



General Shareholders' Meeting

Friday, May 10, 2019

Speech by the CEO

Marcelino Fernández Verdes

Introduction

Ladies and gentlemen, Good morning and thank you very much for attending this General Meeting of ACS Group.

For 32 years I have been honored to be a part of ACS Group, one of the most important and innovative companies in the global infrastructure sector and which currently has around 200,000 professionals committed to leadership and creating value for our shareholders.

Organizational Structure

As you know, the business model of ACS is based on a streamlined and decentralized organization, with more than a thousand companies that share the same values and a single corporate strategy based on customer service, integrity in management, sustainable development and profitability. ACS Group has a history of integration and transformation of different companies that provide differential value, accumulated experience and profitable growth potential.

ACS Group is organized around 3 areas of activity:

- ✓ Infrastructure
 - ✓ Industrial Services and
 - ✓ Providing services to citizens
- The Infrastructure area, which includes the construction, development and operation of projects and concessions, represents 78% of the Group's total revenue, 71% of EBITDA and 56% of Net Profit. This area is divided into two differentiated activities:
1. On the one hand is construction, which includes the development of all types of civil works projects, such as highways, railway, maritime and airport works, construction of buildings, services for infrastructure and projects related to the mining segment. It contributes 68% of the Group's total revenue, of which 90% come from developed markets; 55% from the USA + Canada, 24% from Australia and 12% from Europe (mainly Spain and Germany). The most significant companies that operate in this segment are:

- a) Dragados, the largest construction company in our country, founded in 1941 and with accumulated experience in projects of great size and technical complexity that give it competitive advantages worldwide. The company is dedicated to the development and construction of civil works and building projects, both in Spain and in other countries in Europe and America, with special emphasis on the United States and Canada.
 - b) HOCHTIEF, an infrastructure company based in Essen, Germany and global geographical presence, has a 145 year history. In Europe, HOCHTIEF performs construction and engineering activities, mainly in Germany, the United Kingdom and the countries of Northern Europe.
 - c) HOCHTIEF has a strong presence in the US and Canada through Turner and Flatiron. Turner, with more than 110 years of history, is the leading construction management company in business segments such as health, education, commercial buildings, sports facilities, airport terminals or green building projects. Likewise, through Flatiron, the company develops civil works projects in the United States and Canada, being one of the most recognized companies in its sector.
 - d) CIMIC, based in Sydney, Australia and whose oldest subsidiary is 118 years old, is the leading group in the Australian construction, services and mining market. Its main subsidiaries are: CPB Contractors, a national leader in civil works and building activities; Thiess in mining operation services where it is a global leader; and UGL in operations and maintenance services related to railway, energy and transport infrastructure.
2. Furthermore, ACS Group maintains leadership in the development, operation and maintenance of transport concessions and social infrastructure. Specifically, the Group has a portfolio of 91 concession assets, of which close to 75% are in operations.
- ✓ Highways
 - ✓ Railway concessions

- ✓ Public equipment; and
- ✓ Hospitals

These assets represent a total managed investment of 47.5 billion euros, of which 27.8 correspond to Iridium, a global leader in the development of transportation concessions, 12.1 to HOCHTIEF PPP, and the remaining 7.6 to Pacific Partnerships, a subsidiary of CIMIC. You can see their geographical distribution on the screen.

Additionally, in May 2018 we completed the investment in Abertis, acquiring close to 50% of the company for approximately 3.5 billion euros. Abertis is the international leader in highway management with a strong presence in Spain, France, Chile and Brazil, among other countries, with more than 8,000 km of highways under management.

This investment is of great strategic value for our Group, significantly increasing the recurrence and visibility of our generated funds and reinforcing our position in the infrastructure concession sector, since it allows us to fully integrate the value chain. Specifically, at the financial level Abertis has contributed 175 million euros to net profit for 2018. Furthermore, today the company distributes a total of 875 million euros in dividends.

Likewise, the combination of capabilities between Abertis and its shareholders Atlantia, HOCHTIEF and ACS generates synergies that improve the use of resources. The goal at Abertis is to promote its profitable and sustainable growth by searching for new investment opportunities, both greenfield and brownfield.

Industrial Services

- Industrial Services represents 17% of the total production of ACS Group, contributes 26% of the Group's EBITDA and 39% of its net profit. It is present in more than 50 countries, with 63% of its income in 2018 coming from abroad. Cobra Group, whose oldest subsidiary is 100 years old, and Dragados Industrial, lead different specialized companies whose

activities are grouped into two fundamental business lines: support services for industry, and integrated projects and renewable energy.

- ✓ Industry Support Services are oriented to contracts and industrial maintenance services as well as support services for the operative activities of our customers, and at the same time it includes three areas of activity: Networks, Specialized Facilities and Control Systems.
- ✓ Moreover, Integrated Project activities focus on the design, supply, construction and start-up of projects related to the energy and industrial sector.

