

Results Report

1H17

July 28th, 2017

ACS

ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS



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Non audited figures. The interim financial information has been subject to a limited review report available on the company's website and the CNMV

1 Executive Summary

1.1. Main figures

Grupo ACS		<i>Key operating & financial figures</i>		
<i>Euro Million</i>	6M16	6M17	Var.	
Turnover	15.569	17.386	+11,7%	
Backlog	61.551	65.200	+5,9%	
<i>Months</i>	21	22		
EBITDA ⁽¹⁾	1.091	1.224	+12,2%	
<i>Margin</i>	7,0%	7,0%		
EBIT ⁽¹⁾	837	900	+7,6%	
<i>Margin</i>	5,4%	5,2%		
Attributable Net Profit	388	416	+7,2%	
EPS	1,27 €	1,33 €	+5,4%	
Net Investments	(77)	224	n.a.	
Investments	600	364		
Disposals	677	140		
Total Net Debt	3.741	1.654	-55,8%	
Businesses' Net Debt	3.201	1.430		
Project Financing	540	224		

Note: Urbaser is restated as discontinued operation in the financial accounts of the comparable period after its sale in the last quarter of 2016.

Data presented according to Grupo ACS management criteria.

(1) Includes Joint Ventures Net Results (companies executing projects managed with partners) not fully consolidated.

- Sales in the period accounted for € 17,386 million, an increase of 11.7% compared to the same period of the previous year. The growth pattern which started in the second half of 2016 is confirmed by positive sale evolution in general, and the particular strong performance in CIMIC which grew by nearly 30% in the second quarter of 2017.
- Backlog accounted for € 65,200 million, growing by 5.9% despite the negative impact from the USD exchange rate. Both to the positive evolution of commercial activity during the first half of the year and the integration of the newly acquired businesses confirm the growth trend in contracting activity.
- EBITDA of the Group accounted for € 1,224 million, a 12.2% increase due mainly to the positive evolution of the construction activity. EBITDA margin stands at 7.0% remaining stable versus the comparable period.
- EBIT accounted for € 900 million and grew by 7.6%. EBIT margin stood at 5.2% with a slight variation due to change in the business mix.

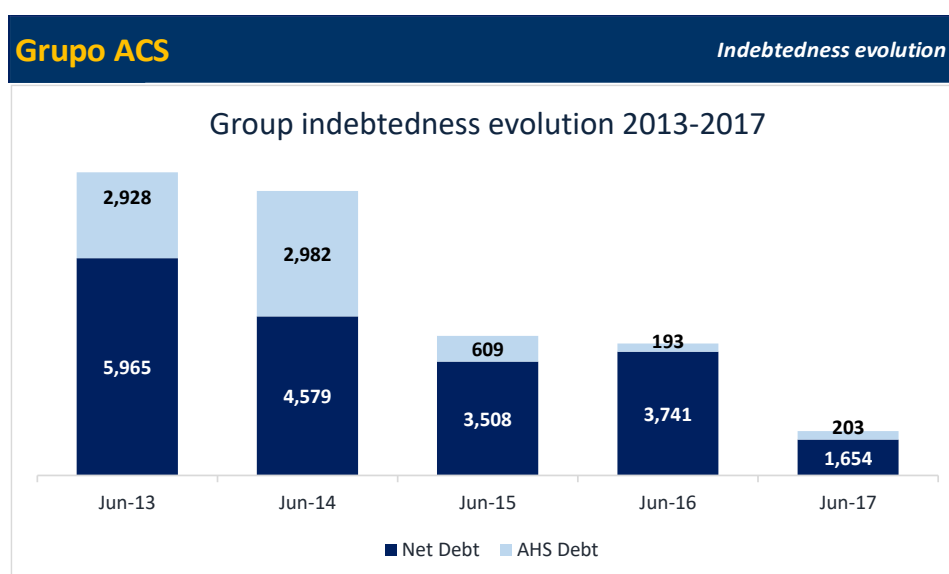
Grupo ACS		Main figures details		
Euro Million	6M16	6M17	Var.	
Backlog	61,551	65,200	+5.9%	
Direct	54,008	60,219	+11.5%	
Proportional*	7,543	4,981	-34.0%	
Work Done	16,782	18,341	+9.3%	
Direct	15,569	17,386	+11.7%	
Proportional*	1,213	956	-21.2%	
EBITDA	1,091	1,224	+12.2%	
Direct	1,014	1,189	+17.2%	
Proportional*	77	35	-54.3%	
EBIT	837	900	+7.6%	
Direct	760	865	+13.8%	
Proportional*	77	35	-54.3%	

* Refers to the proportional stake of the operating Joint Ventures and projects not fully consolidated in the Group

- Net profit of Grupo ACS accounted for € 416 million which represents a 7.2% increase compared to the same period of the prior year.

GRUPO ACS		Net Profit		
Euro Million	6M16	6M17	Var.	
Net Profit Construction	157	196	+24.9%	
Net Profit Industrial Services	200	209	+4.6%	
Net Profit Services	49	23	-52.8%	
Net Profit Corporation	(17)	(12)	-31.1%	
Net Profit	388	416	+7.2%	

- Net debt stood at € 1,654 million, € 2,087 million lower than the outstanding balance 12 months ago backed, by a strong operating cash generation and the sale of Urbaser.



1.2. Relevant facts

a) Dividends

- On December 22nd, 2016, exercising the powers granted by resolution of the General Shareholder's Meeting of the Company held on May 5th, 2016, the Board of Directors approved the distribution of the interim dividend for 2016 through the scrip dividend system. To this end, it was agreed to proceed to the second execution of the capital increase against reserves up to € 142 million (equivalent to around € 0.45 per share), in order that shareholders could choose between continuing to receive remuneration in cash or either in shares of the Company. This simultaneous capital increase and reduction has been made in February 2017.
- Likewise, the Shareholder Annual General Meeting held on May 4th 2017 approved the distribution of a complementary dividend of € 0.751 per share, which has been paid by July 2017, through the script dividend system.

b) Corporate Governance

- On February 28th 2017, ACS' Board of Directors agreed to appoint Mrs. Carmen Fernández Rozado as independent Board Director as well as Chairman and member of the Audit Committee.
- On May 4th 2017, General Shareholder's Meeting approved the appointment of Mr. Marcelino Fernández Verdes as Board of Director of ACS. Subsequently, the Board of Director proceeded to appoint him as Chief Executive Officer of ACS on May 11th

c) Corporation

- On May 8th 2017, ACS, Actividades de Construcción y Servicios, S.A. obtained an investment grade credit rating of BBB in a long term basis and A-2 in a short term basis, with a stable outlook, from Standard & Poor's agency. Likewise, on May 10th, HOCHTIEF and CIMIC obtained the same credit rating.

d) Mergers, acquisitions and transmission of shares

- On June 21th 2017, Grupo ACS, proceeded to execute the sale of 80% stake in its indirect holdings in three hospitals in the Balearic Islands, through its subsidiary Iridium Concesiones S.A. The Company EV of the three assets was € 418 million and the sale price € 43.3 million, generating a capital gain of € 7 million.

e) Loans, credits and other financial operations

- On June 28th 2017, Grupo ACS and a syndicate of banks consisting of forty-three Spanish and foreign institutions entered into a novation financing agreement (issue date, 13 February 2015 and renovated 31 December 2016) totalling € 2,150 million, divided into two tranches (Tranche A consisting of a loan of € 1,200 million and Tranche B consisting of a liquidity facility of € 950 million) maturing on 13 June 2022 and reduction of margins as a result of the rating obtained by the company.

2 Consolidated Financial Statements

2.1 Income Statement

Grupo ACS			<i>Income statement</i>		
<i>Euro Million</i>	6M16		6M17		Var.
Net Sales	15,569	100.0 %	17,386	100.0 %	+11.7%
Other revenues	190	1.2 %	110	0.6 %	-42.1%
Joint Ventures Net Results*	77	0.5 %	35	0.2 %	-54.3%
Total Income	15,836	101.7 %	17,531	100.8 %	+10.7%
Operating expenses	(11,460)	(73.6 %)	(12,455)	(71.6 %)	+8.7%
Personnel expenses	(3,285)	(21.1 %)	(3,852)	(22.2 %)	+17.3%
Operating Cash Flow (EBITDA)	1,091	7.0 %	1,224	7.0 %	+12.2%
Fixed assets depreciation	(241)	(1.6 %)	(309)	(1.8 %)	+28.2%
Current assets provisions	(12)	(0.1 %)	(14)	(0.1 %)	+13.0%
Ordinary Operating Profit (EBIT)	837	5.4 %	900	5.2 %	+7.6%
Impairment & gains on fixed assets	(14)	(0.1 %)	(17)	(0.1 %)	
Other operating results	(105)	(0.7 %)	(64)	(0.4 %)	
Operating Profit	718	4.6 %	818	4.7 %	+14.0%
Financial income	93	0.6 %	104	0.6 %	+11.8%
Financial expenses	(259)	(1.7 %)	(233)	(1.3 %)	-10.2%
Ordinary Financial Result	(166)	(1.1 %)	(129)	(0.7 %)	-22.6%
Foreign exchange results	(1)	(0.0 %)	(14)	(0.1 %)	
Changes in fair value for financial instruments	(22)	(0.1 %)	50	0.3 %	
Impairment & gains on financial instruments	88	0.6 %	19	0.1 %	
Net Financial Result	(101)	(0.6 %)	(74)	(0.4 %)	-27.0%
Results on equity method*	11	0.1 %	10	0.1 %	n.a.
PBT of continued operations	628	4.0 %	755	4.3 %	+20.2%
Corporate income tax	(196)	(1.3 %)	(215)	(1.2 %)	+9.6%
Net profit of continued operations	432	2.8 %	540	3.1 %	+25.0%
Profit after taxes of the discontinued operations	41	0.2 %	0	0.0 %	n.a.
Consolidated Result	473	3.0 %	540	3.1 %	+14.8%
Minority interest	(83)	(0.5 %)	(124)	(0.7 %)	+50.3%
Minority interest from discontinued operations	(3)		0		
Net Profit Attributable to the Parent Company	388	2.5 %	416	2.4 %	+7.2%

