



General Shareholders' Meeting

Friday, May 10, 2019

Chairman's Speech

Florentino Pérez

Introduction

Good morning to all of you as we welcome another year of this General Shareholders' Meeting of ACS Group for 2018.

I'd like to begin my speech by expressing our sincerest gratitude, on my behalf and on behalf of the rest of the members of the Board of Directors, to each and every one of the 195,461 employees of ACS Group, who with their effort, commitment and dedication have contributed effectively to the excellent results we obtained in 2018, which today we submit for their approval.

Obviously these results are not the result of a single year, rather the continuation of a path that has allowed us to achieve global leadership in our sector.

For the seventh year running ACS Group continues to lead the world ranking of Engineering News Record (ENR) in the category of leading international contractors, as well as the list of Public Works Financing, as the world's largest promoter of infrastructure concessions for over a decade.

As you all know, this project began in 1983, 36 years ago, with the acquisition of Construcciones Padrós, a small construction company founded 15 years earlier in 1968 with an annual turnover of 11 million euros and 70 employees.

During the 1980s, we acquired different companies such as OCISA, a construction company founded in 1942 and a precursor to the implementation of work management control systems as we know them today.

One important step was the entry into industrial activity with the acquisition of COBRA in 1989, an applied industrial engineering company founded in 1948, well known in the area of implementation and development of energy transport networks, power plants and industrial systems maintenance.

In 1990 we realized that it was time to begin our foray into the capital market, putting 20% of OCISA's capital on the stock market.

During this process of orderly growth, in 1992 we integrated all of our construction companies under one name, OCP Construcciones, but kept the independent operations

management of the industrial companies, which was a new idea among business organizations at the time. In 1992, the Group's turnover as a whole was over 900 million euros and our payroll totaled 11,275 people.

During the 1990s, we dedicated ourselves to consolidating our position in Spain, strengthening our balance sheet and seeking opportunities in the infrastructure market, which allowed us to face our future with greater competitive advantages. We acquired the public construction company Auxini, founded in 1945, and we merged this and the entire OCP Construcciones group with Ginés Navarro, a construction company founded in 1930 with extensive experience in the development of civil works.

And so the ACS Group was born in 1997, ranking among the five biggest infrastructure companies in the country, and the following year, in 1998, we joined IBEX35. That year ACS Group had a turnover of 2.46 billion euros and 16,513 employees on our payroll.

At the turn of this century, ACS Group continued its growth strategy. The acquisition of 23.5% of Dragados in 2002, and its subsequent merger in 2003 with ACS Group, allowed us to achieve leadership in the sector in Spain and, in addition, gave us the world-class technical and human capabilities necessary for the international growth to which we aspired.

At the end of the integration process with Dragados in 2003, ACS Group's sales exceeded 8.8 billion euros and its human resources reached 97,000 employees.

The same year that we acquired Dragados, in 2002, La Caixa and ACS founded Abertis through the integration of our concession highways, which were grouped into a subsidiary called Aurea, with that of La Caixa, which were grouped into Acesa. Abertis was one of the first concession companies in the world to focus on internationalization, investing successfully in different countries, such as France and Chile, and positioning itself as one of the top companies in the concession sector worldwide.

But we wanted to keep growing. If we were already national leaders with the absorption of Dragados, we achieved international leadership in construction in 2011 with the takeover of HOCHTIEF through a Public Acquisition Offer, which completed the previous share of 25% of Germany's biggest construction group, which we had acquired in 2007.

Founded in 1873, HOCHTIEF maintains a leading position in the North American and Australian markets, through its subsidiaries Turner and CIMIC, also over a hundred years old. Its integration into ACS Group allowed us to accelerate our international expansion process and become the number one construction company in the western world.

2011 wrapped up with a turnover of 28.472 billion euros and 162,000 employees.

The integration of these companies, leaders in their markets and with a great deal of experience, into our Group enriched our offer of products and services, improved our competitive advantages, and strengthened our position in the most developed economies in the world, mainly North America, Europe and Australia.

Starting in 2012, in the midst of the greatest financial, economic and social crisis we have experienced in a long time, we began a process of corporate transformation to consolidate our international leadership, becoming the number one construction company in the Western world.

