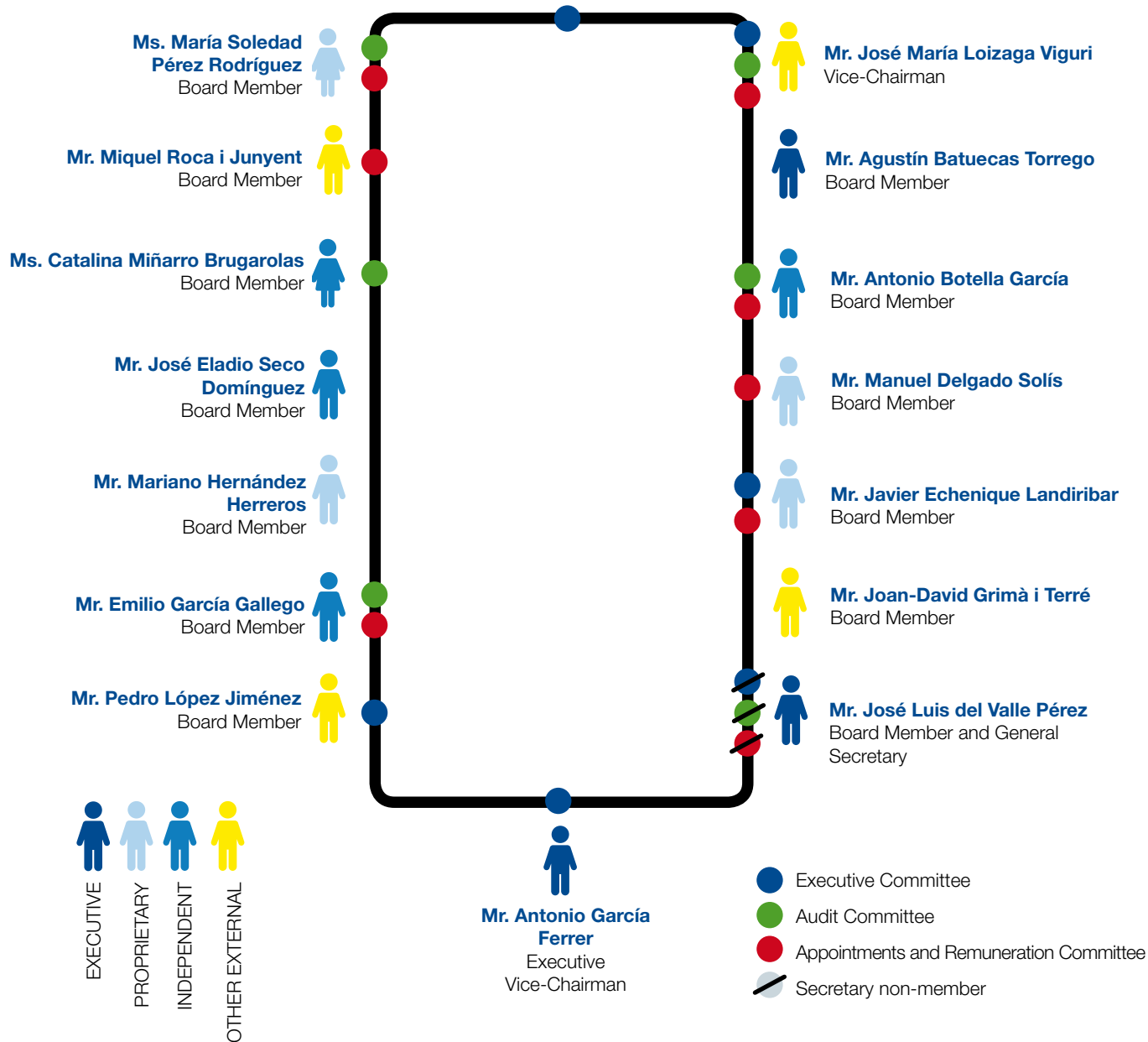
Our goal for the coming years is to maintain our focus on increasing remuneration for our shareholders, continuing to grow net profit and strengthen our leadership position. Definitely, the more than 176,000 professionals who work at the ACS Group will continue striving to offer an attractive, exciting and, above all, profitable project in a sector as promising as that of infrastructure development.



BOARD OF DIRECTORS



Mr. Florentino Pérez Rodríguez
Chairman and CEO



Mr. Florentino Pérez Rodríguez**Chairman and CEO**

Civil Engineer

Chairman and CEO of the ACS Group since 1993

Member of the Board of Directors of the ACS Group since 1989

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

Civil Engineer

Member of the Board of Directors of the ACS Group since 2003

Mr. José María Loizaga Viguri**Vice-Chairman**

Economist

Member of the Board of Directors of ACS Group since 1989

Member of the Board of Directors of Cartera Industrial REA

Vice-Chairman of Zardoya Otis

Mr. Agustín Batuecas Torrego**Board Member**

Civil Engineer

Member of the Board of Directors of the ACS Group since 1999

Mr. Antonio Botella García**Board Member**

B.A. in Law. Lawyer

State Lawyer (retired)

Member of the Board of Directors of the ACS Group since 2015

Mr. Manuel Delgado Solís**Board Member**

B.S. in Pharmacy and B.A. in Law.

Member of the Board of Directors of the ACS Group since 2003

Mr. Javier Echenique Landiribar**Board Member**

B.A. in Economics

Member of the Board of Directors of the ACS Group since 2003

Vice-Chairman of Banco Sabadell

Member of the Board of Directors of Telefónica, S.A.

Member of the Board of Directors of the Ence Group

Member of Director of Repsol

Mr. Joan-David Grima i Terre**Board Member**

Doctorate in Economics and Business

Member of the Board of Directors of the ACS Group since 2003

Mr. Pedro López Jiménez**Board Member**

Civil Engineer

Member of the Board of Directors of ACS Group since 1989

Chairman of the Supervisory Board of HOCHTIEF, Chairman of the

Human Resources Committee of HOCHTIEF and of the Appointments

Committee of HOCHTIEF

Member of the Board of Directors and of the Remuneration and

Appointments Committee of CIMIC

Member of the Board of Directors of GHESA

Mr. Emilio García Gallego**Board Member**

Civil Engineer and B.A. in Law.

Member of the Board of Directors of the ACS Group since 2014

Ms. Catalina Miñarro Brugarolas**Board Member**

B.A. in Law and State Lawyer

Member of the Board of Directors of the ACS Group since 2015

Member of the Board of Directors of MAPFRE, S.A.

Member of the Board of Directors and Member of the Management Committee

of MAPFRE ESPAÑA, S.A.

Mr. José Eladio Seco Domínguez**Board Member**

Civil Engineer

Member of the Board of Directors of the ACS Group since 2016

Mr. Mariano Hernández Herreros**Board Member**

B.S. in Medicine

Member of the Board of Directors of the ACS Group since 2016

Mr. Miquel Roca i Junyent**Board Member**

Lawyer

Member of the Board of Directors of the ACS Group since 2003

Member of the Board of Directors of Endesa

Director of Aguas de Barcelona

Non-Director Secretary of the Board of Directors of Abertis Infraestructuras

Non-Director Secretary of the Board of Directors of Banco de Sabadell

Non-Director Secretary of TYPSA

Non-Director Secretary of WERFENLIFE

Ms. María Soledad Pérez Rodríguez**Board Member**

B.S. in Chemistry and Pharmacy

Member of the Board of Directors of the ACS Group since 2014

Mr. José Luis del Valle Pérez**Board Member and General Secretary**

B.A. in Law and State Lawyer

Member of the Board of Directors of ACS Group since 1989

Member of the Supervisory Board of HOCHTIEF

Member of the Board of Directors of CIMIC

Ms. Carmen Fernández Rozado**Board Member***

B.A. in Economics and Business and in Political Science and Sociology. Doctorate in Public Finances. State Treasury Inspector

*Member of the Board of Directors of the ACS Group since 28 February

2017

Member of the Board of Directors of EDP (Lisboa)

MANAGEMENT COMMITTEE

6



Florentino Pérez Rodríguez
Chairman and CEO

Born in 1947. Civil Engineer.

He started his professional career in a private company. Although Mr. Perez started his career in the private sector, he held different posts in the Public Administration between 1976 and 1983 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 and since 1984 has been the top executive, Vice-Chairman and CEO, of Construcciones Padros, S.A., of which he is also one of the main shareholders. Since 1987, he has been the Chairman and CEO of Construcciones Padrós, S.A. Since 1993 he has been the Chairman and CEO of OCP Construcciones S.A., as a result of the merger of Construcciones Padrós S.A. and OCISA. Since, 1997 he has been the Chairman and CEO of the ACS Group, as a result of the merger of OCP Construcciones S.A., Ginés Navarro, S.A. and Auxini, S.A.



Antonio García Ferrer
Executive Vice-Chairman

Born in 1945. Civil Engineer.

Mr. Garcia Ferrer started his career at 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 became the head of the Building business and in 2001, he became General Manager of the Industrial and Services Divisions. In 2002 Mr. Garcia Ferrer was appointed Chairman of Grupo Dragados, S.A., and in December 2003 he became the Executive Vice-Chairman of the ACS Group.



Ángel García Altozano
Corporate General Manager

Born in 1949. Civil Engineer and MBA.

Mr. Garcia 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 the Corporate General Manager responsible for the economic-financial areas (CFO), corporate development and investees.



José Luis del Valle Pérez
Secretary General

Born in 1950. B.A. in Law and State Lawyer

From 1975 until 1983 Mr. del Valle held various positions in the Public Administration and was a Member of 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 Group since 1989 and has been the Secretary General to the Board of Directors since 1997.