* The Joint Ventures Net Results, which are those companies that are executing projects but managed with partners, has been included in the Total Income figure, whilst the Results on Equity Method includes the net results of the rest of affiliated companies

2.1.1 Sales and Backlog

- Net sales accounted for € 17,386 million, 11.7% more than those registered in the same period of the prior year, mainly due to the positive evolution of the construction activities.
- Sales breakdown by geographical areas demonstrates the diversification of the Group's revenue sources, where North America represents 43.7% of the sales, Asia Pacific 28.5%, Spain 12.6% and the remaining regions 15.2%.

Grupo ACS					
Sales per Geographical Areas					
<i>Euro Million</i>	6M16	%	6M17	%	Var.
Spain	2,223	14.3 %	2,186	12.6%	-1.7%
Rest of Europe	1,198	7.7 %	1,275	7.3%	+6.5%
North America	7,218	46.4 %	7,605	43.7%	+5.4%
South America	957	6.1 %	1,065	6.1%	+11.3%
Asia Pacific	3,793	24.4 %	4,947	28.5%	+30.4%
Africa	179	1.2 %	307	1.8%	+71.6%
TOTAL	15,569		17,386		+11.7%

Sales per Geographical Area <i>(inter area of activity adjustments excluded)</i>									
<i>Euro Million</i>	Construction			Industrial Services			Services		
	6M16	6M17	%	6M16	6M17	%	6M16	6M17	%
Spain	562	552	-1.8%	947	976	+3.0%	730	671	-8.1%
Rest of Europe	943	1,017	+7.8%	200	223	+11.7%	55	35	-35.9%
North America	6,380	6,904	+8.2%	838	701	-16.3%	0	0	n.a.
South America	149	233	+56.1%	808	832	+3.0%	0	0	n.a.
Asia Pacific	3,307	4,396	+32.9%	486	551	+13.5%	0	0	n.a.
Africa	2	0	n.a.	177	307	+73.9%	1	0	n.a.
TOTAL	11,344	13,102	+15.5%	3,455	3,590	+3.9%	786	706	-10.2%

- In Construction, it is worth noting the activity rebound in Asia Pacific which grew by 32.9% thanks to the positive evolution in CIMIC backed by the integration of UGL. Activity in North America, with the larger contribution, maintains its solid growth of around 8.2%. Likewise, South America and Europe show positive growth rates except for Spain which experienced a reduction of 1.8%.
- In Industrial Services, the activity fall in North America due to the production adjustment in Mexico is offset by the positive evolution of the rest of the international activity, particularly in Africa, Asia Pacific and Europe with a double digit growth. Domestic activity recovers by 3.0%.
- Services sales decreased by 10.2% due to the sale of Sintax at the end of 2016, thus the only activity remaining in this area is Clece.
- Group's backlog stood at € 65,200 million and grew by 5.9% in the last twelve months thanks to the positive evolution of the contracting activities in the international market, particularly in North America and Asia Pacific.

Grupo ACS					
Backlog per Geographical Areas					
<i>Euro Million</i>	Jun-16	%	Jun-17	%	Var.
Spain	6,630	10.8 %	6,603	10.1%	-0.4%
Rest of Europe	5,176	8.4 %	5,478	8.4%	+5.8%
North America	22,193	36.1 %	22,206	34.1%	+0.1%
South America	3,744	6.1 %	4,919	7.5%	+31.4%
Asia Pacific	22,805	37.1 %	25,216	38.7%	+10.6%
Africa	1,002	1.6 %	777	1.2%	-22.5%
TOTAL	61,551		65,200		+5.9%

Backlog per Geographical Area									
<i>Euro Million</i>	Construction			Industrial Services			Services		
	Jun-16	Jun-17	%	Jun-16	Jun-17	%	Jun-16	Jun-17	%
Spain	3,000	2,631	-12.3%	1,981	2,076	+4.8%	1,650	1,896	+14.9%
Rest of Europe	4,697	5,041	+7.3%	402	343	-14.8%	77	95	+23.1%
North America	20,287	20,442	+0.8%	1,906	1,765	-7.4%	0	0	n.a.
South America	2,076	2,097	+1.0%	1,668	2,823	+69.2%	0	0	n.a.
Asia Pacific	20,947	23,975	+14.5%	1,859	1,241	-33.2%	0	0	n.a.
Africa	246	118	-52.1%	756	659	-12.8%	0	0	n.a.
TOTAL	51,252	54,303	+6.0%	8,572	8,906	+3.9%	1,727	1,991	+15.3%

- It is worth noting the evolution of Construction's backlog in Asia Pacific which grew by 14.5%, backed by the integration of UGL and the solid recovery of the European market which grew by 7.3%. Domestic backlog is reduced by 12.3%. North America is affected by the depreciation of the USD in the last twelve months; excluding this impact, backlog growth in this region would stand at 3.4%.
- Industrial Services experienced solid growth in its backlog of 3.9%, thanks to the positive evolution of the order intakes in the last twelve months, driven by the transmission lines awards in Brazil during the second half of 2016, as well as the recent energy projects. It is worth noting the recovery of the domestic backlog which grew by 4.8% with respect to that of the comparable period.
- Clece's backlog increased by 15.3% thanks to the positive evolution of the domestic backlog.

2.1.2 Operating Results

Grupo ACS		Operating Results		
<i>Euro Million</i>	6M16	6M17	Var.	
EBITDA	1,091	1,224	+12.2%	
<i>EBITDA Margin</i>	7.0%	7.0%		
Depreciation	(241)	(309)	+28.2%	
<i>Construction</i>	(208)	(280)		
<i>Industrial Services</i>	(20)	(17)		
<i>Services</i>	(14)	(12)		
<i>Corporation</i>	(0)	(0)		
Current assets provisions	(12)	(14)	+13.0%	
EBIT	837	900	+7.6%	
<i>EBIT Margin</i>	5.4%	5.2%		

- EBITDA accounted for € 1,224 million, showing an increase of 12.2% compared to June 2016. EBIT accounted for € 900 million, growing by 7.6% with respect to the prior period.

2.1.3 Financial Results

Grupo ACS		Financial Results	
Euro Million	6M16	6M17	Var.
Financial income	93	104	+11.8%
Financial expenses	(259)	(233)	-10.2%
Ordinary Financial Result	(166)	(129)	-22.6%
Construction	(72)	(64)	-11.4%
Industrial Services	(28)	(28)	+0.6%
Services	(7)	(4)	-39.6%
Corporation	(59)	(33)	-44.9%

- The ordinary financial result decreased by 22.6%. Financial expenses dropped by 10.2% as a result of the reduction of the average gross debt by 9.9%.

Grupo ACS		Financial Results	
Euro Million	6M16	6M17	Var.
Ordinary Financial Result	(166)	(129)	-22.6%
<i>Foreign exchange Results</i>	(1)	(14)	n.a
<i>Impairment non current assets results</i>	(22)	50	n.a
<i>Results on non current assets disposals</i>	88	19	-78.0%
Net Financial Result	(101)	(74)	-27.0%

- The net financial result includes the effect of financial derivatives, such as the impact of the stock option plan which matured last April 2017, and the and pre-tax income from impairment and disposal of financial assets. This last item includes in 2016 the capital gains from the prepaid forward sale of Iberdrola shares while in 2017 it includes the capital gains from the sale of Sintax and the Hospitals in the Balearic islands as well as the revaluation of certain financial assets.