During this six-year period, from 2012 to 2018, we have been able to rationalize our offer of products and services, adjust our operating structure to maintain our global competitiveness and drastically reduced our indebtedness, wrapping up the 2018 financial year with a net cash positive balance.

Simultaneously we have dedicated resources to facilitate the sustainable growth of ACS Group in the long term. Specifically, in the last five years:

- We have dedicated more than 200 million euros to innovation and development projects among the different Group companies, increasing the number of patents and the application of new technologies. Later our CEO, Marcelino Fernández Verdes, will detail our proposals in the digitalization and development of new businesses linked to cutting-edge technology.
- We have assigned 775 million euros of our annual budgets to issues of job security and specific training, substantially improving all the parameters related to such a pressing issue;

- We have invested more than 1 billion euros in the development of concession projects, both transport infrastructure and energy facilities; and
- We have dedicated 5.25 billion euros to the acquisition of companies that complement our offer and add value to our Group.

In this last section we should highlight the recent acquisition of Abertis by ACS Group, together with Atlantia, which has meant its reincorporation into our Group since, as I said before, we are its founding partners.

The strategic alliance between ACS, HOCHTIEF and Atlantia seeks to combine efforts and combine capacities to develop a global and enriching project for everyone. We are combining the largest construction group worldwide with the largest portfolio of concessions in the world, positioning us as a global leader in the entire value chain of infrastructure development.

This alliance includes a long-term collaboration agreement between the three companies for investment in new concession projects, mainly in North America, Australia and Europe.

In short, ACS Group is today, 36 years after its inception, a group that manages more than 1,000 companies, has a turnover of 36.659 billion euros and employs 195,461 people.

One of the characteristics that defines ACS Group has been its ability to evolve, adapting to cyclical changes and facing the new challenges that the sector has imposed on it. This combination of tradition and innovation helps us recognize the opportunities that our experience, our technical strengths and our resources offer for the future. A future that is promising, with attractive opportunities for profitable growth supported by the recent reintegration of Abertis in ACS Group's value chain.

We are backed by our experience, and our trajectory is testament to that. Let me show you in figures. Only in this century, from 2000 to 2018, ACS Group's production has amounted to almost 400 billion euros, equivalent to the gross domestic product of countries such as Austria or Argentina.

In the same period, from 2000 to 2018, inclusive, our accumulated net profit total was 13.25 billion euros, of which approximately 10.6 billion euros come from ordinary results of operations while the rest, 2.65 billion euros, came from extraordinary results and financial activity.

Likewise, during the current century, ACS Group has generated funds from its operations in excess of 25 billion euros, equivalent to more than 1.3 billion euros per year; and has distributed among its shareholders and minority shareholders of the Group companies more than 10 billion euros in the same period.

All of this would not have been possible without the loyalty of our customers, many of who have been with us since our inception. Thanks to their trust, high standards and commitment, we have been able to complete more than 10,000 great works throughout our history; in all of them we have enjoyed the collaboration of partners and suppliers, who have provided our same degree of rigor and professionalism.

This includes thousands of transport infrastructure works throughout the world, including roads and highways; tunnels and pipelines, high-speed; conventional and suburban rail lines; ports and airports.

We also carry out environmental projects, such as dams, canals, energy, industrial and mining facilities, waste treatment and recycling plants. We build social buildings such as hospitals, schools, sports and cultural facilities, museums and auditoriums. We also build institutional, residential and commercial buildings, including skyscrapers and shopping and recreation centers. We also provide all kinds of services related to infrastructure, such as maintenance of industrial facilities or building management.

Throughout our history we have always maintained clear and defined goals, which have allowed us to advance without our trajectory or abrupt changes over time causing us to lose sight of our strategic vision, focused on the pursuit of global leadership in our sector.

Our first goal is the search for profitability and adequate compensation for managed capital. Only sustainable profitability ensures survival. And, in social terms, the benefits guarantee investment, sustainable growth and job creation.

Our second goal is the maintenance of our corporate culture in the processes of integrating companies into the Group.

Our rise to global leadership would not have been possible without a common culture, based on excellence, customer orientation, knowledge of the environment, and the sustainable creation of economic and social value.

