



# Results Presentation 2014

*27<sup>th</sup> February, 2015*



## *Executive Summary*

**Strong international footprint**

**Net profit increase**

**Solid cash flow generation**

**Significant gearing reduction**

# Geographical Diversification

Var, 13/14

**Sales 2014**

**€ 34,881 mn**

**-0.8%**

**34%**  
€ 11,814 mn



**5%**  
€ 1,878 mn

**1%**  
€ 267 mn

**26%**  
€ 8,962 mn

**34%**  
€ 11,960 mn

# Geographical Diversification

Var, 13/14

**Backlog 2014**

**€ 63,321 mn**

**+6.7%**

**27%**  
€ 16,593 mn



**31%**  
€ 19,495 mn

**34%**  
€ 21,758 mn

**7%**  
€ 4,592 mn

**1%**  
€ 883 mn

# Key figures 2014

			Var. 13/14	Var. comp.*
<b>EBITDA</b>	Margin 7.1%	<b>€ 2,466 mn</b>	<b>-12.9%</b>	<b>-3.9%</b>
<b>EBIT</b>	Margin 4.6%	<b>€ 1,598 mn</b>	<b>-2.6%</b>	<b>+3.1%</b>
<b>Net Profit</b>		<b>€ 717 mn</b>	<b>+2.2%</b>	<b>+4.3%</b>
<b>Net Debt</b>		<b>€ 3,722 mn</b>	<b>-2.3%</b>	

\* Eliminating the effect of exchange rates, changes in perimeter and FleetCo

# Net Profit 2014

€ million

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

# Cash Flow Generation 2014

**Disposals = € (2,623) mn**  
**+ Investments = € 2,310 mn**

---

*2x the cash flow  
generated in 2013*

Cash Flow from  
operating  
activities  
**€ 824 mn**



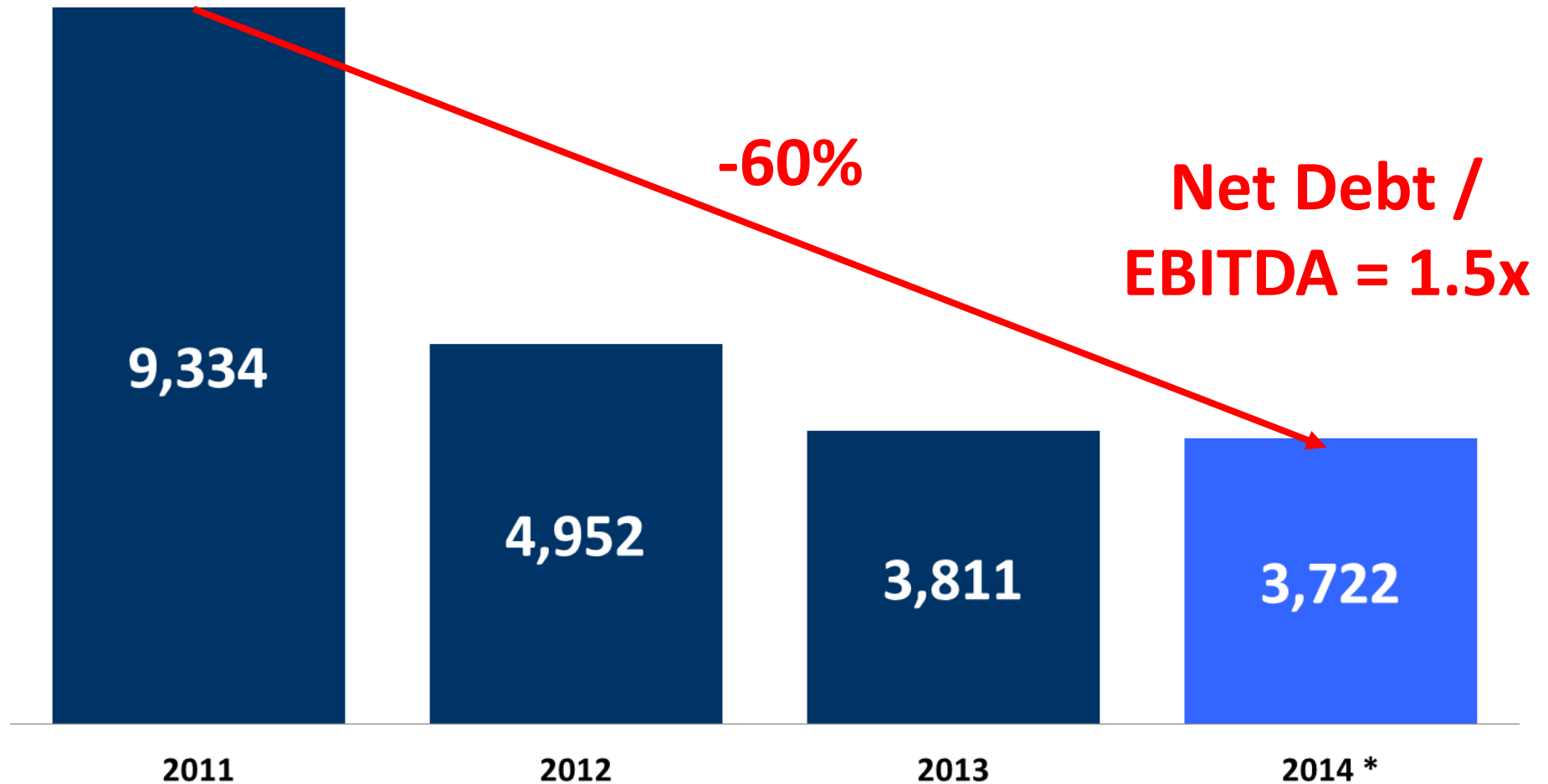
Cash Flow from  
Disposals  
**€ 313 mn**



**Free Cash Flow  
2014**  
**€ 1,137 mn**

# Significant gearing reduction

Net Debt (€mn)



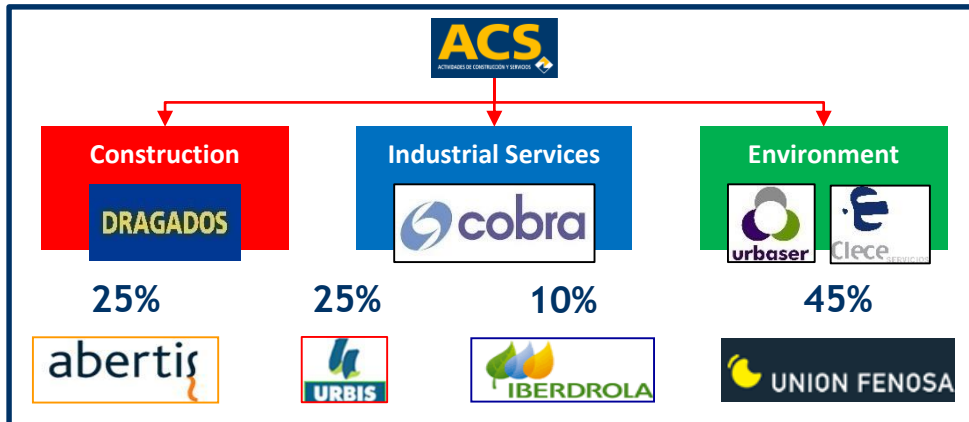
\* Net debt adjusted to include the proceeds pending to be collected from disposals of John Holland and Leighton Services



# Transforming ACS: from local contractor ...

# 2006 →

Top Spanish contractor with sales over de € 14 bn

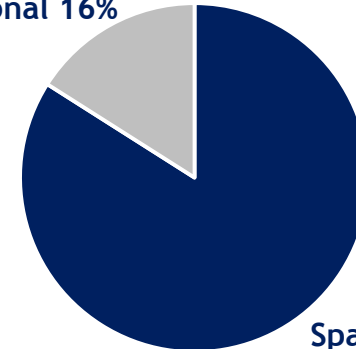


EBITDA € 1.27 bn

Net Debt € 8.7 bn

123,652 employees

International 16%



Spain 84%

## The Top 225 International Contractors

(Based on Contracting Revenue from Projects Outside Home Country)