Eugenio Llorente Gómez
Chairman and CEO of Industrial Services

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

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

MANAGEMENT TEAM

ACS, Actividades de Construcción y Servicios

Mr. Florentino Pérez Rodríguez	Chairman and 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 ¹ of Hochtief AG. CEO Executive Chairman of CIMIC Group
Mr. Peter Sassenfeld	Member of the Vorstand ¹ of Hochtief AG. CFO
Mr. José Ignacio Legorburo Escobar	Member of the Vorstand ¹ of Hochtief AG. COO
Mr. Nikolaus Graf von Matuschka	Member of the Vorstand ¹ of Hochtief AG. CEO of Hochtief Solutions.
Mr. Peter Coenen	General Manager of Hochtief PPP Solutions.
Mr. Adolfo Valderas	CEO of the CIMIC Group
Mr. Ángel Muriel Bernal	CFO of the CIMIC Group and General Manager of Pacific Partnerships
Mr. Román Garrido Sánchez	General Manager of CPB Contractors
Mr. Michael Wright	General Manager of Thiess
Mr. Glen Mace	General Manager of EIC Activities
Mr. Juan Santamaría Cases	General Manager of UGL
Mr. Peter Davoren	Chairman and CEO of Turner Construction
Mr. John DiCiurcio	Chairman and CEO of Flatiron

Construction - Dragados

Mr. Ignacio Segura Suriñach	CEO and US Manager
Mr. Luis Nogueira Miguelsanz	Secretary General
Mr. Diego Zumaquero García	Canada Manager
Mr. Gonzalo Gómez-Zamalloa Baraibar	Latin America Manager
Mr. Santiago García Salvador	Europe Manager

Construction - Iridium

Mr. Santiago García Salvador	CEO
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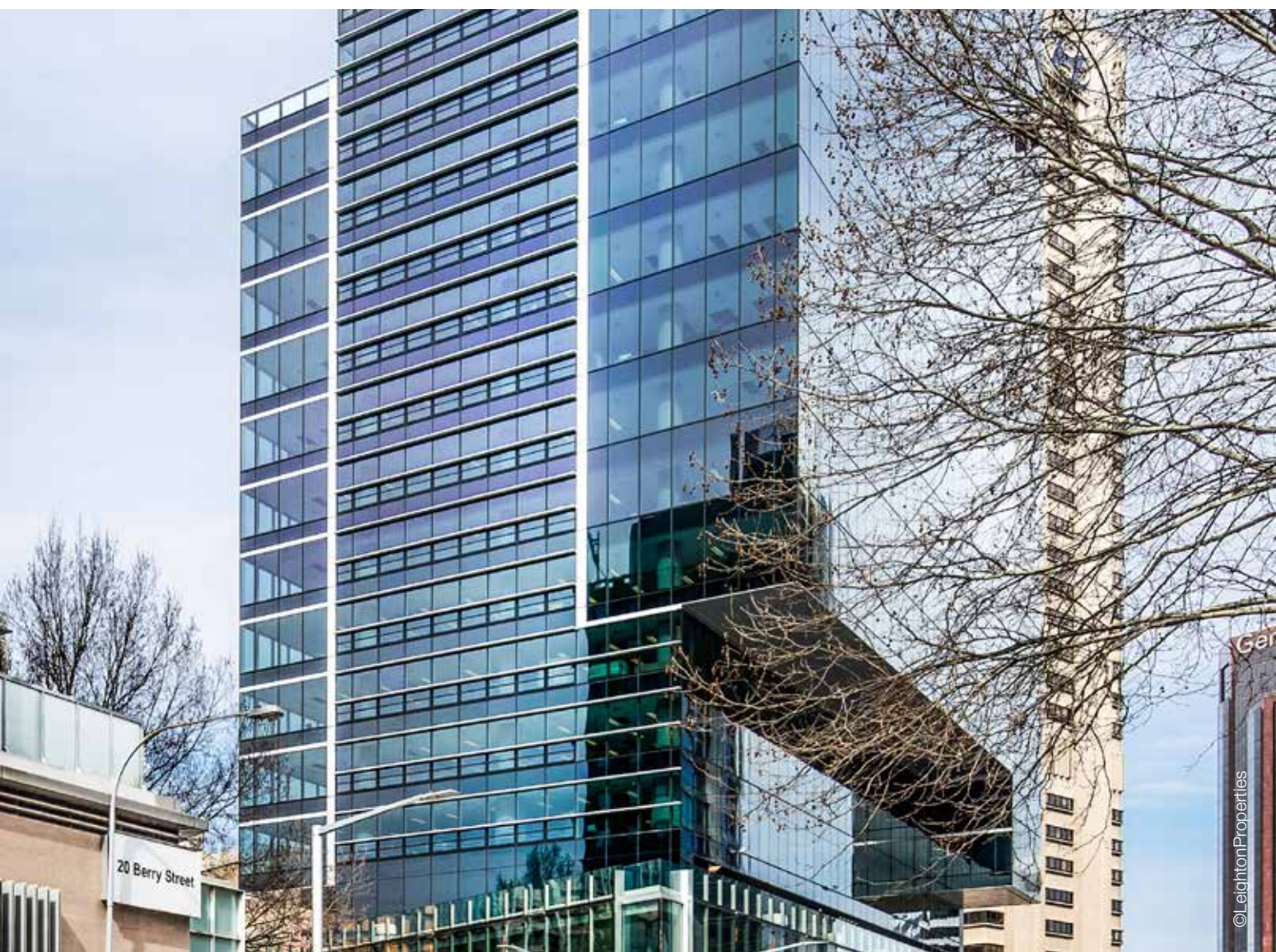
¹Management Committee

Industrial Services

Mr. Eugenio Llorente Gómez	Chairman and CEO
Mr. José Alfonso Nebrera García	General Manager
Mr. Epifanio Lozano Pueyo	Corporate General Manager
Mr. Cristóbal González Wiedmaier	Finance Manager
Mr. José María Castillo Lacabex	General Manager of Cobra

Services

Mr. Cristóbal Valderas	CEO of Clece
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A GLOBAL INFRASTRUCTURE COMPANY

1. THE ACS GROUP¹ IS A WORLDWIDE REFERENCE IN THE CONSTRUCTION AND SERVICES BUSINESS

A group comprised leading companies that participate in the development of sectors that are fundamental for the global economy in an increasingly complex, competitive, demanding and global market. A multinational company committed to economic and social progress in the countries where it is present.

World's Largest Transportation Developer

2016 SURVEY OF PUBLIC-PRIVATE PARTNERSHIPS

Ranked by Number of Transportation Concessions Currently Operating or Under Const.

Company	Operating or Under Const.	Sold or E Since	# Operating U.S.	Canada
* ACS Group/Hochtief (Spain)	61	51		
* Vinci (France)	46			
Abertis (Spain)	42			
Ferrovial/Cintra (Spain)	40			
Macquarie (Australia)	40			
Sacyr (Spain)	31			
Meridiam (France)	28			
Globalvia (Spain)	27			
John Laing (UK)	26			
Bouygues (France)	25			

ENR THE TOP 250 INTERNATIONAL CONTRACTORS

EMPLOYEES

176,755

RANK 2016	RANK 2015	FIRM	2015 REVENUE \$ MIL.		2015 NEW CONTRACTS \$ MIL.	GROWTH %
			INT'L	TOTAL		
1	1	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, Madrid, Spain†	32,071.8	38,574.3	33,542.0	36
2	2	HOCHTIEF AG, Essen, Germany†	24,515.0	25,598.0	23,290.0	49
3	5	CHINA COMMUNICATIONS CONSTRUCTION GROUP LTD., Beijing, China†	19,264.6	68,348.2	31,597.7	6
4	4	VINCI, Rueil-Malmaison Cedex, France†	17,957.6	43,448.8	16,489.0	8
5	3	BECHTEL, San Francisco, Calif., U.S.A.†	16,881.0	23,372.0	2,967.0	0
6	13	ODEBRECHT ENGENHARIA E CONSTRUÇÃO SA, São Paulo, SP, Brazil†	14,939.7	17,107.7	9,731.7	2
7	6	TECHNIP, Paris, France†	13,436.5	13,548.0	NA	0
8	9	STRABAG SE, Vienna, Austria†	13,377.0	15,557.0	11,487.0	37
9	8	BOUYGUES SA, Paris, France†	13,367.0	28,221.0	14,840.0	28

EBITDA 2016

€2,023 Mn

6.3%
MARGIN

EBIT 2016

€1,445 Mn

4.5%
MARGIN

NET PROFIT

€751 Mn

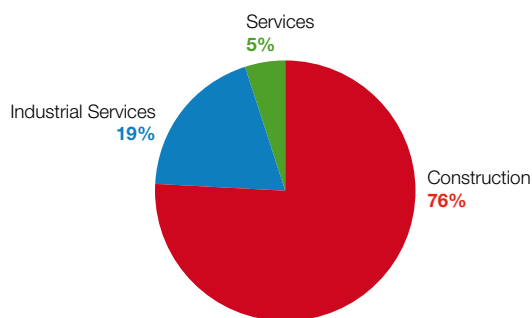
+3.5%
VS. 2015

¹ The parent company of which is ACS, Actividades de Construcción y Servicios S.A., with registered offices in Madrid, Spain.

THE ACS GROUP REAFFIRMS ITS INTERNATIONAL LEADERSHIP, WHICH HAS BEEN REINFORCED BY THE COMPLETION OF THE TRANSFORMATION PROCESS, THE IMPROVEMENT OF THE FINANCIAL STRUCTURE AND THE GROWTH IN KEY MARKETS

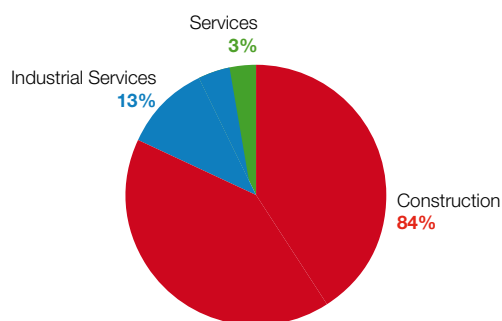
2016 REVENUE BREAKDOWN BY BUSINESS

€ 31,975 Mn



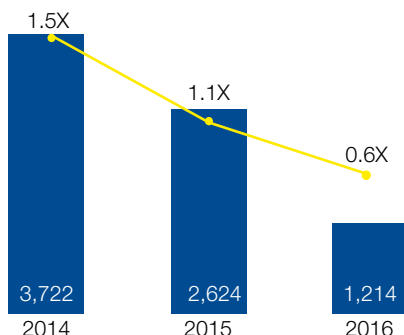
2016 ORDER BOOK BREAKDOWN BY BUSINESS

€ 66,526 Mn



FINANCIAL STRUCTURE

0.6x
NET DEBT/ EBITDA



AREAS OF ACTIVITY OF THE ACS GROUP



Construction

Execution of civil works, building and mining projects from project design through financing, construction and start-up to operation.



Services industriales

for energy, industrial and mobility infrastructures including development, construction, maintenance and operation.



Services

focus on services for people, for buildings, for the city and the environment.

2. A GROUP THAT PARTICIPATES IN THE DEVELOPMENT OF SECTORS THAT ARE FUNDAMENTAL FOR THE GLOBAL ECONOMY





3. A MULTINATIONAL COMPANY COMMITTED TO ECONOMIC AND SOCIAL PROGRESS IN THE COUNTRIES WHERE IT IS PRESENT.

All ACS Group activities show a significant 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 decentralised Group structure promotes the responsibility and entrepreneurship of its employees, which is a basic tool for maximising **profitability**

and encouraging the **excellence** necessary to offer the best services and products to the customers.

