

# ACS

ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS



*Results Report  
3<sup>rd</sup> Quarter  
January - September 2006*

*November 7<sup>th</sup>, 2006*

## INDEX

1. EXECUTIVE SUMMARY .....	3
1.1. Main financial figures.....	3
1.2. Main figures by activity .....	4
1.3. Acquisition of a 10% stake on Iberdrola .....	5
2. CONSOLIDATED FINANCIAL STATEMENTS .....	6
2.1. Income statement.....	6
2.2. Consolidated balance sheet.....	8
2.3. Cash flow statement.....	10
3. BUSINESS PERFORMANCE .....	13
3.1. Construction .....	13
3.2. Industrial Services .....	14
3.3. Services .....	16
3.4. Transportation Infrastructures Concessions.....	17
3.5. Affiliated Companies .....	17
ANNEXES.....	19
Annex I. Main contracts awarded .....	19
Annexe II. Capital markets .....	24

## 1. Executive Summary

### 1.1. Main financial figures

ACS Group			
Main financial figures		January - September	
Million Euro	3Q05	3Q06	Var. 06/05
<b>Turnover</b>	8,891.3	10,476.2	+17.8%
<i>International</i>	17.4 %	16.1 %	
<b>EBITDA</b>	785.7	925.2	+17.8%
<i>Margin</i>	8.8 %	8.8 %	
<b>EBIT</b>	596.4	710.6	+19.1%
<i>Margin</i>	6.7%	6.8 %	
<b>Net Profit from Listed Associates</b>	64.2	173.8	+170.9%
<b>Attributable Net Profit</b>	440.3	607.5	+38.0%
<i>Margin</i>	5.0%	5.8 %	
<b>EPS</b>	1.26 €	1.74 €	+37.7%
<b>Total Net Debt</b>	1,960.0	6,061.5	+209.3%
Net Debt with recourse	1,380.5	2,655.6	+92.4%
Non recourse Financing	579.5	3,405.9	+487.7%
<b>Net Worth</b>	2,521.3	3,152.4	+25.0%
<i>Gearing*</i>	54.8 %	84.2 %	
<b>Net Investments</b>	3,482.7	5,324.0	+52.9%

\* Net Debt with recourse / Net Worth

- Excellent operative performance: both sales and operating results show grow of around 17%.
- Net profit from listed associates, after the financial expenses - net of taxes - derived from the investments, reached € 173.8 million.
- Attributable net profit grew by 38.0% up to € 607.5 million, with a margin of 5.8 % over sales. EPS grew up to 1.74 €.
- Net debt with recourse amounted to € 2,655.6 million, with a gearing of 84.2 % . At the same time, the non recourse financing was € 3,405.9 million, of which € 2,359.4 million came from the Unión Fenosa operation.
- Net investments made in this first nine months totalled € 5,324.0 million, of which € 3,322 million come from the acquisition of a 10% in Iberdrola and € 1,005 million come from the acquisition of the 10% of Unión Fenosa through the tender offer successfully completed on the 1st of March.

## 1.2. Main figures by activity

<b>TURNOVER</b>		<b>January - September</b>			
Million Euro	3Q05	%	3Q06	%	Var. 06/05
Construction	4,174.7	46 %	5,054.7	48 %	+21.1%
Industrial Services	3,010.5	34 %	3,493.8	33 %	+16.1%
Services	1,777.7	20 %	1,987.4	19 %	+11.8%
Concessions	9.1	+0 %	18.1	0%	n.a.
Holding / Adjustments	(80.7)		(77.9)		
<b>TOTAL</b>	<b>8,891.3</b>		<b>10,476.2</b>		<b>+17.8%</b>

<b>EBITDA</b>		<b>January - September</b>			
Million Euro	3Q05	%	3Q06	%	Var. 06/05
Construction	307.3	38 %	374.8	40 %	+22.0%
Industrial Services	247.8	31 %	297.9	31 %	+20.2%
Services	252.1	31 %	276.2	29 %	+9.5%
Concessions	1.0	0%	4.3	0%	n.a.
Holding / Adjustments	(22.5)		(28.0)		
<b>TOTAL</b>	<b>785.7</b>		<b>925.2</b>		<b>+17.8%</b>

<b>EBIT</b>		<b>January - September</b>			
Million Euro	3Q05	%	3Q06	%	Var. 06/05
Construction	261.7	42 %	316.4	43 %	+20.9%
Industrial Services	209.4	34 %	257.0	35 %	+22.8%
Services	148.3	24 %	166.3	22 %	+12.2%
Concessions	1.2	0%	(1.0)	0%	n.a.
Holding / Adjustments	(24.2)		(28.1)		
<b>TOTAL</b>	<b>596.4</b>		<b>710.6</b>		<b>+19.1%</b>

<b>NET PROFIT</b>		<b>January - September</b>			
Million Euro	3Q05	%	3Q06	%	Var. 06/05
Construction	177.8	40 %	215.3	33 %	+21.1%
Industrial Services	132.3	30 %	163.4	25 %	+23.5%
Services	82.6	19 %	94.8	15 %	+14.8%
Concessions	(11.8)	-3%	(3.9)	0%	n.a.
Listed Associates	64.2	14%	173.8	27%	+170.9%
Holding / Adjustments	(4.8)		(35.9)		
<b>TOTAL</b>	<b>440.3</b>		<b>607.5</b>		<b>+38.0%</b>

<b>BACKLOG</b>		<b>January - September</b>			
Million Euro	3Q05	months	3Q06	months	Var. 06/05
Construction	9,028	20	10,389	19	+15.1%
Industrial Services	4,064	12	4,860	13	+19.6%
Services	12,457	64	12,739	59	+2.3%
<b>TOTAL</b>	<b>25,549</b>		<b>27,987</b>		<b>+9.5%</b>

### 1.3. Acquisition of a 10% stake on Iberdrola

- During the last week of September Grupo ACS acquired 90.2 million shares of Iberdrola, which represent a 10% of the company.
- The total investment amounts to 3,322.2 million euros, equivalent to an average price of 36.8 euros per Iberdrola's share.
- This investment reaffirms the strategic commitment of the Group with the energy sector for the long term, and together with the stake on Unión Fenosa makes ACS the main industrial shareholder of both companies.
- The financing scheme applied maintains the investment capacity of the Group as the funds are coming from a bridge loan granted by BBVA and Caja Madrid, that will be refinanced in the short term without recourse for the Group's shareholders.
- From the financial point of view, the deal is neutral in terms of EPS and cash flow generation for the coming years, as Iberdrola's results won't be consolidated; the dividends paid by the utility will be accounted for as financial income in Grupo ACS P&L.