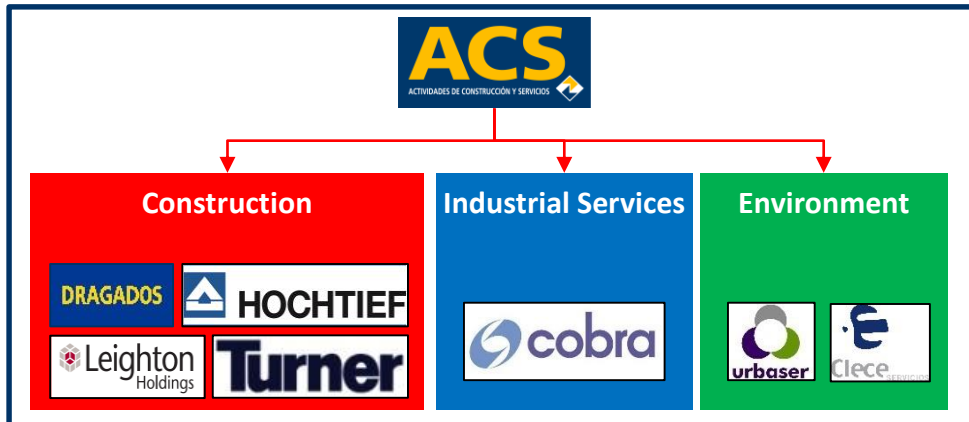
RANK 2007	RANK 2006	FIRM	2006 REVENUE (\$ MIL.)	
			INTERNATIONAL	TOTAL
1	1	HOCHTIEF AG, Essen, Germany <sup>†</sup>	17,598.9	19,795.0
2	2	SKANSKA AB, Solna, Sweden <sup>†</sup>	12,347.1	15,722.2
3	3	VINCI, Rueil-Malmaison, France <sup>†</sup>	11,065.0	32,699.0
4	4	STRABAG SE, Vienna, Austria <sup>†</sup>	10,799.0	13,502.0
5	5	BOUYGUES, Paris, France <sup>†</sup>	9,576.0	24,960.0
6	7	BECHTEL, San Francisco, Calif., U.S.A. <sup>†</sup>	8,931.0	15,367.0
7	9	TECHNIP, Paris La Defense, France <sup>†</sup>	8,084.0	8,245.0
8	6	KBR, Houston, Texas, U.S.A. <sup>†</sup>	7,426.4	8,150.2
9	10	BILFINGER BERGER AG, Mannheim, Germany <sup>†</sup>	6,553.0	9,967.0
10	8	FLUOR CORP., Irving, Texas, U.S.A. <sup>†</sup>	6,338.5	11,273.7
11	11	ROYAL BAM GROUP NV, Bunnik, The Netherlands <sup>†</sup>	5,892.0	10,844.0
12	13	BOVIS LEND LEASE, Harrow, Middlesex, U.K. <sup>†</sup>	5,680.0	8,353.0
13	17	CONSOLIDATED CONTRACTORS INT'L CO., Athens, Greece <sup>†</sup>	3,941.2	3,941.2
14	45	CHINA COMMUNICATIONS CONSTRUCTION GROUP, Beijing, China <sup>†</sup>	3,380.7	14,734.4
15	15	JGC CORP., Yokohama, Japan	3,159.0	3,804.0
		CHIYODA CORP., Yokohama, Japan <sup>†</sup>	3,053.0	3,517.0
		<b>GRUPO ACS, Madrid, Spain<sup>†</sup></b>	<b>3,004.0</b>	<b>18,526.6</b>
17	21	CHINA STATE CONSTRUCTION ENG'G CORP., Beijing, China <sup>†</sup>	2,956.1	16,146.9
19	22	PCL CONSTRUCTION ENTERPRISES, Denver, Colo., U.S.A. <sup>†</sup>	2,527.0	4,110.0
20	19	BALFOUR BEATTY PLC, London, U.K. <sup>†</sup>	2,380.0	9,073.0

17<sup>o</sup>

# Transforming ACS: ...to a leading contractor worldwide

→ **Today**

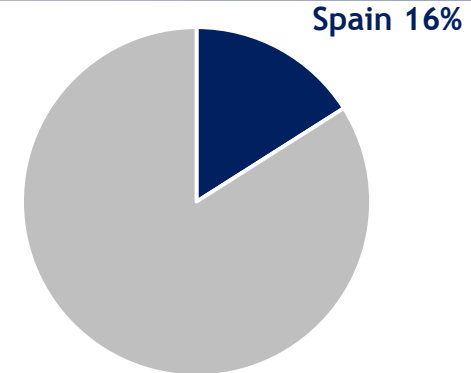
**Global leader,  
with sales reaching € 35 bn**



**EBITDA € 2.46 bn**

**Net Debt € 3.7 bn**

**210,345 employees**



**International 84%**

RANK		FIRM	2013 REVENUE \$ MIL.	
2014	2013		INT'L	TOTAL
<b>1°</b>		<b>GRUPO ACS, Madrid, Spain†</b>	44,053.8	51,029.3
		<b>HOCHTIEF AG, Essen, Germany†</b>	34,845.0	37,012.8
3	3	<b>BECHTEL, San Francisco, Calif., U.S.A.†</b>	23,637.0	30,706.0
4	4	<b>VINCI, Rueil-Malmaison, France†</b>	20,292.6	54,107.0
5	5	<b>FLUOR CORP., Irving, Texas, U.S.A.†</b>	16,784.3	22,144.1
6	6	<b>STRABAG SE, Vienna, Austria†</b>	15,392.0	18,023.0
7	7	<b>BOUYGUES, Paris, France†</b>	14,789.0	35,993.0
8	9	<b>SKANSKA AB, Stockholm, Sweden†</b>	14,141.1	18,446.5
9	10	<b>CHINA COMMUNICATIONS CONSTRUCTION GROUP LTD., Beijing, China†</b>	13,162.5	54,181.7
10	11	<b>TECHNIP, Paris, France†</b>	12,243.0	12,399.0
11	8	<b>SAIPEM, San Donato Milanese, Italy†</b>	12,137.6	12,310.2
12	12	<b>CONSTRUTORA NORBERTO ODEBRECHT, Sao Paulo, SP, Brazil†</b>	9,877.1	15,145.8
13	15	<b>HYUNDAI ENGINEERING &amp; CONSTRUCTION CO. LTD., Seoul, S. Korea</b>	8,707.8	13,784.9
14	**	<b>FERROVIAL, Madrid, Spain†</b>	7,416.5	10,861.2
15	13	<b>SAMSUNG ENGINEERING CO. LTD., Seoul, S. Korea†</b>	7,132.5	9,292.5

enr.com August 25/September 1, 2014

# Organizational Turnaround in HOCHTIEF & Leighton

## Stakeholding increase

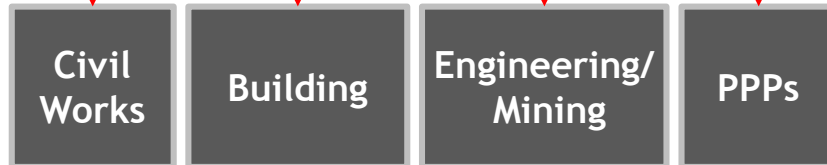
€ 212 mn = from 56% to 61.4% in HOT  
€ 617 mn = from 56% to 70% in LEI

## ACS culture implementation

New management team

## Corporate streamlining

Establishment of specialized companies & competitiveness promotion



## Operational & financial risk control

De-gearing, project management & working capital



Operating margins improvement and cash flow generation

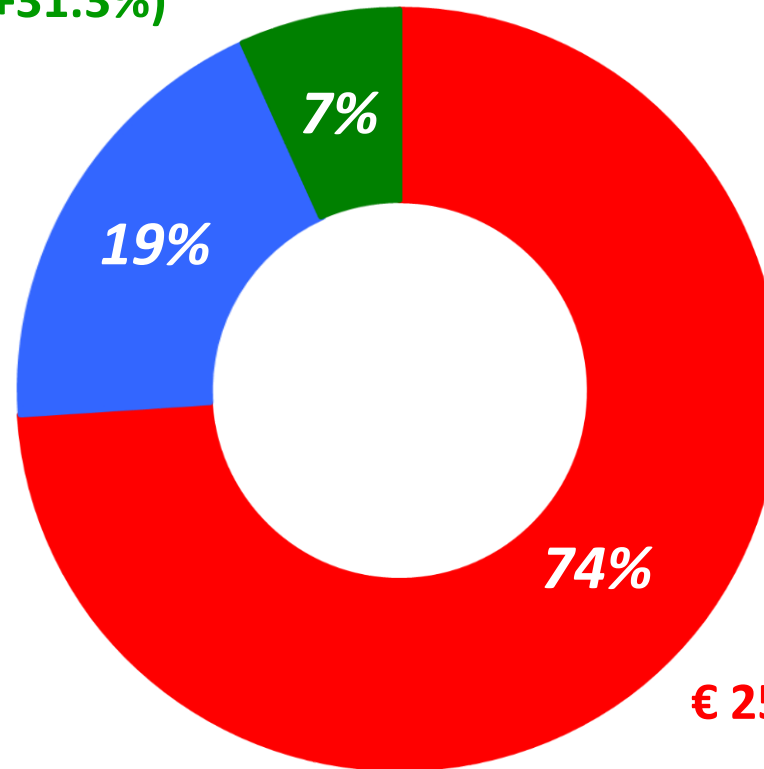
**HOCHTIEF & Leighton are strategic for the ACS future**