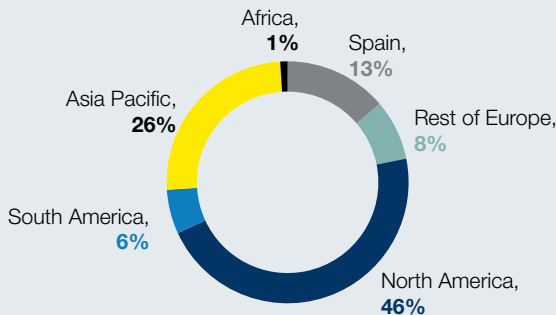
The ACS Group maintains an indispensable **commitment** to sustainable development, in order to serve society in an efficient and ethically responsible manner through its capacity to create value for shareholders and all of its stakeholders, demanding the

highest standards of **integrity** 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 that are the cornerstone of its past and future growth.

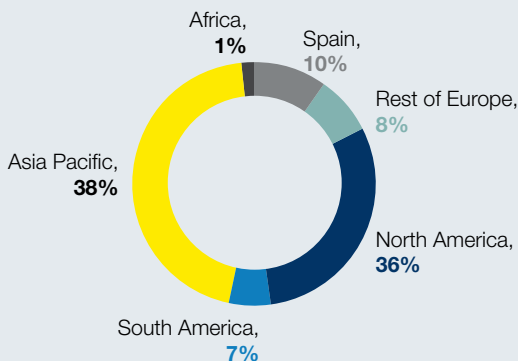
REVENUES

€ 31,975 Mn



ORDER BOOK

€ 66,526 Mn



THE ACS GROUP'S VALUES



PROFITABILITY



COMMITMENT



INTEGRITY



EXCELLENCE



TRUST



4. A HISTORY OF SUCCESS

The Group's success is based on an efficient organisation and dynamic and entrepreneurial management implemented through successive merger and acquisition processes and strategic plans committed to maximising profitability for its shareholders. The Group's capacity to integrate companies, assimilate them and develop a common culture has allowed it to consolidate its position as the international leader in infrastructure development.



Founded in 1968

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



Founded in 1919

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



Founded in 1992

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



Founded in 1942

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



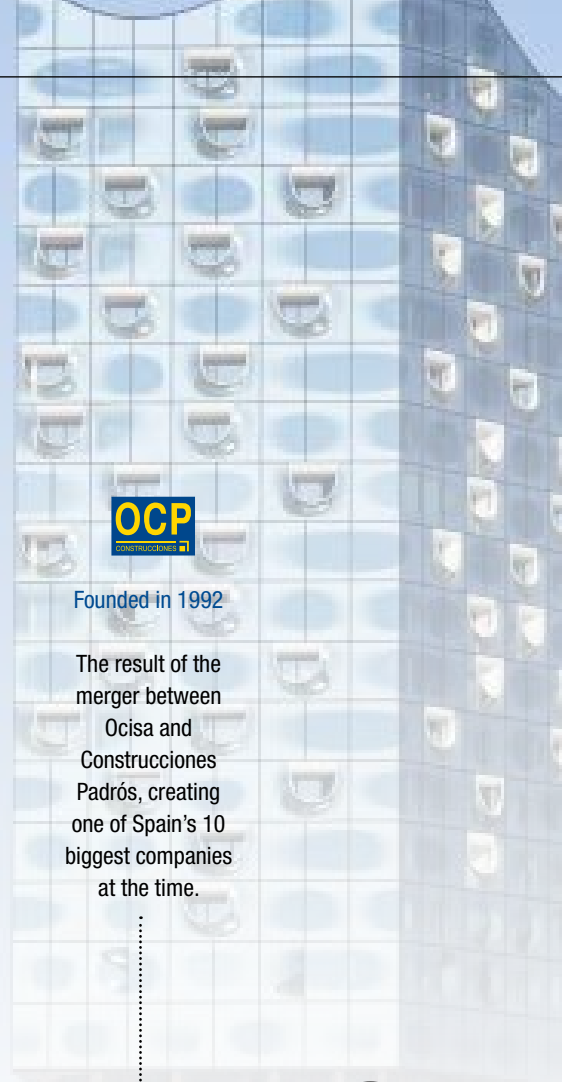
Founded in 1948

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



Founded in 1945

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





VIAS

Founded in 1930

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

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.



Clece

Founded in 1992

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



Founded in 1949

A subsidiary of HOCHTIEF, which holds a 72.68% of the company's shares at December 31, 2016, acquired in 1983. It is Australia's leading construction company and a world leader in mining concessions.



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.



Founded in 1997

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



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.



Founded in 1873

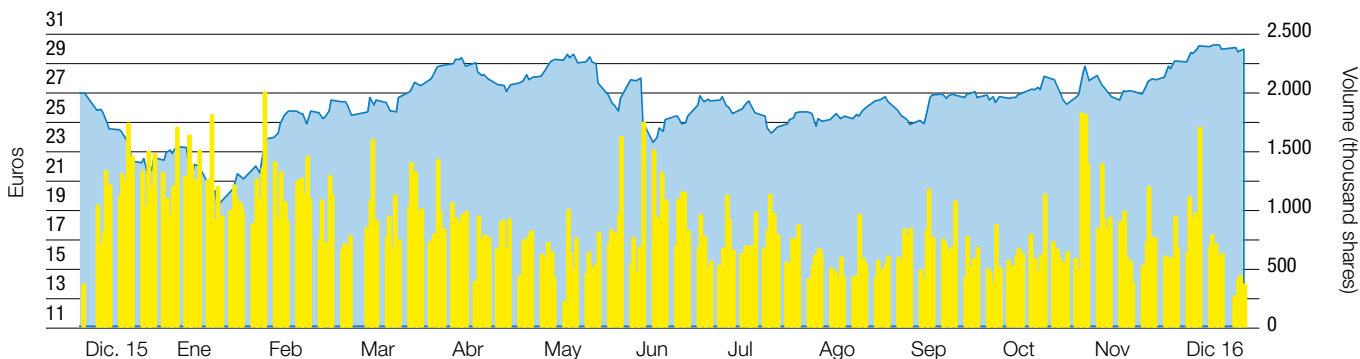
A leading company in Germany and involved in over 50 countries, it is the ACS Group's platform for international growth.

A SOLID AND PROFITABLE VALUE

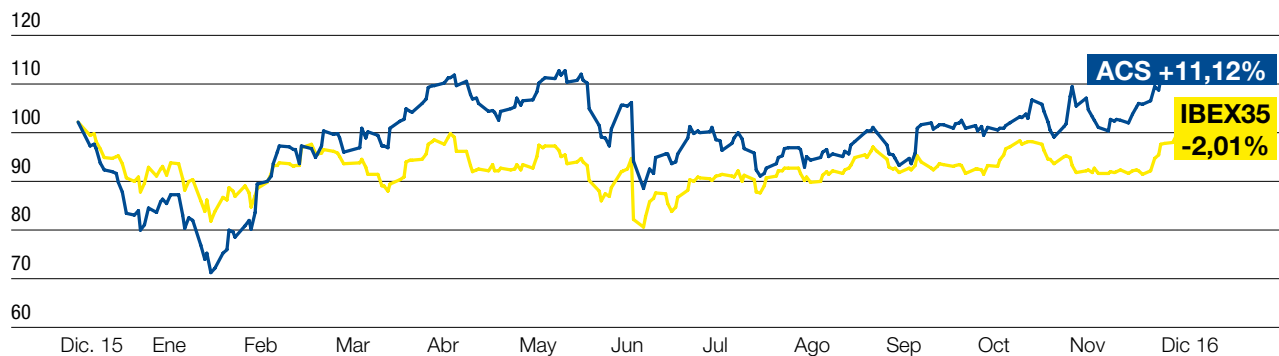
18

EVOLUTION OF THE SHARE

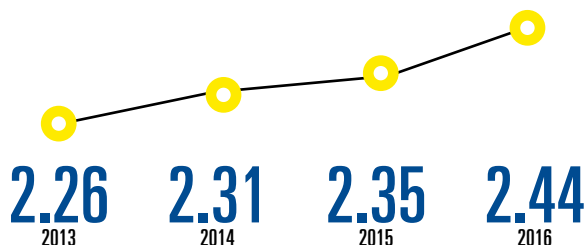
Evolution of the ACS Share 2016



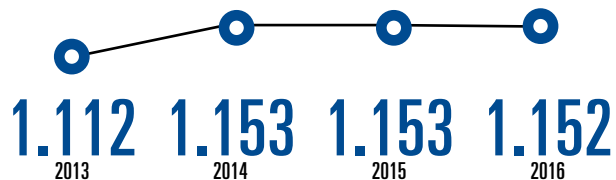
Evolution of the ACS Share vs. Ibex-35



Earnings per share (€)

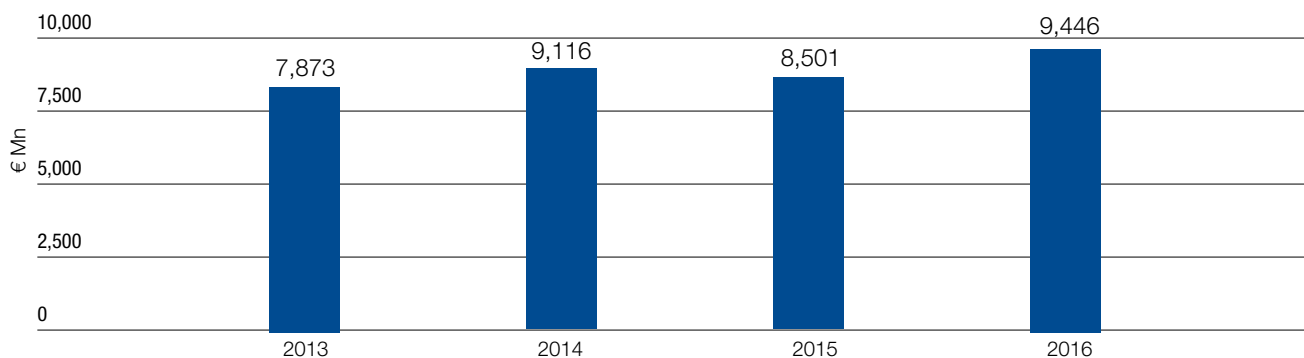


Paid dividends per share (€)



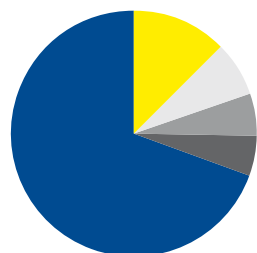
	2013	2014	2015	2016
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Closing price	25.02 €	28.97 €	27.02 €	30.02 €
Performance	31.41%	15.79%	-6.75%	11.12%
IBEX performance	21.42%	3.66%	-7.15%	-2.01%
Performance vs. IBEX	8.23%	11.70%	0.44%	13.41%
Maximum in the period	25.02 €	34.39 €	34.06 €	30.33 €
Maximum Date	31-Dec	23-Jun	26-Feb	20-Dec
Minimum in the period	16.76 €	24.97 €	25.49 €	19.31 €
Minimum Date	11-Feb	03-Mar	29-Sep	11-Feb
Average in the period	21.04 €	29.26 €	28.57 €	25.88 €
Total volume ('000)	201,945	249,816	238,296	220,750
Capital turnover	64.18%	79.39%	75.81%	70.27%
Daily average volume ('000)	791.94	970.92	930.85	858.95
Daily average capital turnover	0.25%	0.31%	0.30%	0.27%
Total traded effective (€ mn)	4,248	7,309	7,158	5,714
Daily average effective (€ mn)	16.66	28.40	27.96	22.23

Market cap



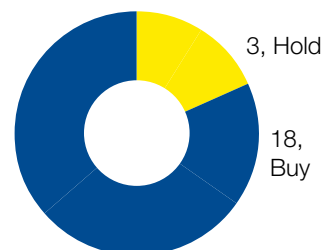
SHAREHOLDER STRUCTURE

AT DECEMBER, 31 2016



Name or company name of the shareholder	%
Florentino Pérez Rodríguez	12.52%
Corporación Financiera Alba	7.24%
Iberostar Hoteles y Apartamentos	5.61%
Corporación Financiera Alcor	5.14%
Capital flotante	69.49%

FINANCIAL ANALYST RECOMMENDATIONS



TARGET PRICE
€33.1
 PER SHARE
 (SOURCE BLOOMBERG)

WHICH CREATES VALUE

The ACS Group has consolidated a business model that guarantees maximum returns for its shareholders while, in turn, generating value in the form of social and economic development in the areas in which the Group companies operate.

