

ACS

ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS



 **Dow Jones
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An aerial photograph showing a large-scale construction project on a coastal cliffside. A long, curved concrete structure, possibly a breakwater or dam, extends into the blue ocean. Several cranes are visible on the structure. In the foreground, a green hillside features a modern building with a curved roofline and a small stone structure. A dirt road winds through the site.

Results Report 1st Half 2008

July 30th, 2008

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Executive Summary

1.1. Main financial figures

ACS Group			
Main financial figures		January - June	
Million Euro	2007	2008	Var. 08/07
Turnover	10,409	11,707	+12.5%
<i>International</i>	23.6 %	26.4 %	
EBITDA	1,709	1,909	+11.7%
<i>Margin</i>	16.4 %	16.3 %	
EBIT	1,192	1,363	+14.4%
<i>Margin</i>	11.4%	11.6 %	
Ordinary Net Profit*	482	560	+16.1%
Attributable Net Profit	1,010	893	-11.7%
<i>Margin</i>	9.7%	7.6 %	
ProForma Net Profit**	1,010	1,188	+17.5%
EPS	2.93 €	2.64 €	-9.8%
Net Investments	2,018.6	1,087	-46.1%
Investments	2,780	2,139	-23.1%
Disinvestments	762	1,052	n.a.
Total Net Debt (12/07 vs. 06/08)	16,575	18,442	+11.3%
Net Debt with recourse	6,933	8,530	+23.0%
Non recourse Financing	9,641	9,912	+2.8%
Net Worth (12/07 vs. 06/08)	10,441	9,949	-4.7%
<i>Gearing***</i>	66%	86%	

* Profit after taxes not including exceptional results

** Attributable Net Profit including 100% of InvinSL sale

*** Net Debt with recourse / Net Worth

- In 1H08 Grupo ACS has accounted a turnover of € 11,707 million, 12.5% more than last years figure.
- Both EBITDA and EBIT grow 11.7% and 14.4% respectively.
- The ordinary net profit after taxes, not including the exceptional results, grew by 16.1% up to € 560 million.
- The attributable net profit of the Group diminished 11.7% down to € 893 million. This difference is produced by the extraordinary results accounted in 2007 (Grupo Continental Auto) and because the sale of 51% of InvinSL has not been included in 2008 figures. If this result were to be included, the ProForma Net Profit would grow 17.5% up to € 1,188 million. The EPS at the end of the period is 2.64 € per share.
- Net investments totalled € 1,087 million, of which € 2,139 million correspond to gross investments as the acquisition of an additional 4.84% on Union Fenosa. The various disinvestment processes completed during this quarter generated € 1,052 million, coming from the sale of non-strategic assets in Union Fenosa and the sale of concessions to Abertis.
- The total net debt accounted for € 18,442 million, of which € 8,530 million are net debt with recourse, with a gearing of 86%. The non recourse financing figure climbed to € 9,912 million.

1.2. Main figures by activity

TURNOVER			January - June		
Million Euro	2007	%	2008	%	Var. 08/07
Construction	3,566	34%	3,584	30%	+0.5%
Concessions	15	0%	36	0%	n.s.
Environment & Logistics	1,397	13%	1,567	13%	+12.2%
Industrial Services	2,745	26%	3,290	28%	+19.8%
Energy	2,846	27%	3,393	29%	+19.2%
Holding / Adjustments	(160)		(163)		
TOTAL	10,409		11,707		+12.5%

EBITDA			January - June		
Million Euro	2007	%	2008	%	Var. 08/07
Construction	266	15%	267	14%	+0.5%
Concessions	0	0%	25	1%	n.s.
Environment & Logistics	187	11%	209	11%	+12.2%
Industrial Services	235	14%	293	15%	+24.6%
Energy	1,042	60%	1,137	59%	+9.1%
Holding / Adjustments	(21)		(22)		
TOTAL	1,709		1,909		+11.7%

EBIT			January - June		
Million Euro	2007	%	2008	%	Var. 08/07
Construction	223	18%	224	16%	+0.5%
Concessions	(3)	(0%)	19	1%	n.s.
Environment & Logistics	115	9%	130	10%	+12.4%
Industrial Services	202	17%	251	18%	+24.4%
Energy	677	56%	762	55%	+12.6%
Holding / Adjustments	(22)		(23)		
TOTAL	1,192		1,363		+14.4%

NET PROFIT			January - June		
Million Euro	2007	%	2008	%	Var. 08/07
Construction	150	27%	156	27%	+3.6%
Concessions	28	5%	6	1%	n.s.
Environment & Logistics	68	12%	78	14%	+15.0%
Industrial Services	129	24%	159	28%	+23.6%
Energy	140	26%	153	27%	+9.8%
Listed Associates	32	6%	19	3%	-39.9%
Holding / Adjustments	463		322		
TOTAL	1,010		893		-11.7%

BACKLOG			January - June		
Million Euro	2007	months	2008	months	Var. 08/07
Construction	11,269	19	11,752	19	+4.3%
Industrial Services	5,857	14	6,251	13	+6.7%
Services	12,895	60	15,745	62	+22.1%
TOTAL	30,021		33,748		+12.4%

Note: The percentages have been calculated as the sum of the activities considered in each area