# Turnover

**Sales 2014**      **€ 34,881 mn**    **-0.8%**

**Environment**  
€ 2,338 mn (+31.3%)

**Industrial Services**  
€ 6,750 mn (-4.5%)



**Construction**  
€ 25,820 mn (-2.1%)

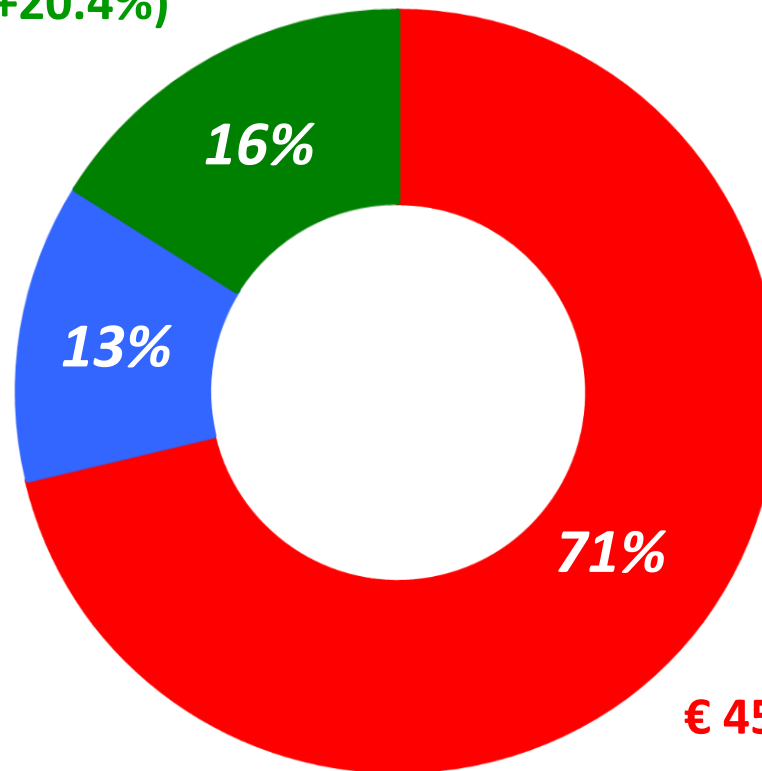
# Backlog by areas of activity

**Backlog 31/12/14**    **€ 63,320 mn**    **+6.7%**

**20 months**

**Environment**  
**€ 10,164 mn (+20.4%)**

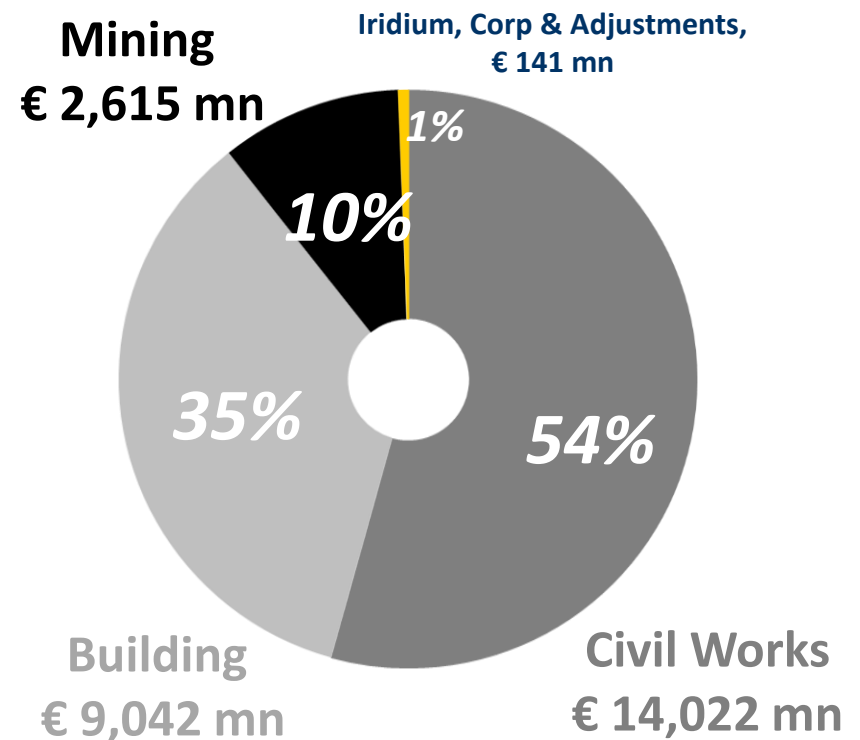
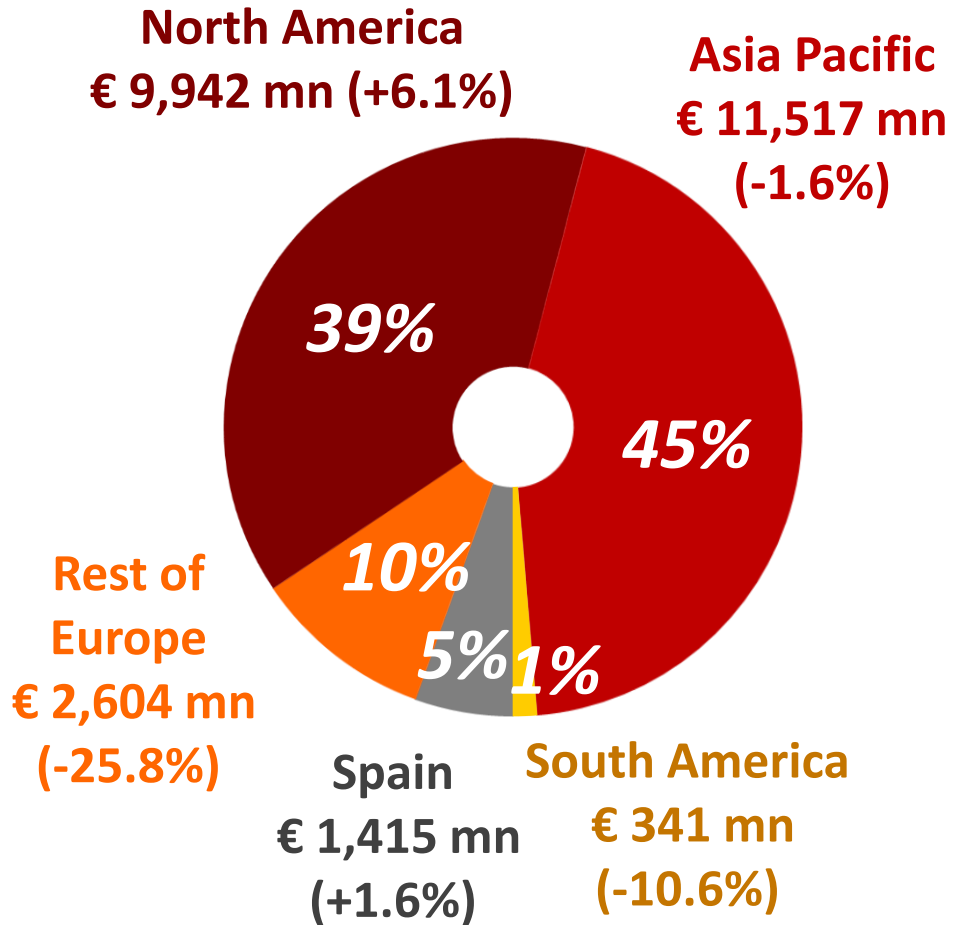
**Industrial Services**  
**€ 8,021 mn (+8.2%)**



