

# ACS

ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS



## *Results Report* *1<sup>st</sup> Quarter 2011*

*10<sup>th</sup> of May 2011*

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## 1. Executive Summary

### 1.1. Main financial figures

<b>ACS Group</b>			
<b>Main financial figures</b>			
	<b>January - March</b>		
Million Euro	<b>2010</b>	<b>2011</b>	<b>Var. 11/10</b>
<b>Turnover</b>	<b>3,688</b>	<b>3,690</b>	<b>+0.1%</b>
<i>International</i>	27.5%	36.2%	+31.7%
<b>EBITDA</b>	<b>353</b>	<b>383</b>	<b>+8.4%</b>
<i>Margin</i>	9.6%	10.4%	
<b>EBIT</b>	<b>264</b>	<b>309</b>	<b>+17.2%</b>
<i>Margin</i>	7.2%	8.4%	
<b>Ordinary Net Profit from Continuing Operations*</b>	<b>278</b>	<b>216</b>	<b>-22.5%</b>
<b>Pro-Forma Recurrent Net Profit**</b>	<b>217</b>	<b>315</b>	<b>+45.4%</b>
<b>Attributable Net Profit</b>	<b>297</b>	<b>204</b>	<b>-31.3%</b>
<b>Cash Flow from Operations</b>	<b>117</b>	<b>130</b>	<b>+11.6%</b>
<b>Net Investments</b>	<b>420</b>	<b>1,027</b>	<b>+145%</b>
Investments	433	1,182	+173%
Disposals	13	155	n.s.
<b>Total Net Debt (Dec-10 and current quarter)</b>	<b>8,003</b>	<b>8,803</b>	<b>+10.0%</b>
Net Debt with recourse	957	1,649	+72%
Non recourse Financing	7,047	7,154	+1.5%

\* Profit after taxes and minorities not including exceptional results nor discontinued operations

\*\* Ordinary net profit from continuing operations adjusted from the seasonality of Iberdrola's dividend

Note: all data is presented according to ACS management criteria.

- The first quarter of 2011 Grupo ACS has accounted a total turnover of € 3,690 million, 0.1% higher than last year's figure. International sales and backlog keep growing significantly, 31.7% and 22.1% respectively, whilst domestic sales decrease by 11.9%.
- EBITDA grew by 8.4%, accounting for € 383 million, whilst EBIT increased by 17.2% to € 309 million.
- Ordinary net profit from continuing operations, not including exceptional results, decreases by 22.5% to € 216 million. In 2010 this figure included Iberdrola's dividend, accrued on March 2010, whilst in 2011 this dividend will accrue in May, once the AGM of the utility approves it. If half of the € 199 million that at least Iberdrola is expected to distribute this May, where to be included, recurrent net profit would have accounted for more than € 315 million, showing a growth of 45.4% in comparable terms.
- Net profit of the Group accounted for € 204 million showing a decrease of 31.3% compared to 2010 figures, this figure is not only impacted by Iberdrola's dividend, but also is affected by the reduction in Hochtief's contribution, as a consequence of Leighton's possible extraordinary losses recently announced.
- Cash flow from operations accounted € 130 million, growing by 12% thanks to the better than last year operating working capital.
- In the first quarter of 2011 total investments accounted for € 1,182 million, where € 736 million were dedicated to acquire Hochtief shares. The disposals generated funds for € 155 million, and are basically the sale of transmission lines in Brazil.
- Total net debt amounted to € 8,803 million. Out of that figure € 1,649 million corresponded to a net debt with recourse, whilst the non recourse debt amounted to € 7,154 million.

## 1.2. Main figures by activity

TURNOVER					January - March
Million Euro	2010	%	2011	%	Var. 11/10
Construction	1,510	41%	1,405	38%	-7.0%
Concessions	18	0%	26	1%	+47.8%
Environmental Services	373	10%	420	11%	+12.3%
Industrial Services	1,796	49%	1,849	50%	+3.0%
Holding / Adjustments	(9)		(10)		
<b>TOTAL</b>	<b>3,688</b>		<b>3,690</b>		<b>+0.1%</b>

EBITDA					January - March
Million Euro	2010	%	2011	%	Var. 11/10
Construction	113	31%	105	26%	-7.0%
Concessions	1	1%	10	3%	n.s.
Environmental Services	59	16%	63	16%	+7.2%
Industrial Services	190	52%	220	55%	+16.1%
Holding / Adjustments	(10)		(15)		
<b>TOTAL</b>	<b>353</b>		<b>383</b>		<b>+8.4%</b>

EBIT					January - March
Million Euro	2010	%	2011	%	Var. 11/10
Construction	95	34%	86	26%	-9.2%
Concessions	(2)	0%	6	2%	n.a.
Environmental Services	31	11%	31	10%	-0.1%
Industrial Services	150	55%	202	62%	+34.4%
Holding / Adjustments	(10)		(16)		
<b>TOTAL</b>	<b>264</b>		<b>309</b>		<b>+17.2%</b>

NET PROFIT					January - March
Million Euro	2010	%	2011	%	Var. 11/10
Construction	66	23%	59	35%	-10.3%
Concessions	(5)	(2%)	6	3%	n.a.
Environmental Services	36	13%	40	24%	+10.3%
Industrial Services	87	31%	127	75%	+46.8%
Listed Associates	98	35%	(62)	(37%)	n.a.
Holding / Adjustments	15		34		
<b>TOTAL</b>	<b>297</b>		<b>204</b>		<b>-31.3%</b>

BACKLOG					January - March
Million Euro	2010	months	2011	months	Var. 11/10
Construction	11,356	23	10,987	24	-3.3%
Industrial Services	6,770	12	7,108	12	+5.0%
Services	9,669	77	9,575	74	-1.0%
<b>TOTAL</b>	<b>27,795</b>		<b>27,670</b>		<b>-0.4%</b>