1.3. Relevant facts occurred during 2008

- During the first half of 2008 Grupo ACS has completed the sale in the capital of Desarrollo de Concesiones Aeroportuarias S.L., the company that includes the investments performed by Grupo ACS in the airports of Chile, Colombia, Jamaica and Mexico.
- Also during the first half of 2008 ACS has sold to Abertis a 49% stake in Inversora de Infraestructuras S.L., a company which holds its stakes in the Chilean highway concessions Autopista Central (50%) and Rutas del Pacífico (48%). The closed selling price is 354 million euros.
- The addition 51% of Inversora de Infraestructuras S.L. has been sold in June 2008 to Abertis and to a Banco Santander risk capital company. This transaction is conditioned to regulatory approval, so its results are not included in this report. The price of this second percentage amounts € 368 million that totalize € 722 million with a capital gain of € 515 million.
- During the first half of 2008, and according to the mandate of the Annual General Meeting, 17,482,707 shares (a 4.954% of the total) has been amortized. Therefore the total number of shares of Grupo ACS changes to 335,390,427
- Last 8th of January 2008 Grupo ACS acquired an additional 4.84% of Unión Fenosa for € 657 million, for an accumulated stake of 45.3% of the utility.
- Last 27th of March Grupo ACS has acquired a 1% stake on Abertis for 134 million euros, for an accumulated participation of 25.8% of the company.
- According to the Relevant Fact published by Grupo ACS last 17th of July 2008 and as previously stated, Grupo ACS, always respecting the Government's energy policy, has maintained negotiations with different incumbents in the energy industry where ACS holds an important position due to the participation in Union Fenosa and Iberdrola, both companies where Grupo ACS is the reference shareholder. In these negotiations Grupo ACS has considered to sell its participation in Union Fenosa. Nevertheless, up to the day of publication of the Relevant Fact no agreement was reached whatsoever.

2. Consolidated financial statements

2.1. Income Statement

ACS Group					
Consolidated Income Statement					January - June
Million Euro	2007	%	2008	%	Var. 08/07
Net Sales	10,409	100.0%	11,707	100.0%	+12.5%
Other revenues	252	2.4%	356	3.0%	+41.4%
Total Income	10,661	102.4%	12,063	103.0%	+13.1%
Operating expenses	(6,938)	(66.7%)	(7,928)	(67.7%)	+14.3%
Personnel expenses	(2,014)	(19.3%)	(2,225)	(19.0%)	+10.5%
Operating Cash Flow (EBITDA)	1,709	16.4%	1,909	16.3%	+11.7%
Fixed assets depreciation	(474)	(4.6%)	(506)	(4.3%)	+6.7%
Current assets provisions	(43)	(0.4%)	(41)	(0.4%)	-5.3%
Ordinary Operating Profit (EBIT)	1,192	11.4%	1,363	11.6%	+14.4%
Fixed assets depreciation	(6)	(0.1%)	0	0.0%	-107.2%
Other operating results	(17)	(0.2%)	4	0.0%	-124.3%
Operating Profit	1,169	11.2%	1,367	11.7%	+17.0%
Financial income	184	1.8%	236	2.0%	+28.0%
Financial expenses	(541)	(5.2%)	(686)	(5.9%)	+26.8%
Ordinary Financial Result	(357)	(3.4%)	(450)	(3.8%)	+26.2%
Foreign exchange Results	8	0.1%	(2)	(0.0%)	n.a.
Impairment non current assets results	12	0.1%	(3)	(0.0%)	n.a.
Results on non current assets disposals	200	1.9%	469	4.0%	n.a.
Net Financial Result	(137)	(1.3%)	14	0.1%	n.a.
Results on equity method	88	0.8%	104	0.9%	+18.2%
Ordinary income of continued operations	1,120	10.8%	1,486	12.7%	+32.7%
Corporate income tax	(218)	(2.1%)	(277)	(2.4%)	+27.4%
Profit after taxes of the continued operations	902	8.7%	1,209	10.3%	+34.0%
Profit after taxes of the discontinued operations	424	4.1%		0.0%	n.a.
Consolidated Result	1,326	12.7%	1,209	10.3%	-8.9%
Minority interest	(316)	(3.0%)	(316)	(2.7%)	n.a.
Net Profit Attributable to the Parent Company	1,010	9.7%	893	7.6%	-11.7%

2.1.1. Net Sales

- Totalled € 11,707 million, a 12.5% more than in 2007. Both Environment and Logistics, that grows by 12.2%, Industrial Services growing by 19.8% and Energy (+19.2%) maintain the growing trend whilst Construction grows by 0.5%, backed by the international expansion of its activity.

- The international sales grew by 26.0% up to € 3,094 million, which means 26.4 % of the total sales. Its worth noting the solid growth in International Construction, that grows by 111% specially focused on the US market. The other activities grow around 20%

2.1.2. Operating cash flow (EBITDA)

- Accounted for € 1,909 million, a 11.7% more than last years figure. The margin over sales is 16.3%.

2.1.3. Operating profit (EBIT)

- Accounted for € 1,363 million, a 14.4% more than last year, with a margin of 11.6 % over sales.
- Again, it grew solidly in all areas of activity, highlighting Industrial Services, which grew by 24.4%, Environment & Logistics and Energy, growing by 12.4% and 12.6% respectively. Construction EBIT grew by 0.5%.

2.1.4. Ordinary Financial Result

- Financial expenses accounted for € 686.2 million, whilst the financial income reached € 236 million, thus the ordinary financial results accounts for € (450) million.
- The financial income in 1H08 includes Iberdrola dividends, approved by its Annual General Meeting held last April, and amount € 58.1 million.
- Financial expenses are 26.8% above last years figure due to the increase of the interest rates and the investments made during the last twelve months, specifically the acquisitions of an stake in Hochtief in April 2007 and the 4.84% of Union Fenosa in January 2008.

2.1.5. Ordinary profit from continued operations

- Accounted for € 1,486 million, 32.7% more than last year with a margin on sales of 12.7% .
- Foreign exchange results had a negative impact of € 2 million.
- Profit from affiliates accounting by the equity method accounted for € 104 million. Abertis contributes with € 70.4 million, 9.3% more than last year and Hochtief contributes with € 21.4 million. The remaining amount comes from concessions and Union Fenosa affiliates.
- During 2008 Grupo ACS has obtained a capital gain after the disposal of non current assets of € 469 million, coming mainly from the sale of the airports and the sale of a 49% of Invinsl. The sale of the additional 51% was performed last June but, as is pending of

regulatory approval, the results of this transaction (€ 295.1 million) are not included in this period.

2.1.6. Net profit attributable to the Parent Company

- Net profit attributable to the Parent Company reached € 892.5 million, meaning a decrease of 11.7% compared to 2007 figure. This change is produced due to the increased financial expenses and the lower contribution from extraordinaries, as the figures of last year included the sale of Grupo Continental Auto. If the results of the total sale of InvinSL were to be accounted, the ProForma Net Profit would have grown by 17.5% up to € 1,188 million.
- Excluding the exceptional results of the year, the Ordinary Net Profit accounts for € 560 million, 16.1% more than same period of last year.

