

Results Report

3Q17

November 13th, 2017

ACS

ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS



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1 Executive Summary

1.1. Main figures

Grupo ACS		<i>Key operating & financial figures</i>		
<i>Euro Million</i>	9M16	9M17	Var.	
Turnover	23,371	25,758	+10.2%	
Backlog	62,139	65,309	+5.1%	
<i>Months</i>	22	22		
EBITDA ⁽¹⁾	1,513	1,712	+13.2%	
<i>Margin</i>	6.5%	6.6%		
EBIT ⁽¹⁾	1,119	1,235	+10.4%	
<i>Margin</i>	4.8%	4.8%		
Attributable Net Profit	570	603	+5.8%	
EPS	1.85 €	1.93 €	+4.2%	
Net Investments	89	258	+188.8%	
Investments	821	611		
Disposals	731	353		
Total Net Debt	2,751	1,416	-48.5%	
Businesses' Net Debt	2,520	1,212		
Project Financing	230	203		

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 € 25,758 million, an increase of 10.2% compared to the same period of the previous year. Both the positive sale evolution in general and the particular strong performance in CIMIC which grew by 25.7% (in AUD) in the first nine months of 2017, strengthen the growth pattern showed in the first part of the year.
- Backlog accounted for € 65,309 million, growing by 5.1% despite the negative impact from the USD and AUD exchange rates. Both to the positive evolution of commercial activity during the first nine months of the year and the integration of UGL at year end.
- EBITDA of the Group accounted for € 1,712 million, a 13.2% increase due mainly to the positive evolution of the construction activity. EBITDA margin stands at 6.6% with a slight improvement due to a change in the business mix.
- EBIT accounted for € 1,235 million and grew by 10.4%. EBIT margin stood at 4.8% remaining stable compared to the prior period.

Grupo ACS		Main figures details		
Euro Million	9M16	9M17	Var.	
Backlog	62,139	65,309	+5.1%	
Direct	53,348	61,151	+14.6%	
Proportional*	8,791	4,158	-52.7%	
Work Done	25,222	27,229	+8.0%	
Direct	23,371	25,758	+10.2%	
Proportional*	1,852	1,470	-20.6%	
EBITDA	1,513	1,712	+13.2%	
Direct	1,417	1,647	+16.2%	
Proportional*	95	65	-32.0%	
EBIT	1,119	1,235	+10.4%	
Direct	1,024	1,170	+14.3%	
Proportional*	95	65	-32.0%	

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

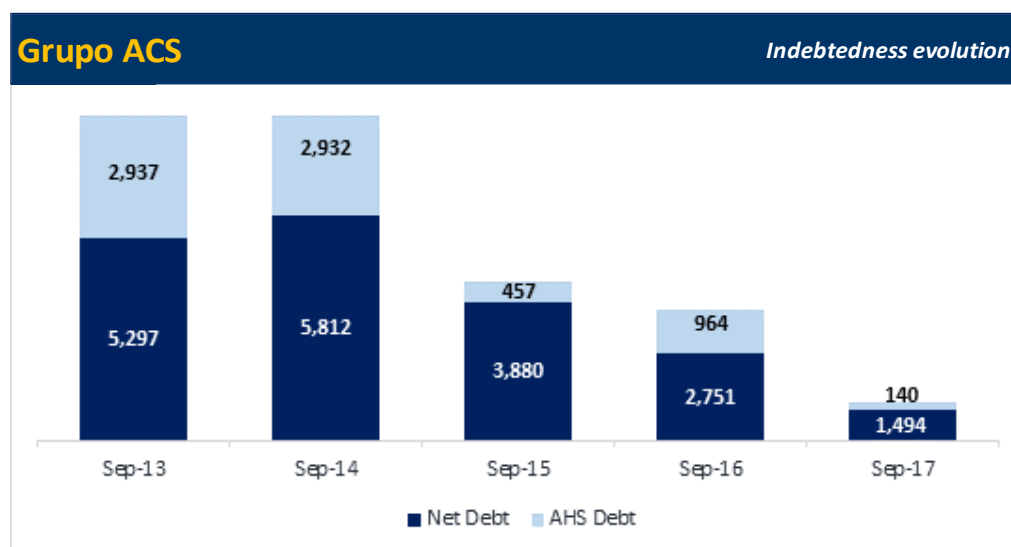
- Net profit of Grupo ACS accounted for € 603 million which represents a 5.8% increase compared to the same period of the prior year.

Grupo ACS		Net Profit		
Euro Million	9M16	9M17	Var.	
Net Profit Construction	220	282	+28.3%	
Net Profit Industrial Services	240	252	+4.7%	
Net Profit Services*	56	30	-46.8%	
Net Profit Corporation	53	40	-25.9%	
Net Profit	570	603	+5.8%	

*Includes € 35 millions

from URBASER in 2016.

- Net debt stood at € 1,416 million, € 1,335 million lower than the outstanding balance 12 months ago backed by a strong operating cash generation and the sale of Urbaser.



from AHS in September 2016 mainly corresponds to Urbaser

NOTE: Net debt

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.
- On August 4, 2017, the ACS Group reached an agreement, through its Portuguese subsidiary PROCME, for the sale to Saeta Yield S.A. of Lestenergía Exploração de Parques Eólicos, S.A., (enterprise value of € 181mn) for a price of € 104 mn and with an after-tax and minority capital gain of approximately € 12 mn.
- On September 7, 2017, the ACS Group agreed to sell 100% of its stake in Concessionaire Company Rutil del Canal SA, through its subsidiary Concesiones Viarias Chile S.A., the company holding the concession contract for the operation and maintenance "Concession Route 5, Section Puerto Montt - Pargua", in favor of the Penta Public Investment Fund The Americas Infrastructure Three (company value of 100% of € 142 million and with a capital gain of approximately € 10 million).

The execution of the sale is conditional on the authorizations of the financing entities and the authorization of the Chilean competition authorities. The transaction is expected to be completed before the end of this year, once all the relevant authorizations have been obtained.

On October 19, HOCHTIEF launched a counter offer to the previous takeover bid launched last July by Atlantia Spa. for 100% of Abertis Infraestructuras, S.A., in the terms and conditions described in the document filed in the CNMV (regulator). This offer is in the process of being approved by the CNMV. <http://www.cnmv.es/portal/HR/verDoc.axd?t={c02d92a8-e79a-490b-b998-f59b401dab56}>

e) Loans, credits and other financial operations

- On June 28th 2017, the ACS Group 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.
- On October 22, 2017, ACS, Construction Activities and Services, S.A. issued € 300 million program of Negotiable European Commercial Paper (NEU CP) quoted on Luxembourg Stock Exchange.