2.1.4 Net Profit Attributable to the Parent Company

- Construction Net Profit grew by 24.9% underpinned by the excellent performance of HOCHTIEF and its subsidiaries whose net profit increased by 34.8%.
- Industrial Services Net Profit area grew by 4.6% as a result of the international activity boost and the recovery in domestic activity.
- Services net profit decreased 52.8% due to the sale of Urbaser and Sintax at year end, thus with no contribution in this period. Clece's net profit increased by 0.5%.
- Corporation results improve by 31.1% down to negative € 12 million thanks to the reduction of the financial expenses.

GRUPO ACS			<i>Net Profit</i>
<i>Euro Million</i>	6M16	6M17	Var.
Net Profit Construction	157	196	+24.9%
Net Profit Industrial Services	200	209	+4.6%
Net Profit Services	49	23	-52.8%
Net Profit Corporation	(17)	(12)	-31.1%
Net Profit	388	416	+7.2%

- Grupo ACS Net Profit in the first half of 2017 reached € 416 million, 7.2% higher than the prior year. This growth would be of 18.4% not taking into account the contribution of Urbaser in the prior period nor the impact in exchange rates variation.
- The effective corporate tax rate stands at 30.3%, which represents a significant reduction compared to that of the prior period which stood at 36.3%

2.2 Consolidated Balance Sheet

Grupo ACS			Consolidated balance sheet		
<i>Euro Million</i>	Dec-16		Jun-17		Var.
Intangible Fixed Assets	4,412	13.2 %	4,338	13.5 %	-1.7%
Tangible Fixed Assets	1,839	5.5 %	1,718	5.4 %	-6.6%
Investments accounted by Equity Method	1,532	4.6 %	1,460	4.6 %	-4.7%
Long Term Financial Investments	2,485	7.4 %	2,293	7.2 %	-7.7%
Long Term Deposits	7	0.0 %	7	0.0 %	+0.4%
Financial Instruments Debtors	67	0.2 %	59	0.2 %	-12.9%
Deferred Taxes Assets	2,324	7.0 %	2,225	6.9 %	-4.3%
Fixed and Non-current Assets	12,666	37.9 %	12,098	37.7 %	-4.5%
Non Current Assets Held for Sale	549	1.6 %	422	1.3 %	-23.1%
Inventories	1,407	4.2 %	1,242	3.9 %	-11.7%
Accounts receivables	10,988	32.9 %	10,985	34.3 %	-0.0%
Short Term Financial Investments	1,813	5.4 %	1,670	5.2 %	-7.9%
Financial Instruments Debtors	98	0.3 %	174	0.5 %	+77.5%
Other Short Term Assets	224	0.7 %	175	0.5 %	-21.5%
Cash and banks	5,655	16.9 %	5,293	16.5 %	-6.4%
Current Assets	20,734	62.1 %	19,961	62.3 %	-3.7%
TOTAL ASSETS	33,400	100 %	32,059	100 %	-4.0%
Shareholders' Equity	3,563	10.7 %	3,745	11.7 %	+5.1%
Adjustments from Value Changes	11	0.0 %	(80)	(0.2 %)	n.a.
Minority Interests	1,393	4.2 %	1,352	4.2 %	-3.0%
Net Worth	4,968	14.9 %	5,018	15.7 %	+1.0%
Subsidies	4	0.0 %	3	0.0 %	-16.3%
Long Term Financial Liabilities	4,907	14.7 %	5,097	15.9 %	+3.9%
Deferred Taxes Liabilities	1,188	3.6 %	1,117	3.5 %	-6.0%
Long Term Provisions	1,655	5.0 %	1,534	4.8 %	-7.3%
Financial Instruments Creditors	70	0.2 %	48	0.2 %	-31.5%
Other Long Term Accrued Liabilities	110	0.3 %	117	0.4 %	+6.7%
Non-current Liabilities	7,934	23.8 %	7,916	24.7 %	-0.2%
Liabilities from Assets Held for Sale	318	1.0 %	254	0.8 %	-20.2%
Short Term Provisions	1,028	3.1 %	950	3.0 %	-7.6%
Short Term Financial Liabilities	3,782	11.3 %	3,527	11.0 %	-6.8%
Financial Instruments Creditors	63	0.2 %	105	0.3 %	+66.4%
Trade accounts payables	14,864	44.5 %	13,686	42.7 %	-7.9%
Other current payables	443	1.3 %	605	1.9 %	+36.5%
Current Liabilities	20,498	61.4 %	19,125	59.7 %	-6.7%
TOTAL EQUITY & LIABILITIES	33,400	100 %	32,059	100 %	-4.0%

NOTE: 2016 figures have been restated according to the accounting rules as a result of the termination of the PPA resulting from the acquisition of UGL

2.2.1 Non-Current Assets

- Intangible assets which amount to € 4,338 million include goodwill from past strategic transactions, of which € 1,389 million come from the acquisition of HOCHTIEF in 2011 and € 743 million from ACS's merger with Dragados in 2003.
- The balance of the investments held by equity method includes various holdings in associated companies from HOCHTIEF, Saeta Yield and several Iridium Concessions.

2.2.2 Working Capital

Grupo ACS		Working Capital evolution*				
Euro Million	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	
Construction	(1,169)	(1,172)	(2,562)	(1,764)	(2,077)	
Industrial Services	(912)	(898)	(1,167)	(940)	(939)	
Services	(13)	35	5	10	5	
Corporation	(20)	23	43	82	242	
TOTAL	(2,115)	(2,013)	(3,681)	(2,613)	(2,769)	

*Ex Urbaser

- In the last 12 months, the net working capital has increased its credit balance by € 654 million. This variation is mainly due to changes in perimeter as a result of the acquisition of businesses in the Construction area during 2016, the accrued dividends which have been paid in July included in Corporation and the variation in the operating working capital which has improved in € 218 million.
- The operating working capital variation as of June 2017 remains practically stable compared to that of March 2017, inherent the seasonality effect of the period.
- The balance of factoring and securitization end of the period amounted to € 881 million.

2.2.3 Net Debt

Net Debt (€ mn)	Construction	Industrial Services	Services	Corporation / Adjustments	Grupo ACS
<i>June 30, 2017</i>					
LT loans from credit entities	944	236	125	1,222	2,527
ST loans from credit entities	1,133	767	175	219	2,294
Debt with Credit Entities	2,076	1,003	300	1,441	4,821
Bonds	1,733	0	0	1,643	3,375
Non Recourse Financing	207	17	0	0	224
Other financial liabilities*	306	94	178	(375)	203
Total Gross Financial Debt	4,323	1,114	478	2,709	8,623
ST* & other financial investments	912	148	252	364	1,676
Cash & Equivalents	3,642	1,541	20	90	5,293
Total cash and equivalents	4,554	1,689	272	454	6,969
NET FINANCIAL DEBT	(231)	(575)	206	2,255	1,654
NET FINANCIAL DEBT previous year	242	(618)	1,036	3,081	3,741

(*) Debt and credit with associates are included in "Other financial liabilities" and "ST financial investments"

- Net debt stood at € 1,654 million, € 2,087million lower than the outstanding balance 12 months ago thanks to the positive evolution of the funds from operations and backed by sale of Urbaser.
- Net debt linked to assets held for sale amounted to € 203 million.

2.2.4 Net Worth

Grupo ACS			Net Worth
<i>Euro Million</i>	Dec-16	Jun-17	Var.
Shareholders' Equity	3,563	3,745	+5.1%
Adjustment s from Value Changes	11	(80)	n.a
Minority Interests	1,393	1,352	-3.0%
Net Worth	4,968	5,018	+1.0%

- ACS Net worth accounts for € 5,018 million by period-end, showing an increase of 1.0% since December 2016.
- The balance of minority interests includes both the equity participation of minority shareholders of HOCHTIEF as well as minority interests included in the balance of the German company, mainly related to minority shareholders of CIMIC Holdings.

2.3 Net Cash Flows

Grupo ACS				Net Cash Flow		
<i>Euro Million</i>	6M16			6M17		
	TOTAL	HOT	ACS exHOT	TOTAL	HOT	ACS exHOT
Cash Flow from Operating Activities before Working Capital	860	387	472	907	535	372
Operating working capital variation	(1,254)	(444)	(809)	(1,015)	(305)	(710)
Net CAPEX	(115)	(66)	(48)	(223)	(151)	(72)
Net Operating Cash Flow from continuing activities	(509)	(123)	(385)	(331)	80	(410)
Net Operating Cash Flow from discontinued operations (*)	(31)	0	(31)	0	0	0
Financial Investments/Disposals	314	(255)	59	(1)	(51)	50
Other Financial Sources	(31)	(6)	(25)	(5)	(2)	(3)
Free Cash Flow	(257)	(385)	129	(337)	27	(364)
Dividends paid	(168)	(189)	21	(72)	(7)	(65)
Intra group Dividends	0	0	0	0	0	0
Treasury stock acquisition	(120)	(78)	(41)	(76)	0	(76)
Total Cash Flow generated / (Consumed)	(545)	(652)	108	(485)	21	(506)

*Correspond to Urbaser

2.3.1 Operating Activities

- Cash Flow from Operating Activities before working capital amount to € 907 million, improving by 5.5% respect to June 2016. The recovery in the construction activity as well as the improvement of financial expenses have contributed to the positive evolution of the operating cash flow.
- Operating working capital has an impact of € 1,015 million of cash outflow in this period coming remaining stable with respect to the prior quarter. Despite seasonality effect of the period, the operating working capital variation has a credit balance 19% lower than that of June 2016.
- Variation of the operating working capital in the last twelve months implies a cash inflow of € 218 million mainly coming from HOCHTIEF while remaining practically neutral for the rest of the activities.