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

### **1.3. Relevant facts of the period**

- Last February 4th, 2011, ACS completed its public tender offer on 100% of Hochtief AG shares, acquiring 2,805,599 shares of the German company, representing 3.64% of its share capital.
- Last February 10th, 2011, Residencial Monte Carmelo, S.A., fully owned by ACS, Actividades de Construcción y Servicios, S.A., and holder of shares of Iberdrola, S.A. representing 6.19% of its share capital, has entered into a Financing Agreement amounting to 2,059 million euros with a number of financial institutions, which will enter into force on December 28th, 2011, the expiry date of the financing renewed today, for a term of three years starting from the aforementioned date of entry into force and without recourse to the parent company
- Last March, 31<sup>st</sup>, 2011, Grupo ACS has entered into an agreement with Luxpeak S.à.r.l. (Permira) and with Mercapital Private Equity S.G.E.C.R., S.A.U., subject to approval by their respective Boards and to the attainment of financing, as well as to approval by the competition authorities, for the sale of its entire holding in the company Clece, S.A. for an enterprise value of 608 million euros. Thus, until the completion of the transaction, Clece is accounted as a discontinued operation in Grupo ACS.
- Grupo ACS Annual General Meeting, held in Madrid last 14<sup>th</sup> of April, 2011, approved the distribution of a complementary gross dividend of 1.15 € per share payable the first week of July. The gross interim dividend for the exercise 2010, accounting 0.90 € per share was already paid last 8<sup>th</sup> of February, 2011.

## 2. Consolidated financial statements

### 2.1. Income Statement

ACS Group					
Consolidated Income Statement					
January - March					
Million Euro	2010	%	2011	%	Var. 11/10
<b>Net Sales</b>	<b>3,688</b>	<b>100.0%</b>	<b>3,690</b>	<b>100.0%</b>	<b>+0.1%</b>
Other revenues	76	2.1%	72	2.0%	-5.1%
<b>Total Income</b>	<b>3,765</b>	<b>102.1%</b>	<b>3,763</b>	<b>102.0%</b>	<b>-0.1%</b>
Operating expenses	(2,640)	(71.6%)	(2,561)	(69.4%)	-3.0%
Personnel expenses	(771)	(20.9%)	(818)	(22.2%)	+6.2%
<b>Operating Cash Flow (EBITDA)</b>	<b>353</b>	<b>9.6%</b>	<b>383</b>	<b>10.4%</b>	<b>+8.4%</b>
Fixed assets depreciation	(89)	(2.4%)	(73)	(2.0%)	-17.7%
Current assets provisions	(0)	(0.0%)	(0)	(0.0%)	n.s.
<b>Ordinary Operating Profit (EBIT)</b>	<b>264</b>	<b>7.2%</b>	<b>309</b>	<b>8.4%</b>	<b>+17.2%</b>
Results on fixed assets disposals	(3)	(0.1%)	(4)	(0.1%)	+20.4%
Other operating results	1	0.0%	6	0.2%	n.s.
<b>Operating Profit</b>	<b>262</b>	<b>7.1%</b>	<b>312</b>	<b>8.4%</b>	<b>+18.9%</b>
Financial income	155	4.2%	56	1.5%	-63.8%
Financial expenses	(179)	(4.8%)	(226)	(6.1%)	+26.4%
<b>Ordinary Financial Result</b>	<b>(24)</b>	<b>(0.6%)</b>	<b>(170)</b>	<b>(4.6%)</b>	<b>n.s.</b>
Foreign exchange Results	11	0.3%	(6)	(0.2%)	n.a.
Impairment non current assets results	0	0.0%	4	0.1%	n.s.
Results on non current assets disposals	2	0.1%	93	2.5%	n.s.
<b>Net Financial Result</b>	<b>(10)</b>	<b>(0.3%)</b>	<b>(79)</b>	<b>(2.1%)</b>	<b>n.s.</b>
Results on equity method	55	1.5%	11	0.3%	-79.3%
<b>Ordinary income of continued operations</b>	<b>307</b>	<b>8.3%</b>	<b>244</b>	<b>6.6%</b>	<b>-20.4%</b>
Corporate income tax	(18)	(0.5%)	(32)	(0.9%)	+82.2%
<b>Profit after taxes of the continued operations</b>	<b>289</b>	<b>7.8%</b>	<b>212</b>	<b>5.7%</b>	<b>-26.6%</b>
Profit after taxes of the discontinued operations	19	0.5%	10	0.3%	-45.1%
<b>Consolidated Result</b>	<b>308</b>	<b>8.3%</b>	<b>222</b>	<b>6.0%</b>	<b>-27.8%</b>
Minority interest	(11)	(0.3%)	(18)	(0.5%)	+70.5%
<b>Net Profit Attributable to the Parent Company</b>	<b>297</b>	<b>8.1%</b>	<b>204</b>	<b>5.5%</b>	<b>-31.3%</b>

#### 2.1.1. Net Sales

- Sales reached € 3,690 million, a 0.1% more than in the first quarter of 2010. This evolution is backed by the 12.3% growth in Environmental Services coupled by the 3.0% increase of sales in Industrial Services. Both compensated the Construction activity that decreases by 7.0%.
- International sales grew by 31.7% up to € 1,336 million, which means 36.2% of total sales. All activities grew significantly, particularly Construction, which increased its production by 21.6%, and Industrial Services, whose international sales account for € 807 million this first quarter, 35.2% higher than in the same period of 2010.

- Per countries, it is significant to highlight the growth experienced in the North American markets, both in Mexico, mainly in Industrial Services, where sales accounted for € 329 million as well as in the US and Canada, mainly in Construction (sales reached € 283 million).
- Growth in the international backlog, which reached € 12,819 million and that now accounts for 46% of the total, is backed by Industrial Services international backlog, growing by 32.9% to reach 52.5% of the total area of activity backlog. Also is worthwhile to highlight Construction international evolution, whose backlog now represents 51.4% of the total after having grown by 21.5%.

### **2.1.2. Operating Results**

- EBITDA accounted for € 383 million, 8.4% more than last year's figure. Margin over sales is 10.4%, 80 basis points better than last year.
- The EBITDA growth achieved during this period is backed by the positive evolution of Industrial Services, which grew by 16.1%, as well as Environmental Services, which shows a good performance growing by 7.2%. Construction EBITDA decreased by 7.0% , due to the activity plunge in Spain, whose EBITDA alone decreases by 15.1%.
- EBIT accounted for € 309 million, 17.2% above last year's figure. Margin on sales accounted for 8.4% , 120 b.p. up from March 2010 figure. This significant growth comes from Industrial Services, that grows by 34.4%, Environmental Services EBIT is flat, while Construction decreases by 9.2%.