**Construction**  
**€ 45,135 mn (+3.7%)**

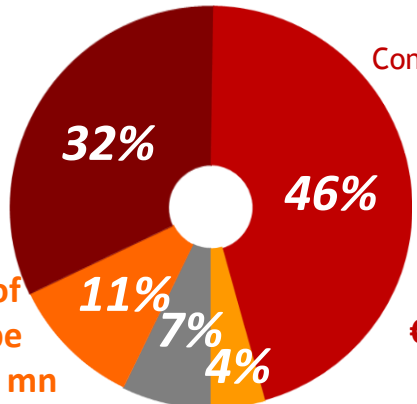
# Construction - Sales

**€ 25,820 mn** **-2.1%**



# Construction - Backlog and Main Awards

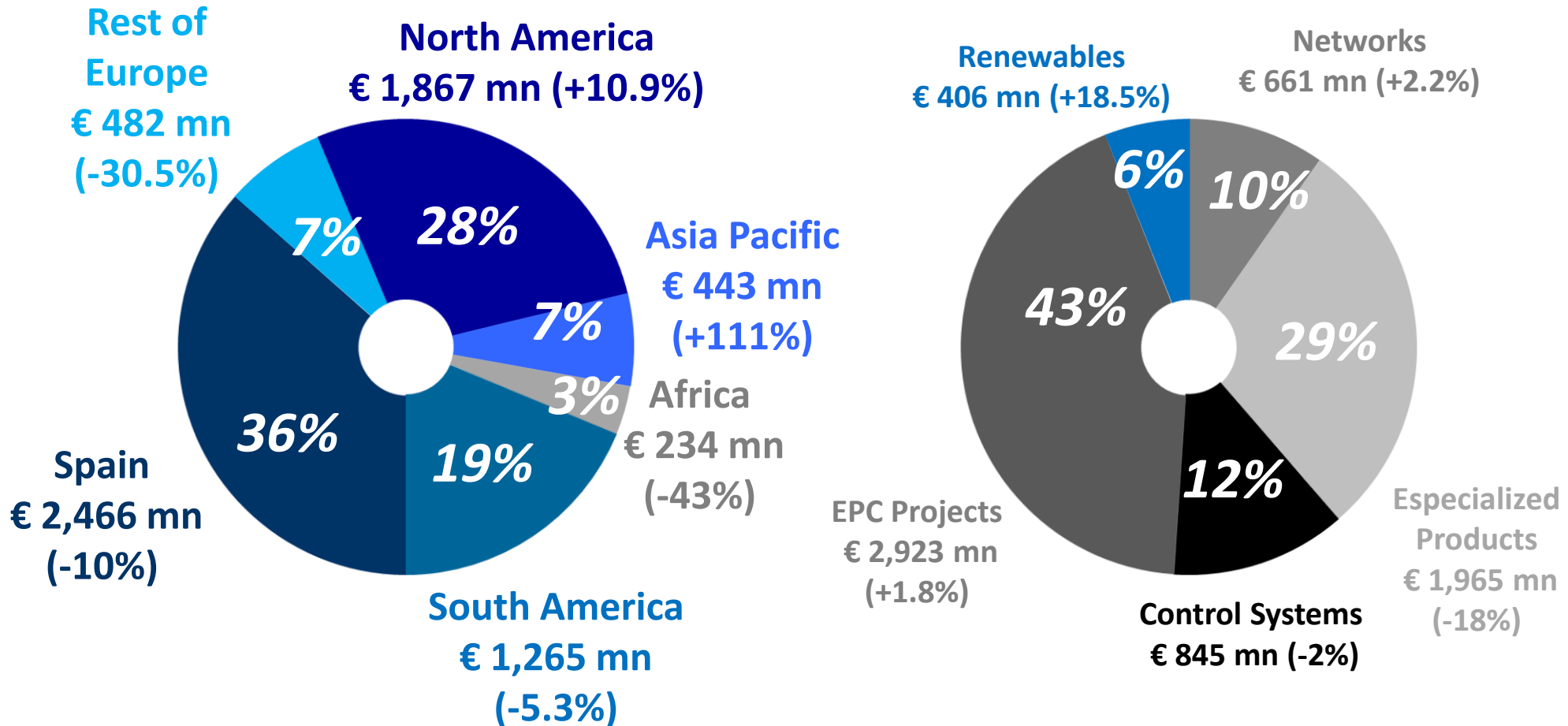
**Backlog**  
**€ 45,135 mn +3.7%**



# Industrial Services - Sales

**€ 6,750 mn**

**-4.5%**

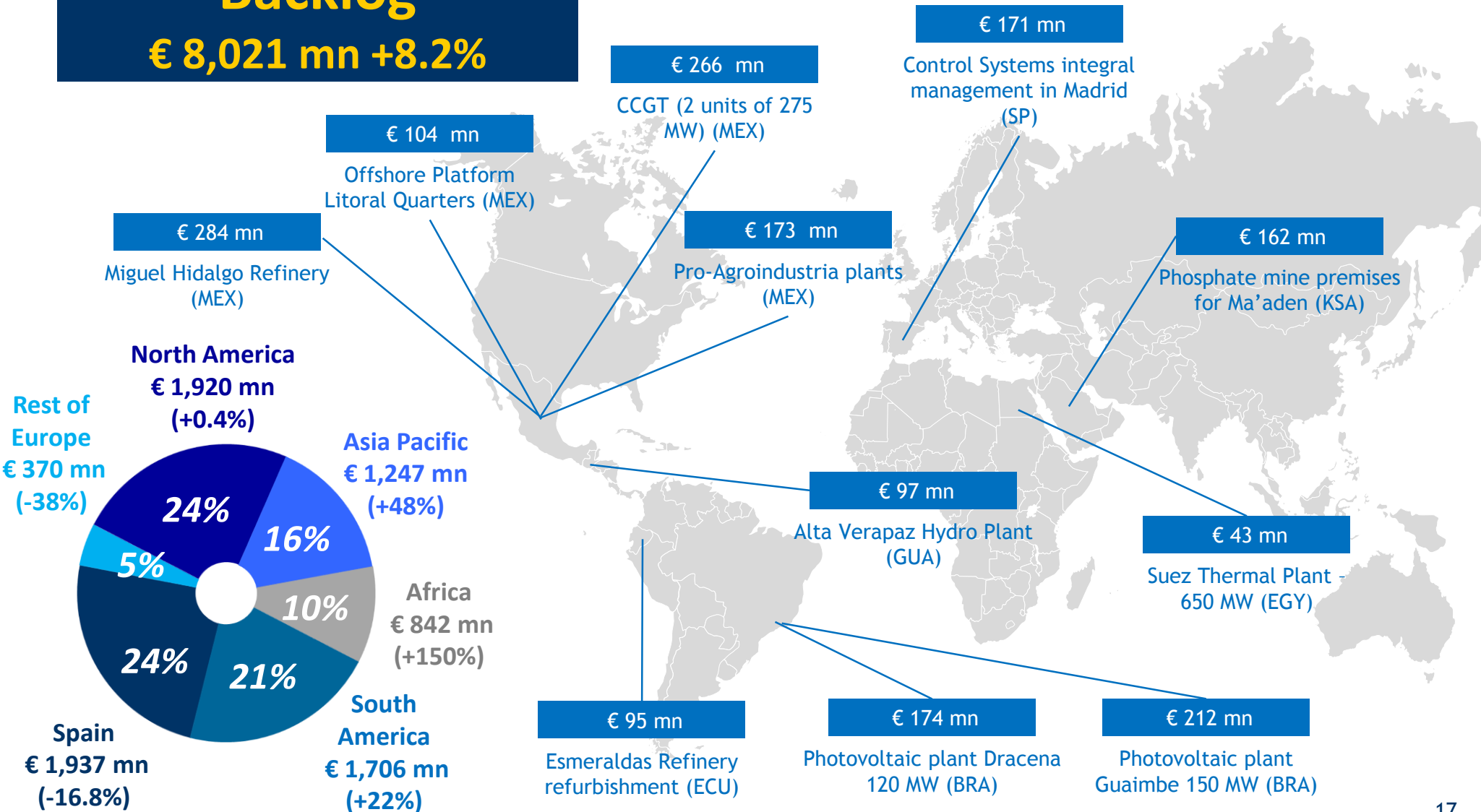




# Industrial Services - Backlog and Main Awards

## Backlog

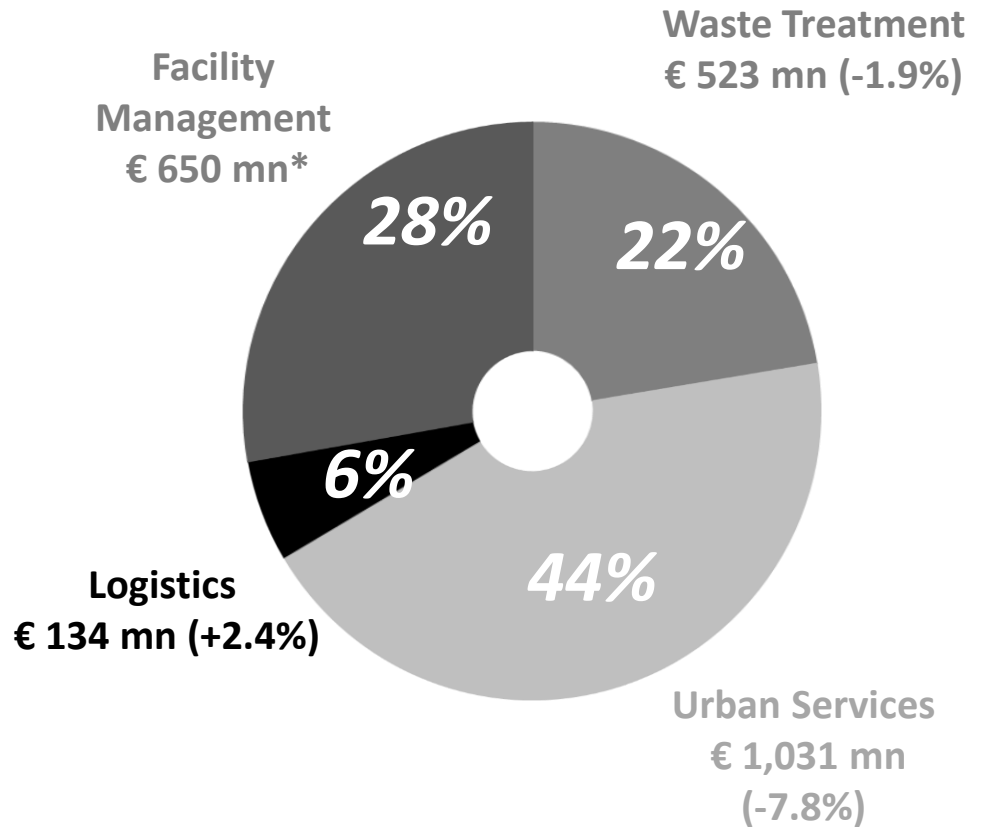
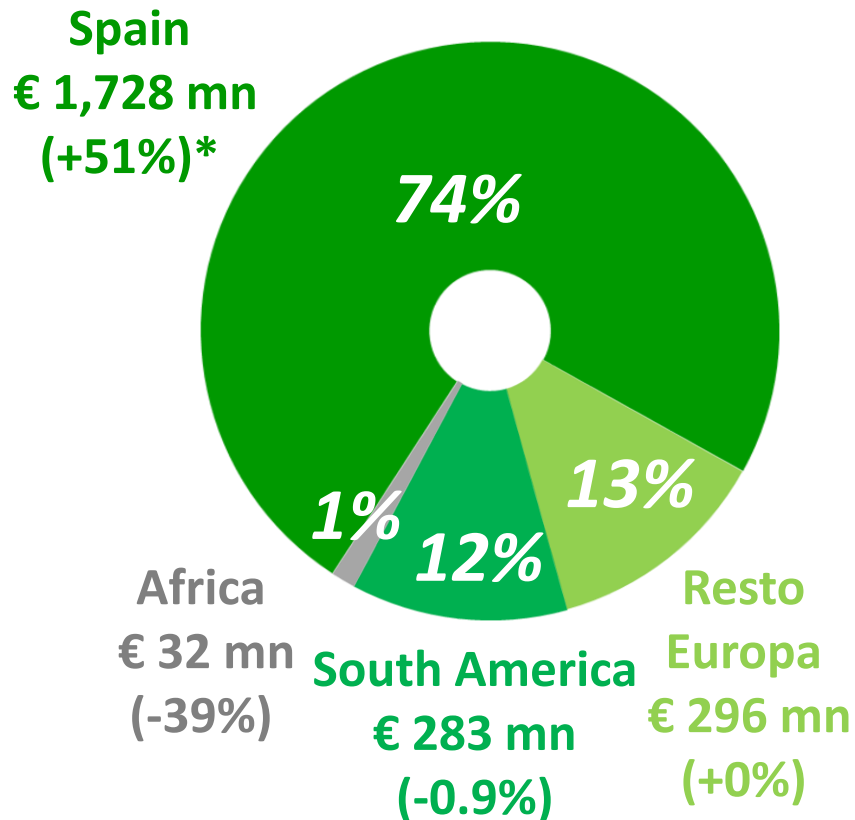
€ 8,021 mn +8.2%