2 Consolidated Financial Statements

2.1 Income Statement

Grupo ACS		<i>Income statement</i>			
<i>Euro Million</i>	9M16		9M17		Var.
Net Sales	23,371	100.0 %	25,758	100.0 %	+10.2%
Other revenues	382	1.6 %	162	0.6 %	-57.5%
Joint Ventures Net Results*	95	0.4 %	65	0.3 %	-32.0%
Total Income	23,848	102.0 %	25,985	100.9 %	+9.0%
Operating expenses	(17,382)	(74.4 %)	(18,523)	(71.9 %)	+6.6%
Personnel expenses	(4,954)	(21.2 %)	(5,750)	(22.3 %)	+16.1%
Operating Cash Flow (EBITDA)	1,513	6.5 %	1,712	6.6 %	+13.2%
Fixed assets depreciation	(372)	(1.6 %)	(454)	(1.8 %)	+22.1%
Current assets provisions	(21)	(0.1 %)	(23)	(0.1 %)	+7.6%
Ordinary Operating Profit (EBIT)	1,119	4.8 %	1,235	4.8 %	+10.4%
Impairment & gains on fixed assets	(17)	(0.1 %)	(35)	(0.1 %)	
Other operating results	(4)	(0.0 %)	(78)	(0.3 %)	
Operating Profit	1,098	4.7 %	1,122	4.4 %	+2.2%
Financial income	142	0.6 %	153	0.6 %	+7.6%
Financial expenses	(390)	(1.7 %)	(352)	(1.4 %)	-9.6%
Ordinary Financial Result	(248)	(1.1 %)	(200)	(0.8 %)	-19.4%
Foreign exchange results	(8)	(0.0 %)	(24)	(0.1 %)	
Changes in fair value for financial instruments	23	0.1 %	7	0.0 %	
Impairment & gains on financial instruments	112	0.5 %	169	0.7 %	
Net Financial Result	(121)	(0.5 %)	(49)	(0.2 %)	-59.8%
Results on equity method*	16	0.1 %	18	0.1 %	+15.0%
PBT of continued operations	992	4.2 %	1,091	4.2 %	+10.0%
Corporate income tax	(260)	(1.1 %)	(279)	(1.1 %)	+7.4%
Net profit of continued operations	732	3.1 %	812	3.2 %	+10.9%
Profit after taxes of the discontinued operations	39	0.1 %	0	0.0 %	n.a.
Consolidated Result	771	3.3 %	812	3.2 %	+5.8%
Minority interest	(197)	(0.8 %)	(209)	(0.8 %)	+5.9%
Minority interest from discontinued operations	(4)		0		
Net Profit Attributable to the Parent Company	570	2.4 %	603	2.3 %	+5.8%

* 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 € 25,758 million, 10.2% 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 43.8% of the sales, Asia Pacific 28.8%, Spain 12.7% and the remaining regions 14.7%.

Grupo ACS					
Sales per Geographical Areas					
<i>Euro Million</i>	9M16	%	9M17	%	Var.
Spain	3,197	13.7 %	3,263	12.7%	+2.1%
Rest of Europe	1,884	8.1 %	1,915	7.4%	+1.7%
North America	10,879	46.5 %	11,282	43.8%	+3.7%
South America	1,373	5.9 %	1,485	5.8%	+8.2%
Asia Pacific	5,810	24.9 %	7,421	28.8%	+27.7%
Africa	228	1.0 %	391	1.5%	+72.0%
TOTAL	23,371		25,758		+10.2%

Sales per Geographical Area <i>(inter area of activity adjustments excluded)</i>									
<i>Euro Million</i>	Construction			Industrial Services			Services		
	9M16	9M17	%	9M16	9M17	%	9M16	9M17	%
Spain	821	880	+7.2%	1,327	1,397	+5.2%	1,078	1,007	-6.6%
Rest of Europe	1,479	1,532	+3.6%	324	323	-0.2%	81	60	-25.4%
North America	9,712	10,356	+6.6%	1,166	926	-20.6%	0	0	n.a.
South America	352	348	-1.3%	1,021	1,138	+11.4%	0	0	n.a.
Asia Pacific	5,081	6,659	+31.0%	729	762	+4.6%	0	0	n.a.
Africa	0	0	n.a.	226	391	+73.2%	1	0	n.a.
TOTAL	17,447	19,775	+13.3%	4,793	4,936	+3.0%	1,160	1,067	-8.0%

- In Construction, it is worth noting the activity rebound in Asia Pacific which grew by 31.0% 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 6.6%. Likewise, it is worth noting the rebound experienced in Spain which grew by 7.2% as well as the rest of Europe which also show positive growth rates.
- 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 and South America with double digit growth rates. Domestic activity grew by 5.2%.
- Services sales decreased by 8.0% due to the sale of Sintax at the end of 2016, thus the only activity remaining in this area is Clece whose sales remained practically stable compared to the prior period.
- Group's backlog stood at € 65,309 million and grew by 5.1% in the last twelve months thanks to the positive evolution of the contracting activities in the international market, particularly in Asia Pacific and South America with double digit growth rates. Backlog in North America is impacted by the depreciation of the USD in the last twelve months.

Grupo ACS					
Backlog per Geographical Areas					
<i>Euro Million</i>	Sep-16	%	Sep-17	%	Var.
Spain	6,485	10.4 %	6,468	9.9%	-0.3%
Rest of Europe	5,094	8.2 %	5,774	8.8%	+13.4%
North America	23,199	37.3 %	22,353	34.2%	-3.6%
South America	3,926	6.3 %	4,976	7.6%	+26.7%
Asia Pacific	22,109	35.6 %	25,029	38.3%	+13.2%
Africa	1,326	2.1 %	709	1.1%	-46.5%
TOTAL	62,139		65,309		+5.1%

Backlog per Geographical Area									
<i>Euro Million</i>	Construction			Industrial Services			Services		
	Sep-16	Sep-17	%	Sep-16	Sep-17	%	Sep-16	Sep-17	%
Spain	2,929	2,494	-14.9%	1,899	2,082	+9.7%	1,657	1,892	+14.2%
Rest of Europe	4,640	5,018	+8.1%	363	633	+74.4%	91	124	+35.4%
North America	21,309	20,667	-3.0%	1,890	1,687	-10.8%	0	0	n.a.
South America	2,056	1,938	-5.8%	1,870	3,038	+62.5%	0	0	n.a.
Asia Pacific	20,455	23,933	+17.0%	1,654	1,096	-33.7%	0	0	n.a.
Africa	411	93	-77.4%	915	616	-32.6%	0	0	n.a.
TOTAL	51,801	54,142	+4.5%	8,590	9,152	+6.5%	1,748	2,015	+15.3%

- It is worth noting the evolution of Construction's backlog in Asia Pacific which grew by 17.0%, backed by the integration of UGL and despite the negative impact from the AUD depreciation. Likewise, noteworthy is the solid recovery of the European market which grew by 8.1% while domestic backlog is reduced by 14.9%. North America is affected by the depreciation of the USD in the last twelve months.
- Industrial Services experienced solid growth in its backlog of 6.5%, thanks to the positive evolution of the order intakes in the last twelve months, particularly of energy projects in Europe and South America. It is worth noting the recovery of the domestic backlog which grew by 9.7% 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>	9M16	9M17	Var.	
EBITDA	1,513	1,712	+13.2%	
<i>EBITDA Margin</i>	6.5%	6.6%		
Depreciation	(372)	(454)	+22.1%	
<i>Construction</i>	(322)	(409)		
<i>Industrial Services</i>	(30)	(27)		
<i>Services</i>	(20)	(18)		
<i>Corporation</i>	(1)	(1)		
Current assets provisions	(21)	(23)	+7.6%	
EBIT	1,119	1,235	+10.4%	
<i>EBIT Margin</i>	4.8%	4.8%		

- EBITDA accounted for € 1,712 million, showing an increase of 13.2% compared to September 2016. EBIT accounted for € 1,235 million, growing by 10.4% with respect to the prior period.