## 2. Consolidated financial statements

### 2.1. Income statement

ACS Group					
Consolidated Income Statement					
			January - September		
Million Euro	3Q05	%	3Q06	%	Var. 06/05
<b>Net Sales</b>	<b>8,891.3</b>	<b>100.0 %</b>	<b>10,476.2</b>	<b>100.0 %</b>	<b>+17.8%</b>
Other revenues	289.2	3.3 %	469.2	4.5 %	+62.2%
<b>Total Income</b>	<b>9,180.5</b>	<b>103.3 %</b>	<b>10,945.4</b>	<b>104.5 %</b>	<b>+19.2%</b>
Operating expenses	(6,249.5)	(70.3 %)	(7,618.6)	(72.7 %)	+21.9%
Personnel expenses	(2,145.3)	(24.1 %)	(2,401.6)	(22.9 %)	+11.9%
<b>Operating Cash Flow (EBITDA)</b>	<b>785.7</b>	<b>8.8 %</b>	<b>925.2</b>	<b>8.8 %</b>	<b>+17.8%</b>
Fixed assets depreciation	(171.1)	(1.9 %)	(201.0)	(1.9 %)	+17.5%
Current assets provisions	(18.2)	(0.2 %)	(13.6)	(0.1 %)	-24.9%
<b>Operating Profit (EBIT)</b>	<b>596.4</b>	<b>6.7 %</b>	<b>710.6</b>	<b>6.8 %</b>	<b>+19.1%</b>
Financial income	52.4	0.6 %	108.0	1.0 %	+106.1%
Financial expenses	(135.4)	(1.5 %)	(267.8)	(2.6 %)	+97.8%
Foreign exchange Results	12.5	0.1 %	(9.7)	(0.1 %)	n.a.
Impairment non current assets results	(1.4)	(0.0 %)	(10.8)	(0.1 %)	n.a.
Results on equity method	93.4	1.1 %	264.4	2.5 %	+182.9%
Results on non current assets disposals	9.2	0.1 %	68.7	0.7 %	n.a.
Other profit / expenses	(29.2)	(0.3 %)	(79.3)	(0.8 %)	+171.7%
<b>Ordinary income of continued operations</b>	<b>598.0</b>	<b>6.7 %</b>	<b>784.2</b>	<b>7.5 %</b>	<b>+31.1%</b>
Corporate income tax	(141.4)	(1.6 %)	(164.8)	(1.6 %)	+16.5%
<b>Profit after taxes of the continued operations</b>	<b>456.6</b>	<b>5.1 %</b>	<b>619.4</b>	<b>5.9 %</b>	<b>+35.6%</b>
Profit after taxes of the discontinued operations	0.0	0.0 %	0.0	0.0 %	n.a.
<b>Consolidated Result</b>	<b>456.6</b>	<b>5.1 %</b>	<b>619.4</b>	<b>5.9 %</b>	<b>+35.6%</b>
Minority interest	(16.4)	(0.2 %)	(12.0)	(0.1 %)	-27.0%
<b>Net Profit Attributable to the Parent Company</b>	<b>440.3</b>	<b>5.0 %</b>	<b>607.5</b>	<b>5.8 %</b>	<b>+38.0%</b>

#### 2.1.1. Net Sales

- Accounted for € 10,476.2 million, 17.8% more than in 2005. All activities grow solidly, with the Construction activity growing 21.1%, Industrial Services and Urban Services growing also positively (16.1% and 11.8% respectively).
- International sales grew 9.3% up to € 1,690.6 million, representing 16.1 % of total sales.

#### 2.1.2. Operating cash flow (EBITDA)

- It ended the half on € 925.2 million, 17.8% more than last year's same period. EBITDA margin ended the period on 8.8 % .

- This growth is backed by an excellent performance of all areas, as both Construction and Industrial Services grow more than 20% (22.0% and 20.2% respectively) and Services a 9.5%.

### ***2.1.3. Operating profit (EBIT)***

- Accounted for € 710.6 million, 19.1% more than the last year, with a margin of 6.8 % over sales.
- Construction showed a good performance growing by 20.9%, as the rest of the areas: Industrial Services grew by 22.8% and Services a 12.2%.

### ***2.1.4. Ordinary profit from continued operations***

- Grew by 31.1% up to € 784.2 million, 7.5 % margin on sales, 80 b.p. better than last year.
- Financial expenses grew a 97.8%, up to € 267.8 million, mainly because of the investment policy of the Group the last 12 months, mainly Unión Fenosa investment. Financial income accounted for € 108.0 million, 106.1% more than in 1H05.
- Foreign exchange losses totalled € 9.7 million.
- Profit from affiliates accounting by the equity method were € 264.4 million, thanks to the acquisition of Unión Fenosa, the good performance of the companies and the increased stake in all of them.
- During this first nine months of 2006 Grupo ACS has accounted a capital gain after the disposal of non current assets of € 68.7 million corresponding to the sale of Sopol, 3 Latam concessions and the reduction in the stake of Xfera.
- Other losses in this period accounted for € -79.3 million, and they correspond to long term risk provisions for several companies of the Group.

### ***2.1.5. 2.1.5. Net profit attributable to the Parent Company***

- Net profit attributable to the parent company reached € 607.5 million, which means a growth rate of 38.0%.
- Corporate taxes reached € 164.8 million, growing 16.5% compared to 2005. Effective tax rate, excluding the profit from affiliates, ended on 31.7%, slightly higher than last year's rate.