Grupo ACS			
Evolution of Net Profit - Details			
€ Million	jun-07	jun-08	Var. 08/07
Ordinary Net Profit	482	560	+16.1%
plus: Capital gain from DCA		109	
plus: Capital gain from 49% Invinsa		224	
plus: Capital gain Grupo Continental Auto	424		
plus: Other results	104		
Net Profit	1,010	893	-11.7%
plus: Capital gain from 51% Invinsa		295	
ProForma Net Profit	1,010	1,188	+17.5%

- Corporate taxes reached € 277.2 million. Effective tax rate ended on 20.1%, although not including extraordinary results, this rate climbs to 26.0%.
- The net profit, attributable to minority interests of € 316.1 million, mainly corresponds to Unión Fenosa.

2.2. Consolidated balance sheet

ACS Group					
Consolidated Balance Sheet					
Million Euro	Dec-07	%	Jun-08	%	Var.
Intangible Fixed Assets	4,393	8.9 %	4,735	9 %	+7.8%
Tangible Fixed Assets	14,526	29.3 %	14,867	29 %	+2.3%
Concession Projects Assets	3,948	8.0 %	4,285	8 %	+8.5%
Property Assets	47	0.1 %	56	0 %	+18.1%
Investments accounted by Equity Method	4,231	8.5 %	4,285	8 %	+1.3%
Long Term Financial Investments	6,401	12.9 %	5,934	12 %	-7.3%
Deferred Taxes Assets	1,057	2.1 %	1,100	2 %	+4.0%
Other Non Current Assets	16	0.0 %	9	0 %	-45.8%
Fixed and Non-current Assets	34,621	69.8 %	35,272	69 %	+1.9%
Non Current Assets Held for Sale	595	1.2 %	148	0 %	-75.2%
Inventories	897	1.8 %	897	2 %	+0.1%
Accounts receivables	9,334	18.8 %	10,273	20 %	+10.1%
Short Term Financial Investments	1,421	2.9 %	1,900	4 %	+33.7%
Other Short Term Assets	74	0.1 %	112	0 %	+52.4%
Cash and banks	2,652	5.3 %	2,270	4 %	-14.4%
CURRENT ASSETS	14,973	30.2 %	15,600	31 %	+4.2%
TOTAL ASSETS	49,593	100.0 %	50,872	100 %	+2.6%
Shareholders' Equity	4,654	9.4 %	4,470	9 %	-3.9%
Minority Interests	5,787	11.7 %	5,479	11 %	-5.3%
Net Worth	10,441	21.1 %	9,949	20 %	-4.7%
Subsidies	811	1.6 %	760	1 %	-6.2%
Long Term Provisions	1,499	3.0 %	1,404	3 %	-6.3%
Long Term Financial Liabilities	16,804	33.9 %	17,570	35 %	+4.6%
Deferred Taxes Liabilities	1,946	3.9 %	1,804	4 %	-7.3%
Other Long Term Accrued Liabilities	401	0.8 %	653	1 %	+62.7%
Non-current Liabilities	21,461	43.3 %	22,191	44 %	+3.4%
Liabilities from Assets Held for Sale	103	0.2 %	43	0 %	-58.3%
Short Term Provisions	273	0.6 %	308	1 %	+12.9%
Short Term Financial Liabilities	3,842	7.7 %	5,042	10 %	+31.2%
Trade accounts payables	11,865	23.9 %	12,255	24 %	+3.3%
Other current payables	1,608	3.2 %	1,084	2 %	-32.6%
Current Liabilities	17,692	35.7 %	18,731	37 %	+5.9%
TOTAL EQUITY & LIABILITIES	49,593	100.0 %	50,872	100 %	+2.6%

2.2.1. Non-current assets

- Intangible fixed assets account for € 4,735 million of which € 3.291 million correspond to the goodwill generated with the investments performed during the last years. The tangible fixed assets account for € 14,867 million out of which more than € 13,300 million correspond to Unión Fenosa Assets. Additionally the non current assets in concessional projects account for € 4,285 million out of which € 2,000 million are invested in renewable energy projects.

- Long term financial investments, including the stake in Iberdrola, account for € 5,934 million. The Investments accounted by equity method include the stakes in Abertis and Hochtief and accounts for € 4,285 million.

2.2.2. Working capital

- Working capital presents a credit balance of € 2,364 million. The change in this account is due to:
 - The reduction of the credit balance in Unión Fenosa is due to the increase of the tariff deficit during the last months, not yet securitized, which accounts for € 303 million.
 - The variation of the working capital in the domestic Construction activity due to the slowdown of sales, with the subsequent impact on the trade account.

2.2.3. Net Debt

Net Debt (€ mn)	Construction	Concessions	Environment & Logistics	Industrial Services	Energy	Corporation / Adjustments	Grupo ACS
Bond issues LT					1,214		1,214
Bond issues ST					603		603
Bond issues					1,817		1,817
Non-current loans from credit entities	188	2	1,112	213	2,494	1,947	5,957
Current loans from credit entities	746	312	502	280	629	1,591	4,060
Loans from credit entities	934	314	1,615	493	3,123	3,538	10,017
Other non-current financial liabilities	49	6	46	11	1,674	(1,019)	767
Other current financial liabilities	204	0	18	8	475	(605)	99
Other financial liabilities	252	6	64	19	2,149	(1,624)	866
Cash and equivalents	2,440	371	922	1,171	297	(1,031)	4,170
Net Debt / (Cash)	(1,253)	(51)	756	(659)	6,791	2,946	8,530
LT non recourse financing	152	569	273	1,759	3,439	3,440	9,632
ST non recourse financing	4	9	17	45	100	105	280
Non recourse financing	155	578	290	1,804	3,539	3,546	9,912
TOTAL NET DEBT	(1,098)	527	1,047	1,145	10,330	6,492	18,442

- Net debt of the Group at the end of the quarter reached € 18,442 million, being € 9,912 million non recourse.
- € 6.356 million from this non recourse debt correspond to the financial vehicles created to the acquisition of Unión Fenosa, Iberdrola and Hochtief shares, whilst the rest of the debt is project finance.
- The net debt with recourse accounts for € 8,530 million, meaning a gearing ratio of 86% and 2.2 times the annualized EBITDA of the Group.