The ACS Group is characterised by a highly decentralised structure in its three areas: Construction, Industrial Services and Services that carry out its activity through dozens of specialised companies that ensure the Group's presence throughout the entire value chain of the infrastructure business. This complex but highly-efficient organisation encourages the Group's companies to compete and carry out their work independently, while at the same time sharing common guidelines that add value to their activity.

Each ACS Group company is managed and operated autonomously, with an independent functional management and flexible and sovereign executive bodies, although they have a common culture and values. This enables each company to individually contribute numerous valid and profitable management formulas, thanks to the multiple factors involved in their decision making that generate know-how and good practices that are also independent.

Economic value generated, distributed and retained (€mn)	2015	2016
Total income	33,291	31,975
Finance income	224	186
Disposals	1,827	2,068
(1) Economic value generated	35,342	34,229
Operating and purchasing expenses	24,504	23,738
Staff costs	7,103	6,752
Corporate tax	292	407
Dividends	345	326
Finance costs	699	526
Resources for the community	9	12
(2) Economic value distributed	32,951	31,761
Economic value retained (1-2)	2,391	2,469

INPUTS

OPERATING INVESTMENTS

€ 440 MN

PROJECT/ FINANCIAL INVESTMENTS

€ 1,106 MN

EMPLOYEES

176,755

SUPERIOR AND MID-LEVEL GRADUATES

19.1%

R&D INVESTMENT

€ 39 MN

R&D ONGOING PROJECTS

161

...INTEGRATES LEADING COMPANIES...

DRAGADOS

HOCHTIEF

IRIDIUM

CIMIC

cobra GROUP

Turner

DRAGADOS INDUSTRIAL

Clece

Dialogue with stakeholders

NUMBER OF MATERIALITY SURVEYS

2,819

Consumption

WATER

46,570,928 m³

TOTAL ENERGY CONSUMPTION

8,810,053 MWh

TOTAL TIMBER PURCHASED

412,209 t

TOTAL STEEL PURCHASED

1,116,409 t

TOTAL CEMENT PURCHASED

5,637,466 t

Construction/civil works

SHAREHOLDER/INVESTOR

Investment ↓ ↑ Dividends



... DEVOTED TO THE INFRASTRUCTURE SECTOR ...

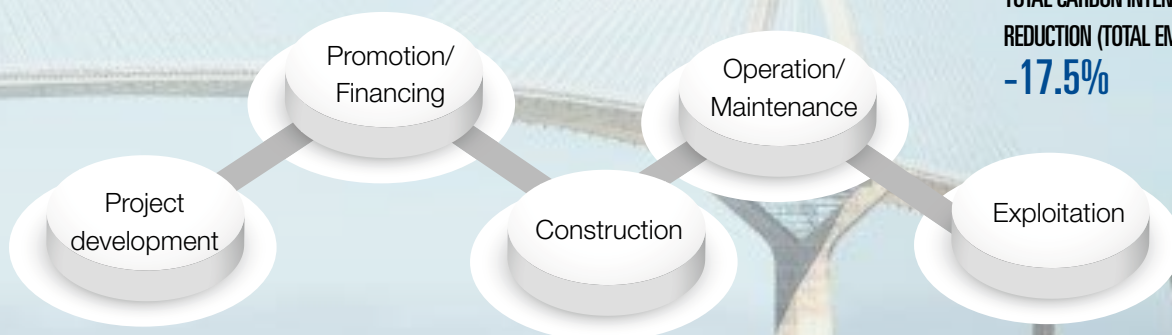


Industrial activities



Other Services

... AND WITH PRESENCE IN ALL THE CHAIN VALUE ...



OUTPUTS

REVENUES
€ 31,975 MN

NET PROFIT
€ 751 MN

DIVIDENDS PAID AND TREASURY STOCK
€ 457 MN

PERSONNEL EXPENSES
€ 6,752 MN

%EMPLOYEES WITH SAME NATIONALITY AS HEADQUARTERS
80.2%

ORDER BOOK
€ 66,526 MN

Contribution to the community

SOCIAL ACTION INVESTMENT
€ 11.6 MN

% LOCAL SUPPLIERS
75.0%

CORPORATE TAX
€ 407 MN

Consumption

SCOPE 1 EMISSIONS REDUCTION (VS 2015)
-30.0%

SCOPE 2 EMISSIONS REDUCTION (VS 2015)
-5.2%

TOTAL CARBON INTENSITY RATIO REDUCTION (TOTAL EMISSIONS / SALES)
-17.5%

LEADERS IN CONSTRUCTION

€24,217 MN
SALES

€1,405 MN
EBITDA

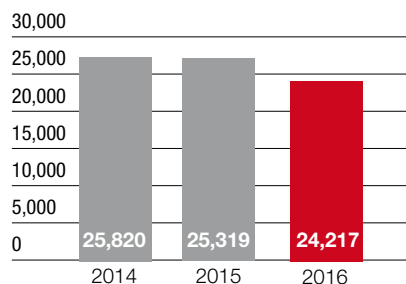
€55,769 MN
ORDER BOOK

€311 MN
NET PROFIT

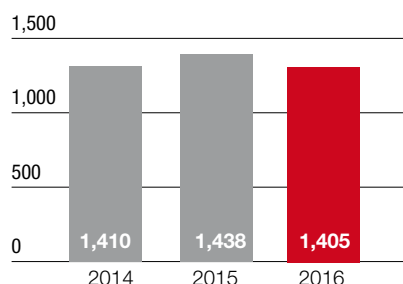
64,281
NUMBER OF EMPLOYEES



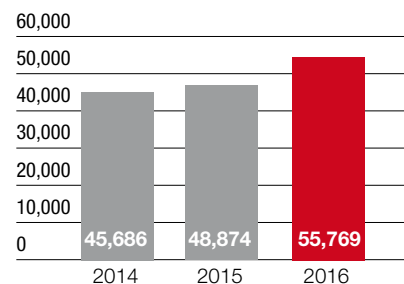
SALES (€MN)



EBITDA (€MN)



ORDER BOOK (€MN)



3.07

-6.8% vs. 2015
FREQUENCY RATE¹⁰

8,489,345

-29.4% vs. 2015
ENERGY CONSUMPTION (MWh)

6,927,191

-16.9% vs. 2015
TOTAL EMISSIONS (tCO₂)

98.9%

EMPLOYEES WITH SAME NATIONALITY
OF THE HEADQUARTER

80.7%

LOCAL SUPPLIERS

5.2

SOCIAL ACTION INVESTMENT (€MN)

CONSTRUCTION ACTIVITY IN THE ACS GROUP

The ACS Group carries out all kinds of civil engineering projects (infrastructure development such as motorways and railway, marine and airport works), building projects (residential buildings, social infrastructure and facilities) and projects related to the mining sector (contracts for the provision of mining services and the infrastructure required for mining activities) and support services.

These projects are carried out either through direct construction models for institutional or private clients or through public-private partnership models, where the ACS Group covers the whole concession business value chain from project design through financing, construction and start-up to operation.

These activities are carried out based on rigorous management of the risks associated with each project and optimisation of the company's financial resources. In this way, the Group seeks to maximise the operational efficiency and profitability of each project.

The ACS Group carries out construction projects through three lead companies: Dragados, HOCHTIEF and Iridium. Each of these three lead companies is made up in turn of a large group of companies which operate independently, specialising in different activities and geographical areas in which the Group operates. This highly decentralised structure, together with the specialisation and complementary nature of the various companies, enables the ACS Group to tackle larger, more complex projects by working together more closely and flexibly.

¹⁰ Frequency Rate: Number of accidents that have occurred during the working day per million hours worked.

DRAGADOS

Dragados, founded at the beginning of the 20th century, is a leading construction company that carries out civil engineering infrastructure development projects (motorways and railway, marine, water and airport works) and both residential and non-residential building projects.

Dragados is also the leading construction company in Spain and a global point of reference that carries out significant infrastructure projects in other European countries such as Portugal, the United Kingdom, Ireland and Poland, where it has established itself through its subsidiary Pol-Aqua. Likewise, in recent years, Dragados has concentrated its growth in North America, which has become its main area of business. It continues to strengthen its position in the United States and Canada thanks to the work of its North American subsidiaries Schiavone, Pulice, John P. Picone, Prince Contracting and J.F.White Contracting, and its lead companies in North America, Dragados USA and Dragados Canada. It also has over thirty-five years' experience in carrying out projects in Latin America, especially Chile, Peru and Colombia, as well as Argentina and Venezuela, where it has its own subsidiaries: Dycasa (Argentina) and Dycvensa (Venezuela).

IRIDIUM

Iridium manages concession and public-private partnership contracts for transport infrastructure and public facilities, both nationally and internationally.

Iridium has once again demonstrated its capacity for development and management with a portfolio of over 115 national and international companies, making ACS a world leader in 2016 among concession groups both by number of assets and investment volume.