2.3.2 Investments

Grupo ACS			Investments breakdown				
Euro Million	Operating Investments	Operating divestments	NET CAPEX	Project / Financial Investments	Financial Divestments	Net Project / Financial invesments	Total Net Investments
Construction	206	(28)	178	39	(32)	7	185
<i>Dragados</i>	34	(7)	27	0	(0)	0	27
<i>Hochtief</i>	172	(21)	151	33	18	51	202
<i>Iridium</i>	0	0	0	7	(50)	(43)	(43)
Services	14	(1)	13	8	(57)	(49)	(36)
Industrial Services	35	(3)	32	61	(17)	44	77
Corporation & others	0	0	0	0	(2)	(2)	(2)
TOTAL	254	(32)	223	110	(109)	1	224

- The total investments of the ACS Group amounted to € 364 million, while divestments amounted to € 140 million, resulting in a net positive cash flow balance for investing activities of € 224 million.

a) Construction

- Operating CAPEX in the construction business corresponds mainly to the acquisition of machinery for contract mining in CIMIC.
- Total investment in concession projects and financial investments in Construction business reached € 39 million which practically corresponds to UGL's minorities acquisition. Financial divestments in HOCHTIEF correspond, on one hand, to the sale of certain HOCHTIEF Europe's financial holdings and, on the other, to the tax payment resulting from the sale of Nextgen last year which revert the inflows from this item. The divestment of € 47 million in Iridium mainly correspond to the sale of 80% stake in the Hospitals in the Balearic Islands.

b) Industrial Services

- In Industrial Services area, financial investments amounted to € 61 million corresponding to investments in energy projects which include transmission lines in Brazil and gas projects in Mexico. On the other side, divestments correspond to the sale of two wind farms.
- Net operating CAPEX in Industrial Services amounted to € 32 million.

c) Services

- Financial divestments in Services correspond mainly to the sale of Sintax which was signed by 2016 year end and completed in February 2017 for a total amount of € 55 million.

2.3.3 Other Cash Flows

- The Group has paid € 72 million of dividends in cash which practically corresponds to ACS scrip dividend paid last February.
- Likewise, € 76 million have been devoted to the acquisition of treasury stock for the scrip dividend paid in July.

3 Areas of Activity Evolution

3.1 Construction

Construction			
<i>Euro Million</i>	6M16	6M17	Var.
Turnover	11,344	13,102	+15.5%
EBITDA	712	834	+17.1%
<i>Margin</i>	6.3%	6.4%	
EBIT	510	546	+6.9%
<i>Margin</i>	4.5%	4.2%	
Net Profit	157	196	+24.9%
<i>Margin</i>	1.4%	1.5%	
Backlog	51,252	54,303	+6.0%
<i>Months</i>	23	23	
Net Investments	368	185	<i>n.s</i>
Working Capital	(1,169)	(2,077)	+77.6%

- Construction sales accounted for € 13,102 million representing an increase of 15.5%. This evolution is mainly due to the progressive activity recovery in CIMIC, both in construction and contract mining activities as well as the integration of the UGL business, and also backed by the positive evolution of the rest of HOCHTIEF and Dragados.

Construction		<i>Sales per geographical areas</i>	
<i>Euro Million</i>	6M16	6M17	Var.
Spain	562	552	-1.8%
Rest of Europe	943	1,017	+7.8%
North America	6,380	6,904	+8.2%
South America	149	233	+56.1%
Asia Pacific	3,307	4,396	+32.9%
Africa	2	0	<i>n.a.</i>
TOTAL	11,344	13,102	+15.5%

- EBITDA accounted for € 834 million, increasing by 17.1% compared to June 2016.
- EBIT accounted for € 546 million, and grew by 6.9%. The depreciation of assets from the acquisition of HOCHTIEF (PPA) accounted for € 36.2 million in the period, the same figure as that of the comparable period.
- Construction Net Profit reached € 196 million which implies a 24.9% increase due to the factors above mentioned.
- Backlog at the end of the period stood at € 54,303 million, 6.0% higher compared to the figure recorded 12 months ago. This is backed by the order intakes in Asia Pacific as well as the integration of UGL in CIMIC by 2016 year-end and despite the negative impact of the USD in the last twelve months.

Construction		Backlog per geographical areas		
Euro Million	Jun-16	Jun-17	Var.	
Spain	3,000	2,631	-12.3%	
Rest of Europe	4,697	5,041	+7.3%	
North America	20,287	20,442	+0.8%	
South America	2,076	2,097	+1.0%	
Asia Pacific	20,947	23,975	+14.5%	
Africa	246	118	-52.1%	
TOTAL	51,252	54,303	+6.0%	

Construction														
Euro Million	Dragados			Iridium			HOCHTIEF (ACS contr.)			Adjustments		Total		
	6M16	6M17	Var.	6M16	6M17	Var.	6M16	6M17	Var.	6M16	6M17	6M16	6M17	Var.
Sales	1,946	2,045	+5.1%	32	40	+23.2%	9,366	11,018	+17.6%	0	0	11,344	13,102	+15.5%
EBITDA	156	165	+6.1%	9	4	-56.5%	548	665	+21.4%	0	(0)	712	834	+17.1%
Margin	8.0%	8.1%		n.a	n.a		5.9%	6.0%				6.3%	6.4%	
EBIT	122	128	+4.7%	1	(4)	n/a	423	458	+8.2%	(36)	(36)	510	546	+6.9%
Margin	6.3%	6.3%		n.a	n.a		4.5%	4.2%				4.5%	4.2%	
Net Financial Results	(27)	(27)		(1)	(0)		(42)	(21)		0	0	(69)	(47)	
Equity Method	(0)	0		4	6		1	3		(0)	(0)	4	9	
Other Results & Fixed Assets	(2)	(0)		(1)	(2)		(83)	(54)		0	(0)	(86)	(56)	
EBT	93	101	+8.5%	3	1	-81.4%	300	386	+28.6%	(37)	(37)	359	451	+25.4%
Taxes	(25)	(28)		(0)	2		(111)	(120)		11	11	(125)	(135)	
Minorities	0	(1)		(0)	0		(88)	(130)		11	11	(77)	(120)	
Net Profit	68	72	+5.8%	2	2	+12.5%	101	136	+34.8%	(14)	(14)	157	196	+24.9%
Margin	3.5%	3.5%		n.a	n.a		1.1%	1.2%				1.4%	1.5%	
Backlog	12,438	11,703	-5.9%	-	-		38,813	42,599	+9.8%			51,252	54,303	+6.0%
Months	36	32					21	22				23	23	

Note: The column "Adjustments" includes the PPA adjustments, the PPA depreciation and the tax and minorities from both.

- Dragados increased its sales by 5.1% and EBITDA margin remains practically stable at 8.1% versus the comparable period.
- HOCHTIEF, for its part, showed significant growth across its operating magnitudes thanks to the recovery in CIMIC as well as the positive evolution in HOCHTIEF America and HOCHTIEF Europe, which continue to deliver sustainable growth. It is worth noting the continuous improvement in the operating efficiency where EBITDA margin increased by 70 bp standing at 6.3% and EBIT margin increased by 30bp up 4.3% to despite the higher D&A due to the contract mining activity rebound.
- HOCHTIEF 's contribution to net profit of ACS, after deducting minority interests, amounted to € 136 million, 34.8% higher compared to the same period of the previous year, in proportion to its average stake in the period which stood at 71.8%.