## 2.2. Consolidated balance sheet

ACS Group					
Consolidated Balance Sheet					
30th of September					
Million Euro	1Q05	%	1Q06	%	Var. 06/05
Tangible fixed assets	2,255.6	13.1 %	2,648.5	11.1 %	+17.4%
Goodwill	1,039.1	6.1 %	1,096.0	4.6 %	+5.5%
Intangible fixed assets	452.7	2.6 %	391.4	1.6 %	-13.5%
LT financial investments	4,761.8	27.7 %	10,220.3	43.0 %	+114.6%
Other non-current assets	372.4	2.2 %	472.7	2.0 %	+26.9%
<b>Fixed and Non-current Assets</b>	<b>8,881.7</b>	<b>51.8 %</b>	<b>14,828.9</b>	<b>62.3 %</b>	<b>+67.0%</b>
Inventories	449.7	2.6 %	603.1	2.5 %	+34.1%
Accounts receivables	4,997.8	29.1 %	5,986.6	25.2 %	+19.8%
ST financial investments	1,712.3	10.0 %	1,115.9	4.7 %	-34.8%
Cash and banks	679.3	4.0 %	684.2	2.9 %	+0.7%
Other current assets	441.6	2.6 %	565.0	2.4 %	+27.9%
<b>CURRENT ASSETS</b>	<b>8,280.8</b>	<b>48.2 %</b>	<b>8,954.8</b>	<b>37.7 %</b>	<b>+8.1%</b>
<b>TOTAL ASSETS</b>	<b>17,162.4</b>	<b>100.0 %</b>	<b>23,783.6</b>	<b>100.0 %</b>	<b>+38.6%</b>
Shareholders' Equity	2,382.6	13.9 %	3,023.5	12.7 %	+26.9%
Minority Interests	138.7	0.8 %	128.9	0.5 %	-7.1%
<b>Net Worth</b>	<b>2,521.3</b>	<b>14.7 %</b>	<b>3,152.4</b>	<b>13.3 %</b>	<b>+25.0%</b>
<b>Capital Subsidies</b>	<b>222.3</b>	<b>1.3 %</b>	<b>75.5</b>	<b>0.3 %</b>	<b>-66.0%</b>
Loans from credit entities	2,645.1	15.4 %	3,224.5	13.6 %	+21.9%
Non recourse financing	565.0	3.3 %	3,358.9	14.1 %	+494.5%
Other financial liabilities	35.5	0.2 %	31.5	0.1 %	-11.1%
Other non-current liabilities	490.6	2.9 %	527.2	2.2 %	+7.5%
Hedging instruments	47.3		13.7	0.1 %	
Other liabilities	443.3	2.6 %	513.5	2.2 %	
<b>Non-current Liabilities</b>	<b>3,736.1</b>	<b>21.8 %</b>	<b>7,142.1</b>	<b>30.0 %</b>	<b>+91.2%</b>
Amounts owing to credit entities	1,088.4	6.3 %	1,196.1	5.0 %	+9.9%
Project Finance	14.5	0.1 %	47.1	0.2 %	+224.4%
Trade accounts payables	5,972.4	34.8 %	7,298.9	30.7 %	+22.2%
Other financial liabilities	3.2	0.0 %	3.6	0.0 %	+13.1%
Other current payables	3,604.3	21.0 %	4,867.9	20.5 %	+35.1%
ST liabilities due to UNF & IBD deals	2,219.3		3,322.2	14.0 %	
Other liabilities	1,385.0	8.1 %	1,545.7	6.5 %	

### 2.2.1. Non-current assets

- Fixed assets grew by 17.4% up to € 2,648.5 million at the end of September 2006.

- Financial assets correspond mainly to the stakes that the Group holds in affiliates accounting by equity method. The increase of € 5,458.5 million in the last 12 months comes from the acquisitions performed in Abertis and Unión Fenosa, including in this last one the tender offer finished last quarter, and the 10% stake in Iberdrola.

### 2.2.2. Working capital

- Working capital presents a credit balance of € 1,690 million, which means a improvement of € 221 million compared to last year's figure; this means the same days of sales ratio.

### 2.2.3. Net Debt

Net Debt (€ mn) September 30 <sup>th</sup> , 2006	Construction	Industrial Services	Services	Concessions	Holding / Adjustments	ACS Group
Non-current loans from credit entities	25.8	187.9	1,186.6		1,824.1	3,224.5
Current loans from credit entities	120.3	216.7	153.5	289.5	416.1	1,196.1
<b>Loans from credit entities</b>	<b>146.1</b>	<b>404.6</b>	<b>1,340.1</b>	<b>289.5</b>	<b>2,240.3</b>	<b>4,420.6</b>
Other non-current financial liabilities	21.3	7.8	7.6	87.2	(92.3)	31.5
Other current financial liabilities	1.5	1.9	0.1	0.0	0.0	3.6
<b>Other financial liabilities</b>	<b>22.8</b>	<b>9.7</b>	<b>7.7</b>	<b>87.2</b>	<b>(92.3)</b>	<b>35.2</b>
Cash and equivalents	1,917.2	506.5	544.8	42.1	(1,210.5)	1,800.1
<b>Net Debt / (Cash)</b>	<b>(1,748.3)</b>	<b>(92.2)</b>	<b>803.0</b>	<b>334.6</b>	<b>3,358.5</b>	<b>2,655.6</b>
LT non recourse financing	182.1	445.4	218.5	134.3	2,378.6	3,358.9
ST non recourse financing	8.8	4.6	16.9		16.8	47.1
<b>Non recourse financing</b>	<b>190.9</b>	<b>450.0</b>	<b>235.4</b>	<b>134.3</b>	<b>2,395.4</b>	<b>3,405.9</b>
<b>TOTAL NET DEBT</b>	<b>(1,557.4)</b>	<b>357.8</b>	<b>1,038.4</b>	<b>468.9</b>	<b>5,753.9</b>	<b>6,061.5</b>

- Net debt of the Group as of September 30<sup>th</sup>, 2006 totalled € 6,061.5 million, being € 3,405.9 million non recourse.
- The rest, € 2,655.6 million, corresponds to net debt with recourse meaning a gearing ratio of 84.2 % over net worth.
- In this figures were not included the increase of debt from the acquisition of Iberdrola's stake as the transaction was paid the 2<sup>nd</sup> of October.

