

Net income at Grupo ACS for the first half of 2010 reaches 501.4 million Euros

- Sales revenues amounted to 8.134 billion Euros, 0.1% up on the like period the previous year.
- International turnover climbed 31.7% and now accounts for 29% of the total.
- Recurring net income came to 493 million Euros, 10.6% ahead of the year before.
- The construction work and projects order book stands at 29.511 billion Euros, which is 3.6% up on June 2009.

ACS Group Results			
Million Euros		Jan. - June	
	2010	2009	Ch.
Sales	8,134	8,128	+0.1%
EBITDA	790	741	+6.6%
Net income	501	1,540*	-67.4%
Ordinary net income from continuing operations	493	446	+10.6%
Ordinary EPS	€1.63	€1.42	+15.0%
Cash Flow from operations	485	366	+32.4%
Total Net Debt	10,423	9,272**	+12.4%

* Includes the capital gain on the Unión Fenosa sale

** Net Debt at 31 December 2009

Consolidated Results

Turnover for Grupo ACS in the first half of 2010 reached 8.134 billion Euros, up 0.1% on the previous year. International sales represented 29% of the total figure, which means an increase of 31.7%.

EBITDA (Gross Operating Income) grew by 6.6% to 790 million Euros, with a sales margin of 9.7% which rose by 60 basis points.

Net income came in at 501 million Euros, 67.4% below the figure for the first six months of 2009 as that period included the extraordinary income from the sale of 35.3% of Unión Fenosa. The quoted companies in which Grupo ACS has a stake, namely Abertis, Hochtief and Iberdrola, contributed 89 million Euros towards net income.

Ordinary net income from continuing operations, that is to say excluding contributions from discontinued activities in connection with Dragados SPL, was 493 million Euros, 10.6% up on the previous year. Ordinary earnings per share rose by 15.0%.

The total order book for construction work by the end of the first half of 2010 stood at 29.511 billion Euros, 3.6% more than 12 months previously thanks to 31.1% growth for the international order book.

Results by Business Area

Construction

The construction division made sales of 3.12 billion Euros, down 4.8% on 2009. In spite of this, in the first six months of the year international sales rose by 71.3%, representing 27.0% of total sales revenues.

EBITDA (Gross Operating Income) for the division came in at 233 million Euros, with the gross sales margin holding at 7.5%, while net income was 136 million Euros, leaving the net sales margin at 4.3%.

The construction work order book at the end of the first half of 2010 was 11.11 billion Euros, which is the equivalent of 23 months of production, which is 0.2% up on the previous year. Notable here is the trend for the international order book, which now accounts for 45% of the total, having grown by 48.8% in the last twelve months.

Out of those projects added in the international theatre, of note in Europe are various sections of the Portuguese high speed rail link and two sections of motorways in Poland. In America a section of Route 5 has been put under contract, as have the liquid waste processing plant at Mapocho in Chile, the canalisation of the river Puerto Nuevo in Puerto Rico and several civil construction projects in the United States.

In Spain too, substantial projects have been placed under contract over the first six months of the year, including the extension of the M-509 in Madrid, the section of the AVE high speed rail link between San Isidro and Orihuela in Alicante, the La Sagrera station in Barcelona, the Malaga II penitentiary centre and construction projects in the ports of Gijón, A Coruña and Escombreras (Murcia).

The Environment division

The Environment division made sales of 1.38 billion Euros, meaning that these grew by 5.2%. This fine performance was due to both Waste Management Services of the Division, which was up 2.7%, and an improvement in Facility Management / [Comprehensive Maintenance](#), where sales climbed by 9.3%.

EBITDA (Gross Operating Income) for the Environment division came in at 177 million Euros with the sales margin at 12.8%. Net income rose by 5.2% to 82 million Euros.

The current order book for this area stands at 11.528 billion Euros, which is the equivalent of 51 months of activity and 6.5% more than the figure twelve months ago.

Among the most substantial contract awards in the period, the most notable were the contract for the water supply system for the municipality of Totana in Valencia, the renewal of the management contract for the treatment plant in Alicante, the urban waste collection contract for La Rochelle and La Challeville (France) or the contract extension for urban waste collection and treatment in the county of Hereford and Worcester (United Kingdom).

Industrial Services

The industrial Services division saw its sales up by 2.2%, reaching 3.632 billion Euros, this featuring a sound performance on the international side, which accounts for 36% of the division's turnover having risen by 16.3%.

EBITDA (Gross Operating Income) improved by 17% to 389 million Euros, while Net income rose 6.0% on the previous year to 185 million Euros.

The area ended the period under review with a project order book valued at 6.873 billion Euros, which amounts to one year of production, meaning a 4.5% rise on the year before and where 44% is from international contracts.

Among the most significant contract awards received in the first half were those for the renovation of the Manzanillo thermal plant in Mexico for over 720 million Euros, the construction of two topsides for a North Sea oil platform (Norway), the construction of two water treatment plants in Romania, the Alto Maipo hydro-electric plant project in Panama, and the installation of intelligent transportation systems on the I-595 highway in Florida (USA).

Borrowing and net investment

Cash flow from operations over the year grew by 32.4% to 485 million Euros, buoyed by fine operating results and efficient management of working capital.

Grupo ACS continues to implement its schedule of investment, which focuses in the main on infrastructure and energy concession projects, which totalled 1.049 billion Euros in the first half of 2010.

Including its cash flow generation and investment, combined net borrowing for Grupo ACS as of 30 June 2010 came to 10.423 billion Euros, which amounts to 12.4% more than in December 2009, this being particularly due to financing for concession projects. Recourse debt was 784 million Euros, while net non-recourse debt stood at 9.639 billion Euros.

Of the total for non-recourse debt, 4.415 billion Euros derived from financing concession projects. The remainder of 5.224 billion Euros was debt attaching to vehicle companies employed in buying up 30% of the shares in Hochtief and 12% in Iberdrola to 30 June 2010 (11.7% following the share issue to pay the flexible dividend on 2 July).

The increase in the project finance requirement was prompted by the major programme of investment in concession-related assets as mentioned above. In specific terms, investments in Concessions in the first half of 2010 totalled 299 million Euros, these including the sum of over 110 million Euros invested in the I-595 tollway in the USA and that of 107 million Euros in the Eje Diagonal highway in Barcelona, while in Industrial Services 645 million Euros was invested mainly in renewable energy projects, where the most notable portion went into solar thermal plants in Spain, transmission lines in Brazil and wind farms in Mexico.

Lastly, maintenance investments were made on the Construction and Environment sides of 51 and 45 million Euros respectively.

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