The main competitive advantage of this area of activity lies in its diversification model, both geographically and in terms of business, together with a culture based on hard work, efficient management, risk control and an innovative spirit that allows it to evolve in a highly competitive sector.

Recently, we created Zero-E, a company focused on the development, financing and management of renewable energy projects and sustainable electrical infrastructure, diversified by technology and geography, as well as a major portfolio of projects to be developed.

It currently has 17 assets, both in the construction and operations phase, which include some 1,500 MW of renewable energy, 445 km of transmission lines and other water management infrastructure. Additionally, it has potential for more than 8.2 GW of renewable energy projects in promotion, of which 43% are projects located in Spain, 29% in North America, 26% in Latam and 2% in the rest of the world.

Services

- Services to citizens represent around 4% of the Group's total revenues, EBITDA and net profit. Clece provides comprehensive maintenance services for buildings and public facilities, as well as assistance and provision of services to certain groups, such as the elderly, dependents or people with disabilities. Both in social services and educational services, we are a benchmark in Spain and we are established internationally in the United Kingdom and Portugal.

Under the vision of "being a company of people for people", Clece is committed to generating job opportunities for people in situations of social vulnerability. More than 8,700 people belong to groups which are at risk of social exclusion, victims of gender-based violence or people with functional diversity, which represents more than 11% of its total workforce amounting to more than 75,000 employees.

Consolidated Results

In 2018 the Group earned 36.659 billion euros in sales, growing by 5% or 9.7% in comparable terms, adjusted for the exchange rate.

By countries, those with the highest turnover are the United States with 39% of sales, Australia with 20%, Spain with 14%, Canada with 4%, and Germany and Mexico with 3%, respectively. Together, these countries represent about 85% of the total.

Operating results grew in line with production, with margins slightly higher than the previous year. Earnings Before Interest Tax Depreciation and Amortization (EBITDA) reached 2.437 billion euros, while Earnings Before Interest and Taxes (EBIT) stood at 1.791 billion, growing 13% and 16.6% respectively in comparable terms.

Net earnings of the Group were 915 million euros, 14.1% more and 18.8% more in comparable terms, i.e. adjusted for the effect of the exchange rate. This strong growth is supported by the good performance of operating activities and the contribution of Abertis to the Group's net earnings.

Net Earnings from Business Activities amount to 772 million euros, 4% more than the previous year, 9.1% more in comparable terms, and is broken down as follows:

- Infrastructure 410 million, without considering the contribution of Abertis, 6% more compared to 2017, 10.5% more in comparable terms;
- Industrial Services 325 million, which grew by 2%, 8.5% more in comparable terms;
- Clece, increases its Net Earnings by 10.1%.

The contribution of Abertis, from June 2018, amounted to 175 million euros, of which 116 million came from the direct participation of ACS and 59 million euros via HOCHTIEF, after deducting minority interest.

The strong performance of operating activities in 2018 resulted in steady cash generation. Specifically, gross operating fund flows, that is, funds generated before operating investments and currency fluctuation, have increased by 17% to 1.953 billion euros.

The variation of the operating cash flow meant we had a cash inflow of 92 million euros, while operating investments amounted to 497 million, mainly in specialized machinery for mining projects, tunnels and energy facilities.

The remaining investments (financial and projects) during 2018 stood at 1.041 billion euros net. Our main investments and divestments are:

- The strategic investment in Abertis amounted to a total of 3.488 billion euros for the joint venture, between ACS and HOCHTIEF, of 50% in the holding company that holds, in turn, 98.7% of Abertis.
- The sale of 24.1% of HOCHTIEF to Atlantia for 2.410 billion euros.
- The divestment in Masmovil for an amount of 411 million euros.
- The net investment in concession projects amounts to 134 million euros, as shown on the screen.

Thus we achieve free cash flow for shareholders of 630 million euros.

ACS Group allocated 681 million euros to remunerate shareholders, of which 162 million correspond to the minority interests of HOCHTIEF and CIMIC, while 154 million were allocated to cash payments to ACS shareholders; the remaining 365 million were used for the purchase of treasury stock allocated to meeting the flexible dividend of ACS.

As you can see, strong cash generation has allowed us to reduce net indebtedness to historical lows, even after the relevant investments were made, including the acquisition of the stake in Abertis.

Specifically, ACS Group closed the 2018 financial year with a net cash position of 3 million euros, 120 million if we exclude project financing debt. This strength of the Group's financial structure is reflected in our BBB credit rating in the "investment grade" category, which allows

us to increase shareholder remuneration as well as take advantage of new opportunities for profitable growth.