These four pillars of our culture combine the tradition of our history, our values and our way of acting and managing with the necessary innovation to maintain our competitiveness, to improve our sustainability and, in short, continue having the same ambition to build a better future. Tradition and innovation have coexisted in our trajectory and have permanently revitalized our culture.

And our third key goal to understanding our evolution is the widespread and rigorous application of risk monitoring. As our Group has grown in size and complexity, we have reinforced our risk management systems, extending them to the different organizations integrated into our Group. Greater extension, more diversification and more complexity require firm and homogeneous risk control.

Evolution of shares and profitability for the shareholder

Our operational and financial evolution has been reflected, logically, in the creation of value throughout our history. Specifically, a shareholder who bought 1,000 shares of ACS exactly 22 years ago, on May 9, 1997, the year in which we created ACS, at 2.83 euros per share, would have a value of 37,060 euros today, considering the closing of date of Thursday, May 9, which was 37.06 euros. If we add to this figure the dividends received during this period, which amount to about 23 euros per share, the total return for the shareholder is 21 times their investment, equivalent to 15% of average annual return, compared to 6% of IBEX in the same time period.

If we look exclusively at 2018, ACS stock had a reassessment of 3.71% before closing at 33.83 euros, which, together with the paid dividend, puts the annual return for shareholders at 7.96%. The main Spanish stock market index, IBEX35, decreased by

15.0% in the same year in 2018, and adjusted by dividends, the return was 11.5% negative.

In terms of shareholder remuneration, in 2018 the total effective dividend amounted to 1,385 euros per share, growing by 15.8% with respect to 2017.

In 2019, the effective total dividend, if you offer your approval, will reach 1.89 euros per share, increasing substantially. This increase is based on the greater profit of the company and on the increase of the payout, going from 55% to 65%, where main companies in our sector are positioned.

2018 Results

Our CEO, Marcelino Fernández Verdes, will comment in more detail on these results and their evolution, but let me summarize the main operational and financial milestones reached during the year.

Group sales reached 36.659 billion euros, growing close to 10% in comparable terms, i.e. adjusted to the exchange rate of the euro against other currencies. This figure is equivalent to a daily turnover of 100 million euros, including Saturdays, Sundays and holidays.

The region where ACS Group has the greatest activity continues to be North America, with 46% of total sales, followed by Europe with 21%; Australia with 20%; and Asia with 7%. Production in South America reached 5% while Africa represents a little over 1%.

The operating results of the Group show an additional improvement in profit margins, with gross operating profit or EBITDA standing at 2.437 billion euros, 13% more than the previous year, in comparable terms.

Regarding net profit, ACS Group has earned 915 million euros in 2018, 14% more and 19% in comparable terms, thus surpassing the growth and profitability goals we set two years ago. These results are made possible thanks to the great performance of all the Group's activities and the contribution of Abertis since June 2018.

I would like to highlight the financial strength of the Group after eliminating its net indebtedness at the end of 2018, presenting a positive net cash balance of 3 million euros.

This figure represents an improvement of 156 million euros from the previous year, despite having made total net investments of over 1.5 billion euros, including the Abertis acquisition deal.

The main reason for this evolution is the strong cash generation from operations before investments, which exceeded 1.95 billion euros after growing 17%.

Finally, I would like to highlight our high-quality project portfolio, which exceeds 72.2 billion euros, equivalent to 2 years of production. Our portfolio is a strong predictor of growth prospects for ACS Group in the coming years.

Corporate Social Responsibility

We have also made progress in the area of corporate social responsibility during the year, beginning with our ongoing commitment to sustainability. Likewise, we have shown improvements in the main security indexes and reduction in the number of claims, both as a result of the substantial 11.9% increase in security investments and of the motivation and dedication of our staff.

In aspects related to corporate governance, we've introduced internal standards intended to improve the Group's policies of due diligence, increasing the number of employees that have received training in this area by 50%.

ACS Group's Diversity Policy has also started to bear fruit, as shown by the number of women in management positions increasing by 14.1% in 2018. This fact is especially significant in an industrial group of almost 200,000 employees in more than 60 countries, which reflects the cultural diversity of our Group, which has over 40% gender diversity.