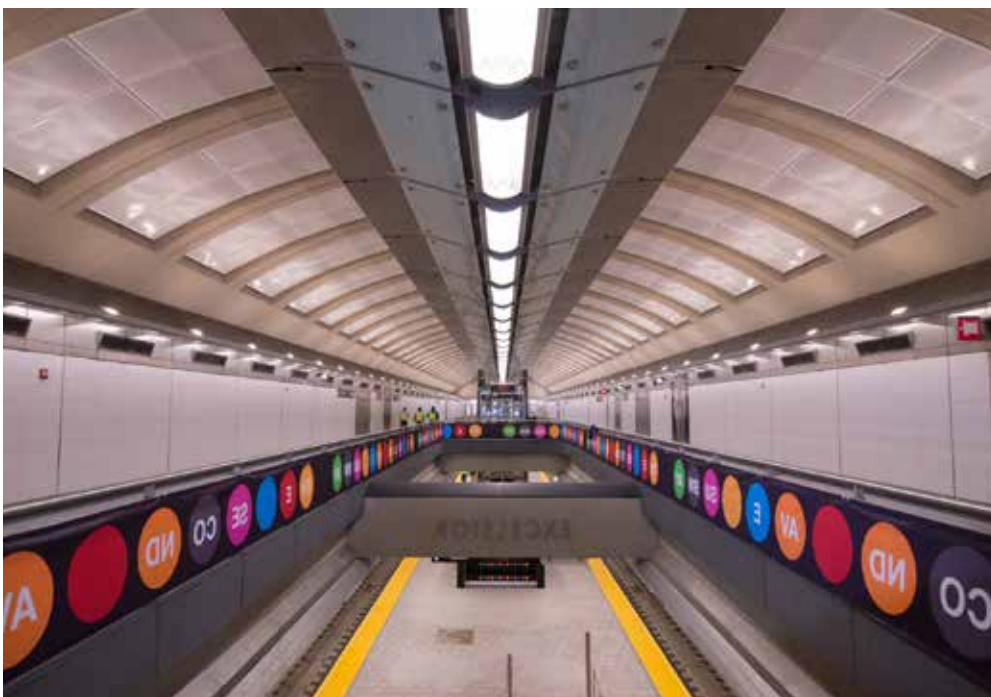
The company continues to strengthen its position on the North American market, where there are significant infrastructure needs, and is already well established in Europe. At the same time, it maintains a strong interest in Latin America.

With a track record built up over more than 45 years, Iridium's success is based on a risk management policy that has proven highly effective in both identifying and evaluating risks and putting in place adequate measures to mitigate or eliminate them.

€4,236 MN
SALES

€12,678 MN
ORDER BOOK

€101 MN
NET PROFIT



€72 MN
SALES

€8 MN
NET PROFIT



€19,908 MN SALES **€43,092 MN** ORDER BOOK **€320 MN** NET PROFIT **€230 MN** CONTRIBUTION TO THE NET PROFIT OF THE ACS GROUP

HOCHTIEF is one of the world's leading construction groups. It carries out infrastructure development and building projects in the transport, energy and social and urban infrastructures sectors, as well as contract mining activities. The company relies on its knowledge of development, financing, construction and operation of infrastructures, acquired over more than 140 years of experience. Thanks to its international network, HOCHTIEF is present on the world's largest markets and has established a presence on the markets in Asia Pacific, the Middle East, the United States and Canada, as well as Central Europe. HOCHTIEF's extensive experience on the market, its size and the synergies between its various areas of business enable it to tackle very complex projects both directly and on a concessionary basis, as its comprehensive focus produces particularly advantageous results in public-private partnership projects.

HOCHTIEF AMERICAS

The HOCHTIEF Americas division covers the activities of HOCHTIEF's subsidiaries in the United States and Canada, which are: Turner, Flatiron, E.E. Cruz and Clark Builders. Each of these subsidiaries focuses on different aspects of the infrastructures and building sector in this geographical area, including the development of transport infrastructure (mostly roads and bridges) as well as public buildings, office buildings, sports facilities, schools and healthcare buildings. It has also carried out infrastructure projects in the energy sector, such as hydroelectric power plants, dams and power lines.

HOCHTIEF America's subsidiaries have a close relationship with each other, enabling them to benefit from synergies and the ongoing exchange of information and experiences.

HOCHTIEF ASIA PACIFIC

The activities of HOCHTIEF Asia Pacific are carried out by the CIMIC Group, which operates in over 20 countries through its operational units in Australia, Asia, the Middle East and the Americas.

The CIMIC Group is made up of companies with different backgrounds. CPB Contractors and Leighton Asia carry out construction projects. Thiess, focused on services for the mining sector, is the largest mining contractor in the world. Sedgman, focused on ore processing, operates in Australia, Asia, Africa and the Americas. Pacific Partnerships focuses on the development and execution of PPP projects in which CPB Contractors has a share of construction work. The engineering company EIC provides services to clients and supports the various operational units of the CIMIC Group.

At the end of 2016, CIMIC became the majority shareholder of the company UGL.

HOCHTIEF EUROPE

HOCHTIEF Solutions AG is the management company for the HOCHTIEF Europe division. It combines its central businesses in Europe with other high-growth regions around the world through its various subsidiaries:

HOCHTIEF Infrastructure lays the foundations for well-planned, sustainable growth in Europe and selected regions worldwide through construction, from buildings through all kinds of transport and urban infrastructure to conventional and renewable power plants.

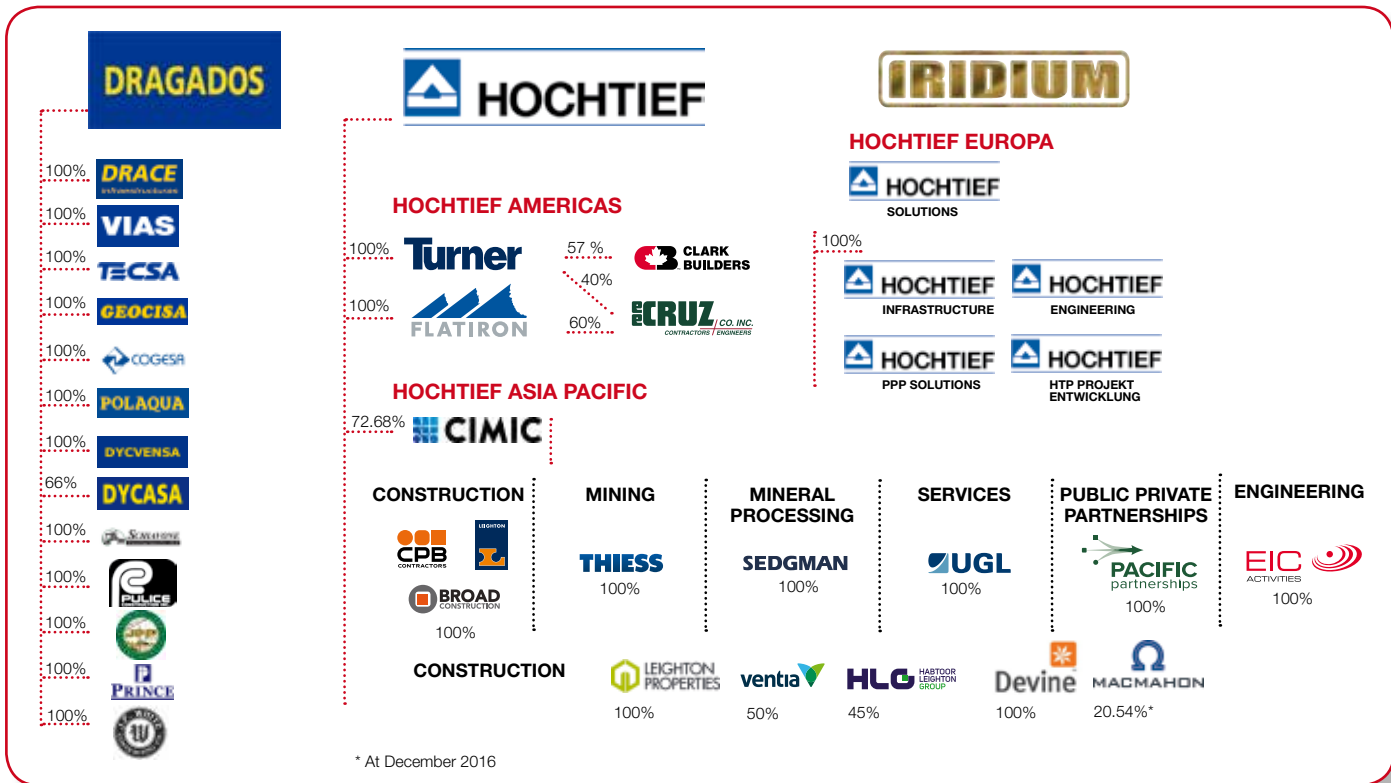
HOCHTIEF Engineering provides its clients with knowledge on planning, technical consultancy, design and project management, as well as building information modelling through HOCHTIEF ViCon.

HOCHTIEF PPP Solutions designs, finances, builds and operates projects for the public sector as a partner. It provides comprehensive public-private partnership solutions for transport, energy and social infrastructure projects. To create greater added value for our company, public-private partnership services are only offered if HOCHTIEF is also charged with the construction work.

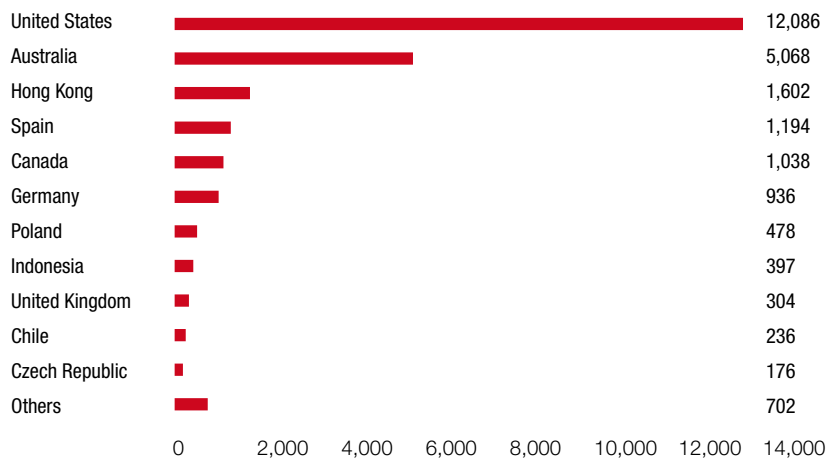
€10,096 MN SALES **€128 MN** NET PROFIT

€7,303 MN SALES **€217 MN** NET PROFIT

€1,597 MN SALES **€12 MN** NET PROFIT

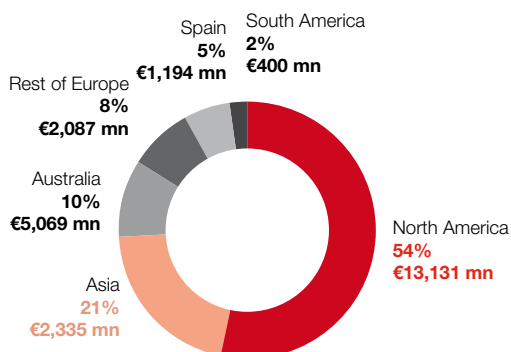


2016 Revenue breakdown by countries (€Mn)

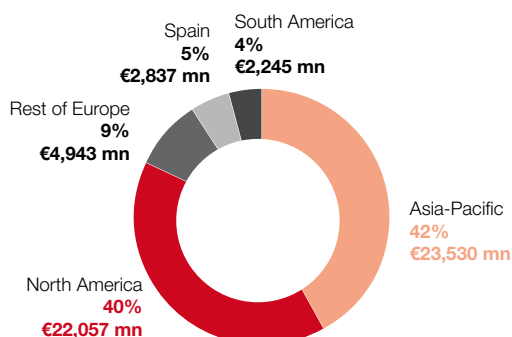


For further information:
[Website \(www.grupoacs.com\)](http://www.grupoacs.com)
 Construction Projects
 Construction projects awarded