### **2.1.3. Ordinary Financial Result**

- Financial expenses accounted for € 226 million, showing an increase of 26.4% mainly due to the increase in debt to finance the acquisition of Iberdrola and Hochtief shares, as well as for the concessional projects investments.
- Financial income amounted to € 56 million, 63.8% less than last year. This reduction is caused by the dividends of Iberdrola, which last year were accrued in March and thus included in 1Q figures and in 2011 will be accrued in May. These dividends will account for, at least, € 199 million, compared to the € 123 million accounted in 2010.
- Net financial expenses accounted for a negative € 79 million, and include Forex results, for a negative impact of € 6 million and the result for the disposal of noncurrent assets of € 93 million, which include the sale of transmission lines in Brazil for € 26 million and the sale of Iquique Port in Chile for € 11 million; also, there is a reversion of a loss provision in Hochtief for € 38 million.

#### 2.1.4. Ordinary income from continued operations

- Accounted for € 244 million, 20.4% below the figure from last year.
- This decrease has two different sources, being the first the impact of the non accrued dividends of Iberdrola already mentioned, and secondly the reduction in the equity method contribution. In this account is important to highlight the significant drop in Hochtief, whose net profit prospect is affected by the negative results from Leighton, which have an impact of € 76 million before the reversion of the loss provision in Hochtief already mentioned.

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

- Net profit attributable to the Parent Company reached € 204 million, showing a decrease of 31.3% compared to March 2010. The Iberdrola dividends and Hochtief equity method impacts are partially compensated by the disposal of noncurrent assets.
- Ordinary net profit from continuing operations, excluding exceptional results decreases by 22.5% down to € 216 million.

Grupo ACS			
Ordinary Net Profit			
€ Million	2010	2011	January - March
			Var. 11/10
<b>Net Profit</b>	<b>297</b>	<b>204</b>	<b>-31.3%</b>
Hochtief write-downs (mainly Leighton)		49	
Capital gain from transmission lines disposal		(18)	
Profit from Clece	(9)	(10)	
Profit from SPL	(9)		
Other exceptionals		(9)	
<b>Ordinary Net Profit from Continuing Operations</b>	<b>278</b>	<b>216</b>	<b>-22.5%</b>
Iberdrola dividends adjustment	(62)	99	
<b>Pro-Forma Recurrent Net Profit</b>	<b>217</b>	<b>315</b>	<b>+45.4%</b>

- The ordinary net profit from continuing operations adjusted by the impact of Iberdrola dividends, this is considering the accrual of half of the complementary dividends approved by the AGM in the first semester of the year, would have accounted for 315 million, meaning a growth of 45.4%.
- Corporate taxes reached € 32.2 million and net profit attributable to minority interests accounted for € 18.2 million, mainly corresponding to concession subsidiaries and other affiliates.



## 2.2. Consolidated balance sheet

ACS Group					
Consolidated Balance Sheet					
Million Euro	Dec-10	%	Mar-11	%	Var.
Intangible Fixed Assets	1,614	4.7 %	1,551	4.6 %	-3.9%
Tangible Fixed Assets	1,218	3.6 %	1,161	3.4 %	-4.7%
Concession Projects Assets	2,380	7.0 %	2,484	7.3 %	+4.4%
Property Assets	57	0.2 %	56	0.2 %	-1.4%
Investments accounted by Equity Method	2,333	6.8 %	3,078	9.1 %	+31.9%
Long Term Financial Investments	7,509	22.0 %	7,984	23.5 %	+6.3%
Financial Instruments Debtors	60	0.2 %	48	0.1 %	-20.4%
Deferred Taxes Assets	824	2.4 %	697	2.1 %	-15.4%
<b>Fixed and Non-current Assets</b>	<b>15,995</b>	<b>46.8 %</b>	<b>17,059</b>	<b>50.2 %</b>	<b>+6.7%</b>
Non Current Assets Held for Sale	4,577	13.4 %	5,070	14.9 %	+10.8%
Inventories	618	1.8 %	590	1.7 %	-4.5%
Accounts receivables	6,939	20.3 %	6,203	18.3 %	-10.6%
Short Term Financial Investments	3,502	10.2 %	2,703	8.0 %	-22.8%
Other Short Term Assets	101	0.3 %	96	0.3 %	-4.8%
Cash and banks	2,453	7.2 %	2,254	6.6 %	-8.1%
<b>CURRENT ASSETS</b>	<b>18,190</b>	<b>53.2 %</b>	<b>16,917</b>	<b>49.8 %</b>	<b>-7.0%</b>
<b>TOTAL ASSETS</b>	<b>34,185</b>	<b>100 %</b>	<b>33,976</b>	<b>100 %</b>	<b>-0.6%</b>
Shareholders' Equity	5,519	16.1 %	5,910	17.4 %	+7.1%
Adjustment s from Value Changes	(1,341)	(3.9 %)	(1,005)	(3.0 %)	-25.0%
Minority Interests	264	0.8 %	284	0.8 %	+7.5%
<b>Net Worth</b>	<b>4,442</b>	<b>13.0 %</b>	<b>5,188</b>	<b>15.3 %</b>	<b>+16.8%</b>
Subsidies	70	0.2 %	72	0.2 %	+2.6%
Long Term Financial Liabilities	9,621	28.1 %	9,255	27.2 %	-3.8%
Deferred Taxes Liabilities	271	0.8 %	290	0.9 %	+7.0%
Long Term Provisions	407	1.2 %	392	1.2 %	-3.6%
Financial Instruments Creditors	240	0.7 %	193	0.6 %	-19.8%
Other Long Term Accrued Liabilities	161	0.5 %	163	0.5 %	+0.8%
<b>Non-current Liabilities</b>	<b>10,771</b>	<b>31.5 %</b>	<b>10,364</b>	<b>30.5 %</b>	<b>-3.8%</b>
Liabilities from Assets Held for Sale	3,590	10.5 %	3,899	11.5 %	+8.6%
Short Term Provisions	233	0.7 %	220	0.6 %	-5.6%
Short Term Financial Liabilities	4,337	12.7 %	4,506	13.3 %	+3.9%
Trade accounts payables	10,155	29.7 %	9,547	28.1 %	-6.0%
Other current payables	656	1.9 %	253	0.7 %	-61.5%
<b>Current Liabilities</b>	<b>18,971</b>	<b>55.5 %</b>	<b>18,424</b>	<b>54.2 %</b>	<b>-2.9%</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>34,185</b>	<b>100 %</b>	<b>33,976</b>	<b>100 %</b>	<b>-0.6%</b>

### 2.2.1. Non-current assets

- Intangible fixed assets account for € 1,551 million of which € 1,101 million correspond to goodwill, whilst the tangible fixed assets account for € 1,161 million.