2.1.3 Financial Results

Grupo ACS		Financial Results	
<i>Euro Million</i>	9M16	9M17	Var.
Financial income	142	153	+7.6%
Financial expenses	(390)	(352)	-9.6%
Ordinary Financial Result	(248)	(200)	-19.4%
Construction	(115)	(99)	-14.3%
Industrial Services	(43)	(45)	+4.7%
Services	(10)	(6)	-39.6%
Corporation	(79)	(50)	-37.4%

- The ordinary financial result decreased by 19.4%. Financial expenses dropped by 9.6% as a result of the reduction of the average gross debt and the average cost of debt after the refinancing of ACS and HOCHTIEF corporate loans in the last months.

Grupo ACS		Financial Results	
<i>Euro Million</i>	9M16	9M17	Var.
Ordinary Financial Result	(248)	(200)	-19.4%
<i>Foreign exchange Results</i>	(8)	(24)	<i>n.a</i>
<i>Impairment non current assets results</i>	23	7	-69.2%
<i>Results on non current assets disposals</i>	112	169	+50.6%
Net Financial Result	(121)	(49)	-59.8%

- 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, Iridium's concessions and the revaluation of certain financial assets.

2.1.4 Net Profit Attributable to the Parent Company

- Construction Net Profit grew by 28.3% underpinned by the excellent performance of HOCHTIEF and its subsidiaries whose net profit increased by 35.6%.
- Industrial Services Net Profit area grew by 4.7% as a result of the international activity boost and the recovery in domestic activity.
- Services net profit decreased 46.8% 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 25.9% down to negative € 40 million thanks to the reduction of the financial expenses.

Grupo ACS		Net Profit breakdown	
<i>Euro Million</i>	9M16	9M17	Var.
Construction	220	282	+28.3%
Industrial Services	240	252	+4.7%
Services ⁽¹⁾	21	30	+40.7%
Net Profit from activities	482	564	+17.0%
Urbaser	35	0	<i>n.a.</i>
Corporation	53	40	-25.9%
TOTAL Net Profit	570	603	+5.8%

(1) Excl. Urbaser

- Grupo ACS Net Profit in the first nine months of 2017 reached € 603 million, 5.8% higher than the prior year. This growth would be of 12.7% not taking into account the contribution of Urbaser in the prior period.
- The effective corporate tax rate stands at 27.7%, which represents a significant reduction compared to that of the prior period which stood at 29.5%

2.2 Consolidated Balance Sheet

Grupo ACS			Consolidated balance sheet		
Euro Million	Dec-16		Sep-17		Var.
Intangible Fixed Assets	4,412	13.2 %	4,310	13.7 %	-2.3%
Tangible Fixed Assets	1,839	5.5 %	1,595	5.1 %	-13.3%
Investments accounted by Equity Method	1,532	4.6 %	1,424	4.5 %	-7.0%
Long Term Financial Investments	2,485	7.4 %	2,272	7.2 %	-8.6%
Long Term Deposits	7	0.0 %	7	0.0 %	+0.4%
Financial Instruments Debtors	67	0.2 %	51	0.2 %	-23.5%
Deferred Taxes Assets	2,324	7.0 %	2,125	6.7 %	-8.5%
Fixed and Non-current Assets	12,666	37.9 %	11,785	37.4 %	-7.0%
Non Current Assets Held for Sale	549	1.6 %	303	1.0 %	-44.8%
Inventories	1,407	4.2 %	1,168	3.7 %	-17.0%
Accounts receivables	10,988	32.9 %	10,789	34.2 %	-1.8%
Short Term Financial Investments	1,813	5.4 %	1,617	5.1 %	-10.8%
Financial Instruments Debtors	98	0.3 %	113	0.4 %	+15.1%
Other Short Term Assets	224	0.7 %	174	0.6 %	-22.0%
Cash and banks	5,655	16.9 %	5,560	17.6 %	-1.7%
Current Assets	20,734	62.1 %	19,725	62.6 %	-4.9%
TOTAL ASSETS	33,400	100 %	31,510	100 %	-5.7%
Shareholders' Equity	3,563	10.7 %	3,967	12.6 %	+11.3%
Adjustments from Value Changes	11	0.0 %	(179)	(0.6 %)	n.a.
Minority Interests	1,393	4.2 %	1,357	4.3 %	-2.6%
Net Worth	4,968	14.9 %	5,145	16.3 %	+3.6%
Subsidies	4	0.0 %	3	0.0 %	-14.8%
Long Term Financial Liabilities	4,907	14.7 %	5,586	17.7 %	+13.8%
Deferred Taxes Liabilities	1,188	3.6 %	1,090	3.5 %	-8.3%
Long Term Provisions	1,655	5.0 %	1,394	4.4 %	-15.7%
Financial Instruments Creditors	70	0.2 %	48	0.2 %	-31.4%
Other Long Term Accrued Liabilities	110	0.3 %	112	0.4 %	+1.6%
Non-current Liabilities	7,934	23.8 %	8,233	26.1 %	+3.8%
Liabilities from Assets Held for Sale	318	1.0 %	176	0.6 %	-44.8%
Short Term Provisions	1,028	3.1 %	932	3.0 %	-9.3%
Short Term Financial Liabilities	3,782	11.3 %	3,013	9.6 %	-20.3%
Financial Instruments Creditors	63	0.2 %	84	0.3 %	+32.9%
Trade accounts payables	14,864	44.5 %	13,567	43.1 %	-8.7%
Other current payables	443	1.3 %	359	1.1 %	-18.8%
Current Liabilities	20,498	61.4 %	18,132	57.5 %	-11.5%
TOTAL EQUITY & LIABILITIES	33,400	100 %	31,510	100 %	-5.7%

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 € 4,310 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	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	
Construction	(1,172)	(2,562)	(1,764)	(2,077)	(1,969)	
Industrial Services	(898)	(1,167)	(940)	(939)	(865)	
Services	35	5	10	5	28	
Corporation	23	43	82	242	108	
TOTAL	(2,013)	(3,681)	(2,613)	(2,769)	(2,698)	

*Ex Urbaser

- In the last 12 months, the net working capital has increased its credit balance by € 685 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 operating working capital variation in the last twelve months remains practically neutral, with a positive behavior across the business areas.
- The balance of factoring and securitization end of the period amounted to € 972 million.