2016 Revenue breakdown by geographical areas



2016 Order book breakdown by geographical areas



AN INDUSTRY MODEL

€6,256_{MN}
REVENUES

€630_{MN}
EBITDA

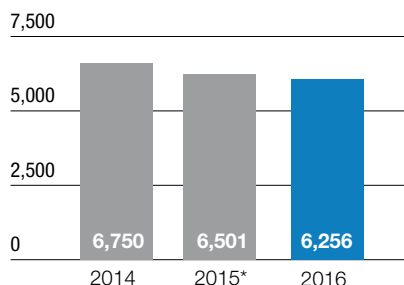
€8,762_{MN}
ORDER BOOK

€305_{MN}
NET PROFIT

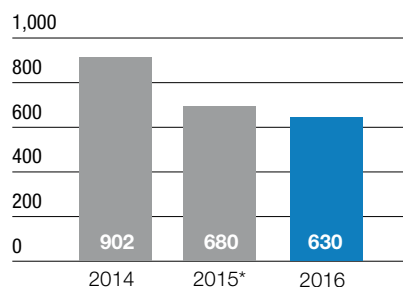
40,806
NUMBER OF EMPLOYEES



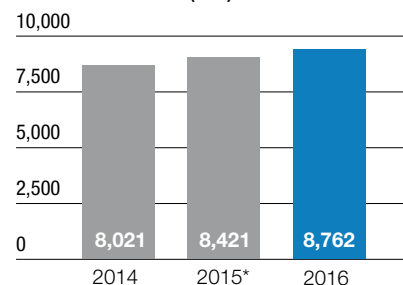
REVENUES (€Mn)



EBITDA (€Mn)



ORDER BOOK (€Mn)



*The sale of the renewable energy assets took place in the first quarter of 2015.

7.48
-24.4% vs. 2015
FREQUENCY INDEX¹¹

235,767
-21.5% vs. 2015
ENERGY CONSUMPTION (MWh)

85,908
-13.2% vs. 2015
TOTAL EMISSIONS (tCO₂)

16.7
R&D INVESTMENT (€MN)

28.5
HEALTH AND SAFETY INVESTMENT (€MN)

The Industrial Services area of the ACS Group is one of the main global competitors in applied industrial engineering, with projects in more than 50 countries. Its activity is focused on the development,

construction, maintenance and operation of energy, industrial and mobility infrastructure through a large group of companies.

The activities carried out by the ACS Group's Industrial Services area are grouped into two basic business lines:

¹¹ Índice de frecuencia: Número de accidentes ocurridos durante la jornada laboral por cada millón de horas trabajadas.

INDUSTRY SUPPORT SERVICES

Industry Support Services focus on industrial maintenance contracts and services, as well as support services for customers' operational activities that, in turn, includes 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 Facilities:** 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 that are traffic and transport control systems and systems for the comprehensive management of public infrastructures, segments in which ACS has become the leading engineering supplier.

EPC PROJECTS & RENEWABLE ENERGY: GENERATION

The ACS Group's Integrated Projects business is focused on executing "turnkey" or EPC⁴ projects in which it designs, constructs and commissions projects related to the energy sector (electricity generation, also standing out for the execution of projects related to renewable energy, assets related to the oil and gas sector, among others) and engineering applied to industry.

It is also worth highlighting the ACS Group's experience

promoting and participating in concession assets, related mainly to energy, such as wind farms, thermal solar plants (either with a central tower or with parabolic trough collectors, and with molten salt energy storage technology) transmission lines, purification plants and desalination plants.

⁴ Engineering, Procurement and Construction.

€3,425 MN
SALES

€4,791 MN
ORDER BOOK

€2,840 MN
SALES

€3,971 MN
ORDER BOOK



28 **Industrial Services Concessional assets at 31 December 2016**

Wind farms	Number of wind farms	Installed capacity (MW)	ACS Group average stake
Wind farms in operation	6	291.6 MW	62%
Thermal solar plants	Number of plants	Installed capacity (MW)	
Thermal solar plants in operation	3	209.8 MW	24%
Thermal solar plants in construction	1	100.0 MW	20%
Electricity transmission assets	Number	Kilometers	
Transmission lines	11	6,740	45%
Electrical substations	2		75%
Photovoltaic plants	Number of plants	Installed capacity (MW)	
Photovoltaic plants in operation	1	10 MW	n.d.
Other concessional assets	Number	Capacity	
Desalination plants in operation	2	272,000 m ³ /day	59%
Desalination plants in construction	1	100,000 m ³ /day	40%
Water treatment plants	32	1,774,961m ³ /day	99%
Combustion cycle	1	223 MW	50%

These activities are distributed among the various enterprises that compose the companies that head up the industrial services activity: the Cobra Group and Dragados Industrial, two sector-leading business groups with more than 50 years of demonstrated experience.

The ACS Group is a leader in Industrial Services in Spain and one of the main competitors in Latin America, where it has extensive experience and a stable presence in the development of turnkey projects and the provision of services, particularly in Mexico and Peru, two countries in which it holds a leadership position.

Likewise, the Industrial Services activity has a growing presence in European and Middle Eastern countries, where in recent years it has been awarded important projects. Similarly, the Group is consolidating its presence in areas such as North America, Africa and countries in the Asia-Pacific region.



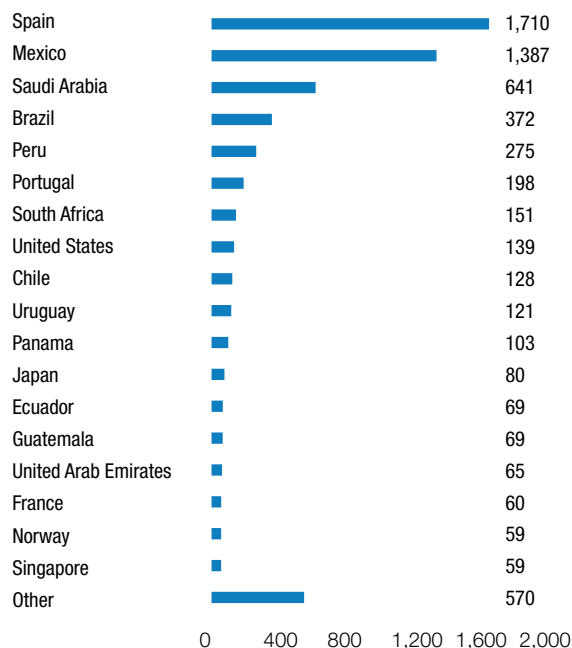
GRUPO COBRA



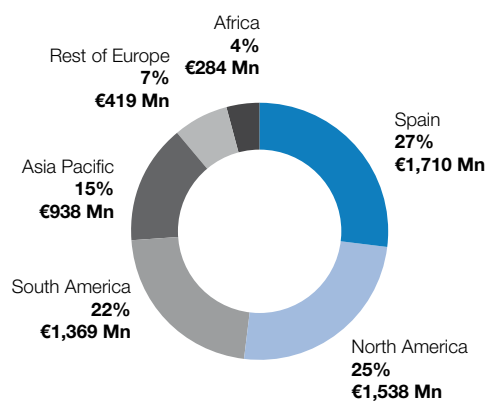
DRAGADOS INDUSTRIAL



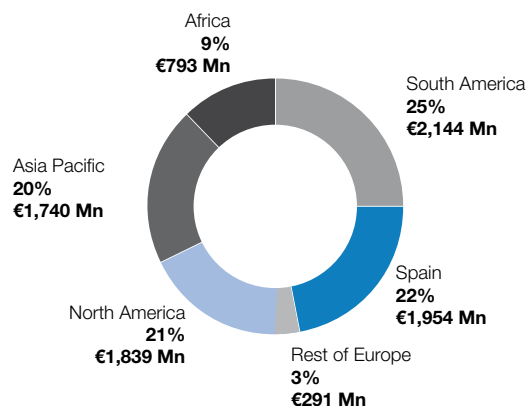
Revenue breakdown by country 2016 (€ Mn)



Sales breakdown geographic area



Backlog breakdown geographic area



For further information:
 Website (www.grupoacs.com)
 Industrial Services Projects
 Industrial Services Awards

AN ACTIVITY UNDER TRANSFORMATION

€1,538_{MN}
REVENUES

€78_{MN}
EBITDA

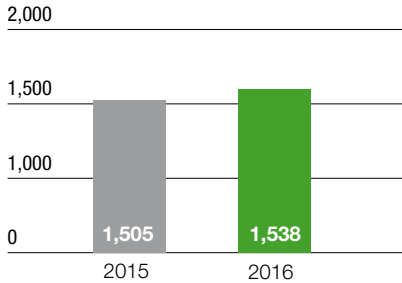
€1,995_{MN}
ORDER BOOK

€84_{MN}
NET PROFIT

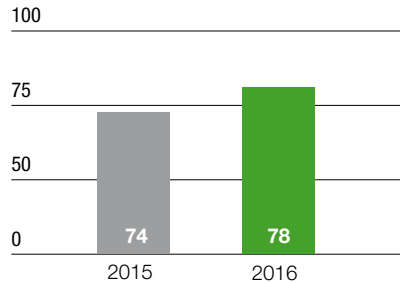
71,616
NUMBER OF EMPLOYEES



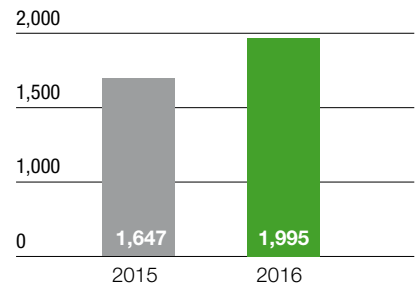
REVENUES (€MN)



EBITDA (€MN)



ORDER BOOK (€MN)



9.6%
OF EMPLOYEES BELONGS
TO VULNERABLE GROUPS

>1
MILLION
ATTENDED PEOPLE

132
CENTERS FOR
VULNERABLE GROUPS

237
RETIREMENT HOMES

133
CHILDREN SCHOOLS

250
NUMBER OF COURSES OF ACTIVITIES OF
PUBLIC AWARENESS DEVELOPED



Clece is a benchmark company when it comes to services for people. The company has 71,616 employees, in various services, which work to improve the quality of life of more than 1 million people; as well as to maintain and improve the efficiency of buildings; care for and protect the environment, whether in cities or the natural landscape.