- Non-current assets in concessional projects account for € 2,484 million. Renewable energy assets, transmission lines and other assets whose sale process started the last quarter of 2010 have been reclassified as assets held for sale. This account also includes the assets from Clece.
- Long term financial investments, including the 19.03% stake in Iberdrola as of 31<sup>st</sup> of March 2011 at market prices, account for € 7,984 million. The difference between this figure and the investment performed (€ 8.099 million), after the tax impact, has been accounted against Net Worth in the Adjustments from value changes paragraph.
- Investments accounted by equity method include the stakes in Abertis, through Admirabilia, and Hochtief (for a 41.5% stake) and account for € 3,078 million.

### 2.2.2. Working capital

- Working capital presents a credit balance of € 3,130 million, which means from December 2010 an increase of € 256 million in the debit balance, whilst in the last 12 months there has been an increase of the credit balance of € 841 million.
- This quarterly debit balance increase is produced mainly by the payment of dividends of Grupo ACS in February 2011. The working capital from operating activities increases by € 67 million, with a significantly better evolution compared to the first quarter of 2010.

### 2.2.3. Net Debt

Net Debt (€ mn)	Construction	Concessions	Environmental Services	Industrial Services	Corporation / Adjustments	Grupo ACS
March 31, 2011						
Non-current loans from credit entities	278	154	906	191	3,028	4,557
Current loans from credit entities	674	199	397	398	287	1,955
<b>Loans from credit entities</b>	<b>952</b>	<b>353</b>	<b>1,303</b>	<b>589</b>	<b>3,314</b>	<b>6,512</b>
Other non-current financial liabilities	45	4	7	16		72
Other current financial liabilities	11	94	125	7	(214)	23
<b>Other financial liabilities</b>	<b>55</b>	<b>98</b>	<b>132</b>	<b>23</b>	<b>(214)</b>	<b>95</b>
<b>Cash and equivalents</b>	<b>2,182</b>	<b>83</b>	<b>408</b>	<b>1,500</b>	<b>785</b>	<b>4,958</b>
<b>Net Debt / (Cash)</b>	<b>(1,174)</b>	<b>368</b>	<b>1,028</b>	<b>(887)</b>	<b>2,315</b>	<b>1,649</b>
LT non recourse financing	69	928	182	290	3,156	4,625
ST non recourse financing	5	4	26	16	2,477	2,529
<b>Non recourse financing</b>	<b>74</b>	<b>932</b>	<b>209</b>	<b>306</b>	<b>5,633</b>	<b>7,154</b>
<b>TOTAL NET DEBT</b>	<b>(1,100)</b>	<b>1,300</b>	<b>1,236</b>	<b>(581)</b>	<b>7,948</b>	<b>8,803</b>

- Net debt of the Group by 31st of March 2011 reached to € 8,803 million, being € 7,154 million without recourse whilst the operating activities present a net debt position of € 1,649 million.
- The non recourse debt in the Corporation accounts for € 5,633 million, corresponding to the financing of the vehicles used to acquire Iberdrola (€ 4,747 million) and Hochtief (€ 886

million) shares. The rest of non recourse debt, € 1,521 million, is coming from project finance, mainly from concessional assets.

- The net debt corresponding to the Renewable Energy assets and transmission lines, as well as the debt from other assets held for sale, including Clece, account for € 3,073 million and has been reclassified to the account “Liabilities from Assets Held for Sale” in the consolidated balance sheet of Grupo ACS.

#### 2.2.4. Net worth

- Reached a € 5,188 million, of which € 5,910 million corresponds to shareholder’s equity, which has grown by 7.1% compared to 2010.
- Adjustments for changes in value have a negative impact of € 1,005 million, € 335 million less, mainly due to the Iberdrola share price evolution.

### 2.3. Cash flow statement

ACS Group			
Cash Flow Statement			
	January - March		
Million Euro	2010	2011	Var. 11/10
<b>Net Profit</b>	<b>297</b>	<b>204</b>	<b>-31.3%</b>
Adjustments to net profit without cash flow	31	(7)	
Working Capital Variation	(212)	(67)	
<b>Cash Flow from Operating Activities</b>	<b>117</b>	<b>130</b>	<b>+11.6%</b>
<b>1. Investments</b>	<b>(433)</b>	<b>(1,005)</b>	
<b>2. Disinvestments</b>	<b>13</b>	<b>135</b>	
<b>Cash flow from Investing Activities</b>	<b>(420)</b>	<b>(870)</b>	<b>+107.2%</b>
<b>1. Treasury stock acquisition</b>	<b>(113)</b>	<b>(8)</b>	
<b>3. Dividends paid</b>	<b>(283)</b>	<b>(271)</b>	
<b>4. Other adjustments</b>	<b>(57)</b>	<b>54</b>	
<b>Other Cash Flows</b>	<b>(453)</b>	<b>(224)</b>	<b>-50.5%</b>
<b>Total Cash Flow</b>	<b>(756)</b>	<b>(964)</b>	<b>+27.5%</b>

Note: The net debt accounted in the balance sheet has increased by € 800 million during the first quarter of 2011; the difference with this Cash Flow Statement is mainly due to the reclassification of the non recourse debt from assets held for sale by December 2010.

#### 2.3.1. Cash flow from operations

- In the first quarter of 2011 the cash flow from operating activities accounted for € 130 million, 12% more than in March 2010.
- This evolution has been influenced by the changes in operating working capital of Grupo ACS, which has increased its debit balance by € 67 million, compared to the € 212 million increase of 2010.