# Environment - Sales

**€ 2,338 mn**

**+31.3%\***

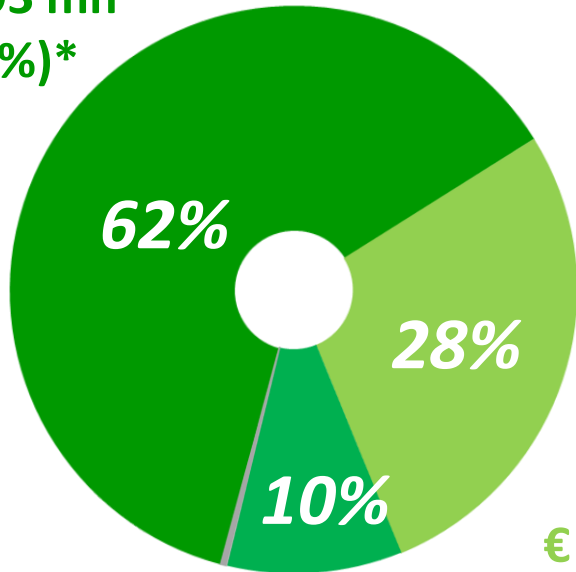


\* Includes Clece from July 1st, 2014

# Main Awards – Environment

**Backlog**  
**€ 10,164 mn +20.4%\***

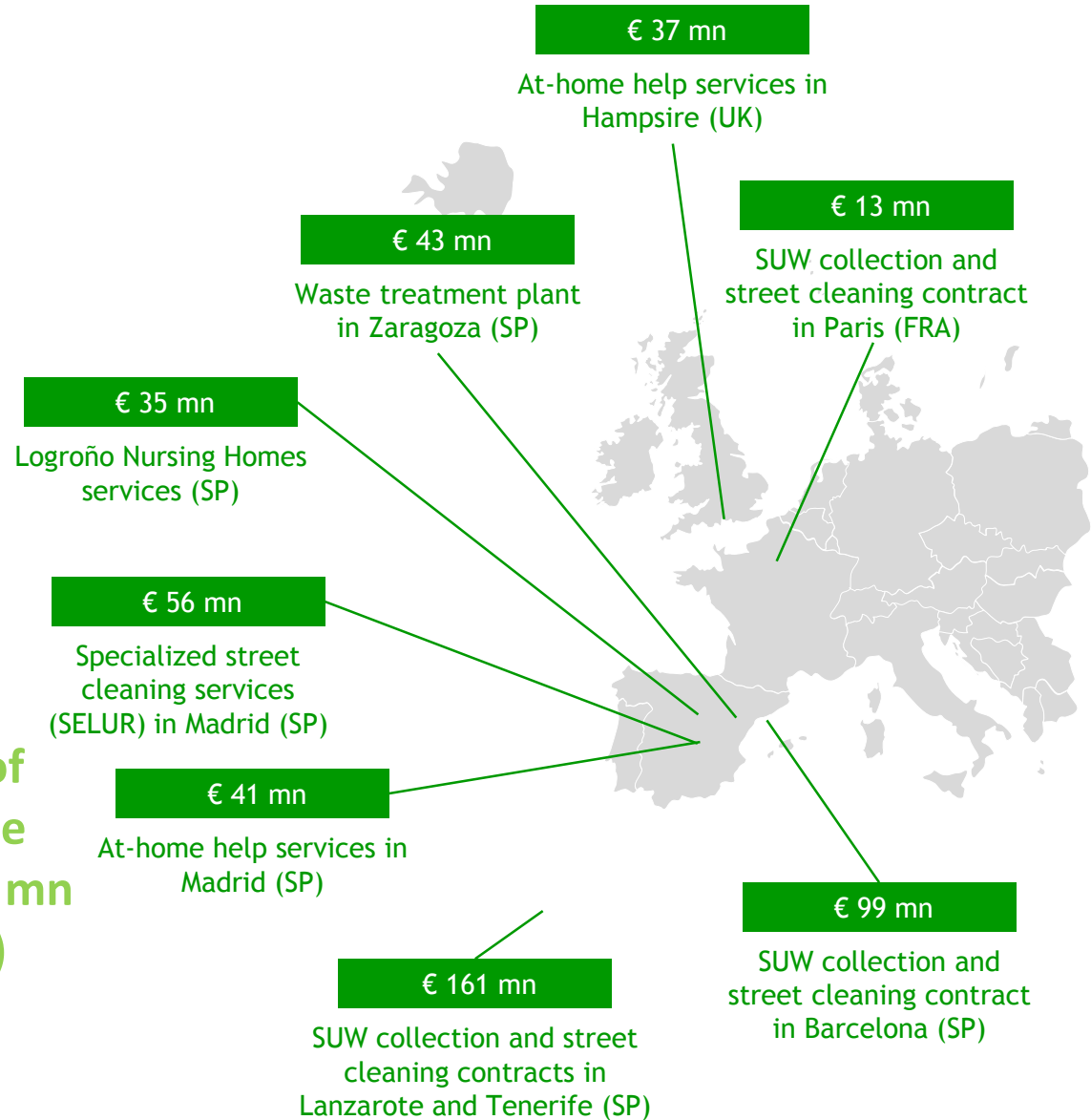
**Spain**  
**€ 6,293 mn**  
**(+40%)\***