It is an activity that requires specialised management of the workforce and where Clece has gone above and beyond by making the inclusion of vulnerable groups and fundamental piece of its strategy. In fact, 9.6% of its employees have some form of disability, are victims of gender violence or at risk of social exclusion.

Clece is a key piece of the ACS Group's global strategy and its commitment to the local environments where it carries out its activities. Its management and maintenance of infrastructure activity ensures the ACS Group has a presence throughout the entire value chain of the infrastructure business.

In addition, its decidedly social nature helps the Group understand society's real needs, facilitating the identification of opportunities in the Group's various activities.

The company structures its activity into three fundamental areas:

SERVICES FOR PEOPLE

They cover the assistance needs and resources for certain groups, such as the elderly, dependent individuals, individuals with disabilities or children from ages 0 to 3, including services such as eldercare; management of nursery schools or food services for communities.

SERVICES FOR BUILDINGS

They include services necessary for the optimal operation of any property, such as maintenance, energy efficiency, cleaning, security, logistics and ancillary services.

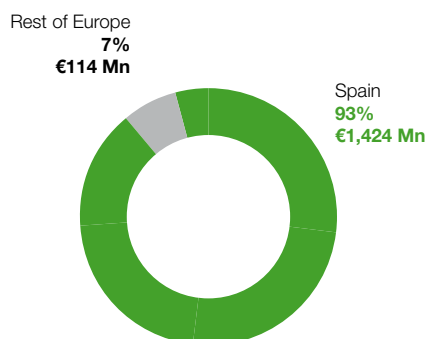
SERVICES FOR THE CITY AND THE ENVIRONMENT

They encompass activities related to the preservation and care of public spaces such as managing public lighting, including investing in changing the lighting, environmental services and airport services.

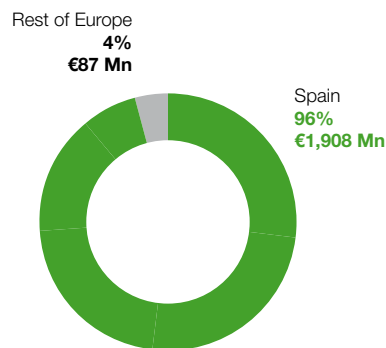
In addition to Spain, Clece is present in the United Kingdom and Portugal. The company began its activity in England in 2013 through CCS, a brand comprising companies specialised in home care including in recent years All Care and Heath Lodge and, more recently, in 2016 Dale Care, Hartwig and Accessible Care.

In Portugal, Clece carries out its activity in two main areas, cleaning and maintenance of facilities, where it is worth noting its significant penetration into the private market.

Sales breakdown by geographic area



Backlog breakdown by geographic area



TRANSPARENCY, ETHICS AND INTEGRITY

THE MAIN TOOLS OF THE ACS GROUP TO ACHIEVE ITS TARGETS IN ETHICS AND INTEGRITY ARE THE CODE OF CONDUCT AND THE ETHICAL CHANNEL

The ACS Group and the companies that compose it are committed to promoting, reinforcing and controlling matters related to ethics and integrity, through measures that enable them to prevent, detect and eradicate bad practices.

In order to guarantee compliance with these basic principles of conduct, the ACS Group has two corporate tools, the Code of Ethics and the Ethical Channel, which are broadly implemented in the various areas of activity, as well as a control system for which the Board of Directors is responsible, called the Code of Conduct Monitoring Committee.

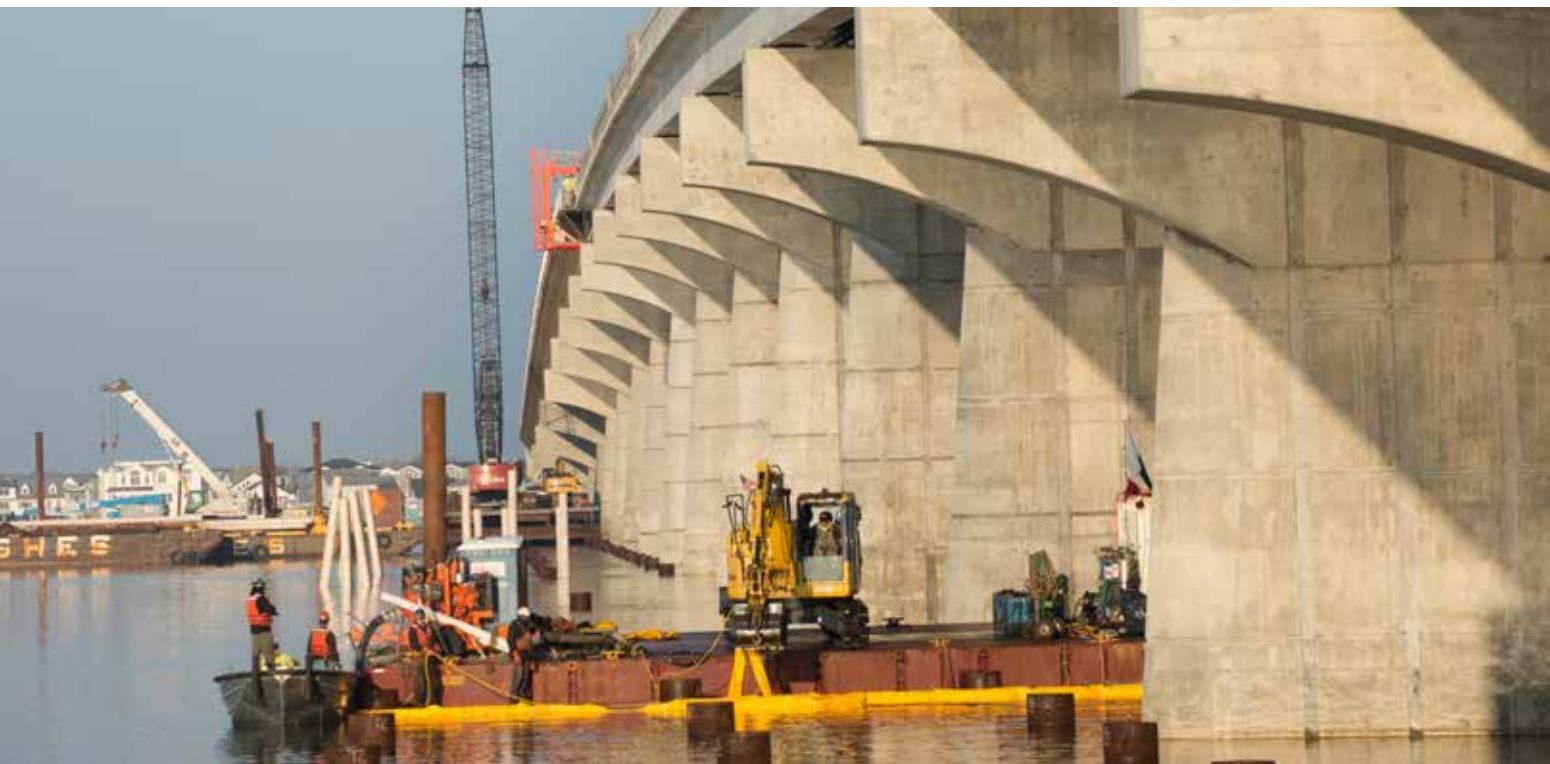
THE ACS GROUP'S CODE OF CONDUCT

The Code of Conduct summarises these basic principles and

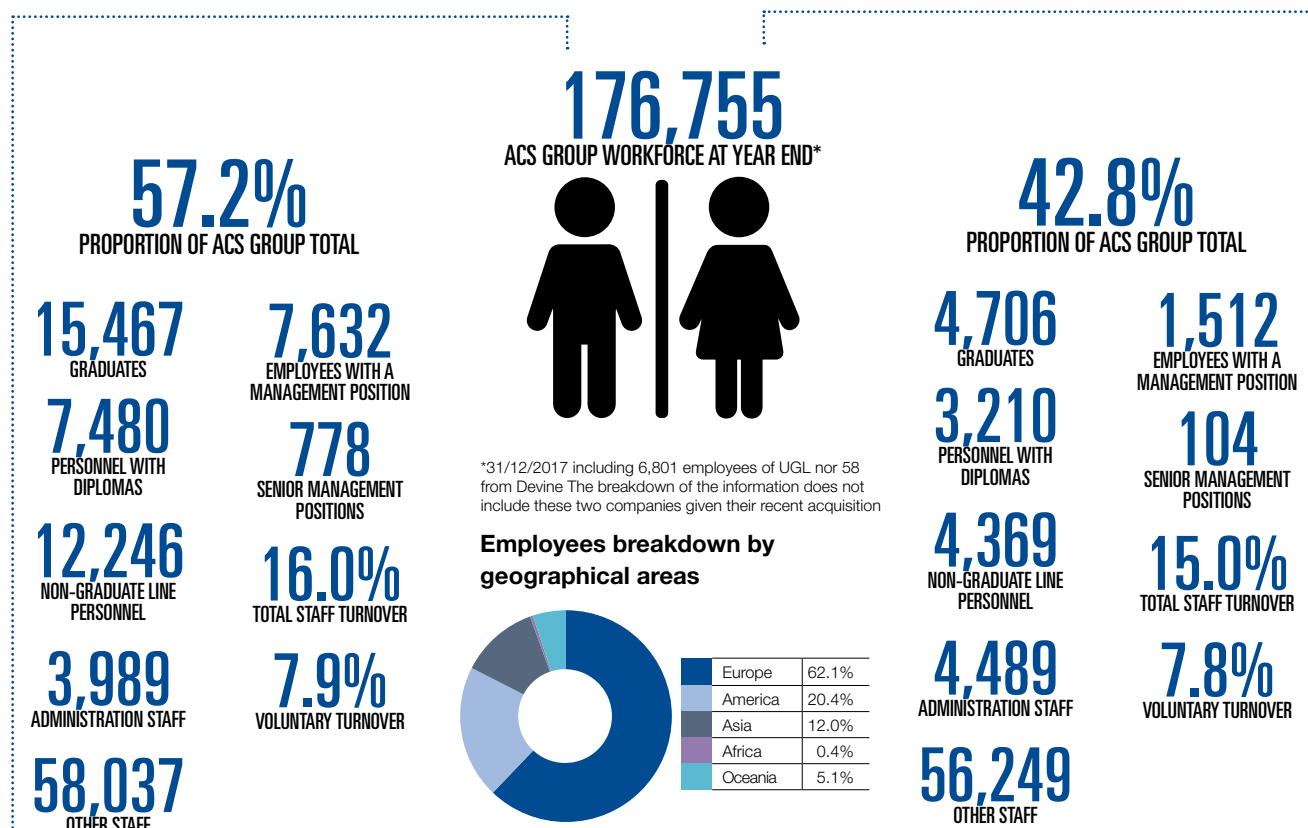
constitutes a guide for employees and managers of the ACS Group in relation to their daily work, the resources used and the business environment in which this takes place.

