

# ACS

ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS



*Results Report  
1st Quarter 2006  
January - March*

*May 4<sup>th</sup>, 2006*

## ÍNDICE

|      |   |    |
|------|---|----|
| 1.   | EXECUTIVE SUMMARY .....                           | 3  |
| 1.1. | Main financial figures .....                      | 3  |
| 1.2. | Main financial figures by activity .....          | 4  |
| 1.3. | Relevant Facts of the 1Q06 .....                  | 5  |
| 2.   | CONSOLIDATED FINANCIAL STATEMENTS .....           | 6  |
| 2.1. | Income statement .....                            | 6  |
| 2.2. | Consolidated Balance Sheet .....                  | 8  |
| 2.3. | Cash Flow Statement .....                         | 10 |
| 3.   | BUSINESS PERFORMANCE .....                        | 12 |
| 3.1. | Construction .....                                | 12 |
| 3.2. | Industrial Services .....                         | 14 |
| 3.3. | Services .....                                    | 15 |
| 3.4. | Transportation Infrastructures concessions .....  | 16 |
| 3.5. | Affiliated companies .....                        | 17 |
|      | ANNEXES .....                                     | 18 |
|      | Annex I. Main contracts awarded in the 1Q06 ..... | 18 |
|      | Annexe II. Capital markets.....                   | 20 |

## 1. Executive Summary

### 1.1. Main financial figures

| ACS Group                            |         | January - March |            |
|--------------------------------------|---------|-----------------|------------|
| Main financial figures               |         |                 |            |
| Million Euro                         | 1T05    | 1T06            | Var. 06/05 |
| <b>Turnover</b>                      | 2.692,3 | 3.200,6         | +18,9 %    |
| <i>International</i>                 | 16,7 %  | 15,5 %          |            |
| <b>EBITDA</b>                        | 231,7   | 280,4           | +21,0 %    |
| <i>Margin</i>                        | 8,6 %   | 8,8 %           |            |
| <b>EBIT</b>                          | 170,6   | 211,5           | +24,0 %    |
| <i>Margin</i>                        | 6,3%    | 6,6 %           |            |
| <b>Profit from Associates (E.M.)</b> | 24,1    | 71,6            | +197,6 %   |
| <b>Attributable Net Profit</b>       | 113,4   | 158,2           | +39,5 %    |
| <i>Margin</i>                        | 4,2%    | 4,9 %           |            |
| <b>EPS</b>                           | 0,32 €  | 0,45 €          | +39,2 %    |
| <b>Total Net Debt</b>                | 1.806,9 | 5.733,5         | +217,3 %   |
| Net Debt with recourse               | 1.350,2 | 2.590,6         | +91,9 %    |
| Non recourse Financing               | 456,7   | 3.142,9         | +588,2 %   |
| <b>Shareholders' equity</b>          | 2.135,6 | 2.684,8         | +25,7 %    |
| <i>Gearing*</i>                      | 63,2 %  | 96,5 %          |            |
| <b>Net Investments</b>               | 360,2   | 1.166,1         | +223,8 %   |

\* Net Debt with recourse / Shareholders' Equity

- Excellent operative performance: both the sales and the intermediate results grow with figures around 20%.
- The profit from associates accounted by equity method reached € 71.6 millions, almost the triple than last year's figure and almost as much as in all 2005.
- The attributable net profit grew by 39.5% up to € 158.2 millions, with a margin of 4.9% over sales. The EPS grew up to € 0.45.
- The net debt with recourse grew up to € 2,591 millions, with a gearing of 96.5%. At the same time, the non recourse financing grew up to € 3,143 millions, of which € 2,402 millions came from the Unión Fenosa Operation.
- The net investments performed in this first quarter ended on € 1,166 millions, of which € 1,005 millions were devoted to the acquisition of the 10% of Unión Fenosa through the tender offer to the market successfully completed the 1<sup>st</sup> of March.