HOCHTIEF														
Euro Million	America			Asia Pacific			Europe			Holding		Total		
	6M16	6M17	Var.	6M16	6M17	Var.	6M16	6M17	Var.	6M16	6M17	6M16	6M17	Var.
Sales	5,362	5,772	+7.6%	3,248	4,347	+33.8%	704	840	+19.3%	52	59	9,366	11,018	+17.6%
EBIT	119	128	+7.5%	295	312	+5.6%	28	42	+49.3%	(20)	(24)	423	458	+8.2%
Margin	2.2%	2.2%		9.1%	7.2%		4.0%	5.1%		0.0%	0.0%	4.5%	4.2%	
Net Financial Results	(6)	(6)		(32)	(25)		(11)	1		7	9	(42)	(21)	
Equity Method	0	0		2	3		(0)	(0)		0	0	1	3	
Other Results & Fixed Asset	(5)	(1)		(66)	(22)		(7)	(31)		(3)	0	(83)	(54)	
EBT	107	121	+12.5%	198	268	+35.1%	10	12	+19.9%	(16)	(15)	300	386	+28.6%
Taxes	(32)	(28)		(70)	(86)		(5)	(4)		(4)	(2)	(111)	(120)	
Minorities	(12)	(19)		(36)	(58)		(0)	0		(0)	0	(49)	(76)	
Net Profit	64	74	+16.2%	92	124	+35.6%	5	8	+74.6%	(20)	(17)	140	189	+34.8%
Margin	1.2%	1.3%		2.8%	2.9%		0.7%	1.0%				1.5%	1.7%	

- By areas of activities of HOCHTIEF, it is worth highlighting:
 - a) Growth in America where sales went up by 7.6% and net profit by 16.2%. The main factors backing this positive behavior are the good performance of the activities of Turner and Flatiron, the increasing demand and measures introduced to improve operating efficiency.
 - b) In Europe, after a long process of transformation and adaptation to the reality of the central European construction market, the positive trend of the margins and results is confirmed with a net profit margin of 1%.
 - c) CIMIC, as already mentioned, experienced a substantial activity recovery growing by 27.8% in local currency (33.8% in EUR), thanks to the significant recovery both in construction and contract mining activities as well as the integration of UGL new business with the according impact in operating results.

3.2 Industrial Services

Industrial Services		Key Figures	
<i>Euro Million</i>	6M16	6M17	Var.
Turnover	3,455	3,590	+3.9%
EBITDA	365	379	+3.9%
<i>Margin</i>	10.6%	10.6%	
EBIT	330	358	+8.6%
<i>Margin</i>	9.5%	10.0%	
Net Profit	200	209	+4.6%
<i>Margin</i>	5.8%	5.8%	
Backlog	8,572	8,906	+3.9%
<i>Months</i>	16	17	
Net Investments	(57)	77	<i>n.a</i>
Working Capital	(912)	(939)	+2.9%

- Industrial Services sales accounted for € 3,590 million, showing a raise of 3.9% compared to the same period of 2016 thanks to the positive evolution of the international activity and the recovery of the domestic market.

Industrial Services		Sales per geographical areas	
<i>Euro Million</i>	6M16	6M17	Var.
Spain	947	976	+3.0%
Rest of Europe	200	223	+11.7%
North America	838	701	-16.3%
South America	808	832	+3.0%
Asia Pacific	486	551	+13.5%
Africa	177	307	+73.9%
TOTAL	3,455	3,590	+3.9%

- EPC projects grew by 20.0% thank to the development of international project mainly in Middle East and Japan as well as the start of new projects in Mexico while Support Services activities

decreased by 6.6%, mainly due to the production adjustments in Support Services business in Mexico.

- By region, it is worth noting the good performance of the international activity in general except for North America where there are still production adjustments in the Mexican market, particularly in the support services business. Noteworthy is the double digit growth in Asia Pacific and Europe. Domestic market recovers both in the EPC and support services business growing by 3.0%.

Industrial Services		Turnover breakdown by activity		
Euro Million	6M16	6M17	Var.	
Support Services	2,060	1,924	-6.6%	
<i>Networks</i>	301	327	+8.4%	
<i>Specialized Products</i>	1,349	1,184	-12.3%	
<i>Control Systems</i>	410	414	+1.0%	
EPC Projects	1,373	1,648	+20.0%	
Renewable Energy: Generation	26	22	-14.6%	
<i>Consolidation Adjustments</i>	(5)	(5)		
TOTAL	3,455	3,590	+3.9%	
International	2,508	2,614	+4.3%	
<i>% over total sales</i>	72.6%	72.8%		

- Backlog grew by 3.9% up to € 8,906 million. International backlog represents 76.7% of the total amount. It is worth noting the positive evolution in South America which grew by 69,2% and the progressive recovery of the domestic backlog which reached 4,8% growth with respect to June 2016. Also noteworthy is the growth in the EPC and Networks' backlogs as well as the reactivation of the renewable energy backlog.

Industrial Services		Backlog per geographical areas		
Euro Million	Jun-16	Jun-17	Var.	
Spain	1,981	2,076	+4.8%	
Rest of Europe	402	343	-14.8%	
North America	1,906	1,765	-7.4%	
South America	1,668	2,823	+69.2%	
Asia Pacific	1,859	1,241	-33.2%	
Africa	756	659	-12.8%	
TOTAL	8,572	8,906	+3.9%	

Industrial Services		Backlog per activity		
Euro Million	Jun-16	Jun-17	Var.	
Support Services	4,962	5,225	+5.3%	
<i>Networks</i>	431	552	+28.3%	
<i>Specialized Products</i>	3,200	3,318	+3.7%	
<i>Control Systems</i>	1,331	1,354	+1.8%	
EPC Projects	3,583	3,646	+1.8%	
Renewable Energy: Generation	26	35	+33.1%	
TOTAL BACKLOG	8,572	8,906	+3.9%	
International	6,591	6,830	+3.6%	
<i>% over total backlog</i>	76.9%	76.7%		

- EBITDA accounted for € 379 million, 3.9% higher than in June 2016 with a stable margin that stood at 10.6%.
- EBIT increased by 8.6% up to € 358 million, with a 10.0% margin, 50 bp higher than in June 2016.
- Net profit accounted to € 209 million, 4.6% higher than in June 2016.

3.3 Services

Services		Key figures	
Euro Million	6M16	6M17	Var.
Turnover	786	706	-10.2%
EBITDA	41	36	-11.5%
Margin	5.2%	5.1%	
EBIT	25	23	-6.6%
Margin	3.2%	3.3%	
Net Profit	49	23	-52.8%
Margin	6.2%	3.2%	
Backlog	1,727	1,991	+15.3%
Months	13	16	
Net Investments	82	(36)	
Working Capital	(13)	5	

- Sales decreased by 10.2% mainly due to the sale of Sintax by the end of 2016. Without this effect, that is considering only Clece in both periods, sales decreased by 1.5%.
- The sale of Sintax (logistic services) was agreed on December 2016 and closed at the beginning of this year with a net cash inflow of € 40 million.

Services		Sales breakdown	
Euro Million	6M16	6M17	Var.
Facility management	716	706	-1.5%
Logistics	69	0	n.a
TOTAL	786	706	-10.2%

- EBITDA accounts for € 36 million and declined by 11.5% due to Sintax sale. Considering only Clece, EBITDA increased by 0.4%.
- Net profit amounted to € 23 million which includes the capital gain from the sale of Sintax last February, decreasing by 52.8% due to the fact that the figure in 2016 includes the contribution of Urbaser as discontinued operations for € 39 million.
- Services backlog corresponds to Clece and accounts for € 1,991 million, equivalent to over 1 year of production and increasing by 15.3% compared to the prior period.

Services		Backlog per geographical areas	
Euro Million	Jun-16	Jun-17	Var.
Spain	1,650	1,896	+14.9%
Rest of Europe	77	95	+23.1%
TOTAL	1,727	1,991	+15.3%

4 Relevant facts after the end of the period

- The Shareholder Annual General Meeting approved the 4th of May the distribution of a complementary dividend of 0.765 Euros per share, which has been paid by July 2017 using a scrip dividend system. In this period, the purchasing agreement from ACS has been accepted by a 32.37% of shareholders, leading to an acquisition by ACS of 101,861,628 rights for a total amount of 76,498,083 euros.
- The number of shares issued with a nominal value of 0.5 euros the 22th of July, in the first execution, amounted to 4,344,623. The nominal amount of the capital increase accounted for 2,172,312 euros. Simultaneously, that same number of shares have been amortized to leave the same number of issued shares prior to the payment of the scrip dividend.

5 Description of the main risks and opportunities

- Grupo ACS operates in different sectors, countries and economic and legal environments involving exposure to different levels of risk, inherent in the businesses in which it operates.
- ACS monitors and controls these risks in order to avoid a decline in the profitability of its shareholders, a danger to its employees or its corporate reputation, a problem for customers or a negative impact for the Group as a whole. To perform this task to control the risk, Grupo ACS has instruments to identify and to manage them properly in sufficient time, either by preventing its materialization or minimizing impacts, prioritizing, depending on their importance, as necessary. Notable are those systems related to control the bidding, contracting, planning and management of works and projects, systems of quality management, environmental management and human resources.
- In addition to the risks specific to the various businesses in which it operates, ACS is exposed to various financial risks, either by changes in interest or exchange rates, liquidity risk or credit risk.
 - a) The risks arising from changes in interest rates on cash flows are mitigated by ensuring the rates of financial instruments to cushion its fluctuation.
 - b) Risk management of exchange rates is done by taking debt in the same functional currency as that of the assets that the Group finances overseas. To cover the net positions in currencies other than euro, the Group arranges various financial instruments in order to reduce such exposure to exchange rate risk.
 - c) The most important aspects impacting the liquidity financial risks of ACS during the period are:
 - ✓ ACS, Actividades de Construcción y Servicios, S.A has obtained a long-term BBB and A-2 short-term credit rating with stable outlook from Standard & Poor's. Likewise, Hochtief and Cimic obtained the same credit rating in this period.
 - ✓ The renewal of the Euro Commercial Paper program (ECP) for 750 million euros and Euro Medium Term Note Program (EMTN Program) for 1,500 million euros.
 - ✓ The renewal of the syndicated loan for an amount of 2,150 million euros and extension until 2022 with a reduction in the financial cost.
 - ✓ The issuance by Hochtief of EUR 500 million promissory notes that have been used to refinance the corporate bond due in March 2017 by diversifying the maturity profile of its financial obligations for periods of five, seven and ten years.