HUMAN RIGHTS POLICY

In 2016 the ACS Group's Human Rights Policy was approved. According to this policy, the Group assumes its responsibility to respect human rights, formalising a due diligence process for identifying, preventing, mitigating and reporting on how to handle the impact of its activity on human rights, as well as a process for remedying all of the negative consequences its activity has caused or has contributed to causing in relation to human rights.



THE ACS GROUP'S PEOPLE



The ACS Group's business success comes from the talent of its teams. Hence the company maintains its commitment to continuously improving their skills, capabilities and level of responsibility and motivation, while at the same time addressing working and safety conditions with the utmost dedication.

The ACS Group applies modern and efficient human resource management tools with the goal 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 the excellence of 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

88.3%

EMPLOYEES COVERED BY
A FORMAL PROFESSIONAL
DEVELOPMENT SYSTEM

€26.3_{MN}

INVESTMENT IN TRAINING

HEALTH AND SAFETY

84.9%

**PERCENTAGE OF TOTAL
EMPLOYEES COVERED BY OHSAS
18001 CERTIFICATION**

**2016 Accident rate indices.
Employees**

13.87 / 2015:13.04
FREQUENCY

0.36 / 2015:0.34
SEVERITY

25.53 / 2015:24.62
INCIDENT RATE

The prevention of labour risks 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 employees, but also for its suppliers, contractors and collaborating companies.

The main goal of the ACS Group is to create a culture of occupational risk prevention enabling it to attain an accident rate of zero. The Group is getting closer and closer to reaching this goal thanks to the work of the prevention services and the commitment of employees, suppliers, contractors and collaborating companies.

TRAINING

Training and information are the most effective measures to raise awareness and get people from the company involved in meeting the health and safety goals.

The ACS Group collaborates with organisations specialised in health, safety and risk prevention and actively participates in the major conferences, congresses and forums organised domestically and internationally

64.2%

**EMPLOYEES WHO HAVE RECEIVED
HEALTH AND SAFETY TRAINING
DURING THE YEAR**



ENVIRONMENT

96.8%

LEVEL OF IMPLEMENTATION OF AN ENVIRONMENTAL MANAGEMENT SYSTEM

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 defines the general principles to be followed and these are sufficiently flexible as to accommodate the elements of policy and planning of the companies in the various business areas and to comply with the requirements of the ISO 14001 standard. These principles include the following:

- Commitment to complying with legislation
- Commitment to preventing pollution

74.1%

LEVEL OF IMPLEMENTATION OF ISO 14001 CERTIFICATION

- Commitment to on-going improvement
- Commitment to transparency, communication and the training of Group employees, suppliers, customers and other stakeholders

In order to be able to articulate and deploy a policy based on these environmental commitments, the most significant commitments are identified at corporate level, according to their impact on the environment and external requirements, and are then compared with each company's management systems and the environmental priorities for each business activity.

0.1%

LEVEL OF IMPLEMENTATION OF OTHER CERTIFICATIONS

Specifically and operationally, the main environmental measures focus on three key risks:

- The fight against climate change
- Efficient use of resources
- Respect for biodiversity

Targets and improvement programmes are established for each of these priorities by company or group of companies. The responsibility of overseeing the ACS Group's environmental performance falls to the Environmental Department in each group of companies.

Key Management - Environment Indicators

	2015	2016
Total water consumption (m ³)	34,171,672	46,570,928
Ratio: m ³ water / Sales (€mn)	1,101.00	1,488.20
Direct emissions (Scope 1) (tCO ₂ equiv.)	3,101,441	2,169,793
Carbon Intensity Ratio Scope 1: Emissions / Sales (€mn)	99.9	69.3
Indirect emissions (Scope 2) (tCO ₂ equiv.)	255,510	242,119
Carbon Intensity Ratio Scope 2: Emissions / Sales (€mn)	8.2	7.7
Indirect emissions (Scope 3) (tCO ₂ equiv.)	5,097,577	4,621,960
Carbon Intensity Ratio Scope 3: Emissions / Sales (€mn)	164.2	147.7
Total emissions (tCO ₂ equiv.)	8,454,528	7,033,872
Total Carbon Intensity Ratio: Total Emissions / Sales (€mn)	272.4	224.8
Non-hazardous waste sent for management (t)	4,408,470	2,869,819
Ratio: Tons of non-hazardous waste / Sales (€mn)	142	91.7
Hazardous waste sent for management (t)	310,993	50,860
Ratio: Tons of hazardous waste / Sales (€mn)	10	1.6

SUPPLIERS AND CONTRACTORS

94.3%
ADHERENCE TO THE ACS
GROUP CODE OF CONDUCT

84.5%
ANALYSIS OF LABOUR
STANDARDS AND
PRACTICES OF SUPPLIERS
AND SUBCONTRACTORS

99.2%
CERTIFICATION IN
ENVIRONMENTAL ASPECTS

99.9%
CERTIFICATION IN QUALITY
ASPECTS

Supplier and contractor management is an important aspect for the Group, since the work performed thereby has a direct influence on the quality of the final result of the projects carried out by the Group.

In ACS Group companies, the purchasing departments are responsible for managing the relationship with suppliers and contractors by means of specific systems for managing, classifying, approving and controlling the risk thereof.

As a characteristic feature that differentiates the Group from its

competitors, it is important to highlight the distinct decentralisation of purchasing and supplier management departments in this area.

ACS has a variety of systems in this aspect, which vary according to companies' operating needs. From a central corporate reference department defines the policies and prices, to a greater level of autonomy, always using a common and generalised policy.

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

- Suppliers of materials and/or services defined by the customer

- Suppliers of services or subcontractors contracted by the ACS Group
- Materials suppliers contracted by the ACS Group

In the first instance, the customer determines the type of suppliers through contracts, as well as the quantity and characteristics of the materials to be used, and the Group companies, in general, obey these requirements. Even so, the ACS Group's purchasing and supplier departments have established a control procedure to verify the efficiency of the supplier designated by the customer, which enables any delays to be reported and corrective measures to be implemented for other work.

Suppliers of services and materials are directly contracted by the ACS Group, whether through a central purchasing department or in a decentralised manner by construction managers, detailed management and control processes are defined.



COMMITMENT TO QUALITY WITH THE CUSTOMER

54.6%
PRODUCTION CERTIFIED
UNDER ISO 9001
TOTAL ACS GROUP

89.4%
PERCENTAGE OF CUSTOMER
RESPONSES OF "SATISFIED" OR "VERY
SATISFIED"*

* Indicators reached a coverage of 27.74% of sales

IN OUR ACTIVITY

For the ACS Group, which works in an industry with high technical sophistication, quality represents a fundamental competitive advantage over the competition.

Quality management at the ACS Group is decentralised, whereby each company is responsible for managing quality. Although each company has the autonomy to manage quality according to their interests, a series of common lines of action have been identified:

- Establishment of objectives and regular assessment of compliance therewith.
- Development of actions aimed at improving the quality of the services provided.
- Performance of actions in collaboration with suppliers and subcontractors to improve quality.

In order to move forward in this regard, most Group companies have a quality management system. These systems are audited on a regular basis to verify compliance.

WITH OUR CLIENTS

Given the nature of the ACS Group'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 customers with which the company relates is very limited or they are large corporations or public institutions from around the world.

The ACS Group's commitment focuses on maintaining a high degree of customer loyalty and offering services with high added value over time. The strategy of customer relations is built on the following main principles:

- Focus on problem solving
- Customer relationship feedback
- Information on the ACS Group's capabilities
- Identification of future needs and opportunities for collaboration.



INNOVATION

38

39.4

€ MILLION IN RESEARCH, DEVELOPMENT
AND INNOVATION

161

PROJECTS IN PROCESS

57

PATENTS OVER THE LAST 10 YEARS

The ACS Group is a continuously evolving organisation that responds to the growing demand for improvements in processes, technological advances and quality of service from its customers and from society.

The company's commitment to innovation is clear from its increased investment and the R&D efforts made by the ACS Group year after year. The result of this effort leads to, among others, improvements in productivity, quality, customer satisfaction, occupational safety, the use of new materials and products, and the design of more efficient production processes and systems.

Management of innovation at Group companies normally has the following characteristics:

- The function is assumed by technology management, usually the Technological Development Committee.
- R&D is managed through recognised management systems, customarily the UNE 166002:2006 standard. Usually, standard UNE 166002:2006.
- Compliance with reference standards is reviewed through independent audits.



GIVING BACK TO SOCIETY

€11.6 MN
CASH FUNDS USED
FOR SOCIAL INITIATIVES

5,035
NUMBER OF VOLUNTEERS
(EMPLOYEES)

383
NUMBER OF FOUNDATIONS
OR NGOS WHO RECEIVED
GRANTS/SUPPORT DURING
THE YEAR FROM ACS COMPANIES

8,298
HOURS THE EMPLOYEES
HAVE SPENT AS
VOLUNTEERS DURING THEIR
WORKING DAY

A commitment to the development of society is part of the ACS Group's mission. The company therefore seeks to generate shared value for society through its own business strategy and the most appropriate way to coordinate its social actions and maintain them over the long term.

The Group contributes to social improvement from two perspectives: from carrying out its business activities and from its social actions.

SOCIAL ACTION

In order to fulfil this commitment, the ACS Group has defined a Social Action Policy with the following main objectives:

- To drive forward the business and its sustainability
- To improve the Company's prestige and reputation
- To increase employee and partner satisfaction
- To help improve the society in which the ACS Group operates.

The policy determines the responsibilities assigned to social action, the action categories and areas that form the framework of the projects, the types of contributions that may be made, the geographical areas of action, the model for monitoring the initiatives and communication of the results obtained.

SOCIAL ACTION OF ACS GROUP COMPANIES

Each Group company is free to select its own social action activities as long as they are connected to the experience that it has acquired in its line of business and help meet the objectives of this policy. Subsequently, the company's employees will have the chance to take part in such activities as corporate volunteers.

SOCIAL ACTION OF THE ACS FOUNDATION

The activities of the ACS Foundation focus on improving citizens' quality of life in all aspects. Various programmes are therefore carried out focus on this objective:

- Improvement in the quality of life of people with physical or sensory disabilities, or in a situation of dependence.

- Defence of and support for good practices in relation to the environment.
- Support for entities that improve people's cultural level.
- Contribution to the dissemination, restoration and maintenance of buildings belonging to Spain's artistic heritage.
- Support for research, mainly medical research, including rare diseases.
- Cooperation for development and technical assistance, for the purpose of supporting the development objectives and respecting human rights, through collaboration with competent bodies.



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Editor: ACS Group
Creation and Design: **gosban** reporting
Photos: ACS Group Archives
Produce: Ofur Soluciones Gráficas, S.L.
D.L.: M-12457-2017