### 2.2.4. Other non-current liabilities

- Totalled € 527.2 million, basically from risks provisions and accrued expenses and taxes.

### 2.2.5. Net worth

- Reached € 3,152.4 million, of which € 128.9 million correspond to minority interests, mainly concessional projects and international affiliates.

### 2.3. Cash flow statement

ACS Group		January - September		
Cash Flow Statement		3T05	3T06	Var. 06/05
Million Euro				
<b>EBITDA</b>		<b>785.7</b>	<b>925.2</b>	<b>+17.8%</b>
plus: Dividends received from affiliates		37.4	97.0	
plus: Interests and dividends received		52.4	108.0	
minus: Interests paid		(135.4)	(267.8)	
minus: Corporate tax paid		(141.4)	(164.8)	
minus: Other adjustments		(37.4)	(65.2)	
<b>Cash Flow from Operations</b>		<b>561.3</b>	<b>632.4</b>	<b>+12.7%</b>
Dec/(Inc) Trade Receivables & Other Debtors		(453.3)	(1,124.9)	
Dec/(Inc) Inventories		(68.7)	(49.5)	
Inc/(Dec) Trade Creditors		691.4	1,001.6	
Inc/(Dec) Other Creditors & ST Provisions		(6.0)	(9.3)	
<b>Working Capital (Requirements) / Excess</b>		<b>163.4</b>	<b>(182.1)</b>	<b>n.a.</b>
<b>Cash Flow from Operating Activities</b>		<b>724.7</b>	<b>450.3</b>	<b>-37.9%</b>
minus: Fixed assets investments		(371.0)	(347.1)	
minus: Concessional projects investments		(258.0)	(422.6)	
minus: Financial assets investments		(698.4)	(290.4)	
minus: Unión Fenosa acquisition		(2,219.3)	(1,144.0)	
minus: Unión Fenosa acquisition			(3,322.2)	
<b>Capital Expenditure</b>		<b>(3,546.7)</b>	<b>(5,526.3)</b>	<b>+55.8%</b>
<b>Disposal of Assets</b>		<b>64.0</b>	<b>202.3</b>	<b>+216.1%</b>
<b>Cash flow from Investing Activities</b>		<b>(3,482.7)</b>	<b>(5,324.0)</b>	<b>+52.9%</b>
Inc/(Dec) LT Bank credits		1,198.4	543.4	
Inc/(Dec) ST Bank credits		117.2	1,050.8	
Inc/(Dec) Non recourse financing		(678.4)	119.2	
<b>Bank Financing</b>		<b>637.2</b>	<b>1,713.4</b>	<b>+168.9%</b>
Dividends paid		(137.6)	(211.7)	
Treasury stock movements		36.8	19.0	
<b>Equity Financing</b>		<b>(100.8)</b>	<b>(192.7)</b>	<b>+91.2%</b>
Dividends paid		2,219.3	3,322.2	
Treasury stock movements		103.4	(52.8)	
<b>Other Liabilities</b>		<b>2,322.7</b>	<b>3,269.4</b>	<b>+40.8%</b>
<b>Cash Flow from Financing Activities</b>		<b>2,859.1</b>	<b>4,790.1</b>	<b>+67.5%</b>
Inc/(Dec) Cash & similar		101.1	(83.6)	
<b>Cash Position at the Beginning of the Period</b>		<b>578.1</b>	<b>767.8</b>	<b>+32.8%</b>
<b>Current Cash Position</b>		<b>679.2</b>	<b>684.2</b>	<b>+0.7%</b>

### 2.3.1. 2.3.1. Cash flow from operations

- EBITDA grows by 17.8% and cash flow from operations accounted for € 632.4 million, an 12.7% higher than last year's figure. The increase in financial expenses is provoked by the impact of investments performed during last twelve months, compensated with dividends paid by affiliates this first nine months of the year.
- The occasional increase of working capital in this period is provoked mainly by the usual seasonality of these figures.

### 2.3.2. Net consolidated investments

- Total investments of the Group during the first nine months of 2006 reached € 5,526.4 million:

Grupo ACS			
Net Investments		January - September	
Euro Million	Gross Investment	Disinvestments	Net Investment
Construction	307.1	(33.4)	273.7
Industrial Services	349.4	(56.5)	292.9
Services	245.5	(24.5)	221.0
Concessions	67.6	(65.7)	1.9
<b>Subtotal</b>	<b>969.6</b>	<b>(180.2)</b>	<b>789.5</b>
Iberdrola	3,322.2		3,322.2
Unión Fenosa	1,144.0		1,144.0
Others	90.5	(22.2)	68.3
<b>TOTAL</b>	<b>5,526.4</b>	<b>(202.3)</b>	<b>5,324.0</b>

- highlighting the following:
  - Financial assets investment of the acquisition of a 10% stake in Iberdrola for 3,322 million euros, the tender offer for the 10% of Unión Fenosa that accounts for € 1,005 million, and also another € 138.6 million invested this quarter in Union Fenosa to increase the Group's stake up to 35.7%.
  - In the Construction area the Group has invested € 307 million, mainly in equipment and concessions, whilst the sale of Sopol to a local partner in Portugal accounted for € 24 million.
  - In Industrial Services the Group invested € 350 million, mainly in renewable energies projects as the solar power plant in Granada, Project Andasol, and several wind farms. In the first quarter Grupo ACS acquired the industrial air-conditioning company

Humiclina and this second quarter the Group has sold an energy transmission line in Brazil by € 39 million.

- In Services the investment reached € 245 million to acquire environmental assets, mainly due to the renovation or new awarding of contracts, to acquire ports and logistics assets, and to renew the fleet in transportation services.
- The Group has invested € 67.6 million in highways concessions whilst at the same time the Group has disinvested in Fenoco's railways, totalling 38 million.
- The decrease in the stake on Xfera to 17% has generated an income € 22 million, entirely accounted as a capital gain to compensate the provision done for future risks on the project.