2.2.3 Net Debt

Net Debt (€ mn)	Construction	Industrial Services	Services	Corporation / Adjustments	Grupo ACS
September 30, 2017					
LT loans from credit entities	1,376	308	163	1,206	3,054
ST loans from credit entities	895	799	209	18	1,921
Debt with Credit Entities	2,271	1,107	373	1,224	4,975
Bonds	1,601	0	0	1,592	3,194
Non Recourse Financing	186	17	0	0	203
Other financial liabilities*	300	107	179	(359)	227
Total Gross Financial Debt	4,359	1,231	552	2,458	8,599
ST* & other financial investments	840	159	309	316	1,624
Cash & Equivalents	3,878	1,615	20	46	5,560
Total cash and equivalents	4,718	1,774	329	362	7,183
NET FINANCIAL DEBT	(360)	(544)	223	2,096	1,416
NET FINANCIAL DEBT previous year	26	(625)	338	3,013	2,751

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

- Net debt stood at € 1,416 million, € 1,335million lower than the outstanding balance 12 months ago thanks to the positive evolution of the funds from operations and backed by sale of Urbaser and other concessional assets.
- Net debt linked to assets held for sale amounted to € 140 million.

2.2.4 Net Worth

Grupo ACS		Net Worth		
<i>Euro Million</i>	Dec-16	Sep-17	Var.	
Shareholders' Equity	3,563	3,967	+11.3%	
Adjustments from Value Changes	11	(179)	n.a	
Minority Interests	1,393	1,357	-2.6%	
Net Worth	4,968	5,145	+3.6%	

- ACS Net worth accounts for € 5,145 million by period-end, showing an increase of 3.6% 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>	9M16			9M17		
	TOTAL	HOT	ACS exHOT	TOTAL	HOT	ACS exHOT
Cash Flow from Operating Activities before Working Capital	1,147	586	561	1,294	852	443
Operating working capital variation	(874)	(199)	(676)	(785)	(389)	(395)
Net CAPEX	(217)	(126)	(91)	(319)	(226)	(93)
Net Operating Cash Flow from continuing activities	56	261	(205)	190	237	(46)
Net Operating Cash Flow from discontinued operations (*)	(26)	0	(26)	0	0	0
Financial Investments/Disposals	236	(365)	601	61	(41)	101
Other Financial Sources	(43)	(12)	(31)	(6)	(2)	(4)
Free Cash Flow	223	(115)	338	245	195	52
Dividends paid	(296)	(204)	(92)	(240)	(97)	(143)
Intra group Dividends	0	0	0	0	(120)	120
Treasury stock acquisition	(128)	(78)	(50)	(161)	0	(161)
Total Cash Flow generated / (Consumed)	(201)	(398)	196	(156)	(22)	(133)

*Correspond to Urbaser

2.3.1 Operating Activities

- Cash Flow from Operating Activities before working capital amounted to € 1,294 million, improving by 12.8% with respect to September 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 had an impact of € 785 million of cash outflow which imply an improvement of € 230 million in the credit balance compared to the prior quarter. Despite seasonality effect of the period, the operating working capital variation has a credit balance 10% lower than that of September 2016.

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	308	(49)	259	88	(80)	9	267
<i>Dragados</i>	48	(16)	33	1	(0)	1	34
<i>Hochtief</i>	259	(33)	226	72	(32)	41	266
<i>Iridium</i>	0	0	0	14	(48)	(33)	(33)
Services	17	(1)	16	10	(57)	(47)	(31)
Industrial Services	47	(3)	44	131	(150)	(19)	24
Corporation & others	0	0	0	10	(13)	(3)	(2)
TOTAL	372	(53)	319	239	(300)	(61)	258

- The total investments of the ACS Group amounted to € 611 million, while divestments amounted to € 353 million, resulting in a net positive cash flow balance for investing activities of € 258 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 € 88 million which practically corresponds to UGL's minorities acquisition and investment in JV in America. 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 € 131 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 € 44 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 € 240 million of dividends in cash which practically corresponds to ACS scrip dividend paid in February and July as well as the dividends paid to minorities from HOCHTIEF and CIMIC in the third quarter of the year.

- Likewise, € 161 million have been devoted to the acquisition of treasury stock for the scrip dividend paid in July and for the expected dividend in the first quarter of 2018.

3 Areas of Activity Evolution

3.1 Construction

Construction			
<i>Euro Million</i>	9M16	9M17	Var.
Turnover	17,447	19,775	+13.3%
EBITDA	1,010	1,197	+18.5%
<i>Margin</i>	5.8%	6.1%	
EBIT	693	777	+12.2%
<i>Margin</i>	4.0%	3.9%	
Net Profit	220	282	+28.3%
<i>Margin</i>	1.3%	1.4%	
Backlog	51,801	54,142	+4.5%
<i>Months</i>	24	23	
Net Investments	559	267	<i>n.s</i>
Working Capital	(1,172)	(1,969)	+68.1%

- Construction sales accounted for € 19,775 million representing an increase of 13.3%. 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>	9M16	9M17	Var.	
Spain	821	880	+7.2%	
Rest of Europe	1,479	1,532	+3.6%	
North America	9,712	10,356	+6.6%	
South America	352	348	-1.3%	
Asia Pacific	5,081	6,659	+31.0%	
Africa	0	0	<i>n.a.</i>	
TOTAL	17,447	19,775	+13.3%	

- EBITDA accounted for € 1,197 million, increasing by 18.5% compared to September 2016.
- EBIT accounted for € 777 million, and grew by 12.2%. The depreciation of assets from the acquisition of HOCHTIEF (PPA) accounted for € 54.3 million in the period, the same figure as that of the comparable period.
- Construction Net Profit reached € 282 million which implies a 28.3% increase due to a solid operating performance across activities, lower financial costs and a reduction in the effective tax rate.
- Backlog at the end of the period stood at € 54,142 million, 4.5% higher compared to the figure recorded 12 months ago. This is backed by the positive evolution of 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 and AUD in the last twelve months.