I also want to recognize the 9,000 people, representing more than 4.5% of our employees, who belong to vulnerable groups. They are workers from disenfranchised groups, such as people with disabilities, people at risk of social exclusion, victims of terrorism and the long-term unemployed. It is worth noting the special inclusion of women who have suffered gender-based violence with whom we have formed a commitment of support through various collaborative projects.

Future Outlook

In this environment, ACS Group maintains good growth prospects for the year 2019 based on a solid portfolio of projects in developed markets with growth potential.

In addition, the Group has identified a portfolio of potential infrastructure concession projects valued at over 230 billion euros to invest in the coming years; of these, 35% are located in the United States, 20% in Canada, 24% in Australia and 21% in the European Union.

The macroeconomic perspectives of these regions, where the Group maintains a strong presence, are positive according to the latest report issued by the International Monetary Fund:

- The United States expects its economy to grow 2.3% this year and slightly below 2% by 2020. The solid positioning of ACS Group in this country as a provider of infrastructure services and our demonstrated commitment to permanence gives us a unique competitive advantage in a booming market.
- Canada, meanwhile, continues to show signs of strength in its economy thanks to its extensive industrial fabric, a solid demand for infrastructure and the competitiveness of its industries related to raw materials. For 2019 it expects to grow 1.5%, and it could reach 2% in 2020.
- Europe for its part hopes to maintain a growth of 1.6% for this year, with Spain growing above 2% and Germany at 0.8%. Spain in particular maintains its good macroeconomic outlook for 2020, which will see a reduction in the unemployment rate down to 14%.
- Finally, Australia maintains its growth prospects of over 2% through sustained local demand and the growth of activities related to natural resources and infrastructure.

The efficient and sound financial structure, rigorous risk monitoring and excellent strategic positioning, reinforced by the closure of the Abertis operation, contribute to our profitable growth. The creation of this global platform for infrastructure development, Abertis, allows us to take advantage of the growth potential in these strategic markets and will strengthen our leadership in the concession development market.

As you know, the Group currently has a concessions portfolio representing a total managed investment of 47.5 billion euros, of which 7.8 billion make up both the construction and operations and maintenance portfolios.

In addition, the Group has very positive prospects in the development of renewable energy, through Cobra Group, which currently has a renewable assets portfolio representing 2,000 MW. Regarding the growth opportunities identified by our industrial subsidiary, we have more than 8,000 MW of renewable energy in promotion. These figures position us as one of the most dynamic agents in the sector.

Conclusion

I can't conclude without first mentioning that this has been yet another year in which we have achieved the goals we set for ourselves.

- First, we have met the growth, profitability and indebtedness goals that we set for ourselves. We also have a large investment capacity thanks to the financial strength of our balance sheet and the strategic positioning we maintain in the most developed economies and those with high growth potential.
- Second, we have completed the acquisition of Abertis. This investment improves our Group's competitive position, offers us more recurrent cash generation, expands our diversification throughout the entire value chain, and reinforces our growth potential based on the opportunities identified in the infrastructure concessions sector.
- Third, we have maintained our strong commitment to sustainable profitability for our shareholders, increasing our profit by 14% and raising our payout to 65%.

We will continue working with the same determination and enthusiasm to meet the growth and profitability expectations we have established for the coming years. Specifically for 2019 our goals are:

- That production reaches 38 billion euros, approximately 5% higher than the previous year;
- That net profit growth reaches 10% and, therefore, reaches 1 billion euros; and

- We continue to maintain the financial strength of our balance sheet with a positive net cash position at the end of the year.

Allow me to offer more personal considerations to our business commitment. Regarding the specific figures and goals we find a mixture of hopes and satisfaction. Almost 200,000 people work for our Group; engineers, architects, university graduates, technicians, operators and a long list of professionals of all kinds, with diverse origins and specialties, who are committed to our project. We are all immersed in one of the most human facets of construction, which is the transformation of our habitat.

So, aside from the daily management of productivity, efficiency and business profitability, we feel the enormous satisfaction of contributing, above all, to improving people's quality of life.

Thank you.