## 3. Business Performance

### 3.1. Construction

Construction			
Main financial figures		January - September	
Million Euro	1Q06	1Q06	Var. 06/05
Turnover	4,174.7	5,054.7	+21.1%
EBITDA	307.3	374.8	+22.0%
Margin	7.4%	7.4%	
EBIT	261.7	316.4	+20.9%
Margin	6.3%	6.3%	
Cont. Operations PBT	276.0	335.1	+21.4%
Margin	6.6%	6.6%	
Net Profit	177.8	215.3	+21.1%
Margin	4.3%	4.3%	
Backlog	9,028	10,389	+15.1%
Months	20	19	

#### 3.1.1. Turnover breakdown by activity

Construction			
Turnover breakdown by activity		January - September	
Million Euro	1Q06	1Q06	Var. 06/05
Civil Works	2,460.5	2,922.1	+18.8%
Non Residential Building	970.1	1,282.2	+32.2%
Residential Building	744.1	850.4	+14.3%
<b>TOTAL</b>	<b>4,174.7</b>	<b>5,054.7</b>	<b>+21.1%</b>
	<i>415.5</i>	<i>310.1</i>	<i>-25.4%</i>
<i>International</i>	<i>10%</i>	<i>6%</i>	

- Sales on the nine months of 2006 reached € 5,054.7 million, 21.1% more than last year, confirming the outstanding performance this year.
- Domestic activity has obtained a growth rate of 26.2%. This is provoked by the increase of the public activity, both for the local and central administrations.
- International activity decreased 25.4% because of the sale of the Portuguese subsidiary Sopol, meaning that the international activity weights 6% over the total sales.

#### 3.1.2. Operating results

- EBITDA grew by 22.0% with a margin over sales of 7.4% whilst the EBIT grew by 20.9%, with a margin of 6.3%.
- Net profit totalled € 215.3 million, a 21.1% more than in 2005.

### 3.1.3. Backlog evolution

- Order book continues to grow strongly, up in the first nine months to the record breaking figure of € 10,389 million, 15.1% more than last year. This means that, even after the important increase of the activity, the backlog amount is still equivalent to 19 months of activity.
- Domestic backlog grew by 18.4%, showing an increase above 10% in all categories, compared to 2005 amounts.
- International backlog diminished an 26.7% after the sale of Sopol in the last quarter of 2005.
- Recent awards in the US (tunnels for the MTA and the refurbishment of a highway) for over \$ 480 million are not included in this backlog figure.

## 3.2. Industrial Services

Industrial Services		January - September	
Main financial figures			
Million Euro	1Q06	1Q06	Var. 06/05
Turnover	3,010.5	3,493.8	+16.1%
EBITDA	247.8	297.9	+20.2%
Margin	8.2%	8.5%	
EBIT	209.4	257.0	+22.8%
Margin	7.0%	7.4%	
Cont. Operations PBT	194.6	239.0	+22.9%
Margin	6.5%	6.8%	
Net Profit	132.3	163.4	+23.5%
Margin	4.4%	4.7%	
Backlog	4,065	4,860	+19.6%
Months	12	13	

### 3.2.1. Turnover breakdown by activity

Industrial Services		January - September	
Turnover breakdown by activity			
Million Euro	1Q06	1Q06	Var. 06/05
Networks	577.4	575.6	-0.3%
Specialized Products	963.5	1,130.7	+17.3%
Energy Projects	932.8	1,120.5	+20.1%
Control Systems	536.7	667.0	+24.3%
<b>TOTAL</b>	<b>3,010.5</b>	<b>3,493.8</b>	<b>+16.1%</b>
<i>International</i>	<i>961.7</i>	<i>1,179.8</i>	<i>+22.7%</i>
	32%	34%	

- Industrial Services sales grew solidly the first nine months of the year, 16.1%, backed by the Specialized Products, Energy Projects and Control Systems activities.
- International activity continues to demonstrate a outstanding performance, backed by the Specialized Products (27.7% increase), Energy Projects (24.0% increase) and Control Systems activities, which grow 141.2%.
- Networks production has decreased a 0.3% because of the reorganization of the international activity and a change in the water networks maintenance processes in Spain.
- Specialized Products area has experienced a strong growth this first nine months, backed by the activity of electrical and railway installations in Spain, and also because of the growth in the international activity that now means half of the activity.
- Energy Projects, with a sales growth of 20.1% continues its solid growth backed by the increase of the investments performed by energy companies, specially in the oil and gas industry and the utilities, both in Spain and abroad.
- Control Systems grew by 24.3%, mainly because of the activity with the public administrations on lightning and traffic control services in Spain, and also after signing some international contracts.

### *3.2.2. Operating results*

- EBITDA grew by 20.2% with a margin over sales of 8.5%, 30 b.p. better than last year.
- Also EBIT had a good performance and grew a 22.8% with a margin of 7.4%, also above 2005, in this case 40 b.p.

### *3.2.3. Backlog evolution*

- A backlog of € 4,860 million (+19.6% in 12 months) represents 13 months of production, assuring the good results of the area in the coming months.
- Its worth to highlight the growth of Specialized Products, Energy Projects and Control Systems Backlogs, all of them over 23%.

### 3.3. Services

Services			
Main financial figures		January - September	
Million Euro	1Q06	1Q06	Var. 06/05
Turnover	1,777.7	1,987.4	+11.8%
EBITDA	252.1	276.2	+9.5%
Margin	14.2%	13.9%	
EBIT	148.3	166.3	+12.2%
Margin	8.3%	8.4%	
Cont. Operations PBT	121.9	134.9	+10.7%
Margin	6.9%	6.8%	
Net Profit	82.6	94.8	+14.8%
Margin	4.6%	4.8%	
Backlog	12,457	12,739	+2.3%
Months	64	59	

#### 3.3.1. Turnover breakdown by activity

Services			
Turnover breakdown by activity		January - September	
Million Euro	1Q06	1Q06	Var. 06/05
Environmental Services	801.1	904.8	+12.9%
Ports & Logistics Services	398.4	414.3	+4.0%
Transportation Services	137.3	149.0	+8.5%
Facility Management	440.9	519.4	+17.8%
<b>TOTAL</b>	<b>1,777.7</b>	<b>1,987.4</b>	<b>+11.8%</b>
<i>International</i>	<i>163.7</i>	<i>196.7</i>	<i>+20.1%</i>
	<i>9%</i>	<i>10%</i>	

- Good performance of all areas, especially Environmental Services that grows 12.9% and Facility Management, which grow a 17.8%. The Ports and Logistic Services slowdown is because of the logistic activities, while port activities grow more than 10%.