**Africa**  
**€ 41 mn**  
**(-33%)**

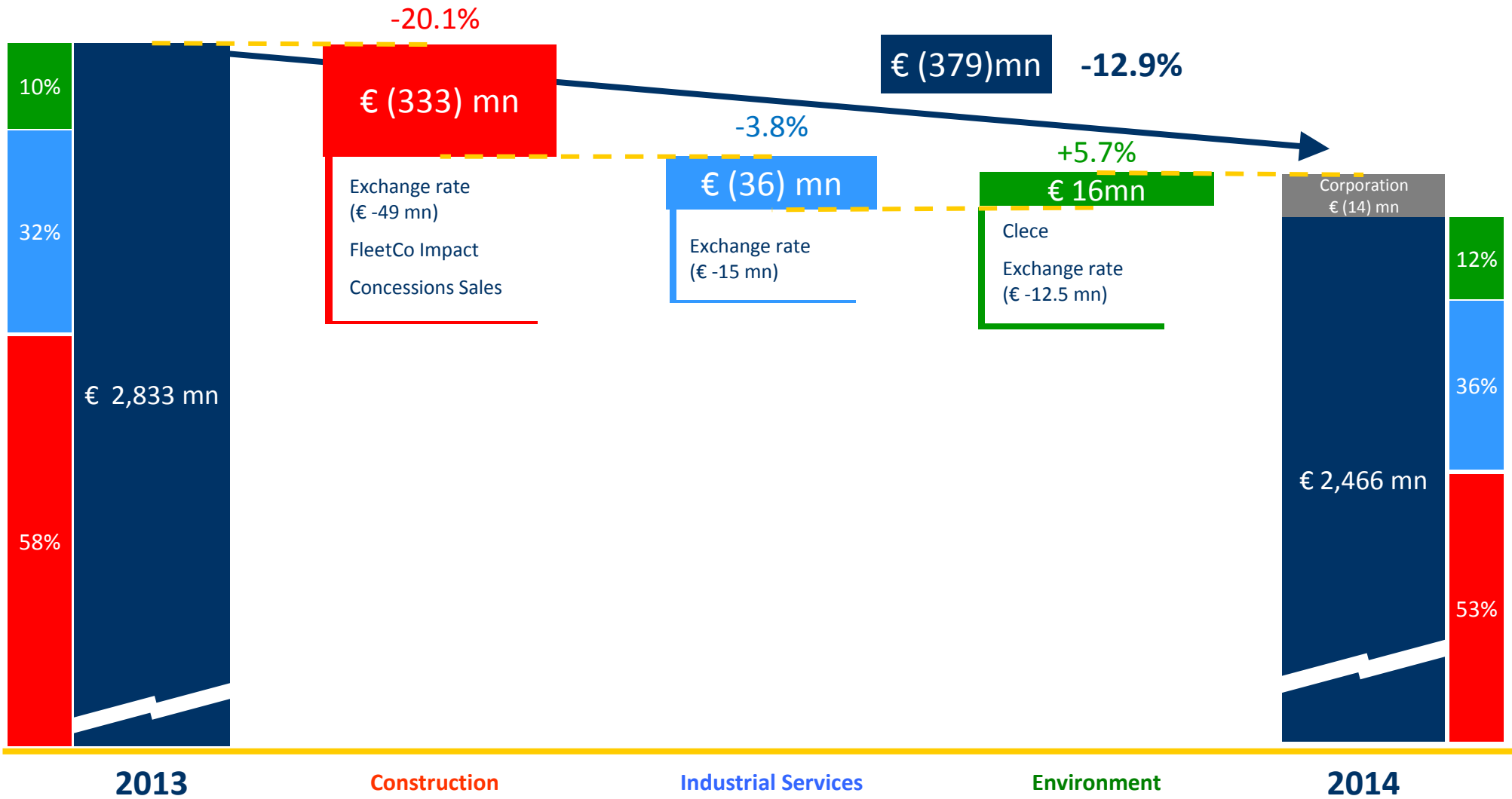
**South America**  
**€ 1,009 mn**  
**(+0.1%)**