In addition, ACS Group has a solid portfolio of projects amounting to 72.223 billion euros, 7.7% more than in 2017 and 8.6% adjusted for the exchange rate. The positive evolution of contracting in the North American, Australian and Spanish markets supports this strong growth.

85% of our portfolio comes from developed economies. Specifically, the US portfolio amounts to 24.082 billion euros, growing by 14.8% with relevant awards in both construction and civil engineering projects. Likewise, Canada closes the year with a portfolio of 4.425 billion, growing by 35.7%. At December 31, the portfolio in Spain was 7.704 billion, with a growth of 13%, supported by the award of renewable energy projects. As for Australia, the portfolio grew by 6.6% adjusted for the exchange rate to 17.973 billion.

Among the main projects awarded in 2018, the following stand out:

- Project for the construction of the Rozelle interchange within the WestConnex project that will unite M4 and M5 (Sydney, Australia) for 1.238 billion euros.
- The PPP project for the construction of the new Gordie Howe international cable-stayed bridge of 2.5 km between the cities of Detroit (USA) and Windsor (Canada) as well as the border crossings in each country for 1.052 billion euros.
- Construction of the new PPP light rail line in Montreal, Canada for 897 million euros.
- Extension of the contract for mining services in the Arthur mine (Australia) for 739 million euros.
- Construction of 6.5 km of automatic passenger transport at the Los Angeles International Airport (United States) (PPP) for 629 million euros.
- Contract for the execution of the civil works for the hydraulic power plant and drainage systems on the Peace River in northeastern British Columbia (Canada) for 571 million euros

- Construction of approximately 175 MW of photovoltaics in Japan and Mexico for 154 million euros

The most significant projects awarded in early 2019 are:

- The PPP project for the construction of the Cross River rail in Brisbane, the largest infrastructure project in the state of Queensland with a total value of more than 3.2 billion euros.
- Construction of a new tunnel in Hampton Roads in Virginia, United States valued at 3 billion euros.
- Construction of the new Euston station for high-speed trains, a 2 billion euro-project in London

Future Outlook

Our teams have identified more than 150 infrastructure concession projects worth 230 billion euros to be developed in the next 4 years, located in strategic regions.

By geographical areas, 35% are located in the US, 20% in Canada, 25% in Australia and 20% in Europe. 90% of these projects are transport infrastructure and 10% are social infrastructure.

Likewise, ACS Group, through the Industrial Services area, has a potential of more than 8.2 GW of renewable energy projects in portfolio and promotion, of which 70% correspond to photovoltaic plants, 27% to wind parks and the rest to thermosolar plants. These very relevant magnitudes position us as one of the most dynamic agents in the sector.

Legacy and Innovation

Throughout its long history, ACS Group has always been at the forefront of innovation and technological transformation processes in our sector.

Nexplore, an entity recently established for the development of the Group's digital future, falls within this framework. It is a tool that effectively combines our know-how with technological innovation and will undoubtedly transform the sector in which we operate.

Through Nexlore we've been creating several innovation centers in Madrid, Essen, Frankfurt, Minneapolis and Sydney that, through a system of collaborative work with international universities and top-tier technology companies, will explore the different opportunities that new technologies related to artificial intelligence, virtual reality and telecommunications offer to the infrastructure sector.

The main objectives are focused on maximizing operational efficiency; improving security systems, optimizing the quality of execution, improving risk assessment systems and decision-making processes, and expanding technical capabilities.

To date we have developed software solutions in three different areas: in IOT, in Cognitive Search and in Blockchain in collaboration with IBM.

We are also developing innovative applications in the field of renewable energy, energy transport and storage and mobility, supported by the accelerated technological evolution we are experiencing and the Group's commitment to the fight against climate change.

The company currently participates in more than 80 R+D+i projects related to mobility, sustainable energy and "Smart Cities".

In short, innovation is a key aspect for the development of our Group that seeks to create a work culture that allows us to take advantage of the full potential of our teams.

Conclusion

In conclusion,

- ACS Group has obtained good results in 2018 with strong cash generation.
- We benefit from a solid financial structure.
- We've completed the acquisition of Abertis, which improves the visibility and recurrence of future cash flows of ACS Group;
- We have are excellently positioned in our strategic markets with good prospects for investment in infrastructures and in the market of PPPs;

Our people are the Group's primary asset. Without their commitment and dedication it would not be possible to build, grow, innovate or create value. ACS Group's priority is to ensure the welfare and safety of all its employees. In this sense, we are working on improving our conciliation and diversity policies as well as our occupational safety and prevention systems.

Finally, my deep gratitude to our teams and collaborators for their commitment, dedication and continued effort, as well as to the Board of Directors of ACS Group for their trust and support.

Thank you.