2.2.4. Net worth

- Reached a € 9,949 million, of which € 4,470 million corresponds to shareholder's equity.

- Out of the total minority interests account of € 5,479 million, the majority come from the integration of Unión Fenosa.

2.3. Cash flow statement

ACS Group		January - June	
Cash Flow Statement			
Million Euro	2007	2008	Var. 08/07
Net Profit	1,010	893	-11.7%
Adjustments to net profit without cash flow	47	316	
Working Capital Variation	(182)	(931)	
Cash Flow from Operating Activities	875	278	-68.2%
1. Investments	(2,780)	(2,139)	
2. Disinvestments	762	826	
Cash flow from Investing Activities	(2,019)	(1,313)	-35.0%
1. Receivals/(Payments) on net worth instruments	240	(204)	
3. Dividends paid	(141)	(265)	
4. Other adjustments	(277)	(364)	
Other Cash Flows	(178)	(833)	+369.1%
Net Debt Variation	(1,322)	(1,868)	+41.3%

Note: Total disinvestments accounted for € 1,052 million, out of them, € 588 million were received during 2007 as prepayments, whilst in June 2008 Grupo ACS received € 368 million as a prepayment from the sale of 51% of InvinSL.

2.3.1. Cash flow from operations

- Cash flow from operating activities reached € 278 million and were affected by the changes experienced in the working capital including the tariff deficit of € 303 million of Unión Fenosa.

2.3.2. Net consolidated investments

- Total investments of the Group during 2007 reached € 1,087 million:

Grupo ACS			
Net Investments		January - June	
Euro Million	Gross Investment	Disinvestments	Net Investment
Construction	37	(15)	22
Concessions	103	(581)	(478)
Environment & Logistics	160	(20)	140
Industrial Services	532	(6)	526
Energy	494	(430)	64
Corporation	813		813
TOTAL	2,139	(1,052)	1,087

- Grupo ACS has invested € 657 million in the acquisition of a 4,84% of Unión Fenosa and € 134 million in the acquisition of a 1% of Abertis.
- The Group has invested in Construction € 37 million, mainly in equipment and machinery.
- In Concessions the Group has invested € 103 million, being the most important the investments in the Santiago Brion Highway in Galicia, the Reus - Alcover Highway in Tarragona the Majadahonda and La Rivera Norte Hospitals and the Central Greece Highway. The amount accounted as disinvestment in this period corresponds to the sale to Abertis of a 49% of Invinsl in Chile and the airports of DCA.
- In Environment & Logistics the Group has invested € 160 million. Mainly in the acquisition of environmental assets or in the renewal of contracts, for a total of more than € 65 million. In Ports and Logistics the Group has invested € 43 million mainly in Bilbao terminal and the renewal of Agency contracts. Clece has invested € 13 million this period in commercial activity.
- In Industrial Services ACS has invested € 532 million, mainly in renewable energy projects as in the thermosolar plants (€ 158 million) and in wind farms (€ 254 million).
- In the Energy area, Unión Fenosa has invested € 494 million, and the breakdown is as follows:
 - Generation € 151 mn
 - Distribution € 116 mn
 - Gas € 7 mn
 - International € 139 mn

Additionally Unión Fenosa has sold some non strategic assets, as Auna for € 197 million and the Meralco stake for € 172 million. The contribution of these divestments to the net profit of ACS has accounted for € 35.5 million after the price purchase allocation of assets.

2.3.3. Cash flow from financing activities

- The debt increase of the Group in these 6 months of the year accounted for € 1,868 million.
- The Group has paid during this period € 265 million in dividends for their shareholders. Unión Fenosa has distributed € 113 million in dividends corresponding to minority shareholders, included in the Other Sources line of the Cash Flow Statement.
- During 1H08 the Group has increased its treasury stock by € 204 million, the majority of them cancelled as decided in the Annual General Meeting.

3. Business Performance

3.1. Construction

Construction			
Main financial figures			January - June
Million Euro	2007	2008	Var. 08/07
Turnover	3,566.1	3,584.0	+0.5%
EBITDA	266.0	267.4	+0.5%
Margin	7.5%	7.5%	
EBIT	223.3	224.4	+0.5%
Margin	6.3%	6.3%	
Cont. Operations PBT	234.3	227.3	-3.0%
Margin	6.6%	6.3%	
Net Profit	150.1	155.6	+3.6%
Margin	4.2%	4.3%	
Backlog	11,269	11,752	+4.3%
Months	19	19	

3.1.1. Turnover breakdown by activity

Construction			
Turnover breakdown by activity			January - June
Million Euro	2007	2008	Var. 08/07
Civil Works	2,129.2	2,165.7	+1.7%
Non Residential Building	878.2	805.4	-8.3%
Residential Building	558.7	612.9	+9.7%
TOTAL	3,566.1	3,584.0	+0.5%
<i>International</i>	<i>174.3</i>	<i>368.1</i>	<i>+111.2%</i>
	<i>5%</i>	<i>10%</i>	

- Sales on 1H08 reached to € 3,584.0 million, 0.5% more than last year.
- The international activity has grown by 111.2% as a result of the increase of the contracting in the United States and the concession activity of the Group in Greece and Ireland.
- This has permitted to compensate the slow down of the domestic production. The homebuilding activity grew by 9.7% supported by the inertia of its last phase of its expansive cycle. The Non Residential Building has been affected by the reduction of the commercial building in Spain.

3.1.2. Operating results

- EBITDA grew by 0.5% reaching a 7.5% margin on sales, the same as last year, and EBIT grew by 0.5%, with a sales margin of 6.3%, the same level as last year.
- Net Profit accounted for € 155.6 million, 3.6% more than 2007 figure maintaining its margins on sales.