**Rest of Europe**  
**€ 2,821 mn**  
**(-2%)**



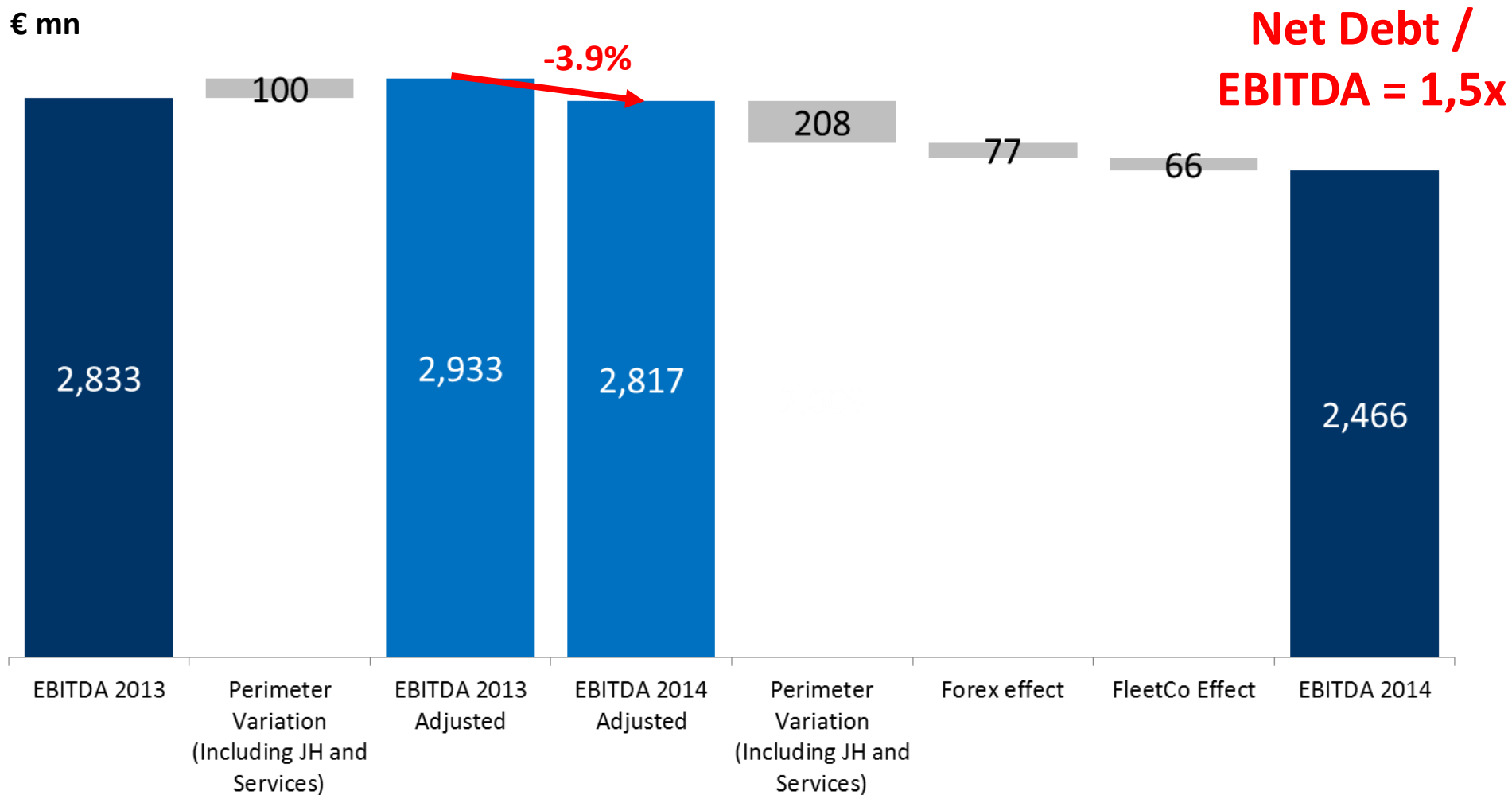
\* Includes Clece from July 1st, 2014

# Operating Results - EBITDA



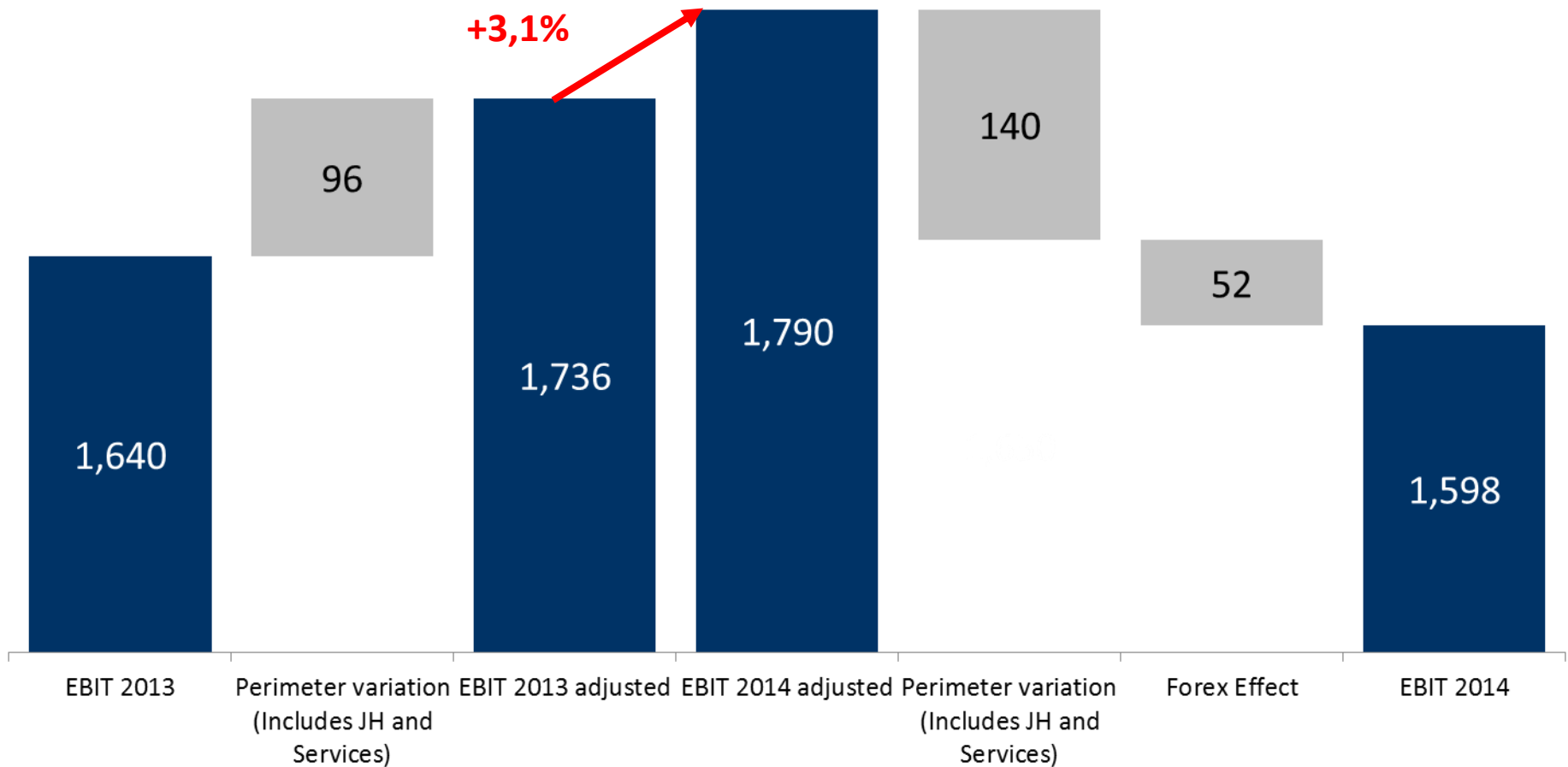
# Operating Results – EBITDA adjusted

€ mn



# Operating Results - EBIT adjusted

€ mn



# Investments Details

**Total Investments € 2,310 mn**

**Operating Activities  
€ 777 mn**

**Concessional Assets  
€ 512 mn**

**Financial Investments  
€ 1,020 mn**

**Construction € 625 mn**

**Construction € 222 mn**

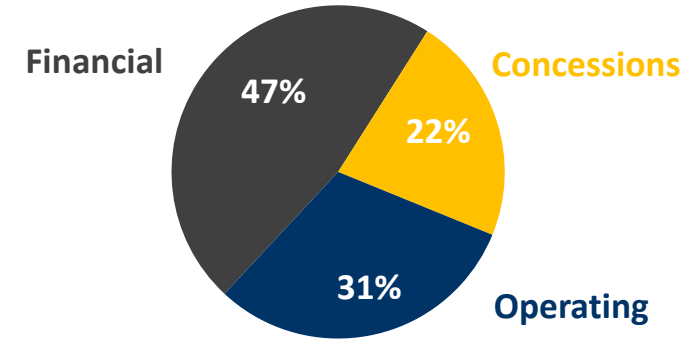
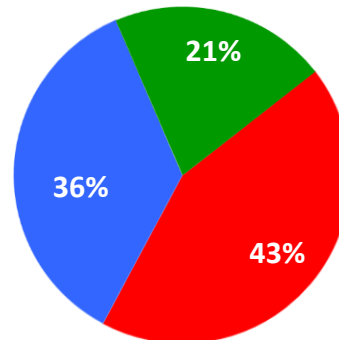
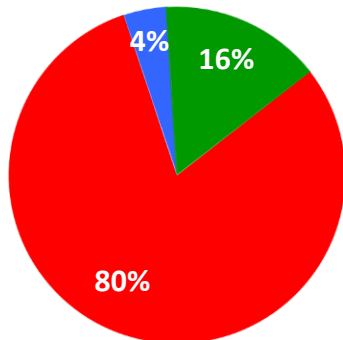
**Industrial Services € 32 mn**

**Industrial Services € 183 mn**

**Environment € 120 mn**

**Environment € 107 mn**

- Acquisition 16% LEI € 617 mn
- Acquisition 5% HOT € 212 mn
- Acquisition 25% Clece € 121 mn
- Acquisition Prince & White (USA) € 62 mn
- Others € 9 mn



# Disposals Details

## Disposals Total

## € 2,623 mn

Operating Activities

€ 167mn

Concessional Assets

€ 453 mn

Financial Divestments

€ 2,003 mn

Construction

€ 152 mn

Construction

€ 213 mn

Industrial Services

€ 7 mn

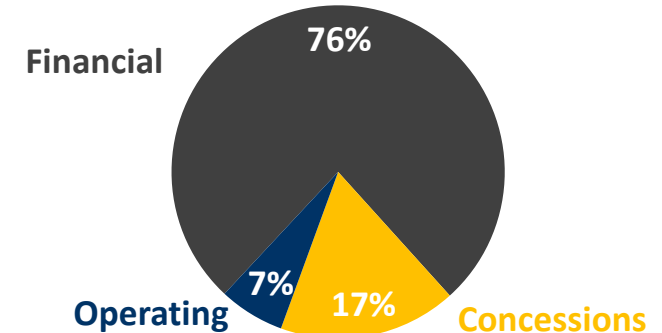
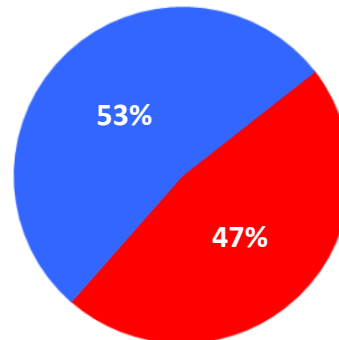
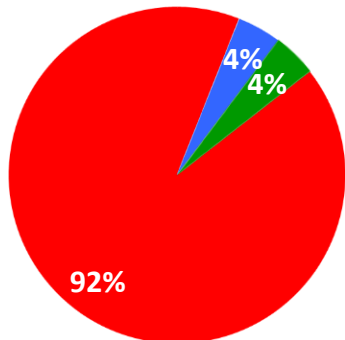
Industrial Services

€ 240 mn

Environment

€ 7 mn

- Sale 1,6% IBE € 594 mn
- Leighton Services € 585 mn
- John Holland € 492 mn
- HOT Real Estate € 313 mn
- Others € 19 mn





## Net Operating Investments / Disposals

Net Operating  
Investments

€ 611



Net Concessions  
Investments

€ 59 mn



Net Activities  
Investments

€ 670 mn

Net Financial Disposals

€ 983 mn

**TOTAL CASH FLOWS FROM  
INVESTMENT**

**€ 313 mn**

# Sale of the renewable assets 1Q/15



Agreement with  
(ROFO assets)