#### 3.3.2. Operating results

- EBITDA grew 9.5% with a margin of 13.9%. The decrease of 30 b.p. is caused by the increase of the oil prices, that impacts directly in Transportation and Logistics Services operating expenses; this impact could be compensated steadily by the forthcoming tariffs increase. EBIT grew up to a 12.2%, with a margin of 8.4%, 10 b.p. better than 2005 one.
- Net profit grew by 14.8% with a margin of 4.8%, 20 b.p. better than last year's figure.

### 3.3.3. Backlog evolution

- The services backlog amounts € 12,739 millions, which implies almost 5 years of activity. The continuous growth of this figure is a guarantee for the good performance of the area in the coming years.

### 3.4. Transportation Infrastructures Concessions

Concessions			
Main financial figures		January - September	
Million Euro	3T05	3T06	Var. 06/05
Turnover	9.1	18.1	n.a.
EBITDA	1.0	4.3	n.a.
EBIT	1.2	(1.0)	n.a.
Equity method	(8.4)	(16.1)	n.a.
Attributable Net Profit	(11.8)	(3.9)	n.a.

- The sales figure of this area comes mainly from the Autovía de la Mancha sales, the only concession that the Group has up and running and with a majority stake; also from the technical fees, mainly charged to TP Ferro.
- The negative equity method account is the consequence of the contribution of some concessions that are in their first years of operation, with the consequent impact on financial results.

### 3.5. Affiliated Companies

Associates			
Main financial figures		January - September	
Million Euro	3T05	3T06	Var. 06/05
Abertis	68.6	84.4	+23.1%
Unión Fenosa		146.2	n.a.
Urbis	23.4	31.4	+33.8%
<b>Income from Associates (E.M.)</b>	<b>92.0</b>	<b>262.0</b>	<b>+184.8%</b>
Financial Expenses	(42.8)	(135.7)	
Corporate taxes	15.0	47.5	
<b>Attributable Net Profit</b>	<b>64.2</b>	<b>173.8</b>	<b>+170.9%</b>

- Abertis contribution to the Groups results reached € 84.4 million, 23.1% above last year's figure, generated because of the excellent results of Abertis and the increase of the stake in the company during 2<sup>nd</sup> half of 2005.
- The main impact of this growth come from Unión Fenosa, which has contributed to the Groups results with € 146.2 million.

- Inmobiliaria Urbis has contributed to the Group's results with € 31.4 million in the first nine months, a 33.8% more than in 2005.
- Consequently, the contribution to the results of this investments accounted by equity method grows up to € 262.0 million, after discounting the goodwill amortization assigned to assets.
- Financial expenses associated to those investments in these companies are € 135.7 million, with a tax impact of € 47.5 million.
- According to this, attributable net profit of the listed affiliates in this first nine months accounts for € 173.8 million, an 170.9% more than last year's same period.

## Annexes

### *Annex I. Main contracts awarded*

#### *i. Construction*

##### Motorways and Roads

- M-30 ring-road improvements (Madrid)
- Busot - Campello highway section improvements (Alicante)
- Improvement of the M-501 road. Section: Quijorna to Navas del Rey (Madrid)
- Santa M<sup>a</sup> Cabeza road improvements (Madrid)
- A-8 highway improvements, section: Navia-Tapia Casariegos (Asturias)
- Denia Avenue Construction (Valencia)

##### Railways

- High speed railway section building between Olalla and Arcas (Cuenca)
- Railway section building between Utrera and Cabezas (Seville)
- Building of the new railway facilities Plaza (Zaragoza)
- Improvement of the Barcelona - Sants station (Barcelona)
- Building of the Atlantico Railway Section between Uxes-Pocomaco (Coruña)
- Transport platform: Arrazua-Legutiano (Alava)
- Project to refurbish the Gobantes-Abdalajis Tunnel (Málaga)
- Extension in Line 7 of the subway (Madrid)
- Refurbishment of the Northeast Corridor Section: Teruel - Cella (Aragon)
- Works in the Abdajalis tunnel (Málaga)
- Section Río Duero - Valladolid from the new NorthWest high speed railway sections (Castilla Leon)
- Refurbishment of line 11 subway stations (Madrid)

##### Other Works

- Residential developments in Paseo de la Dirección (Madrid)
- Residential developments in Sector 2, Fase A in Port Aventura (Tarragona)
- Metropolitan desalination plant building in Barcelona
- Works in the water networks between rivers Júcar - Vinal for the Confederación Hidrográfica del Júcar (Valencia)
- Third water deposit improvements for the Canal de Isabel II (Madrid)
- Works to supply of water Benavente city and River Tera Valley (Zamora)
- Water sanitation plant in Epele and Sanitation of the Alto Deba (Guipúzcoa)
- Villalba Barros Dam (Badajoz)
- Improvement of the irrigations near river Júcar (Valencia)
- Works to improve the irrigations near Almudévar (Huesca)
- Building of the subterranean parking in Gran Vía Street, Logroño
- Building of the foundations and structure of Islaz building (Madrid)
- Building of the 1<sup>st</sup> phase of the office facilities Royal (Sevilla)
- Building of several residential developments in Tenerife
- Parking facilities in the Children's Hospital Gregorio Marañón (Madrid)
- Residential developments 5 to 14 in Chiloeches (Guadalajara)

- Residential developments in the old Iveco-Pegaso factories (Madrid)
- Treatment plant improvements in Saelices - F-2 (Salamanca)
- Residential developments in the 3rd phase of the B-21 land lot of Las Tablas (Madrid)
- Treatment plant Almoguera-Algodor (Madrid)
- Zaragoza's Airport