## 1.2. Main financial figures by activity

| TURNOVER              |                |      | January - March |      |                |
|-----------------------|----------------|------|-----------------|------|----------------|
| Million Euro          | 1T05           | %    | 1T06            | %    | Var. 06/05     |
| Construction          | 1.224,2        | 45 % | 1.500,8         | 47 % | +22,6 %        |
| Industrial Services   | 937,3          | 35 % | 1.091,0         | 34 % | +16,4 %        |
| Services              | 555,7          | 20 % | 625,8           | 19 % | +12,6 %        |
| Concessions           | 1,6            | +0 % | 5,6             | 0%   | +239,8 %       |
| Holding / Adjustments | (26,5)         |      | (22,6)          |      |                |
| <b>TOTAL</b>          | <b>2.692,3</b> |      | <b>3.200,6</b>  |      | <b>+18,9 %</b> |

| EBITDA                |              |      | January - March |      |                |
|-----------------------|--------------|------|-----------------|------|----------------|
| Million Euro          | 1T05         | %    | 1T06            | %    | Var. 06/05     |
| Construction          | 91,1         | 38 % | 111,6           | 38 % | +22,5 %        |
| Industrial Services   | 72,2         | 30 % | 93,2            | 32 % | +29,1 %        |
| Services              | 76,2         | 32 % | 83,9            | 29 % | +10,2 %        |
| Concessions           | (0,8)        | 0%   | 2,1             | 1%   | n.a.           |
| Holding / Adjustments | (7,0)        |      | (10,4)          |      |                |
| <b>TOTAL</b>          | <b>231,7</b> |      | <b>280,4</b>    |      | <b>+21,0 %</b> |

| EBIT                  |              |      | January - March |      |                |
|-----------------------|--------------|------|-----------------|------|----------------|
| Million Euro          | 1T05         | %    | 1T06            | %    | Var. 06/05     |
| Construction          | 75,2         | 42 % | 93,8            | 42 % | +24,8 %        |
| Industrial Services   | 60,5         | 34 % | 78,9            | 36 % | +30,3 %        |
| Services              | 43,7         | 24 % | 49,3            | 22 % | +12,8 %        |
| Concessions           | (0,8)        | 0%   | 0,3             | 0%   | n.a.           |
| Holding / Adjustments | (8,0)        |      | (10,8)          |      |                |
| <b>TOTAL</b>          | <b>170,6</b> |      | <b>211,5</b>    |      | <b>+24,0 %</b> |

| NET PROFIT            |              |      | January - March |      |                |
|-----------------------|--------------|------|-----------------|------|----------------|
| Million Euro          | 1T05         | %    | 1T06            | %    | Var. 06/05     |
| Construction          | 52,1         | 46 % | 63,9            | 47 % | +22,6 %        |
| Industrial Services   | 40,0         | 36 % | 48,9            | 36 % | +22,3 %        |
| Services              | 23,3         | 21 % | 26,1            | 19 % | +11,8 %        |
| Concessions           | (3,7)        | -3%  | (2,9)           | -2%  | n.a.           |
| Holding / Adjustments | 1,7          |      | 22,2            |      |                |
| <b>TOTAL</b>          | <b>113,4</b> |      | <b>158,2</b>    |      | <b>+39,5 %</b> |

| BACKLOG             |               |        | January - March |        |                |
|---------------------|---------------|--------|-----------------|--------|----------------|
| Million Euro        | 1T05          | months | 1T06            | months | Var. 06/05     |
| Construction        | 8.527         | 20     | 9.640           | 20     | +13,1 %        |
| Industrial Services | 3.674         | 12     | 4.550           | 13     | +23,9 %        |
| Services            | 11.783        | 64     | 12.999          | 64     | +10,3 %        |
| <b>TOTAL</b>        | <b>23.984</b> |        | <b>27.189</b>   |        | <b>+13,4 %</b> |