ACS has sold 75.4%

Sale of 49%. Transaction to be closed by 2015

Net cash obtained  
€ 361 mn

Total cash  
~ € 500 mn

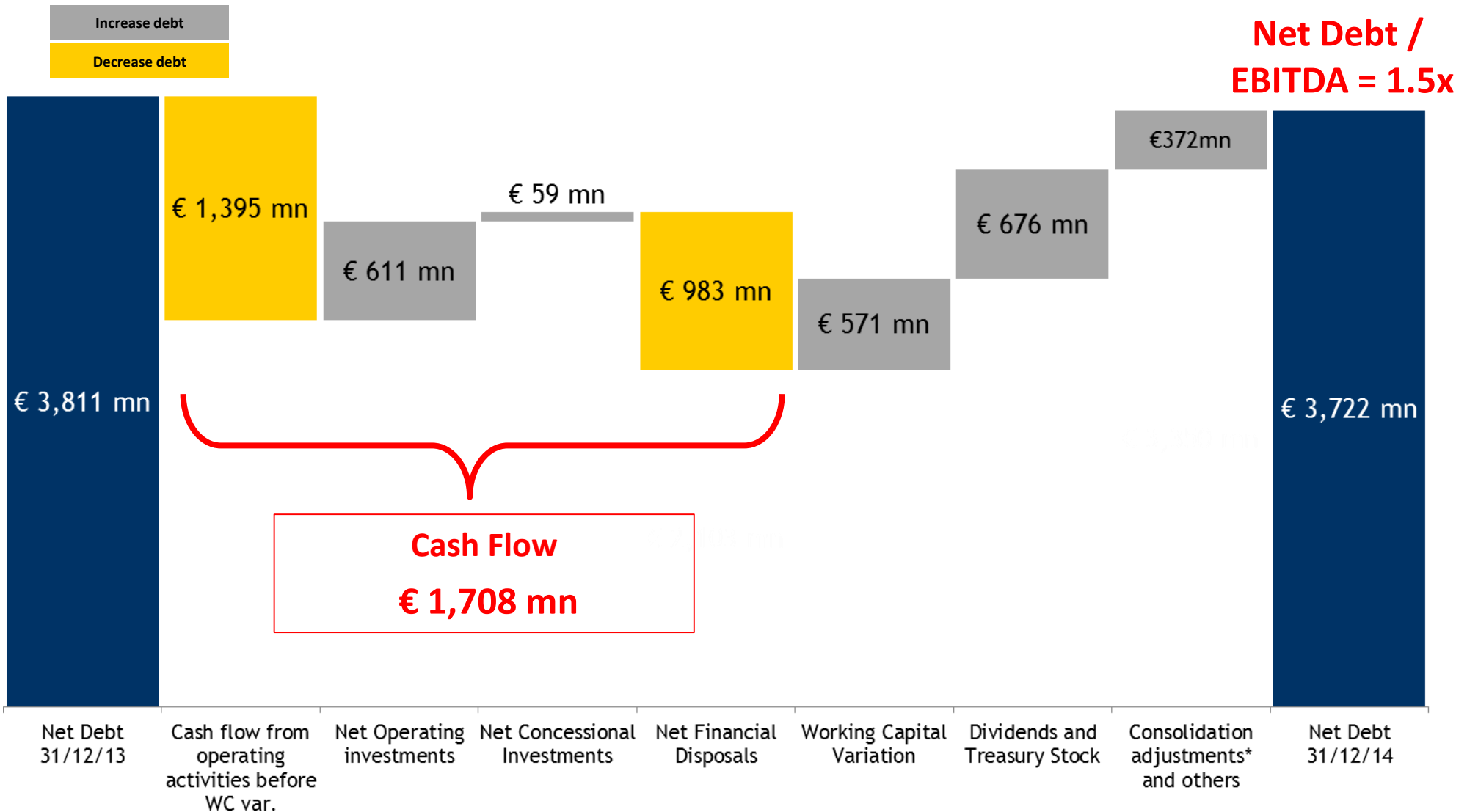
Expected net cash  
aprox. € 140 mn

ACS: industrial partner to promote its growth

Future investment platform in energy projects

**A transaction that follows the strategy of capital intensive asset rotation of Grupo ACS**

# Net Debt Evolution in 2014



\* Includes € 285 mn from the sale of John Holland and Leighton Services

# Strategic next steps

1

**Advance with the operational transformation**

*Measures to promote profitability in HOCHTIEF and Leighton*

2

**Financial Structure Improvement**

*Financial costs and leverage reduction*

3

**Take advantage of business opportunities**

*In developed markets with a high demand for infrastructures*

4

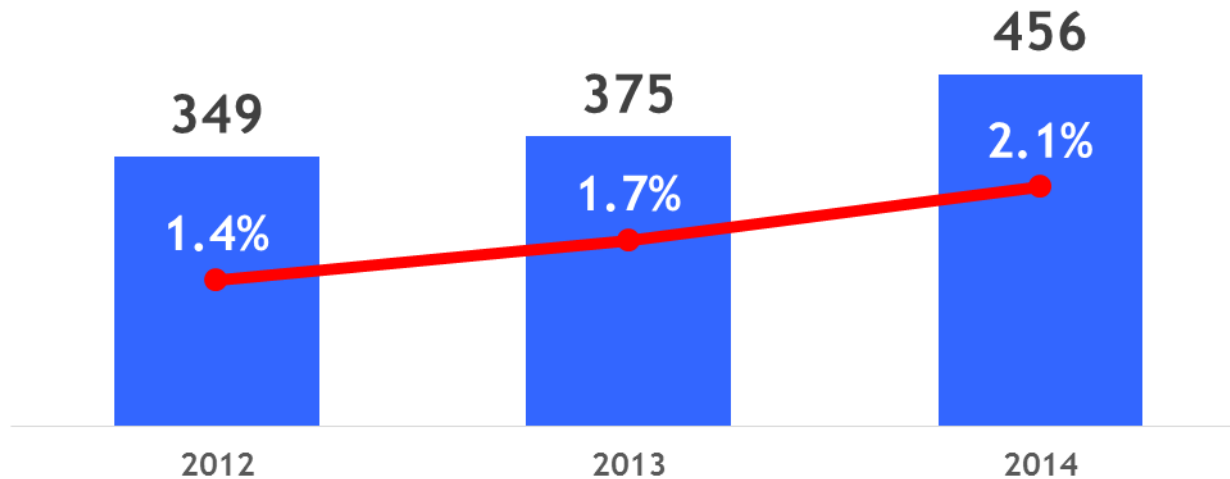
**Increase total shareholder return**

*Increase free cash flow and promote growth investments*

# Operational transformation in HOCHTIEF

■ EBIT € mn    ● EBIT Margin

## HOCHTIEF AG EBIT Evolution



Management and strategy changes ✓

Restructuring costs incurred ✓

B/S quality improvement ✓

Structure rationalization

Sale of non-strategic assets

Risk management systems deployment

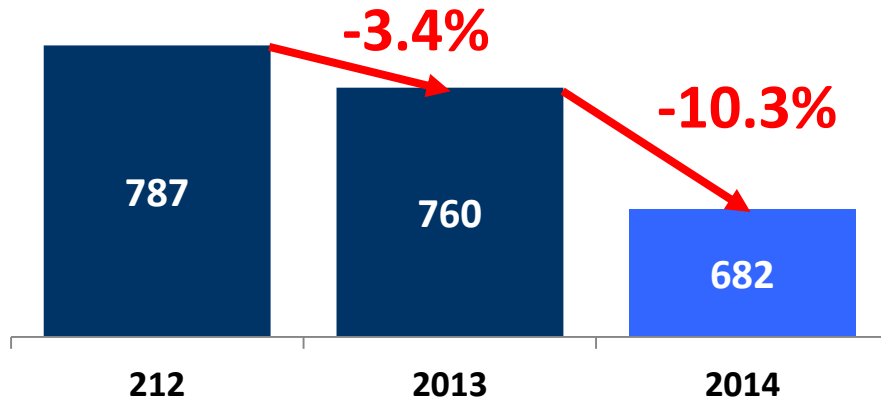
IN PROCESS

IN PROCESS

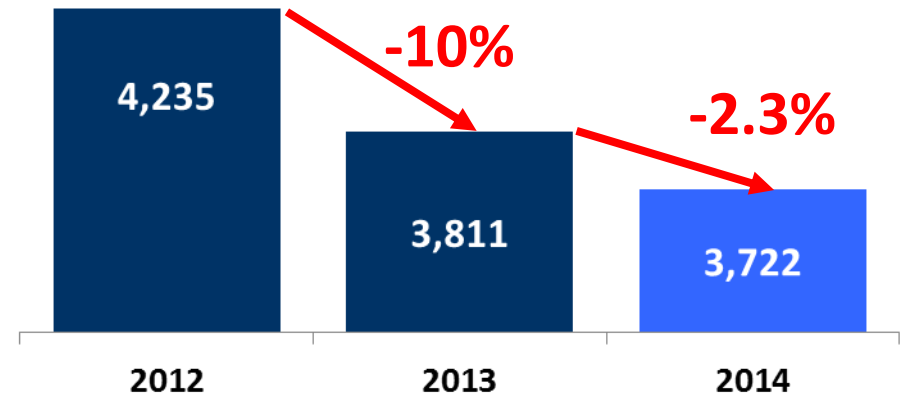
IN PROCESS

# Financial Structure Improvement

Net financial expenses (€mn)



Net Debt (€ mn)



## Financial Costs Reduction 2015

ACS Syndicated loan extension and refinancing ✓

Urbaser Syndicated loan refinancing ✓

Corporate bond issues

## Further reduction of net debt

Renewables: c. € 500 mn cash inflow ✓

“Underclaims” recovery

HOCHTIEF and Leighton Real Estate sale

Iberdrola remaining shares sale

# Business opportunities in developed markets

85% of the activity in 2014 comes from developed countries

## EE.UU. & Canada

- Improvement of obsolete infrastructures
- Development of PPPs and its regulation

## Mexico

- Investment in energy projects \$ 20bn per year
- Electricity, oil and gas



## Europe

- € 300bn of EU investments until 2018
- Infrastructure, energy and social facilities

## Australia

- Public investment of AUD 80bn per year until 2018
- Opportunities in PPPs
- Healthy public accounts

# *We keep our strategic objectives*

**Non-core assets  
divestments**

**Improve  
operating cash  
flow generation**

**Significant  
reduction of  
net debt**

**Promote growth  
in core activities**

**Deliver an  
attractive  
return to  
shareholders**





## Disclaimer

*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.*

*Such forward-looking statements or forecasts in no way constitute, by their very nature, guarantees of future performance but are conditional on the risks, uncertainties and other pertinent factors that may result in the eventual consequences differing materially from those contained in said intentions, expectations or forecasts.*

*ACS, Actividades de Construction y Servicios, S.A. does not undertake to publicly report on the outcome of any revision it makes of these statements to adapt them to circumstances or facts occurring subsequent to this presentation including, among others, changes in the business of the company, in its strategy for developing this business or any other possible unforeseen occurrence. The points contained in this disclaimer must be taken fully into account by all persons or entities obliged to take decisions or to draw up or to publish opinions on securities issued by Grupo ACS and, in particular, by the analysts and investors reading this document. All the aforesaid persons are invited to consult the public documentation and information that Grupo ACS reports to or files with the bodies responsible for supervising the main securities markets and, in particular, with the National Securities Market Commission (CNMV in its Spanish initials).*

*This document contains financial information drawn up in accordance with International Financial Reporting Standards (IRFS). The information has not been audited, with the consequence that it is not definitive information and is thus subject to possible changes in the future*