- The Integrated Annual Report, which includes Corporate Governance Reports and the Consolidated Financial Statements of Grupo ACS (www.grupoacs.com), develop more in detail the risks and the tools for control. Likewise the Annual Report of Hochtief (www.hochtief.com) details the risks inherent in the German company and its control mechanisms.
- For the next six months since the date of closure of the accounts referred in this document, Grupo ACS, based on information currently available, does not expect to deal with situations of risk and uncertainty significantly different to those of the last six months of the period closed, particularly those derived from the internationalization of the Group's activities.

6 Corporate Social Responsibility

- Grupo ACS is a worldwide reference in the infrastructure development industry, and it is deeply committed to economic and social progress in the countries where it is present.
- Grupo ACS Corporate Social Responsibility Policy, reviewed and approved by the Board of Directors on their meeting on February 25th 2016, establishes the basic and specific principles of action in this area, as well as in the Group's relationship with its environment.

a) Basic principles of action

- Grupo ACS and its affiliated companies are fully committed to promoting, strengthening and controlling issues related to ethics and integrity, through measures to prevent, detect and eradicate bad practices.
- The Group has developed and implemented its General Code of Conduct which is applicable to its employees, suppliers and subcontractors. In addition, training initiatives are carried out in order to inform all three groups of the Code, as well as the implementation of the ACS Group Ethics Channel which enables any person to communicate inappropriate conduct or breaches of the Code of Conduct if there were to occur.
- Grupo ACS has a full commitment of rigorousness in the disclosure of information with due respect to the interests of clients and remaining social interlocutors of the company.

b) Specific principles of action

- To tackle the Corporate Social Responsibility policy coordination, taking into consideration its operational decentralization and geographic breadth, the Group has developed project "one", which aims at promoting good management practices and the spread of corporate culture through specific homogenous principles across the Group in relation to its stakeholders, customers, employees, suppliers, shareholders and the society in general.
- The areas of non-financial management in which these principles of action are focused on are:
 - a) the quality of the products and services
 - b) occupational safety
 - c) recruitment and retention of talent
 - d) protection of the environment
 - e) innovation and development
 - f) social action
- The detail of the results of policies of responsibility Corporate Social Responsibility of Grupo ACS is collected and published frequently on the Group's web page (www.grupoacs.com) and in the

Integrated Annual Report also available on the same web page. Likewise the Annual Report of Hochtief (www.hochtief.com) details the most relevant aspects regarding the Corporate Social Responsibility of this company and its subsidiaries.

7 Information on related parties

- Information regarding transactions with related parties is carried out in the relevant section of the annual financial report submitted to the CNMV.
- All these trade relations with related parties have been made in the ordinary course of business, market conditions and correspond to normal operations of the Group Companies, and have not materially affected the financial position nor results of operations during this period.

8 Annex

8.1 Main figures per area of activity*

TURNOVER					
Euro Million	6M16		6M17		Var.
Construction	11,344	73 %	13,102	75 %	+15.5%
Industrial Services	3,455	22 %	3,590	21 %	+3.9%
Services	786	5 %	706	4 %	-10.2%
Corporation / Adjustments	(16)		(13)		
TOTAL	15,569		17,386		+11.7%

EBITDA					
Euro Million	6M16		6M17		Var.
Construction	712	64 %	834	67 %	+17.1%
Industrial Services	365	33 %	379	30 %	+3.9%
Services	41	4 %	36	3 %	-11.5%
Corporation / Adjustments	(27)		(25)		
TOTAL	1,091		1,224		+12.2%

EBIT					
Euro Million	6M16		6M17		Var.
Construction	510	59 %	546	59 %	+6.9%
Industrial Services	330	38 %	358	39 %	+8.6%
Services	25	3 %	23	3 %	-6.6%
Corporation / Adjustments	(28)		(27)		
TOTAL	837		900		+7.6%

NET PROFIT					
Euro Million	6M16		6M17		Var.
Construction	157	39 %	196	46 %	+24.9%
Industrial Services	200	49 %	209	49 %	+4.6%
Services	49	12 %	23	5 %	-52.8%
Corporation / Adjustments	(17)		(12)		
TOTAL	388		416		+7.2%

NET INVESTMENTS					
Euro Million	6M16		6M17		Var.
Construction	368		185		n.a
Industrial Services	(57)		77		n.a
Services	82		(36)		n.a
Corporation / Adjustments	(470)		(2)		n.a
TOTAL	(77)		224		n.a

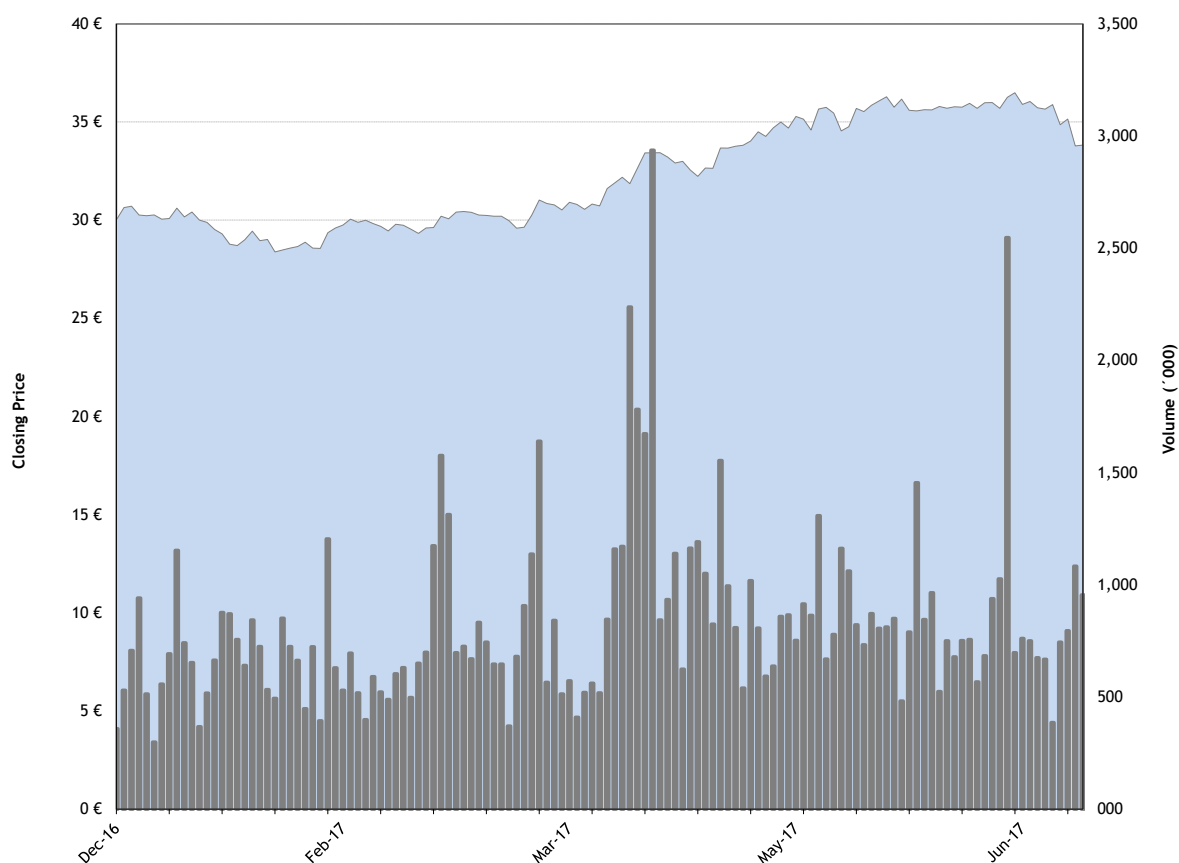
BACKLOG					
Euro Million	Jun-16		Jun-17		Var.
		months		months	
Construction	51,252	23	54,303	23	+6.0%
Industrial Services	8,572	16	8,906	17	+3.9%
Services	1,727	13	1,991	16	+15.3%
TOTAL	61,551	21	65,200	22	+5.9%

NET DEBT					
Euro Million	Jun-16		Jun-17		Var.
Construction	242		(231)		-195.7%
Industrial Services	(618)		(575)		-6.9%
Services	1,036		206		-80.1%
Corporation / Adjustments	3,081		2,255		-26.8%
TOTAL	3,741		1,654		-55.8%