### 2.3.2. Net consolidated investments

- Total investments of the Group during the period reached € 1,182 million, while disposals amounted to € 155 million. Both are broken down as follows:

Grupo ACS					
Net Investments					
January - March					
Euro Million	Operational Capex	Investments in Projects	Total Investments	Disposals	Net Investment
Construction	14		14	(4)	10
Concessions		156	156		156
Environmental Services	26		26	(24)	2
Industrial Services	12	237	249	(127)	122
Holding & others	1	736	737		737
<b>TOTAL</b>	<b>53</b>	<b>1,129</b>	<b>1,182</b>	<b>(155)</b>	<b>1,027</b>

- In the Corporation are included the investments of € 736 million corresponding to the acquisition of approximately a 14% of Hochtief (3.6% through the share exchange in the Public Offer) up to the ACS stake of 41.5% by the end of March.
- The Group has invested in maintenance and machinery in Infrastructures € 14 million. In Concessions, the Group has invested € 156 million, highlighting the € 48 million in the I-595 US highway, the € 31 million in Eje Diagonal Highway in Barcelona and the € 27 million in the South Fraser highway in Vancouver, Canada.
- In Environmental Services the Group has invested € 26 million, mainly in equipment and machinery. The disposal corresponds primarily to the sale of Iquique Port in Chile.
- In Industrial Services, the Group has invested € 249 million, mainly in renewable energy projects, both in thermosolar plants (€ 129 million) and wind farms (€ 17 million), as well as in transmission lines (€ 66 million) and in the Castor Project (€ 25 million). The disposal of more than € 127 million corresponds mainly to the sale of transmission lines in Brazil.

### 2.3.3. Cash flow from financing activities

- The cash requirements of Grupo ACS, including the debt assigned to assets held for sale, have reached € 964 million in this period, because of the significant investments performed in the period and the attractive shareholders remuneration plan in place.
- During 2011 the Group has paid € 271 million in dividends for their shareholders corresponding to the year 2010, equivalent to 0.9 € per share.
- During 2011 the Group has accounted a net expense in treasury stock for € 8 million. At the period end, the treasury stock represented 4.7% of share capital.

### 3. Business Performance

#### 3.1. Construction

Infrastructures			
Main financial figures			January - March
Million Euro	2010	2011	Var. 11/10
<b>Turnover</b>	<b>1,510.2</b>	<b>1,405.0</b>	<b>-7.0%</b>
<b>EBITDA</b>	<b>113.4</b>	<b>105.5</b>	<b>-7.0%</b>
Margin	7.5%	7.5%	
<b>EBIT</b>	<b>94.5</b>	<b>85.8</b>	<b>-9.2%</b>
Margin	6.3%	6.1%	
<b>Net Profit</b>	<b>65.8</b>	<b>59.0</b>	<b>-10.3%</b>
Margin	4.4%	4.2%	
<b>Backlog</b>	<b>11,356</b>	<b>10,987</b>	<b>-3.3%</b>
Months	23	24	

- Sales in 1Q11 in Construction decreased by 7.0% as a result of the evolution of the domestic market, while international sales keep growing solidly.

Infrastructures			
Turnover breakdown by activity			January - March
Million Euro	2010	2011	Var. 11/10
<b>Civil Engineering</b>	<b>1,082.6</b>	<b>1,068.2</b>	<b>-1.3%</b>
Domestic	735.2	645.7	-12.2%
International	347.4	422.5	+21.6%
<b>Building</b>	<b>427.6</b>	<b>336.8</b>	<b>-21.2%</b>
Non Residential Building	320.6	267.1	-16.7%
Residential Building	107.0	69.7	-34.8%
<b>TOTAL</b>	<b>1,510.2</b>	<b>1,405.0</b>	<b>-7.0%</b>
<i>International sales</i>	<i>23%</i>	<i>30%</i>	<i>+706 b.p.</i>

- EBITDA margin in Construction accounts for 7.5%, the same as 12 months ago. Gross operating profit accounts for € 105.5 million, 7.0% less than in March 2010.
- EBIT margin decreases by 15 basis points down to 6.1%. The net profit margin decreases down to 4.2%, 16 basis points less than in March 2010.
- Backlog accounts for € 10,987 million, equivalent to 24 months of production. This means a 3.3% decrease compared to last year's figure.

Construction			
Backlog breakdown by activity			January - March
Million Euro	2010	2011	Var. 11/10
<b>Civil Engineering</b>	<b>9,608.2</b>	<b>9,724.0</b>	<b>+1.2%</b>
Domestic	4,960.1	4,074.6	-17.9%
International	4,648.1	5,649.4	+21.5%
<b>Building</b>	<b>1,748.1</b>	<b>1,263.1</b>	<b>-27.7%</b>
Non Residential Building	1,370.9	985.5	-28.1%
Residential Building	377.2	277.6	-26.4%
<b>TOTAL</b>	<b>11,356.3</b>	<b>10,987.1</b>	<b>-3.3%</b>
<i>% over total backlog</i>	<i>41%</i>	<i>51%</i>	<i>+1049 b.p.</i>

### 3.1.1. Domestic Construction

Infrastructures			
Domestic Construction			
	January - March		
Million Euro	2010	2011	Var. 11/10
<b>Turnover</b>	<b>1,162.8</b>	<b>982.5</b>	<b>-15.5%</b>
<b>EBITDA</b>	<b>91.9</b>	<b>78.0</b>	<b>-15.1%</b>
Margin	7.9%	7.9%	
<b>EBIT</b>	<b>80.5</b>	<b>66.0</b>	<b>-18.0%</b>
Margin	6.9%	6.7%	
<b>Net Profit</b>	<b>54.6</b>	<b>47.1</b>	<b>-13.7%</b>
Margin	4.7%	4.8%	
<b>Backlog</b>	<b>6,708</b>	<b>5,338</b>	<b>-20.4%</b>
Months	17	16	

- In Spain, Construction sales accounted for € 982.5 million, 15.5% less than in March 2010, as a consequence of the drop in all the segments of activity, especially in Residential Construction.
- Civil Works in Spain decreases by 12.2%. Building activity, which in ACS is all in Spain, decrease as well by 21.2%. Both Residential and Non Residential experiment significant drops, by 34.8% and 16.7%, respectively.
- EBITDA margin in Spain accounts for 7.9%, 4 basis points better than last year. EBIT margin in Spain drops to 6.7%, 20 basis points lower than in March 2010.
- Net Profit in Spain accounts for € 47.1 million, 13.7% less than 12 months ago, with a margin on sales of 4.8%.
- Backlog shows a drop of 20.4% in the Spanish market. The domestic Civil Works backlog decreases by 17.9% while Residential backlog drops by 26.4% and Non Residential by 28.1%.