Construction			
<i>Backlog per geographical areas</i>			
<i>Euro Million</i>	Sep-16	Sep-17	Var.
Spain	2,929	2,494	-14.9%
Rest of Europe	4,640	5,018	+8.1%
North America	21,309	20,667	-3.0%
South America	2,056	1,938	-5.8%
Asia Pacific	20,455	23,933	+17.0%
Africa	411	93	-77.4%
TOTAL	51,801	54,142	+4.5%

Construction														
<i>Euro Million</i>	Dragados			Iridium			HOCHTIEF (ACS contr.)			Adjustments		Total		
	9M16	9M17	Var.	9M16	9M17	Var.	9M16	9M17	Var.	9M16	9M17	9M16	9M17	Var.
Sales	2,995	3,175	+6.0%	55	66	+20.6%	14,397	16,534	+14.8%	0	0	17,447	19,775	+13.3%
EBITDA	205	217	+6.0%	13	7	-42.9%	792	973	+22.8%	(0)	(0)	1,010	1,197	+18.5%
Margin	6.8%	6.8%		n.a	n.a		5.5%	5.9%				5.8%	6.1%	
EBIT	150	159	+6.2%	2	(4)	n/a	595	676	+13.7%	(54)	(54)	693	777	+12.2%
Margin	5.0%	5.0%		n.a	n.a		4.1%	4.1%				4.0%	3.9%	
Net Financial Results	(42)	(40)		(8)	(1)		(39)	(14)		0	0	(89)	(55)	
Equity Method	(0)	0		9	10		(1)	4		(1)	(1)	7	13	
Other Results & Fixed Assets	(2)	(7)		(2)	(2)		(108)	(59)		0	(0)	(113)	(68)	
EBT	105	112	+6.0%	1	2	n/a	447	607	+36.0%	(55)	(55)	498	667	+33.8%
Taxes	(27)	(28)		3	2		(146)	(188)		17	17	(153)	(198)	
Minorities	(1)	(1)		(0)	0		(141)	(202)		17	17	(125)	(187)	
Net Profit	77	82	+6.0%	3	4	+17.7%	160	217	+35.6%	(21)	(21)	220	282	+28.3%
Margin	2.6%	2.6%		n.a	n.a		1.1%	1.3%				1.3%	1.4%	
Backlog	12,578	11,274	-10.4%	-	-		39,222	42,868	+9.3%			51,801	54,142	+4.5%
Months	36	31					21	21				24	23	

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

- Dragados increased its sales by 6.0% and EBITDA margin remains practically stable at 6.8% versus the comparable period.
- HOCHTIEF 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
- HOCHTIEF 's contribution to net profit of ACS, after deducting minority interests, amounted to € 217 million, 35.6% 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		
	9M16	9M17	Var.	9M16	9M17	Var.	9M16	9M17	Var.	9M16	9M17	9M16	9M17	Var.
Sales	8,118	8,644	+6.5%	5,091	6,581	+29.3%	1,114	1,227	+10.1%	74	81	14,397	16,534	+14.8%
EBIT	165	197	+19.4%	440	485	+10.3%	16	35	+123.4%	(26)	(41)	595	676	+13.7%
<i>Margin</i>	2.0%	2.3%		8.6%	7.4%		1.4%	2.9%		0.0%	0.0%	4.1%	4.1%	
Net Financial Results	(9)	(10)		(48)	(41)		10	19		9	18	(39)	(14)	
Equity Method	0	0		(1)	4		(0)	(0)		0	0	(1)	4	
Other Results & Fixed Asset	(9)	1		(85)	(32)		(9)	(28)		(5)	0	(108)	(59)	
EBT	146	189	+28.8%	307	416	+35.4%	16	26	+65.7%	(22)	(23)	447	607	+36.0%
Taxes	(34)	(45)		(100)	(132)		(6)	(9)		(6)	(2)	(146)	(188)	
Minorities	(19)	(28)		(58)	(89)		(1)	1		(0)	(0)	(78)	(117)	
Net Profit	94	115	+22.8%	149	195	+30.6%	9	18	+102.8%	(28)	(25)	223	303	+35.6%
<i>Margin</i>	1.2%	1.3%		2.9%	3.0%		0.8%	1.4%				1.6%	1.8%	

- By areas of activities of HOCHTIEF, it is worth highlighting:
 - a) Growth in America where sales went up by 6.5% and net profit by 22.8%. 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 together with an operating growth of 10.1%.
 - c) As for Asia Pacific (CIMIC), as already mentioned, it experienced a substantial activity recovery growing by 29.3%, thanks to the significant recovery both in construction and contract mining services as well as the integration of UGL new business with the according impact in operating results.

3.2 Industrial Services

Industrial Services		Key Figures	
Euro Million	9M16	9M17	Var.
Turnover	4,793	4,936	+3.0%
EBITDA	483	498	+3.0%
<i>Margin</i>	10.1%	10.1%	
EBIT	431	461	+7.1%
<i>Margin</i>	9.0%	9.3%	
Net Profit	240	252	+4.7%
<i>Margin</i>	5.0%	5.1%	
Backlog	8,590	9,152	+6.5%
<i>Months</i>	16	17	
Net Investments	(17)	24	<i>n.a</i>
Working Capital	(898)	(865)	-3.7%

- Industrial Services sales accounted for € 4,936 million, showing a raise of 3.0% 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	
Euro Million	9M16	9M17	Var.
Spain	1,327	1,397	+5.2%
Rest of Europe	324	323	-0.2%
North America	1,166	926	-20.6%
South America	1,021	1,138	+11.4%
Asia Pacific	729	762	+4.6%
Africa	226	391	+73.2%
TOTAL	4,793	4,936	+3.0%

- 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. Noteworthy is the double digit growth in South America and Africa. Domestic market recovers both in the EPC and support services business growing by 5.2%.

Industrial Services		Turnover breakdown by activity	
Euro Million	9M16	9M17	Var.
Support Services	2,640	2,661	+0.8%
<i>Networks</i>	394	445	+12.7%
<i>Specialized Products</i>	1,627	1,592	-2.2%
<i>Control Systems</i>	618	624	+1.0%
EPC Projects	2,157	2,251	+4.4%
Renewable Energy: Generation	35	30	-13.3%
<i>Consolidation Adjustments</i>	(39)	(6)	
TOTAL	4,793	4,936	+3.0%
International	3,465	3,540	+2.1%
<i>% over total sales</i>	72.3%	71.7%	

- EPC projects grew by 4.4% thank to the development of international project mainly in Middle East and Japan as well as the growth coming from various countries in South America while Support Services activities increased by 0.8%, mainly due to the production adjustments in Support Services business in Mexico.
- Backlog grew by 6.5% up to € 9,152 million. International backlog represents 77.2% of the total amount. It is worth noting the positive evolution in South America which grew by 62.5% thanks mainly to the awards in Brazil and Peru, as well as the progressive recovery of the domestic backlog which reached 9.7% growth with respect to September 2016 and the rebound in the contracting activity in Europe which grew by 74.4% up to € 633 million.