* Percentages are calculated according to the sum of the data for each activity

8.2 Share data

ACS Shares Data (YTD)	6M16	6M17
Closing price	24.40 €	33.83 €
Performance	-15.46%	38.66%
Maximum in the period	29.95 €	36.75 €
Maximum Date	3-Jun	19-Jun
Minimum in the period	19.31 €	28.34 €
Minimum Date	11-Feb	31-Jan
Average in the period	25.16 €	32.52 €
Total volume ('000)	127,110	106,683
Daily average volume ('000)	1,001	833
Total traded effective (€ mn)	3,198	3,469
Daily average effective (€ mn)	25.18	27.10
Number of shares (mn)	314.66	314.66
Market cap (€ mn)	7,676	10,643



8.3 Exchange rate effect
EXCHANGE RATE EFFECT

EXCHANGE RATE EFFECT (€ vs. currency)	Average Exchange Rate			
	Jun-16	Jun-17	difference	%
1 US Dollar	1.1128	1.0930	(0.0199)	-1.8%
1 Australian Dollar	1.5118	1.4423	(0.0695)	-4.6%
1 Mexican Peso	19.9135	20.9701	1.0567	+5.3%
1 Brazilian Real	4.0506	3.4798	(0.5709)	-14.1%

EXCHANGE RATE EFFECT (€ vs. currency)	Closing Exchange Rate			
	Jun-16	Jun-17	difference	%
1 US Dollar	1.1104	1.1423	0.0319	+2.9%
1 Australian Dollar	1.4905	1.4860	(0.0045)	-0.3%
1 Mexican Peso	20.3020	20.7011	0.3991	+2.0%
1 Brazilian Real	3.5673	3.7768	0.2095	+5.9%

EXCHANGE RATE EFFECT Euro million	Grupo ACS			
	USD	AUD	Others	Total
Backlog	(547)	126	(507)	(928)
Sales	126	204	30	361
Ebitda	3	23	(3)	23
Ebit	2	15	(3)	14
Net Profit	(0)	4	(2)	2

EXCHANGE RATE EFFECT	Construction			
<i>Euro Million</i>	USD	AUD	Others	Total
Backlog	(533)	126	(161)	(567)
Sales	123	204	4	331
Ebitda	3	23	2	28
Ebit	3	15	2	19
Net Profit	1	4	1	7

EXCHANGE RATE EFFECT	Industrial Services			
<i>Euro Million</i>	USD	AUD	Others	Total
Backlog	(15)	0	(342)	(357)
Sales	3	0	28	31
Ebitda	(1)	0	(5)	(5)
Ebit	(1)	0	(5)	(5)
Net Profit	(1)	0	(3)	(4)

EXCHANGE RATE EFFECT	Services			
<i>Euro Million</i>	USD	AUD	Others	Total
Backlog	0	0	(4)	(4)
Sales	0	0	(2)	(2)
Ebitda	0	0	0	0
Ebit	0	0	0	0
Net Profit	0	0	0	0

8.4 Main Awards of the Period

In blue the new awards corresponding to the last quarter

8.4.1 Construction

Project	Type of Project	Region	€ mn
Project for the construction of a new metro railway crossing deep under the Sydney Harbour comprising contract to deliver twin 15.5km tunnels and associated civil works on Stage 2 of the Sydney Metro project(Australia)	Civil Works	Asia Pacific	853.7
Execution of Zuidasdok project comprising the broadening and tunneling of the A10 South in Amsterdam, the road will go underground at the level of the current Amsterdam Zuid station (Amsterdam, Netherlands)	Civil Works	Europe	420.7
Contract for mining services in Mount Pleasant coal mine (New South Wales, Australia)	Contract mining	Asia Pacific	356.5
Project for the construction of East Kowloon cultural centre in Hong Kong	Building	Asia Pacific	298.0
Extension of the contract for mining operation at Yallourn mine (Australia)	Contract mining	Asia Pacific	296.4
Project for expanding of the existing Terminal 1 at Hong Kong International Airport	Building	Asia Pacific	197.0
Contract for facility management of the Auckland Council's assets (Australia)	Services	Asia Pacific	171.9
Project for the construction of the new bridge on the current NC12 road between Pea Island National Wildlife Refuge and the city of Rodanthe (North Carolina, United States)	Civil Works	America	136.0
Contract for the highway 427 expansion in Ontario, the contract involves the design, build, finance and maintain (DBFM) of approx. 10.6 km (Canada)	Civil Works	America	125.5
Design and construction of Northlink Stage 3 comprising the construction of a free-flowing dual carriageway between Ellenbrook and Muchea (Perth, Australia)	Civil Works	Asia Pacific	124.0
Project for M1 Pacific Motorway widening (New South Wales, Australia)	Civil Works	Asia Pacific	103.0
Construction and development of different subway stations of the Line 3 of the Santiago de Chile subway (Chile)	Civil Works	Railways	99.6
Contract mining services for Satui and Bayan's Wahana coal mines in Indonesia	Contract mining	Asia Pacific	96.0
Construction of the highway Ruta Nacional Nº 19 between San Francisco and Río Pomero in Córdoba province (Argentina)	Civil Works	America	95.2
Project for expansion and upgrade works for Junee prison (New South Wales, Australia)	Building	Asia Pacific	94.6
Improvement works in the I95 highway in Miami (Florida, United States)	Civil Works	America	90.7
Expansion and upgrades works for San Diego's airport terminal 2 (California, United States)	Building	America	87.0
Construction of Business Garden office building in Wroclaw (Poland)	Building	Europe	84.7
Renovation works in Stratford high school (Connecticut, United States)	Building	America	84.0
Works for the replacement of two bridges in the Myrtle Avenue railway line (New York, United States)	Civil Works	America	76.3
Design and construction of four new primary schools (three in Auckland and one in Hamilton) as well as operational services of the schools for 25 years (Australia)	Building	Asia Pacific	72.9
Works for the construction of zinc- copper processing plants in Woodland mine (New South Wales, Australia)	Contract mining	Asia Pacific	72.4

8.4.2 Industrial Services

Project	Type of Project	Region	€ mn
Contract for the installation and maintenance of the photovoltaic plants of Santa María and Orejana with an installed capacity of 166 MW and 125 MW respectively in Chihuahua and Sonora (Mexico)	EPC Projects	America	246.8
EPC project for the construction of a photovoltaic plant in Matsuzaka with an installed capacity of 100MW (Japan)	EPC Projects	Asia Pacific	196.8
Design, construction, operation and maintenance of the Gamboa water treatment plant (Panama)	EPC Projects	America	110.7
Project for the expansion of the potable water treatment capacity of the General Belgrano treatment plant (Buenos Aires, Argentina)	Specialized Products	America	64.1
Project to optimize the supply of drinking water and sewerage of North Lima (Peru)	Specialized Products	America	52.6
Award of two contracts for the installation and maintenance of medium and low voltage electrical networks for Enel in the regions of Liguria and Piedmont (Italy)	Specialized Products	Europe	51.7
Construction and equipment of the new 250 bed hospital of Kuito (Angola)	EPC Projects	Africa	46.2
EPC project for the construction of Hidromanta hydroelectric power plant with an installed capacity of 19.8 MW (Peru)	EPC Projects	America	40.5
Contract for point of sale outsourcing in 6,000 Repsol oil service stations in Spain	Control Systems	Europe	28.0
Design, installation, operation and maintenance of signaling system of Gaborone public transport (Botswana)	Control Systems	Africa	25.3
Concession of the electronic collection system for the SITEUR (Urban Electric Train System) in the city of Guadalajara (Jalisco, Mexico)	Control Systems	America	24.8
Job Order Contract for the development of various construction and maintenance services at the Rota Naval Base (Spain)	Specialized Products	Europe	22.4

8.4.3 Services

Project	Type of Project	Region	€ mn
Renewal of the contract for home care services in Jaen (Spain)	Services for citizens	Spain	42.2
Cleaning services contract for Miguel Servet Hospital (Zaragoza, Spain)	Services for buildings	Spain	35.8
Renewal of the cleaning services contract for Ramón y Cajal and Niño Jesús Hospitals (Madrid, Spain)	Services for buildings	Spain	31.2
Contract for the facility management of "El Villar" retirement home in Corella (Navarra, Spain)	Services for citizens	Spain	30.6
Cleaning, disinfection, disinfestation and disinfestation services in Ciudad Real (Spain)	Services for buildings	Spain	18.8
New contract for home care services in Las Palmas de Gran Canaria (Spain)	Services for citizens	Spain	16.7

9 Grupo ACS organisational structure

The ACS Group is a reference in the infrastructure sector worldwide. This sector contributes to a great extent to the economic and social development of the different regions of the world in an increasingly competitive, demanding and global market.