### Non-residential Building

- Building of the Puente Pavilion for the Expoagua 2008 fair in Zaragoza
- Communication Palace refurbishment (Madrid)
- Enlargement and refurbishment of Severo Ochoa Hospital (Madrid)
- Building of Fabripress Industrial Facilities (Madrid)
- Building of Social Security building (Ceuta)
- Building of Peñalar School Building (Madrid)
- Building of Mira-Sol-Centre Building (Barcelona)
- Building of Raos Coal Warehouses (Cantabria)
- Building of the Penitentiary of Morón de la Frontera (Sevilla)
- Building of Geriatric Hotel Urbis (Barcelona)
- Building of the Expoagua facilities. Phase I (Zaragoza)
- Concession to build of 10 police stations (Barcelona)
- Building of the 6, 7 and 8 WTC buildings in Cornellá (Barcelona)
- Building of the Gerencia de Urbanismo headquarters (Málaga)
- Building of the Mistral building (Madrid)

### Residential Building

- Building of 225 houses in Costa Esuri (Huelva)
- Building of 202 houses in Vallecas (Madrid)
- Building of 168 houses in Arroyomolinos (Madrid)
- Building of 135 houses in Navalcarnero (Madrid)
- Building of 160 houses for Prosavi in Marbella (Málaga)
- Building of 246 houses for Cosmani-Arroyo (Valladolid)
- Building of 146 houses in Mérida (Badajoz)
- Building of 127 houses en the second phase of the project Alhaur Lar-Pina (Málaga)
- Building of 143 public financed houses in the land lot A2 in Las Tablas (Madrid)
- Building of 131 houses in Montornes2 (Barcelona)
- Building of 248 houses in Leganés (Madrid)
- Building of 136 houses PERI SR-8 (Córdoba)
- Building of 131 houses de in Land Lot A-3 (Madrid)
- Building of 203 houses in Massó en Bueu (Pontevedra)
- Building of 196 houses in Pau 1 (Alicante)
- Building of 171 houses in Salburua (Vitoria)
- Building of 188 houses in Santa Pola (Alicante)
- Building of 137 houses in Las Adelfas (Madrid)
- Building of 214 houses in San Jorge (Castellón)

## ii. Industrial Services

### Specialized Installations

- Mechanical and electrical installations in Puerta de Hierro Hospital in Majadahonda (Madrid)
- Electrical instalations (20 kV), transformers and lightning systems for the high speed trains in Guadarrama Tunnels (Madrid)
- Cuemba Hospital in Angola
- A 220kV line and substations (20km)
- CCGT mechanical installations in Puertomadryn for Alstom (Argentina)
- Morón de la Frontera Penitentiary electrical installations (Sevilla)
- Air conditioning installations for Cogemip in the new Lycée Galliéni, Toulouse (Francia)
- General stop in Area-II integral maintenance contract extensión for Borealis (Repsol) in Portugal
- Electrical installations on the tunnels of the M-30 ring-road, southern by-pass (Madrid)
- New Melilla port terminal.
- Economía y Hacienda building refurbishment (Madrid)
- 165 LT network and sub station for the CCGT power plant of San Lorenzo (Mexico)
- Sub station works in Xpujil, Estado de Campeche (Mexico)
- Catenary feeding systems for the trolleybuses in Barquisimeto (Venezuela)
- New channelling network for AITASA (Tarragona)
- Extension of the maintenance of the networks in CCGT of Castellnou (Teruel)
- Improvements and refurbishment of the "Centre Hospitalier" in Roanne (France)
- Improvements of the electrical feeding systems of the Barcelona's subway, line 1 (Barcelona)
- Air conditioning and fire protection system for Oncisa (México)
- Air conditioning, plumbing and fire protection systems for ECORESCORT in Roanne (France)
- Air conditioning and fire protection system for Metrovacesa (México)
- Fire protection systems for the new tunnels in Guadarrama (Madrid)
- Desulfuration plant La Robla II (León)
- Electricity distribution systems in Line 3, Madrid's subway
- Electricity distribution for Viesgo
- Electricity distribution works for lines 1 and 4 in Madrid's subway
- Facility management of Repsol/Boreales premises (Portugal)
- Mechanical maintenance in Sines Refinery (Portugal)
- Transmission Line concession in Artemio (Brasil)
- Air conditioning and heating installations in the intensive care unit of the Pontchaillou Hospital (Rennes, Francia)
- Electricity systems in section 1 in line 1 of the subway (Sevilla)
- Electrical Substation refurbishment in Universitat subway station (Barcelona)
- Electrical Substation installation in Vilapiscina, subway line 2 (Barcelona)
- Analysis premises for the Benzene Plant of Repsol Ypf (La Pobla de Mafumet, Tarragona)
- Air conditioning and heating systems installation in the SUW plant (Zaragoza)
- 230 kV transmission line from Gravatai 2 to Porto Alegre 8 (Brazil)
- Various installations for the 1 and 4 lines of the subway (Madrid)
- Electricity distribution systems for subway line 3 (Madrid)
- Puerta de Hierro electrical installations (Madrid)
- Improvements for Villanuela Airport (Valladolid)
- Burgos Building electrical systems installation (Santiago de Chile)

- Electrical systems installation in the Albocasser Penitentiary (Castellon)

### Integrated Projects

- Thermal power station building contract in Morata de Tajuna (Madrid)
- ADI-1000 project for the Petronor Refinery (Bilbao)
- Combined plants and a wide range of projects in the Lazaro Cardenas Refinery, in Minatitlan. Phase III (Mexico)
- Andasol Thermal Solar Power Plant (Granada)
- Changes accepted in the Buzzard Project: Building of a platform to produce oil and gas
- Changes accepted in the project to build the combined cycle gas turbine of Cristóbal Colon
- Changes accepted in the Project EPC-60: Refurbishments and Building works for a platform to produce oil
- Extension of Statoil Project
- Polyethylene Plant refurbishment and improvements (Kuwait)
- CCGT enhancements in Cartagena (Murcia)
- Adriático Project: topsides building for a gasification plant (Italy)
- Improvements on the offshore platform PB-KU-A2 (México)
- Escombreras desalination plant (Murcia)
- Sagunto CCGT auxiliary premises (Valencia)
- Biodiesel Plant building in Caparroso (Navarra)
- Sagunto CCGT plant improvements (Valencia)
- Ladora I wind farm construction (Valencia)
- Ladora II wind farm construction (Valencia)
- AES CCGT plant 3 x 400 MW (Cartagena)
- Tincer high performance centre (Canarias)