### 1.3. Relevant Facts of the 1Q06

#### *Tender offer to acquire 10% of Unión Fenosa*

- The 1<sup>st</sup> of March of 2006 the Spanish regulator C.N.M.V. ended successfully the Public Offer that Grupo ACS launched on November 23<sup>rd</sup> of 2005 to acquire a 10% of Unión Fenosa.
  - As a result of that offer, Grupo ACS acquired 10% of the shares of Unión Fenosa, accounting for a total of 30,467,933 shares, for € 33 per share, and a total amount of €1,005.4 millions.
  - The acquisition was financed adopting a scheme where 75% of the funds come from a credit instrument with no recourse for the shareholder that will be backed with the UNF shares acquired. The remaining 25% will be directly financed by Grupo ACS as corporate debt

#### *Merger proposal between Abertis and Autostrade*

- The 23<sup>rd</sup> of April of 2006 was made public the agreement between the Boards of Directors of Abertis and Autostrade to start a merger between equals process. The exchange equation will be 1.05 shares of Abertis for 1 share of Autostrade plus an extraordinary dividend of the Italian company of € 3.75. This operation will be completed before the end of 2006.
- This operation supposes the creation of the world infrastructure developer leader, both from income and capitalization points of view, that presents also the following competitive advantages:
  - Will combine the best management capacities of the industry with the direct contact and relationship with the main governments of Europe, Latin America and the US. Also the resulting company will be ahead of its competitors in terms of technology and previous international experience.
  - The operation will provide a solid growing platform backed by a strong financial capacity, to face the clear opportunities of a growing market worldwide.
  - The transaction affects positively in the financial fundamentals of the new company, improving its income mix, its concessional horizon and optimizing its financial structure.
- Actually the Group holds a 24.8% of the company, and after the merger this figure will go down to 12,5%. Taking into consideration the indirect participation of 13.3% that Abertis holds on Schemaventotto, the Group's stake would go above 13%.

## 2. Consolidated financial statements

### 2.1. Income statement

| ACS Group   |                |                |                |                |                 |
|---|----------------|----------------|----------------|----------------|-----------------|
| Consolidated Income Statement                         |                |                |                |                |                 |
|   |                |                |                |                | January - March |
| Million Euro  | 1Q05           | %              | 1Q06           | %              | Var. 06/05      |
| <b>Net Sales</b>                                      | <b>2.692,3</b> | <b>100,0 %</b> | <b>3.200,6</b> | <b>100,0 %</b> | <b>+18,9 %</b>  |
| Other revenues  | 100,5          | 3,7 %          | 117,6          | 3,7 %          | +17,1 %         |
| <b>Total Income</b>                                   | <b>2.792,8</b> | <b>103,7 %</b> | <b>3.318,2</b> | <b>103,7 %</b> | <b>+18,8 %</b>  |
| Operating expenses                                    | (1.859,7)      | (69,1 %)       | (2.250,9)      | (70,3 %)       | +21,0 %         |
| Personnel expenses                                    | (701,4)        | (26,1 %)       | (786,9)        | (24,6 %)       | +12,2 %         |
| <b>Operating Cash Flow (EBITDA)</b>                   | <b>231,7</b>   | <b>8,6 %</b>   | <b>280,4</b>   | <b>8,8 %</b>   | <b>+21,0 %</b>  |
| Fixed Assets depreciation                             | (57,2)         | (2,1 %)        | (67,4)         | (2,1 %)        | +17,9 %         |
| Current assets provisions                             | (3,9)          | (0,1 %)        | (1,5)          | (0,0 %)        | -62,6 %         |
| <b>Operating Profit (EBIT)</b>                        | <b>170,6</b>   | <b>6,3 %</b>   | <b>211,5</b>   | <b>6,6 %</b>   | <b>+24,0 %</b>  |
| Financial income                                      | 17,1           | 0,6 %          | 26,8           | 0,8 %          | +56,7 %         |
| Financial expenses                                    | (38,2)         | (1,4 %)        | (75,3)         | (2,4 %)        | +97,0 %         |
| Foreign Exchange Results                              | 4,3            | 0,2 %          | (3,3)          | (0,1 %)        | n.a.            |
| Impairment non current assets results                 | (3,2)          | (0,1 %)        | 0,2            | 0,0 %          | n.a.            |
| Results on equity method                              | 24,1           | 0,9 %          | 71,6           | 2,2 %          | +197,6 %        |
| Results on non current assets disposals               | 0,3            | 0,0 %          | 18,6           | 0,6 %          | n.a.            |
| Other profit / expenses                               | (12,5)         | (0,5 %)        | (39,0)         | (1,2 %)        | +212,4 %        |
| <b>Ordinary income of continued operations</b>        | <b>162,4</b>   | <b>6,0 %</b>   | <b>211,1</b>   | <b>6,6 %</b>   | <b>+30,0 %</b>  |
| Corporate income tax                                  | (44,4)         | (1,6 %)        | (48,8)         | (1,5 %)        | +9,9 %          |
| <b>Profit after taxes of the continued operations</b> | <b>118,0</b>   | <b>4,4 %</b>   | <b>162,3</b>   | <b>5,1 %</b>   | <b>+37,5 %</b>  |
| Profit after taxes of the discontinued operations     | 0,0            | 0,0 %          | 0,0            | 0,0 %          | n.a.            |
| <b>Consolidated Result</b>                            | <b>118,0</b>   | <b>4,4 %</b>   | <b>162,3</b>   | <b>5,1 %</b>   | <b>+37,5 %</b>  |
| Minority interest                                     | (4,6)          | (0,2 %)        | (4,1)          | (0,1 %)        | -10,4 %         |
| <b>Net Profit Attributable to the Parent Company</b>  | <b>113,4</b>   | <b>4,2 %</b>   | <b>158,2</b>   | <b>4,9 %</b>   | <b>+39,5 %</b>  |