The main areas of the Group are divided into:

a) Construction

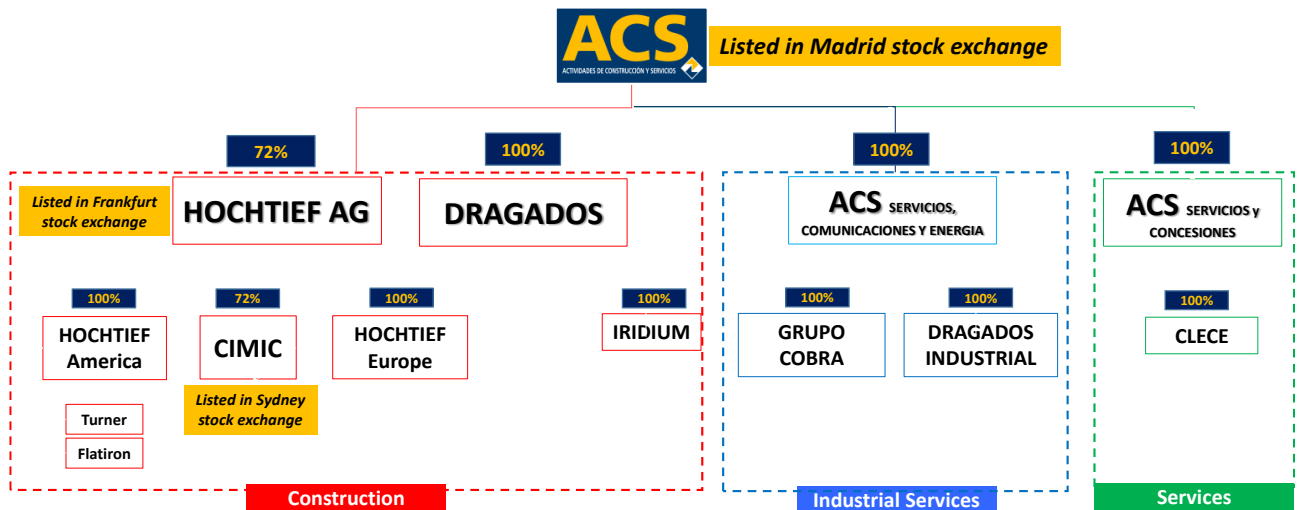
This area includes the activities of Dragados, Hochtief (including CIMIC) and Iridium and is oriented to the development of all types of projects of Civil Works, Building and activities related to the mining sector (carried out by CIMIC, mainly in Asia Pacific). The geographic regions with the highest exposure in this area are North America, Asia Pacific and Europe, mainly operating in developed and geopolitical, macroeconomic and legal safe markets.

b) Industrial Services

The area is dedicated to applied industrial engineering, developing activities of construction, operation and maintenance of energy, industrial and mobility infrastructures through an extensive group of companies headed by Grupo Cobra and Dragados Industrial. This area has a presence in more than 50 countries, with a predominant exposure to the Mexican and Spanish market despite the rapid growth in new Asian and Latin American countries.

c) Services

After the sale of Urbaser (in December 2016, reclassified as a discontinued activity in the year 2016 and comparable period) and Sintax (February 2017, which is included in the year 2016), this area only includes Clece's facility management activity which comprises maintenance of buildings, public places or organizations, as well as assistance to people. This area is fundamentally based in Spain despite an incipient growth of the European market.



10 Glossary

ACS Group presents its results in accordance with the International Financial Reporting Standards (IFRS). However, the group makes use of some alternative measures of performance (APM) to provide additional information that promote comparability and understanding of its financial information, and facilitates decision making and evaluation of the performance of the group. Below are the most outstanding APMs.

CONCEPT	DEFINITION and COHERENCE	jun-17	jun-16
Market capitalisation	Num of shares at period close x price at period close	10,643	7,676
Earnings per share	Net Profit of the period / Average num of shares of the period	1.33	1.27
Net Attributable profit	Total Income - Total Expenses of the period - Minority interests result	416	388
Average num. of shares of the period	Daily average outstanding shares in the period adjusted by treasury stock	311.7	306.3
Backlog	Value of the contracts awarded and pending to be executed. In section 1.1, a breakdown is made between a direct and proportional portfolio (referring to proportional participation in joint operating companies and projects not consolidated globally in the Group)	65,200	61,551
Gross Operating Profit (EBITDA)	Operating Profit excluding (1) D&A y (2) non recurrent operating results and/or which dont imply a cash flow + Net Results from Joint Ventures	1,224	1,091
(+) Operating Profit	Operating income - Operating expenses	783	641
(-) 1.D&A	Operating provisions and fix asset depreciation	(324)	(254)
(-) 2. Non recurrent operating results and/or which dont imply a cash flow	Impairment & gains on fixed assets + other operating results	(82)	(119)
(+) Net profit from Joint Ventures	Profit before Taxes from foreign joint ventures consolidated by Equity method. It is similar to the UTEs regime in Spain, thus it is included in the EBITDA in order to standardize the accounting criteria with the Group's foreign companies	35	77
Net Financial Debt / EBITDA	Net Financial Debt / Annualized EBITDA	0.7x	1.7x
Net Financial Debt (1)-(2)	Gross external financial debt + Net debt with group companies - Cash & Equivalents	1,654	3,741
(1) Deuda Financiera Bruta	Bank debt + Obligations and other negotiable securities + Project finance and non recourse debt + Financial lease + Other l/t non bank debt + Debt with group companies	8,623	10,822
(2) Cash & Equivalents	Temporary Financial investments + L/T deposits + Cash & Equivalents	6,969	7,081
Annualized EBITDA	EBITDA of the period / num of month within the period x 12 months	2,448	2,182
Net Cash Flow	(1) Cash Flow from operating activities + (2) Cash Flow from investing activities + (3) Other Cash flows	(485)	(545)
1. Cash Flow from operating activities	Adjusted Net Profit attributable + Operating working capital variation <i>ex discontinued operations</i>	(108)	(394)
Adjusted Net Profit attributable	Net profit attributable (+/-) adjustments of concepts which dont imply an operating cash flow	907	860
Operating working capital variation	Working capital variation of the period (+/-) ajustments of non operating concepts (Ej: dividends, interests, taxes, etc)	(1,015)	(1,254)
2. Cash Flow from investing activities	Net investments (paid/collected) <i>ex discontinued operations</i>	(224)	199
(-) Payments from investments	Payments for operating, project and financial investments. This figure may differ from that shown in section 2.3.2 for reasons of deferral (accruals) <i>ex discontinued operations</i>	(364)	(576)
(+) Collections from divestments	Collections from operating, project and financial divestments. This figure may differ from that shown in section 2.3.2 for reasons of deferral (accruals) <i>ex discontinued operations</i>	140	775
3. Other Cash Flows	Treasury stock sale/acquisition + Dividend payments + Other financial sources + <i>Cash generated from discontinued operations</i>	(153)	(350)
Ordinary Financial Result	Financial Income - Financial expenses	(129)	(166)
Net Financial Result	Ordinary financial result + Foreign exchange results + Impairment non current assets results + Results on non current assets disposals	(74)	(101)
Working Capital	Stock + Total accounts receivables - Total accounts payables - other current liabilities	(2,769)	(2,115)

NOTE: All financial indicators and APMs are calculated under the principles of coherence and homogeneity allowing comparability between periods and in compliance with the applicable accounting rules and standards

Data in million of euros

CONCEPT	USE
Market capitalisation	Value of the company in the stock exchange market
Earnings per share	Indicates the part of the net profit that corresponds to each share
Backlog	An indicator of the Group's commercial activity. The value divided by the average duration of the projects is an approximation to the revenues to be received in the following periods
Gross Operating Profit (EBITDA)	Measure of comparable performance to evaluate the evolution of the Group's operating activities excluding depreciation and provisions (more variable items according to the accounting criteria used). This AMP is widely used to evaluate the operational performance of companies as well as part of ratios and valuation multiples and measurement of risks
Net Financial Debt / EBITDA	Comparable ratio of the Group's indebtedness level. It measures the repayment capacity of the financing in number of years.
Net Financial Debt (1)-(2)	Total net debt level at the end of the period. In section 1, it is included a breakdown of the net debt of the projects (Project Finance) and the net debt of the business
(1) Deuda Financiera Bruta	Level of gross financial debt at period end
(2) Cash & Equivalents	Current liquid assets available to cover the repayment needs of financial liabilities
Annualized EBITDA	
Net Cash Flow	Cash generated / consumed of the period
1. Cash Flow from operating activities	Cash generated by operating activities. Its value is comparable to the Group's EBITDA by measuring the conversion of operating income into cash generation
2. Cash Flow from Investing activities	Funds consumed / generated by investment needs or divestments collections in the period
3. Other Cash Flows	
Ordinary Financial Result	Measure of assessment of the result coming from the use of financial assets and liabilities. This concept includes both income and expenses directly related with net financial debt as other non related financial income/expenses
Net Financial Result	
Working Capital	

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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. 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.

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