### 3.1.2. International Construction

Infrastructures			
International Construction			
	January - March		
Million Euro	2010	2011	Var. 11/10
<b>Turnover</b>	<b>347.4</b>	<b>422.5</b>	<b>+21.6%</b>
<b>EBITDA</b>	<b>21.5</b>	<b>27.5</b>	<b>+27.4%</b>
Margin	6.2%	6.5%	
<b>EBIT</b>	<b>14.1</b>	<b>19.8</b>	<b>+41.0%</b>
Margin	4.0%	4.7%	
<b>Net Profit</b>	<b>11.1</b>	<b>11.9</b>	<b>+6.5%</b>
Margin	3.2%	2.8%	
<b>Backlog</b>	<b>4,648</b>	<b>5,649</b>	<b>+21.5%</b>
Months	40	40	

- International Construction activity grows by 21.6% up to € 422.5 million. This means that it accounts for 30% of the total production in Construction, 706 basis points more than in March 2010, and comes mainly from Civil Works activities.
- Attending to markets, US sales are the most significant (€ 231 million), as well as in Canada (€ 34 million), Chile (€ 23 million) and in Poland (€ 75 million).

- International EBITDA margin grows up to 6.5%, 30 basis points better than in 2010. EBIT margin grows to 4.7%, meaning 65 basis points more than in 2010.
- International Construction net profit accounted for € 11.9 million, which means a 6.5% growth and a margin on sales of 2.8%.
- International backlog accounts for 51% over the total, and is coming mainly from Civil Works. In March 2011 grows by 21.5%, almost compensating the drop in the Spanish market.

### 3.2. Concessions

- Revenues and operating profits of Concessions activity are generated by several projects which are under operation, namely the motorways La Mancha, Santiago-Brion and Reus-Alcover, the transfer stations of Avenida de America and Principe Pio in Madrid and some parking lots.

Concessions			
Key financial figures		January - March	
Million Euro	2010	2011	Var. 11/10
<b>Turnover</b>	<b>17.8</b>	<b>26.3</b>	<b>+47.7%</b>
<b>EBITDA</b>	<b>1.4</b>	<b>10.2</b>	<b>n.s.</b>
Margin	7.8%	38.8%	
<b>EBIT</b>	<b>(1.7)</b>	<b>6.5</b>	<b>n.s.</b>
Margin	-9.4%	24.6%	
<b>Equity method</b>	<b>1.9</b>	<b>2.9</b>	<b>+46.8%</b>
<b>Attributable Net Profit</b>	<b>(4.8)</b>	<b>5.8</b>	<b>n.s.</b>

### 3.3. Environmental Services

Environmental Services			
Main financial figures		January - March	
Million Euro	2010	2011	Var. 11/10
<b>Turnover</b>	<b>373.4</b>	<b>419.5</b>	<b>+12.3%</b>
<b>EBITDA</b>	<b>59.1</b>	<b>63.3</b>	<b>+7.2%</b>
Margin	15.8%	15.1%	
<b>EBIT</b>	<b>31.2</b>	<b>31.2</b>	<b>-0.1%</b>
Margin	8.4%	7.4%	
<b>Net Profit</b>	<b>36.4</b>	<b>40.2</b>	<b>+10.3%</b>
Margin	9.8%	9.6%	
<b>Backlog</b>	<b>9,669</b>	<b>9,575</b>	<b>-1.0%</b>
Months	77	74	

#### 3.3.1. Turnover breakdown by activity

Environmental Services			
Turnover breakdown by activity		January - March	
Million Euro	2010	2011	Var. 11/10
Waste Management	373.4	377.9	+1.2%
Logistics	0.0	41.6	n.a.
<b>TOTAL</b>	<b>373.4</b>	<b>419.5</b>	<b>+12.3%</b>
<b>International</b>	<b>63.1</b>	<b>94.3</b>	<b>+49.3%</b>
% over total sales	17%	22%	

- Environmental Services area does not include Clece sales in both years, as it has been reclassified as discontinued operation available for sale.
- In March 2011 Environmental Services has increased its sales by 12.3%, backed by the growth of 1.2% in sales in Waste Management and the inclusion of the remaining activity of Logistics.
- International sales, all from Waste Management, showed an increase of 49.3% and already mean more than 22% of the total sales. This significant growth is based on the solid activity of international treatment plants projects, awarded during the last years.

#### 3.3.2. Operating results

- EBITDA grew by 7.2% showing a decrease in margins due to the price pressure in Spain and the inclusion of Logistics, whose margin is lower than the Waste Management one.
- EBIT decreases by 0.1% compared to the figure accounted in 2010 as a consequence of the depreciation increase in Urbaser and the inclusion of certain logistic activities.
- Margin on sales account for 15.1% (EBITDA) and 7.4% (EBIT).
- Net Profit grew by 10.3% with a margin on sales of 9.6%. This figure includes the contribution of Clece as a Discontinued Operation for € 10 million and the result of the port disposal in Chile.



### 3.3.3. Backlog evolution

Environmental Services		Backlog breakdown by activity		January - March
Million Euro	2010	2011	Var. 11/10	
Waste Management	9,152.0	9,072.9	-0.9%	
Logistics	516.8	501.8	-2.9%	
<b>TOTAL</b>	<b>9,668.8</b>	<b>9,574.7</b>	<b>-1.0%</b>	
<b>International</b>	<b>3,047.9</b>	<b>3,440.9</b>	<b>+12.9%</b>	
<i>% over total backlog</i>	32%	36%		

- Environmental Services backlog accounts € 9,575 million, more than 6 years of activity, 1.0 % less than the figure accounted in March 2010.
- The international backlog is now 36% of the total, and grows by 12.9%.