#### 2.1.1. Net Sales

- Ended on € 3,200.6 millions, 18.9% more than in 2005 with the construction activity growing a 22.6% mainly because of the increase of the public offering and the better climatic conditions compared to last year's. Moreover, the Industrial Services and urban services activities grow also strongly in double digit figures (+16,4% y +12,6% respectively).
- The international sales grew 9.7% up to € 494.7 millions, meaning 15.5% over the total amount of sales.

### ***2.1.2. Operating cash flow (EBITDA)***

- It ended the quarter on € 280.4 millions, 21% more than last year's same period. The EBITDA margin grew up to 8.8%, 20 b.p. better than last year.
- This growth is backed by an excellent performance of all areas, as both construction and Industrial Services grow more than 20% (22.5% and 29.1% respectively) and services present a double digit growth of 10.2%.

### ***2.1.3. Operating profit (EBIT)***

- Accounted for € 211.5 millions, 24% more than the last year, with a margin of 6.6% over sales, 30 b.p. better than last year.
- Construction showed a good performance growing by 24.8%, with the rest of the areas close or better as Industrial Services grew by 30.3% and services 12.8%.

### ***2.1.4. Ordinary profit of the continued operations***

- Grew by 30% up to € 211.1 millions, 6.6% margin on sales, 60 b.p. better than last year.
- Financial expenses grew a 97%, up to € 75.3 millions, mainly because of the investment policy of the Group in 2005, where the important investments on Unión Fenosa and Abertis were made. Financial income accounted for € 26.8 millions, 57% more than in 1Q05.
- The foreign exchange results were negative by € 3.3 millions, whilst in 2005 were positive by € 4.3 millions.
- The benefits from affiliates accounting by the equity method were € 71.6 millions, three times the amount of last year's first quarter, thanks to the contribution of Abertis and the incorporation to the accounts of Unión Fenosa.
- The other profit/expenses account, that this period is close to € -39 millions, corresponds to long term risk provisions for several companies of the Group.