3.1.3. Backlog evolution

Construction			
Backlog breakdown by activity			
	January - June		
Million Euro	2007	2008	Var. 08/07
Civil Works	7,107.9	8,569.5	+20.6%
Non Residential Building	2,206.1	1,974.7	-10.5%
Residential Building	1,954.9	1,208.0	-38.2%
TOTAL	11,268.9	11,752.2	+4.3%
<i>International</i>	<i>1,295.3</i>	<i>2,597.4</i>	<i>+100.5%</i>
	<i>11%</i>	<i>22%</i>	

- Backlog continues growing and reaches € 11,752 million, 4.3% more than last year, representing 19 months of activity.
- International backlog doubled since last year. This effect compensates the lowering in Domestic Building. Spain's Civil Works backlog grew by 2.7% backed by the increased tendering processes of the Central Administrations. This is a trend that is expected to continue in the coming months.

3.2. Concessions

Concessions			
Main financial figures		January - June	
Million Euro	2007	2008	Var. 08/07
Turnover	15.1	35.6	n.a.
EBITDA	0.2	25.0	n.a.
EBIT	(2.9)	19.0	n.a.
Equity method	(5.4)	(17.0)	n.a.
Attributable Net Profit	28.3	5.7	n.a.

- The sales figure of this area comes from the Autovía de la Mancha and Santiago Brion Highways, the transfer stations of Principe Pio and Avenida de America in Madrid and the Can Brians penitentiary in Barcelona.

3.3. Environment & Logistics

Environment & Logistics			
Main financial figures			January - June
Million Euro	2007	2008	Var. 08/07
Turnover	1,396.6	1,567.2	+12.2%
EBITDA	186.6	209.3	+12.2%
Margin	13.4%	13.4%	
EBIT	115.3	129.6	+12.4%
Margin	8.3%	8.3%	
Cont. Operations PBT	97.7	114.5	+17.2%
Margin	7.0%	7.3%	
Net Profit	67.8	78.0	+15.0%
Margin	4.9%	5.0%	
Backlog	12,895	15,745	+22.1%
Months	60	62	

3.3.1. Turnover breakdown by activity

Environment & Logistics			
Turnover breakdown by activity			January - June
Million Euro	2007	2008	Var. 08/07
Environmental Services	652.4	724.2	+11.0%
Ports & Logistics Services	331.2	375.1	+13.3%
Facility Management	413.0	467.9	+13.3%
TOTAL	1,396.6	1,567.2	+12.2%
<i>International</i>	<i>157.8</i>	<i>189.1</i>	<i>+19.8%</i>
	11%	12%	

- Good performance of all areas, with double digit growth in all of them.
- International activity grows by 19.8% due to the strong performance in ports and treatment plants, coming from the contracts awarded in last years. .

3.3.2. Operating results

- Both EBITDA and EBIT grow in line with sales and maintain margins, EBITDA on sales 13.4% and EBIT 8.3%.
- Net Profit grew 15.0% with a margin on sales of 5.0%, 10 basic points above last year.

3.3.3. Backlog evolution

Environment & Logistics		Backlog breakdown by activity		January - June
Million Euro	2007	2008	Var. 08/07	
Environmental Services	7,269.5	9,493.6	+30.6%	
Ports & Logistics Services	4,780.5	5,273.7	+10.3%	
Facility Management	844.7	977.8	+15.7%	
TOTAL	12,894.7	15,745.1	+22.1%	
<i>International</i>	<i>2,502.8</i>	<i>3,923.1</i>	<i>+56.7%</i>	
	<i>19%</i>	<i>25%</i>		

- Environment & Logistics backlog accounts € 15,745 million, approximately 5 years of activity.
- The increase of Environmental Services backlog is the result of the positive evolution of the important projects awarded abroad the last quarter of 2007, mainly in the French market
- Ports and Logistics Services include the contract of the construction and the management of the new terminal in Bombay port in India.
- The increase in Facility Management backlog is due to the exceptional commercial effort with private clients, translated into more backlog.

3.4. Industrial Services

Industrial Services			
Main financial figures			January - June
Million Euro	2007	2008	Var. 08/07
Turnover	2,745.4	3,290.1	+19.8%
EBITDA	235.4	293.2	+24.6%
Margin	8.6%	8.9%	
EBIT	201.6	250.7	+24.4%
Margin	7.3%	7.6%	
Cont. Operations PBT	186.0	225.9	+21.5%
Margin	6.8%	6.9%	
Net Profit	128.8	159.3	+23.6%
Margin	4.7%	4.8%	
Backlog	5,857	6,250	+6.7%
Months	14	13	

3.4.1. Turnover breakdown by activity

Industrial Services			
Turnover breakdown by activity			January - June
Million Euro	2007	2008	Var. 07/06
Support Services	2,038.3	2,209.0	+8.4%
Networks	435.8	462.1	+6.0%
Specialized Products	1,061.1	1,244.6	+17.3%
Control Systems	541.4	502.3	-7.2%
Energy Projects	770.6	1,133.9	+47.2%
EPC Projects	647.8	809.8	+25.0%
Renewables	122.8	324.1	+163.9%
Consolidation Adjustments	-63.5	-52.8	<i>n.a.</i>
TOTAL	2,745.4	3,290.1	+19.8%
International	849.6	1,041.9	+22.6%
% over total sales	31%	32%	

- Sales on Industrial Services grew solidly in these months of 2008, by 19.8%, backed by Energy Projects, Specialized Products and International activity that continues to show a positive performance, growing by 22.6%.
 - The Support Services activity represents 66% of total sales and grew by 8.4% thanks to Specialized Products activity, with the Spanish sales of this division growing over 9.6%.
 - Control Systems decrease by 7.2%, mainly because of the end of some international contracts that have not been renewed.

- Energy Projects activity grows solidly by 47.2%, with an excellent performance in its activities:
 - EPC Projects, growing by 25.0% backed by the strong demand of energy assets both in Spain and abroad.
 - Renewable energies activity grew by 163.9% up to € 324.1 million. This significant growth is produced because of two main reasons:
 - The start of the operation of various wind farms during the last quarter of last year, with a generation income of € 66.3 million.
 - The advance in the construction of the Thermal Solar plants.