### 3.4. Industrial Services

Industrial Services			
Main financial figures			January - March
Million Euro	2010	2011	Var. 11/10
<b>Turnover</b>	<b>1,795.6</b>	<b>1,849.0</b>	<b>+3.0%</b>
<b>EBITDA</b>	<b>189.5</b>	<b>219.9</b>	<b>+16.1%</b>
Margin	10.6%	11.9%	
<b>EBIT</b>	<b>150.3</b>	<b>201.9</b>	<b>+34.4%</b>
Margin	8.4%	10.9%	
<b>Net Profit</b>	<b>86.7</b>	<b>127.2</b>	<b>+46.8%</b>
Margin	4.8%	6.9%	
<b>Backlog</b>	<b>6,770</b>	<b>7,108</b>	<b>+5.0%</b>
Months	12	12	

#### 3.4.1. Turnover breakdown by activity

Industrial Services			
Turnover breakdown by activity			January - March
Million Euro	2010	2011	Var. 11/10
<b>Support Services</b>	<b>1,103.2</b>	<b>1,097.8</b>	<b>-0.5%</b>
Networks	199.9	215.0	+7.6%
Specialized Products	656.5	635.8	-3.2%
Control Systems	246.8	247.0	+0.1%
<b>EPC Projects</b>	<b>643.2</b>	<b>676.3</b>	<b>+5.1%</b>
<b>Renewable Energy: Generation</b>	<b>62.6</b>	<b>90.0</b>	<b>+43.8%</b>
<i>Consolidation Adjustments</i>	<i>-13.4</i>	<i>-15.1</i>	<i>n.a.</i>
<b>TOTAL</b>	<b>1,795.6</b>	<b>1,849.0</b>	<b>+3.0%</b>
<b>International</b>	<b>622.8</b>	<b>806.9</b>	<b>+29.6%</b>
% over total sales	35%	44%	

- Sales on Industrial Services grew in 1Q11 by 3.0% up to € 1,849.0 million.
- International sales grew by 29.6% up to 44% of the total totaling € 806.9 million. There has been a strong production growth in Latin American countries like Mexico, Brazil, Chile and Peru, as well as in the Asian market, already weighting 10% over the total international sales.
- Support Services activity slightly decreases by 0.5% and its affected by the decrease in the maintenance activity in Spain (around 9%); this effect is being partly compensated by the increase of international sales, that in Support Services activities grow by more than 10%.
- EPC Projects activity grew solidly by 5.1%, with an excellent performance in the international markets that contribute with a sales growth of 68.7%, while in Spain EPC sales decrease by 20.7%.
- Renewable energy generation activity grows by 43.8% up to € 90.0 million due to the start in the operation of several plants in late 2010 and in the first quarter of 2011.

- If the contribution in both years of renewable assets were to be eliminated, due to its sale, total Industrial Services sales would have grown by 1.5%, while Spanish sales would have decreased by close to 13%.

### 3.4.2. Operating results

- EBITDA grew by 16.1% with a margin on sales of 11.9%, 134 b.p. better than last year as a result of the change of mix experienced, where EPC Projects and specially Renewable Energies have a greater weight.
- EBIT grew by 34.4% leaving the margin on sales on 10.9%, 255 b.p. better than last year.
- EBITDA ex-renewables would have grown by close to 7%, as well as EBIT, which would have also grown by close to 7%.

### 3.4.3. Backlog evolution

Industrial Services		January - March	
Backlog breakdown by activity			
Million Euro	2010	2011	Var. 11/10
Support Services	4,383.7	4,556.1	+3.9%
EPC Projects & Renewables	2,386.1	2,552.1	+7.0%
<b>TOTAL</b>	<b>6,769.8</b>	<b>7,108.2</b>	<b>+5.0%</b>
Domestic	3,965.2	3,379.8	-14.8%
International	2,804.6	3,728.4	+32.9%
% over total backlog	41%	52%	

- The backlog of € 7,108 million (+5.0%) means 12 months of activity.
- International backlog grows by more than 33%, backed by the good performance of EPC Projects area that has been awarded with several turn-key contracts in Latin America, Asia and Northern Europe.
- The Mexican market, with a current backlog close to one third of the total, shows the highest growth potential with significant contracts in the energy sector, including facilities for the electricity and oil&gas industries.

### 3.5. Affiliated Listed Companies

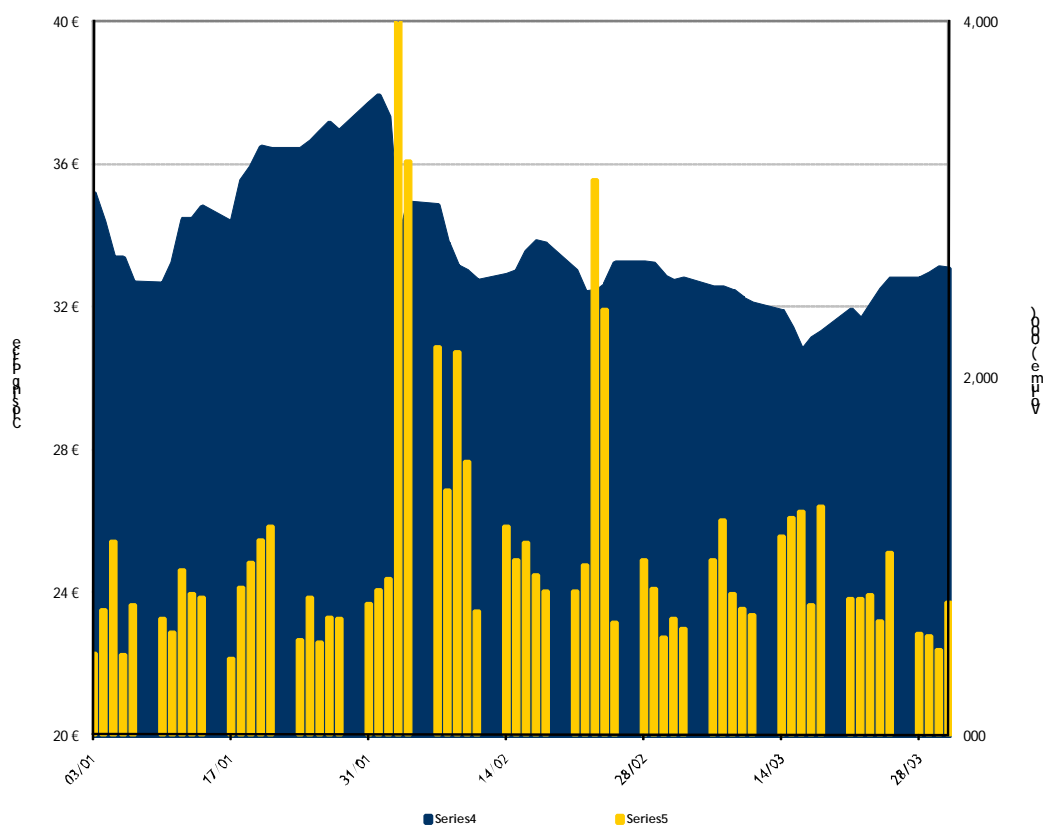
Associates			
Main financial figures		January - March	
Euro Million	2010	2011	Var. 11/10
Abertis	24.8	18.5	-25.4%
Hochtief	17.9	(21.7)	n.a.
Iberdrola	123.3	0	n.s.
<b>Income from Associates</b>	<b>166.0</b>	<b>(3.3)</b>	<b>n.s.</b>
Financial expenses	(95.9)	(122.4)	+27.5%
Hochtief provision		26.6	n.s.
Corporate tax	27.9	36.7	+31.6%
<b>Attributable Net Profit</b>	<b>98.0</b>	<b>(62.3)</b>	<b>n.s.</b>