Industrial Services		Backlog per geographical areas	
Euro Million	Sep-16	Sep-17	Var.
Spain	1,899	2,082	+9.7%
Rest of Europe	363	633	+74.4%
North America	1,890	1,687	-10.8%
South America	1,870	3,038	+62.5%
Asia Pacific	1,654	1,096	-33.7%
Africa	915	616	-32.6%
TOTAL	8,590	9,152	+6.5%

Industrial Services		Backlog per activity	
<i>Euro Million</i>	Sep-16	Sep-17	Var.
Support Services	4,731	5,172	+9.3%
<i>Networks</i>	444	513	+15.5%
<i>Specialized Products</i>	3,003	3,266	+8.8%
<i>Control Systems</i>	1,284	1,392	+8.4%
EPC Projects	3,796	3,981	+4.9%
Renewable Energy: Generation	63	0	-100.0%
TOTAL BACKLOG	8,590	9,152	+6.5%
International	6,691	7,070	+5.7%
<i>% over total backlog</i>	77.9%	77.2%	

- EBITDA accounted for € 498 million, 3.0% higher than in September 2016 with a stable margin that stood at 10.1%.
- EBIT increased by 7.1% up to € 461 million, with a 9.3% margin, 30 bp higher than in September 2016.
- Net profit accounted to € 252 million, 4.7% higher than in September 2016.

3.3 Services

Services		Key figures	
<i>Euro Million</i>	9M16	9M17	Var.
Turnover	1,160	1,067	-8.0%
EBITDA	59	54	-7.2%
<i>Margin</i>	5.1%	5.1%	
EBIT	37	35	-3.4%
<i>Margin</i>	3.2%	3.3%	
Net Profit	56	30	-46.8%
<i>Margin</i>	4.9%	2.8%	
Backlog	1,748	2,015	+15.3%
<i>Months</i>	14	17	
Net Investments	18	(31)	
Working Capital	35	28	

- Sales decreased by 8.0% mainly due to the sale of Sintax by the end of 2016. Without this effect, that is considering only Clece in both periods, sales remained practically stable.
- 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		<i>Sales breakdown</i>	
<i>Euro Million</i>	9M16	9M17	Var.
Facility management	1,062	1,067	+0.5%
Logistics	98	0	n.a
TOTAL	1,160	1,067	-8.0%

- EBITDA accounts for € 54 million and declined by 7.2% due to Sintax sale. Considering only Clece, EBITDA increased by 2.8%.
- Net profit amounted to € 30 million which includes the capital gain from the sale of Sintax last February, decreasing by 46.8% due to the fact that the figure in 2016 includes the contribution of Urbaser as discontinued operations (net from minorities) for € 35 million.
- Services backlog corresponds to Clece and accounts for € 2,015 million, equivalent to over 1 year of production and increasing by 15.3% compared to the prior period.

Services		<i>Backlog per geographical areas</i>	
<i>Euro Million</i>	Sep-16	Sep-17	Var.
Spain	1,657	1,892	+14.2%
Rest of Europe	91	124	+35.4%
TOTAL	1,748	2,015	+15.3%

4 Annex

4.1 Main figures per area of activity*

TURNOVER					
Euro Million	9M16		9M17		Var.
Construction	17,447	75 %	19,775	77 %	+13.3%
Industrial Services	4,793	20 %	4,936	19 %	+3.0%
Services	1,160	5 %	1,067	4 %	-8.0%
Corporation / Adjustments	(29)		(20)		
TOTAL	23,371		25,758		+10.2%

EBITDA					
Euro Million	9M16		9M17		Var.
Construction	1,010	65 %	1,197	68 %	+18.5%
Industrial Services	483	31 %	498	28 %	+3.0%
Services	59	4 %	54	3 %	-7.2%
Corporation / Adjustments	(39)		(37)		
TOTAL	1,513		1,712		+13.2%

EBIT					
Euro Million	9M16		9M17		Var.
Construction	693	60 %	777	61 %	+12.2%
Industrial Services	431	37 %	461	36 %	+7.1%
Services	37	3 %	35	3 %	-3.4%
Corporation / Adjustments	(41)		(39)		
TOTAL	1,119		1,235		+10.4%

NET PROFIT					
Euro Million	9M16		9M17		Var.
Construction	220	43 %	282	50 %	+28.3%
Industrial Services	240	47 %	252	45 %	+4.7%
Services	56	11 %	30	5 %	-46.8%
Corporation / Adjustments	53		40		
TOTAL	570		603		+5.8%

NET INVESTMENTS					
Euro Million	9M16		9M17		Var.
Construction	559		267		n.a
Industrial Services	(17)		24		n.a
Services	18		(31)		n.a
Corporation / Adjustments	(470)		(2)		n.a
TOTAL	89		258		n.a

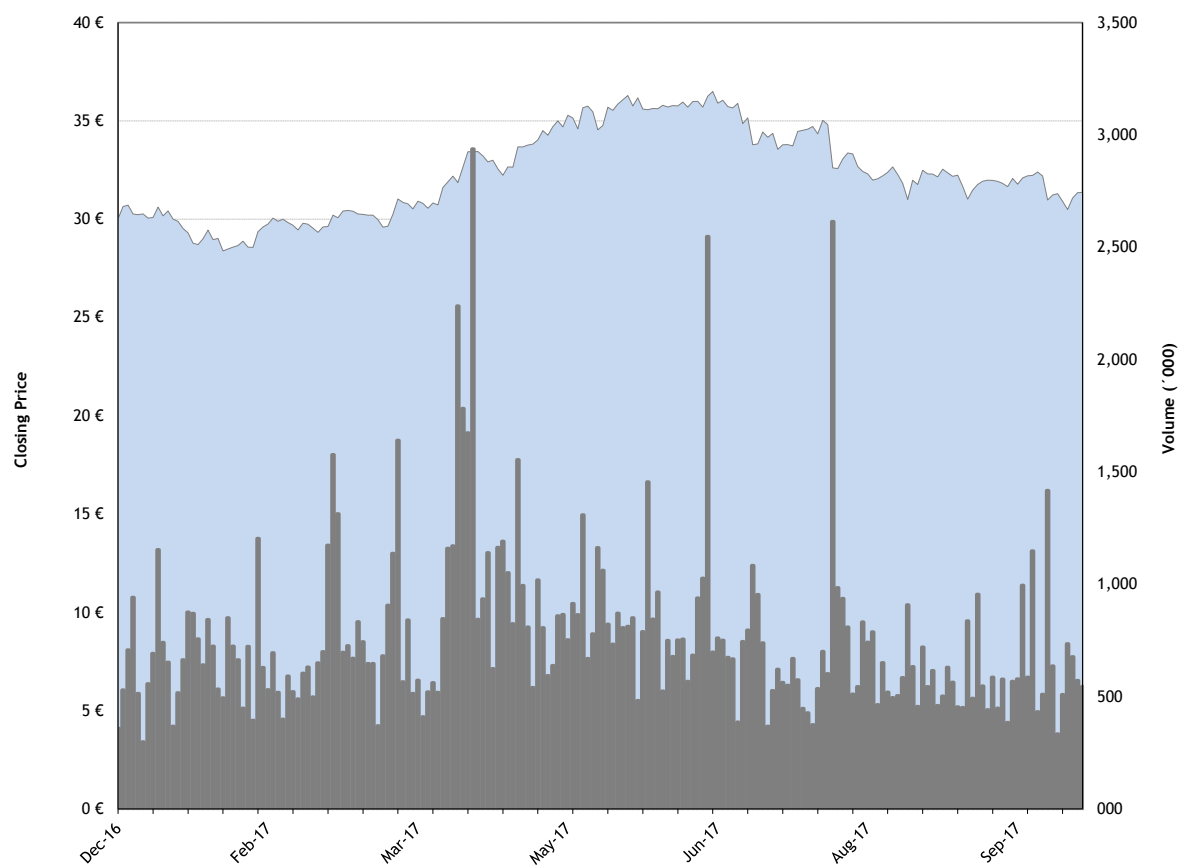
BACKLOG					
Euro Million	Sep-16	months	Sep-17	months	Var.
Construction	51,801	24	54,142	23	+4.5%
Industrial Services	8,590	16	9,152	17	+6.5%
Services	1,748	14	2,015	17	+15.3%
TOTAL	62,139	22	65,309	22	+5.1%