3.4.2. Operating results

- EBITDA grew by 24.6% with a margin on sales of 8.9%, 30 b.p. better than last year as a result of the change of mix experienced, where Energy Projects and Renewable Energies contribute in greater proportion.
- EBIT grew by 24.4% leaving the margin on sales on 7.6%, 30 basic points above 2007.

3.4.3. Backlog evolution

Industrial Services			
Backlog breakdown by activity			January - June
Million Euro	2007	2008	Var. 07/06
Support Services	3,886.2	4,134.6	+6.4%
Domestic Backlog	2,799.4	2,842.7	+1.5%
International Backlog	1,086.8	1,291.9	+18.9%
Energy Projects	1,970.5	2,115.9	+7.4%
Domestic Backlog	1,209.8	965.7	-20.2%
International Backlog	760.7	1,150.2	+51.2%
TOTAL	5,856.7	6,250.5	+6.7%
Domestic	4,009.2	3,808.4	-5.0%
International	1,847.5	2,442.1	+32.2%
<i>% over total backlog</i>	<i>32%</i>	<i>39%</i>	

- The backlog of € 6,250 million (+6.7%) means more than a year of activity, assuring the good results of the area in the coming months.
- The domestic backlog in Support Services grows by 1.5% whilst the international figure grows by 18.9%, backed by the effect of Control Systems that grows more than 60% after the renewal of some contracts. Specialized Products also grow close to 40% abroad.
- The finalization of some projects in Spain has affected the Energy Projects backlog, compensated by the growth of the international figures.

3.5. Energy

Energy		January - June	
Main financial figures			
Million Euro	2007	2008	Var. 08/07
Turnover	2,846.5	3,393.2	+19.2%
EBITDA	1,041.6	1,136.6	+9.1%
Margin	36.6%	33.5%	
EBIT	676.4	761.9	+12.6%
Margin	23.8%	22.5%	
Cont. Operations PBT	619.8	648.6	+4.6%
Margin	21.8%	19.1%	
Net Profit	139.4	153.2	+9.9%
Margin	4.9%	4.5%	

3.5.1. Turnover breakdown by activity

Energy		January - June	
Turnover breakdown by activity			
Million Euro	2007	2008	Var. 08/07
Generation	1,004.7	1,287.7	+28.2%
Distribution	351.3	390.3	+11.1%
Gas	276.8	358.6	+29.5%
Other / adjustments	-55.7	-129.9	n.a.
Domestic	1,577.1	1,906.7	+20.9%
International	1,269.4	1,486.5	+17.1%
	45%	44%	
TOTAL	2,846.5	3,393.2	+19.2%

- Generation income has grown 28.2% versus the figures accounted in 2007. This growth is due to the strong increase of the commercialization income as a consequence of the increased energy supplied (+41%) and to the increase in the pool price. Besides, the usage of coal from Kangra Mine reduces the coal prices increase. CCGT activity has been increased as a consequence of a reduced use of hydro, nuclear and coal power plants.
- The pool prices increase, higher than 63% compensates the slowdown of 6.1% in production and the increased CO₂ costs.
- The Special Regime production reached 511GWh.
- Distribution income has increased 11.1% to reach € 390.3 million.
- Gas has reached €358.6 million income, 29.5% higher than 2007. Energy sold in Spain grows by 17.6% and the average selling price grows by 17%.

- International income accounts for €1,486.5 million, 17.1% above 2007 even after a negative impact in exchange rates.

3.5.2. Operating results

Energy			
EBIT breakdown by activity			January - June
Million Euro	2007	2008	Var. 08/07
Generation	250.2	274.9	+9.9%
Distribution	154.8	183.1	+18.3%
Gas	140.9	156.1	+10.8%
International	189.2	204.1	+7.9%
Other / Adjustments	-5.9	-3.7	+0.0%
TOTAL Unión Fenosa	729.2	814.5	+11.7%
Consolidation adj. ACS		-52.6	
TOTAL ACS Energy		761.9	+12.6%

- Union Fenosa's EBIT grew 12.6% compared to last year's 1st semester.
- Generation EBIT stood out, mainly due to the significant increase in the average selling prices of the Free Market, as an effect of CO₂ rights and the generation mix during the period.
- With regards to Distribution EBIT evolution, it has been favoured by better regulated prices, which have also meant an increase of costs and investments in order to improve certain operating measures.
- The impact on net profit has added up to €153.2 million. This includes financial expenses derived from the acquisition, undertaken mainly through non-recourse debt.