### Control Systems

- Member of the Joint Venture Barquitrans - Proyecto Transbarca (Venezuela)
- Works for the trolleybuses in Barquisimeto (Venezuela)
- Lightning systems maintenance for the city of Málaga
- Traffic lights instalment in Hospitalet del Llobregat (Barcelona)
- Madrid Subway signalling systems (Parla, Madrid)
- EMT BIT contract extension (Madrid)
- Traffic lights maintenance (Santa Cruz de Tenerife)
- ITS Project and toll systems in the ring road (Alicante)
- New subway East Line control systems (Madrid)
- Electrical and control systems on the Paseo de Monistrol-Puente de Segovia road section (Madrid)

## iii. Services and Concessions

### Environmental Services

- Cleaning services in the city of León
- Street cleaning and USW management in Mollet del Vallés (Barcelona)
- Street cleaning and USW management in Sant Joan Despí (Barcelona)
- Gardening contract extension in Arganda del Rey (Madrid)
- Gardening in Badalona (Barcelona)
- Maintenance and USW management in Benomelall landfill (Marruecos)

- Street cleaning and USW management in Vila Nova Gaia (Portugal)
- Street cleaning, water management and USW management in Sariegos (León)
- Street cleaning and USW management contract extension in Roquetas de Mar (Almería)
- Building, operation and maintenance of the water purifying facilities for Zone 2 in Aragón region (Spain)
- Street, beach cleaning and USW management (Santa Pola)
- Street cleaning and USW management in Libertador (Venezuela)
- Street cleaning and USW management (Palamós)
- Street cleaning and USW management (Villanueva del Pardillo, Madrid)
- Beach cleaning services (Barcelona)
- Street cleaning and USW management in San Fernando (Cádiz)
- Works in the old landfill (Rivas Vaciamadrid)
- Street cleaning and landfill management in Khouribga (Marruecos)
- Street cleaning and USW management Meknes (Marruecos)

### Facility Management

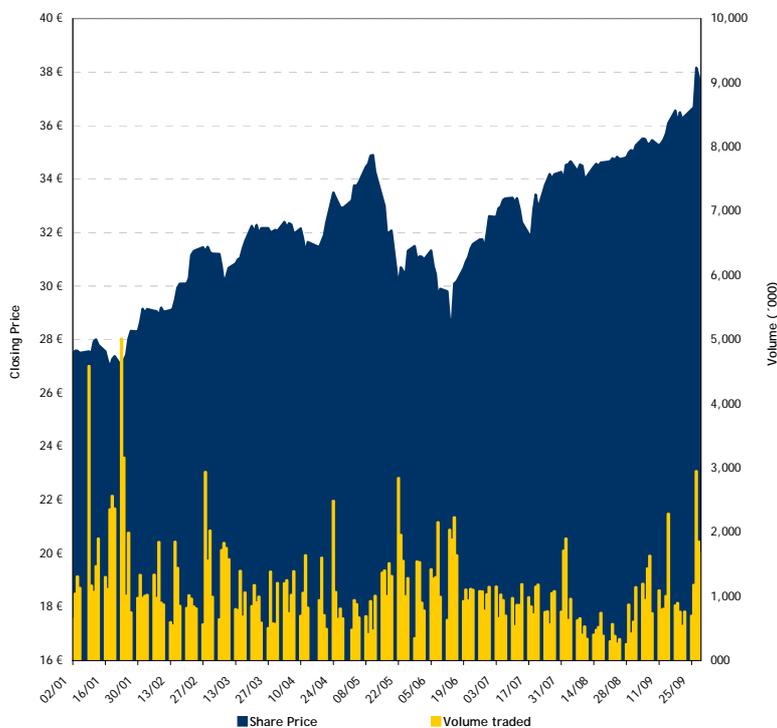
- Contract to clean the planes when landed in Málaga, Lanzarote and Fuerteventura airports.
- Iberia main contract extension to clean all planes in all Spain airports.
- Contract to clean 16 hospitals in Castilla Leon Region (Spain)
- Facility management in Universidad de Castilla La Mancha
- Management of the third age facilities in San Sebastián de la Orotava (Santa Cruz de Tenerife)
- Facility management in several student residencies in the Carlos II university, Madrid
- Cleaning services in Carlos Haya hospital in Málaga
- Facility management in the Santiago de Compostela University
- Management of the third age assistance services for the municipality of Buñol (Valencia)
- Management of the third age residence in L' Alcudia de Crespins (Valencia)
- Cleaning and gardening services in Cabueñes hospital (Gijón)
- Facility management of the SCH premises in Boadilla (Madrid)
- CAMP Reina Sofía facility management(Gran Canaria)
- Cleaning of public premises and schools in the Güimar Municipality (Las Palmas de Gran Canaria)
- Cleaning of the ports premises managed by the Andalucía Regional Government
- Albéniz Theater facility management (Madrid)
- Fábrica Nacional de Moneda y Timbre facility management(Madrid)
- Golf course refurbishment near Valencia's airport

### Concessions

- Member of the consortium awarded with the construction and management of the Ionian Roads Project, an investment in Greece of more than € 1,000 million in 30 years.

## Annexe II. Capital markets

ACS Data Share	3Q05	3Q06
Closing price	24.25 €	37.40 €
Annual performance	13.51%	37.45%
Cummulative Performance since 31.12.2000	189.73%	346.83%
Maximum in the period	26.83 €	39.15 €
Maximum Date	12-sep	27-sep
Minimum in the period	16.80 €	26.62 €
Minimum Date	03-ene	18-ene
Average in the period	21.66 €	31.39 €
Total volume ( '000)	297,497	216,667
Daily average volume ( '000)	1,549.46	1,128.48
Total traded effective (€ mn)	6,445	6,819
Daily average effective (€ mn)	33.57	35.52
Number of shares (mn)	352.87	352.87
Market cap (€ mn)	8,557	13,197



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