NET DEBT					
Euro Million	Sep-16		Sep-17		Var.
Construction	26		(360)		n.a
Industrial Services	(625)		(544)		-13.1%
Services	338		223		-34.0%
Corporation / Adjustments	3,013		2,096		-30.4%
TOTAL	2,751		1,416		-48.5%

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

4.2 Share data

ACS Shares Data (YTD)	9M16	9M17
Closing price	26.90 €	31.36 €
Performance	4.69%	16.56%
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	25.31 €	32.50 €
Total volume ('000)	173,601	148,781
Daily average volume ('000)	899	771
Total traded effective (€ mn)	4,394	4,836
Daily average effective (€ mn)	22.76	25.06
Number of shares (mn)	314.66	314.66
Market cap (€ mn)	8,464	9,866



4.3 Exchange rate effect

EXCHANGE RATE EFFECT

EXCHANGE RATE EFFECT (€ vs. currency)	Average Exchange Rate			
	Sep-16	Sep-17	difference	%
1 US Dollar	1.1148	1.1238	0.0089	+0.8%
1 Australian Dollar	1.4992	1.4599	(0.0393)	-2.6%
1 Mexican Peso	20.3502	21.0818	0.7316	+3.6%
1 Brazilian Real	3.9099	3.5624	(0.3475)	-8.9%

EXCHANGE RATE EFFECT (€ vs. currency)	Closing Exchange Rate			
	Sep-16	Sep-17	difference	%
1 US Dollar	1.1238	1.1812	0.0574	+5.1%
1 Australian Dollar	1.4678	1.5079	0.0401	+2.7%
1 Mexican Peso	21.7651	21.5450	(0.2201)	-1.0%
1 Brazilian Real	3.6624	3.7342	0.0718	+2.0%

EXCHANGE RATE EFFECT Euro million	Grupo ACS			
	USD	AUD	Others	Total
Backlog	(1,101)	(693)	(451)	(2,245)
Sales	(72)	180	(1)	108
Ebitda	(2)	21	(7)	12
Ebit	(1)	13	(7)	5
Net Profit	(0)	4	(4)	(0)

EXCHANGE RATE EFFECT	Construction			
Euro Million	USD	AUD	Others	Total
Backlog	(1,073)	(692)	(115)	(1,879)
Sales	(70)	180	(5)	105
Ebitda	(2)	21	2	20
Ebit	(2)	13	2	13
Net Profit	(1)	4	1	5

EXCHANGE RATE EFFECT	Industrial Services			
Euro Million	USD	AUD	Others	Total
Backlog	(29)	(1)	(334)	(364)
Sales	(2)	0	7	6
Ebitda	0	0	(9)	(9)
Ebit	0	0	(9)	(9)
Net Profit	1	0	(6)	(5)

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

4.4 Main Awards of the Period

In blue the new awards corresponding to the last quarter

4.4.1 Construction

Project	Type of Project	Region	€ mn
Operating and maintenance services for Melbourne suburban network (Australia)	Civil Works	Asia Pacific	1,270.0
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
Design and construction of approximately 7.9km of sewer tunnels as well as associated hydraulic facilities in Singapore	Civil Works	Asia Pacific	316.6
Contract for the construction of concrete gravity structures for offshore platforms for White Rose project (Canada)	Hydraulic	America	305.6
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
Mining services in the Gunung Bara Utama (GBU) Coal Mine in Indonesia	Contract Mining	Asia Pacific	292.1
Pacific Highway upgrade works (New South Wales, Australia)	Civil Works	Asia Pacific	244.0
Extension of the contract for mining operation at Mahakam Sumber Jaya in Indonesia	Contract Mining	Asia Pacific	199.7
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
Building of Christchurch Convention and Exhibition Centre (New Zealand)	Building	Asia Pacific	148.2
Construction of 11.3 km highway in Mackay ring road (Queensland, Australia)	Civil Works	Asia Pacific	144.4
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
Extension of the contract for mining services at Jellinbah Plain pit (Central Queensland, Australia)	Contract Mining	Asia Pacific	125.9
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
Modernization and enlargement works for the Coolidge Senior High School (Washington, United States)	Building	America	120.0
Removal and replacement of the existing double leaf bascule bridge at Bruckner Boulevard Service Road over Westchester Creek (New York, United States)	Civil Works	America	115.3
Expansion of the Ottawa light rail transit with expansion to Belfast Yard and supply of 38 LRV's for Stage 2 Confederation Line (Canada)	Civil Works	America	112.1
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
Upgrade works in Capricornia correctional centre (Queensland, Australia)	Building	Asia Pacific	96.6
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
Project for the enlargement of the existing SH 288 in Brazoria county (Texas, United States)	Civil Works	America	89.2
Expansion and upgrades works for San Diego's airport terminal 2 (California, United States)	Building	America	87.0
Works for the modification and upgrade of Isabella Lake dam in Kern County (California, United States)	Civil Works	America	86.0
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

4.4.2 Industrial Services

Project	Type of Project	Region	€ mn
Project Dolwin 6 consisting in construction of a platform for an HVDC offshore converter in the German North Sea (Germany)	EPC Projects	America	336.0
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
Desalination plant construction for Spence mine in Chile	EPC Projects	America	165.0
Design, construction, operation and maintenance of the Gamboa water treatment plant (Panama)	EPC Projects	America	110.7
Maintenance services for the highway section between Matehuala and Saltillo in the state of Nuevo León (Mexico)	Control systems	America	98.0
Engineering, purchase, construction and commissioning of the Jorf Lasfar cogeneration plant associated with a sulfuric acid plant, with two steam turbines of 60 MW each (Morocco)	EPC Projects	Africa	71.5
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
Design, construction and equipment of the Montero hospital in Bolivia	EPC Projects	America	50.6
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
Electrical installations for Champlain bridge in Canada	Specialized products	America	26.3
Design, instalation, operation and maintenance of signaling system of Gaborone public transport (Botswuana)	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