3.6. Affiliated Companies

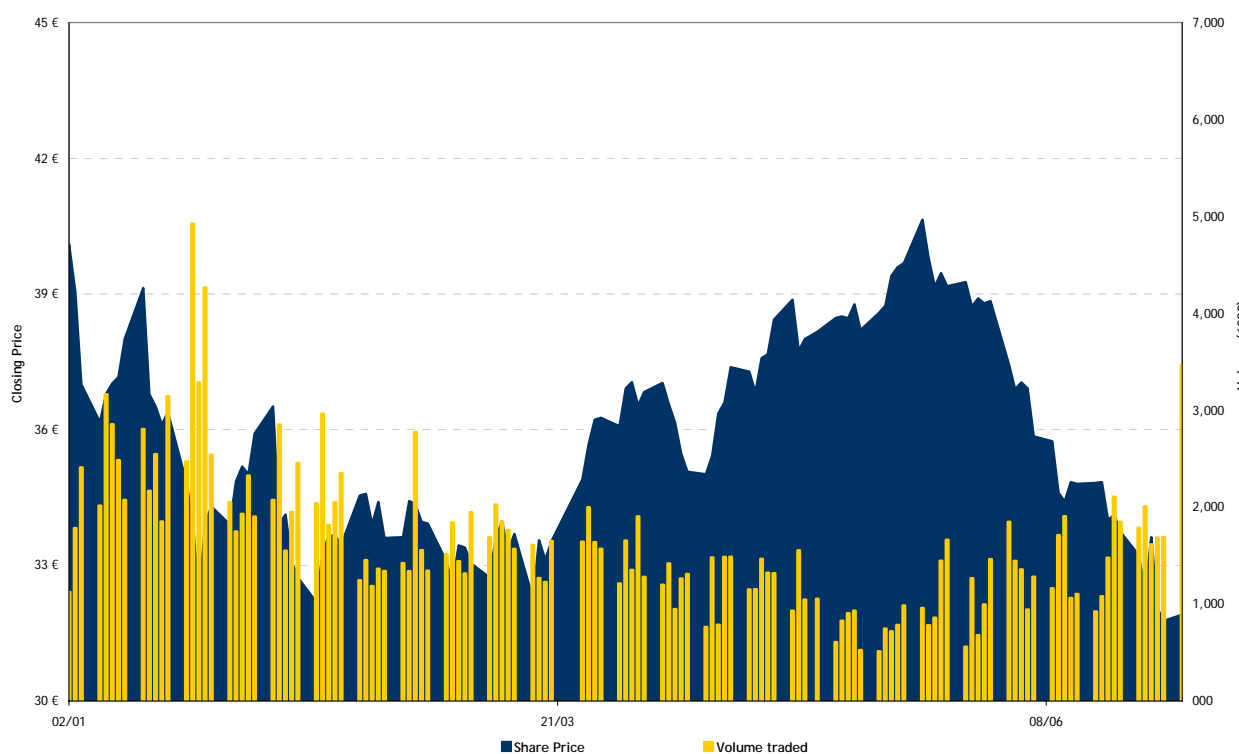
Associates			
Main financial figures		January - June	
Million Euro	2007	2008	Var. 08/07
Abertis	64.4	70.4	+9.3%
Hochtief	6.8	21.4	+215.8%
Iberdrola	55.3	58.1	+5.1%
Income from Associates	126.4	149.8	+18.5%
Financial expenses	(138.4)	(186.1)	
Corporate tax	44.4	55.8	
Attributable Net Profit	32.4	19.5	-39.9%

- The contribution from these companies to the Net Profit of the Group, before financial expenses and taxes accounts for € 149.8 million.
 - Abertis contribution grew by 9.3% up to € 70.4 million.
 - The stake of 25,1% that ACS Group holds on Hochtief has contributed with € 21.4 million by equity method.
 - Iberdrola has contributed with its dividends of € 58.1 million accounted as financial income.
- Financial expenses associated to those investments in these companies are € 186.1 million higher than last year's as a result of the acquisition of Hochtief and due to the effect of the equity swaps in Hochtief and Iberdrola. The positive tax impact accounts for € 55.8 million.
- According to this, attributable net profit of the listed affiliates in these quarter accounts for € 19.5 million.

Annexes

Annex I. Stock price evolution

ACS Shares Data	1H07	1H08
Closing price	47.32 €	31.91 €
Annual performance	10.79%	-21.50%
Maximum in the period	50.95 €	40.99 €
Maximum Date	1-Jun	2-Jan
Minimum in the period	40.60 €	30.58 €
Minimum Date	5-Mar	30-Jun
Average in the period	45.30 €	35.37 €
Total volume ('000)	191,311	206,815
Daily average volume ('000)	1,518.35	1,641.39
Total traded effective (€ mn)	8,667	7,314
Daily average effective (€ mn)	68.78	58.05
Number of shares (mn)	352.87	335.39
Market cap (€ mn)	16,698	10,702



Annex II. Main contracts awarded

i. Construction

Civil Works - Roads

- Refurbishment of Calle Serrano (Madrid, Spain)
- Road construction of Linares-Albacete stretch of the A-32 and Córdoba-Valencia stretch of the N-322 (Jaén, Spain)
- Road building of Puerto Piramides (Argentina)
- Road Building between Sabturtzi y Portugalete (Vizcaya, Spain)
- Road building between Palafolls and Tordera (Gerona, Spain)
- Road building between Cullera and Favara (Valencia, Spain)
- Renovation and maintenance of Urban Roads (Argentina)
- Provincial 19 construction (Santa Fé, Argentina)
- Los Bronces highway south tunnel construction (Chile)
- Highway construction between Extremadura and Valencia (Albacete, Spain)
- Final works for the M30 ring road in Madrid (Madrid, Spain)
- Construction of Ruta Nacional 50 in the province of Salta (Argentina)
- C-31 road enhancement in Tallada D'Emp (Gerona, Spain)
- A-32 highway construction between Linares and Ibros (Jaén, Spain)
- A-56 Highway construction between Martiño and Barrela (Lugo, Spain)

Civil Works - Railways

- Train parking base in Sants Station (Barcelona, Spain)
- Train parking base in Jativa (Valencia, Spain)
- Subway station building in Santiago de Chile (Chile)
- Subway section construction in Santiago de Chile (Chile)
- Subway Line 1 M.Nuñez-R. Genil (Granada, Spain)
- Subway L9 stations refurbishments in Barcelona (Barcelona, Spain)
- Sants station parking construction (Barcelona, Spain)
- Refurbishment of the railway tracks in Vizcaya (Spain)
- Railway viaduct building above Ulla river (La Coruña, Spain)
- Railway platform construction between Monforte del Cid and Aspe (Alicante, Spain)
- Railway building between Viñuela and Quejigares (Granada, Spain)
- Railway building between Gabaldón and Siete Aguas (Cuenca, Spain)
- Improvement of the railroad passenger's platform in Sants Station (Barcelona, Spain)
- Elimination of a bridge in Maidagan (Vizcaya, Spain)
- Assembly centre in Gabaldón (Cuenca, Spain)

Civil Works - Airports

- Refurbishment and enlargement of the Miami Airport (US)
- Airport Terminal construction (Gibraltar, UK)
- Planes parking area in front of the Palma de Majorca Airport Terminal (Spain)

Civil Works - Hydraulic or Maritime

- Dock construction of Zierbena (Bilbao, Spain)
- Wharf construction in San Vicente (Chile)
- Wharf construction in Huelva (Spain)
- Valencia's port enlargement works (Spain)
- Rain water collection treatment plant in El Cuartillo (Cádiz, Spain)
- Pumping and Turbine emplacement building in La Breña Dam (Córdoba, Spain)
- Hydraulic pipeline between Talave and Cenajo (Albacete, Spain)
- Building of the Portuguese Dam in Puerto Rico (US)