- The contribution from these companies to the Net Profit of the Group, after financial expenses and taxes, has fallen down to losses of € 62 million, as a consequence of three factors:
  - Abertis contribution, that accounted for € 18.5 million, is lower than in 2010 as last year ACS's stake in the company was 25,8%, whilst in 2011 the company holds 10.3% through its indirect stake in Admirabilia, S.L.
  - The equity method contribution of Hochtief has been affected by the possible extraordinary losses derived from Leighton, which have been partially covered by the generic provision accounted by ACS in 2010 to cover an eventual asset deterioration, which amounts to € 26.6 million after taxes.  
  
ACS stake in Hochtief in March 2010 accounted for 30%, while by the 31<sup>st</sup> of March, 2011 accounted for 41.5%.
  - Iberdrola had no contribution in the first quarter as dividends are accrued after Annual General Meeting that will take place in May, whilst in 2010 the AGM took place in March. The estimated net dividend from ACS 19.03% stake in Iberdrola will contribute with more than € 199 million.
- Financial expenses associated to the investments in these companies account for € 122.4 million. The positive tax impact accounts for € 36.7 million.
- If Iberdrola dividends were to be accounted, net contribution would have grown up to € 136 million, which would mean a growth of 39%.

## Annexes

### Annex I. Stock price evolution

ACS Shares Data	2010	2011
Closing price	34.16 €	33.08 €
YTD performance	-1.87%	-5.69%
Maximum in the period	38.80 €	38.27 €
Maximum Date	5-Jan	2-Feb
Minimum in the period	30.92 €	30.62 €
Minimum Date	5-Feb	16-Mar
Average in the period	34.14 €	33.64 €
Total volume ('000)	51,325	65,334
Daily average volume ('000)	789.61	1,005.14
Total traded effective (€ mn)	1,752	2,198
Daily average effective (€ mn)	26.95	33.81
Number of shares (mn)	314.66	314.66
Market cap (€ mn)	10,749	10,409



## **Annex II. Main contracts awarded**

### **i. Construction**

#### Civil Works – Roads

- Design and Construction of the tunnel in the SR-99 in Seattle (U.S.A.).

#### Civil Works - Railways

- Project for the construction of the high-speed railway line between Antequera and Granada, in the interconnection of Bobadilla an Antequera (Málaga, Spain).
- Construction of a tunnel structure for the railway line on the Ourense-Santiago route, in the stretch between Silleda and Boqueixón (Pontevedra, Spain).
- Works for the refurbishment of Sants station's entries (Barcelona, Spain).

#### Non Residential Building

- "Museo Nacional de la Energía" institutional building construction in Leon (Spain).
- Works for Reus Hospital construction (Tarragona, Spain).
- Works on Atocha station enlargement (Madrid, Spain).

### **ii. Environmental Services**

- Urban waste collection and street cleaning services in Viladecans (Barcelona, Spain).
- Contract for urban solid waste collection in Boucle de la Seine (France).
- Urban solid waste collection in La Ciotat (Marseille, France).
- Contract for urban solid waste collection in Mijas (Málaga, Spain).
- Urban waste collection and street cleaning services in Parets del Vallés (Barcelona, Spain).
- Contract for the construction and maintenance services of a sport center in Viladecans (Barcelona, Spain).

### **iii. Industrial Services**

#### Specialized Products

- Works for the enlargement of the high-voltage transmission line between Cuiaba-Ribeiraозinho and Ribeiraозinho- Río Verde Norte (Brazil)
- Construction, equipment and operation of San Francisco Hospital (Ecuador)
- Electrical installations and climate control systems for Archidona Prison (Malaga, Spain)
- Climate control system and other improvement works for the Hospital Universitario de Guadalajara (Guadalajara, Spain)

#### EPC Projects

- Engineering, procurement and construction (EPC) of two jackets for Eldfisk II oil platform in the North Sea (Norway)
- Construction of a liquefied petroleum gas storage plant in Quito (Ecuador)
- Design, engineering, procurement and construction of the Aguas Negras canal water purification system (Chiapas, Mexico)

#### Control Systems

- Maintenance works for Madrid underground network (Spain).

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*This document contains forward-looking statements on the intentions, expectations or forecasts of Grupo ACS or its management at the time the document was drawn up and in reference to various matters including, among others, its customer base, its performance, the foreseeable growth of its business lines and its overall turnover, its market share, the results of Grupo ACS and other matters relating to the Group's activities and current position. These forward-looking statements or forecasts can in some cases be identified by terms such as "expectation", "anticipation", "proposal", "belief" or similar, or their corresponding negatives, or by the very nature of predictions regarding strategies, plans or intentions.*

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*Translation of this report originally issued in Spanish. In event of discrepancy, the Spanish language version prevails.*

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