4.4.3 Services

Project	Type of Project	Region	€ mn
Renewal of the contract for home care services in Jaen (Spain)	Services for citizens	Spain	42.2
Renewal of the contract for the cleaning service in the facilities of the General Directorate of the Police (Spain)	Services for buildings	Spain	41.5
Contract for exploitation services of sport facilities in Arrecife (Las Palmas, Spain)	Services for buildings	Spain	36.9
Cleaning services contract for Miguel Servet Hospital (Zaragoza, Spain)	Services for buildings	Spain	35.8
Contract for the facility management of Burgos Archbishop retirement home (Spain)	Services for citizens	Spain	32.0
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
Extension of the cleaning service contract for the facilities of the Ministry of Defense (Spain)	Services for buildings	Spain	20.9
New contract for cleaning services in schools and high-schools of Canary Islands (Spain)	Services for buildings	Spain	20.0
Cleaning, disinfection, disinfestation and disinfestation services in Ciudad Real (Spain)	Services for buildings	Spain	18.8
Contract for the cleaning service at the Renault factory in Valladolid (Spain)	Services for buildings	Spain	17.0
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

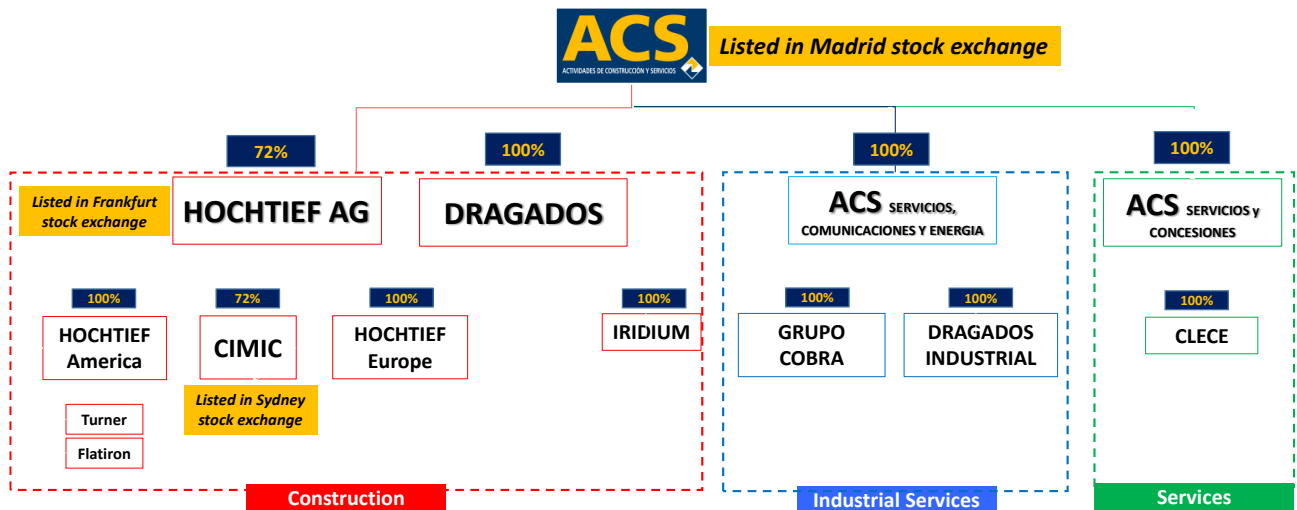
This area includes the activities of Dragados, Hochtief (including CIMIC) and Iridium and is oriented to the development of all types of projects of Civil Works, Building and activities related to the mining sector (carried out by CIMIC, mainly in Asia Pacific). The geographic regions with the highest 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	sep-17	sep-16
Market capitalisation	Num of shares at period close x price at period close	9,866	8,464
Earnings per share	Net Profit of the period / Average num of shares of the period	1.93	1.85
Net Attributable profit	Total Income - Total Expenses of the period - Minority interests result	603	570
Average num. of shares of the period	Daily average outstanding shares in the period adjusted by treasury stock	312.1	307.4
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)	65,309	62,139
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	1,712	1,513
(+) Operating Profit	Operating income - Operating expenses	1,057	1,002
(-) 1.D&A	Operating provisions and fix asset depreciation	(477)	(394)
(-) 2. Non recurrent operating results and/or which dont imply a cash flow	Impairment & gains on fixed assets + other operating results	(113)	(21)
(+) 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	65	95
Net Financial Debt / EBITDA	Net Financial Debt / Annualized EBITDA	0.6x	1.4x
Net Financial Debt (1)-(2)	Gross external financial debt + Net debt with group companies - Cash & Equivalents	1,416	2,751
(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	8,599	9,610
(2) Cash & Equivalents	Temporary Financial investments + L/T deposits + Cash & Equivalents	7,183	6,859
Annualized EBITDA	EBITDA of the period / num of month within the period x 12 months	2,283	2,017
Net Cash Flow	(1) Cash Flow from operating activities + (2) Cash Flow from investing activities + (3) Other Cash flows	(156)	(201)
1. Cash Flow from operating activities	Adjusted Net Profit attributable + Operating working capital variation <i>ex discontinued operations</i>	509	273
Adjusted Net Profit attributable	Net profit attributable (+/-) adjustments of concepts which dont imply an operating cash flow	1,294	1,147
Operating working capital variation	Working capital variation of the period (+/-) ajustments of non operating concepts (Ej: dividends, interests, taxes, etc)	(785)	(874)
2. Cash Flow from investing activities	Net investments (paid/collected) <i>ex discontinued operations</i>	(258)	19
(-) 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>	(612)	(827)
(+) 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>	354	847
3. Other Cash Flows	Treasury stock sale/acquisition + Dividend payments + Other financial sources + <i>Cash generated from discontinued operations</i>	(406)	(493)
Ordinary Financial Result	Financial Income - Financial expenses	(200)	(248)
Net Financial Result	Ordinary financial result + Foreign exchange results + Impairment non current assets results + Results on non current assets disposals	(49)	(121)
Working Capital	Stock + Total accounts receivables - Total accounts payables - other current liabilities	(2,698)	(2,013)

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
Annualised 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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Investor Relations Department

ACS, Actividades de Construcción y Servicios S.A.

Av. Pío XII, 102

28036 Madrid

+ 34 91 343 92 39

irgrupoacs@grupoacs.com

www.grupoacs.com