Non Residential Building

- Son Espases Palace refurbishment (Balearic Islands, Spain)
- Retirement home construction at Gral. Mitre Street (Barcelona, Spain)
- Post Office building refurbishment in Malaga (Spain)
- Office Building in Barcelona (Barcelona, Spain)
- Hotel Plaza Europa building (Barcelona, Spain)
- Courthouse at Gijón (Asturias, Spain)
- Construction of the Tecnoparc Building (Tarragona, Spain)
- Construction of the Canal Theaters in Madrid (Madrid, Spain)
- Civil works for the second solid urban waste incineration plant in Balearic Islands (Spain)
- Building of the courthouses and legal premises in the city of Elche (Alicante, Spain)
- Building for Albañilería Hiberus (Zaragoza, Spain)
- Athletic track construction in the Sport Premises of Gallur in Madrid (Madrid, Spain)

Residential Building

- Urbanization works in Villalbilla (Madrid)
- Residential Building Manresa (Barcelona, Spain)
- Residential Building Las Torres (Las Palmas)
- Residential Building La Atarazana (Ceuta, Spain)
- Housing development in Dos Hermanas (Seville, Spain)
- Building of 119 apartments financed by the government in Madrid

ii. Concessions

- Design, development and operation of the TTC I-69 corridor in Texas to communicate Rio Grande Valley with Corpus Christi and Houston (Texas, USA)

- Concession for the refurbishment and operation of 42 km section of the Montreal ring road (A-30) in Canada
- Convention Center parking concession in Reus (Tarragona, Spain)

iii. Environment & Logistics

Environmental Services

- Water sewage systems management in the municipalities of Posadas and Garupá (Argentina)
- Urban waste collection La Laguna (Tenerife, Spain)
- Urban solid waste treatment plant in Paris (France)
- Urban solid waste treatment plant in Guadalupe
- Urban solid waste treatment plant and transfer in Palencia (Spain)
- Street cleaning of the southern part of the city of Valencia (Spain)
- Street cleaning in Tomiño (Pontevedra)
- Street cleaning contract for six sectors in Arroyomolinos municipality (Madrid)
- Street cleaning contract for Puente de Vallecas District of Madrid
- Street cleaning contract for Moncloa District of Madrid
- Street cleaning and solid urban waste collection in Villanueva de la Serena (Badajoz, Spain)
- Solid urban waste collection in the Guadiana Municipalities (Andalucia, Spain)
- Móstoles city street cleaning (Madrid)
- Management of the Agadir landfill (Morocco)
- Gardening services in the city of Huelva (Spain)
- Gardening services in Dos Hermanas (Seville)
- Gardening services at south Mostoles (Madrid, Spain)
- Fire prevention at railways in the Northwest region (Spain)
- Collection and cleaning at Rabat (Morocco)
- Cleaning and collection of Urban Solid Waste in Villaviciosa de Odon (Spain)
- Cleaning and collection of Urban Solid Waste in San Bartolomé de Tijarana (Spain)
- Cleaning and collection of Urban Solid Waste in Samba-Luanda (Angola)
- Cleaning and collection of Urban Solid Waste in Los Alcazares (Murcia, Spain)

Facility Management

- Socio sanitary services in Madrid
- Servicio Riojano de Salud's building cleaning (La Rioja, Spain)
- Reduced mobility assistance in 6 Spanish airports
- Reduced mobility assistance in 13 Spanish airports
- Home assistance service at Málaga (Spain)
- Cleaning services for several schools in Barcelona

- Cleaning services for Hospital Universitario de Majadahonda (Madrid, Spain)
- Cleaning services at Hospital Universitario de Valme (Sevilla, Spain) and speciality facilities
- Cleaning of Teresa Herrera Hospital in La Coruña (Spain)
- Cleaning of Puerto Real Hospital (Cádiz)
- Cleaning and plague control in all buildings of the Guardia Civil and Policía in Spain

iv. Industrial Services

Networks

- Maintenance services for the Gas Natural network in Spain

Specialized Products

- Underground installation of two high tension lines (132kV and 220 kV) in Esplugues and Hospitalet de Llobregat (Barcelona)
- Mechanical systems for the minig facilities Las Cruces (Seville)
- Mechanical maintenance of the gasoduct between Lucena - Cabra - Baena (Spain)
- Maintenance of high tension lines with tension in Chile
- Groups I, II, and III revision in the Thermal Power Plant Teruel (Andorra)
- Electrical systems for the commercial mall Espacio (La Coruña, Spain)
- Electrical substation for the railway system in the city of Barcelona
- Electrical substation and transformer installation in Chile
- Electrical installations for the high speed train in the section between Padron and La Coruña (Galicia, Spain)
- Electrical installations and control systems of the concrete plant of Andorra (Teruel, Spain)
- Electrical installations and a transforming station in La Rioja Sur (Argentina)
- Connection of the wind parks around Maials to the network (Lerida, Spain)
- Building and maintenance of the catenary in the high speed railway section between Torrejón de Velasco and Motilla del Palancar (Castilla la Mancha, Spain)
- Additional works for the high speed railway line Madrid - Zaragoza -Barcelona - French Border in the section around Roda de Bara (Barcelona)

Energy Projects

- Turn key project EPC for the installment of the mechanical equipment in the MDEPC Power Plant (Egypt)
- Solar power plant in Puebla de Almoradiel (Toledo, Spain)
- Installation of the boiling systems for the CCGT of Lares (Portugal)
- Engineering, procurement and construction of the Coker Refinery in Cartagena (Spain)
- El Tebbin CCGT electrical and mechanical installations (Egypt)

Control Systems

- Maintenance of the Traffic Control Centre for the Catalonia Government (Spain)
- Maintenance of the public telephone cabins in Barcelona
- Maintenance contract for Iberia in Spain
- Integral maintenance of the roads of the Area II in the region of Vizcaya (Spain)
- Gerona's airport signaling system installation (Spain)
- Extension of the contract for the project on the mass transportation systems of the city of Barquisimeto (Venezuela)
- Contract for the maintenance of the urban furniture in gardens, parks and public walkways in the city of Madrid

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