### ***2.1.5. 2.1.5. Net profit attributable to the Parent Company***

- The net profit attributable to the Parent Company reached € 158.2 millions, which means a growth rate of 39.5%.
- The accrued taxes reached € 48.8 millions, growing 9.9% compared to 2005. The effective tax rate, without the profit from affiliates from equity method, ended on 35%, a little bit higher than last years rate.



- In the first quarter of 2006 the Group accounted a benefit from non current assets disposals of € 18.6 millions, mainly coming from the sale of the Portuguese affiliate Sopol, sold to the local partner.

## 2.2. Consolidated Balance Sheet

| ACS Group                             |                 |                |                 |                |                 |
|---------------------------------------|-----------------|----------------|-----------------|----------------|-----------------|
| Consolidated Balance Sheet            |                 |                |                 |                | March 31st      |
| Million Euro                          | 1Q05            | %              | 1Q06            | %              | Var. 06/05      |
| Tangible fixed assets                 | 2.032,5         | 16,0 %         | 2.437,7         | 13,0 %         | +19,9 %         |
| Goodwill                              | 1.012,9         | 8,0 %          | 1.047,7         | 5,6 %          | +3,4 %          |
| Intangible fixed assets               | 335,6           | 2,6 %          | 436,6           | 2,3 %          | +30,1 %         |
| LT financial investments              | 2.079,7         | 16,3 %         | 6.448,5         | 34,5 %         | +210,1 %        |
| Other non-current assets              | 318,4           | 2,5 %          | 399,5           | 2,1 %          | +25,4 %         |
| <b>Fixed and Non-current Assets</b>   | <b>5.779,2</b>  | <b>45,4 %</b>  | <b>10.769,9</b> | <b>57,6 %</b>  | <b>+86,4 %</b>  |
| Inventories                           | 409,5           | 3,2 %          | 556,5           | 3,0 %          | +35,9 %         |
| Accounts receivables                  | 4.606,7         | 36,2 %         | 5.189,3         | 27,8 %         | +12,6 %         |
| ST financial investments              | 905,9           | 7,1 %          | 998,9           | 5,3 %          | +10,3 %         |
| Cash and banks                        | 625,8           | 4,9 %          | 688,2           | 3,7 %          | +10,0 %         |
| Other current assets                  | 396,5           | 3,1 %          | 486,9           | 2,6 %          | +22,8 %         |
| <b>CURRENT ASSETS</b>                 | <b>6.944,4</b>  | <b>54,6 %</b>  | <b>7.919,8</b>  | <b>42,4 %</b>  | <b>+14,0 %</b>  |
| <b>TOTAL ASSETS</b>                   | <b>12.723,7</b> | <b>100,0 %</b> | <b>18.689,7</b> | <b>100,0 %</b> | <b>+46,9 %</b>  |
| Shareholders' Equity                  | 2.019,4         | 15,9 %         | 2.528,1         | 13,5 %         | +25,2 %         |
| Minority Interests                    | 116,2           | 0,9 %          | 156,7           | 0,8 %          | +34,8 %         |
| <b>Net Worth</b>                      | <b>2.135,6</b>  | <b>16,8 %</b>  | <b>2.684,8</b>  | <b>14,4 %</b>  | <b>+25,7 %</b>  |
| <b>Capital Subsidies</b>              | <b>172,7</b>    | <b>1,4 %</b>   | <b>246,6</b>    | <b>1,3 %</b>   | <b>+42,8 %</b>  |
| Loans from credit entities            | 1.460,6         | 11,5 %         | 2.735,9         | 14,6 %         | +87,3 %         |
| Non recourse financing                | 440,1           | 3,5 %          | 3.094,1         | 16,6 %         | +603,1 %        |
| Other financial liabilities           | 33,5            | 0,3 %          | 34,8            | 0,2 %          | +3,7 %          |
| Other non-current liabilities         | 501,3           | 3,9 %          | 529,8           | 2,8 %          | +5,7 %          |
| Hedging instruments                   | 32,1            |                | 21,1            | 0,1 %          |                 |
| Other liabilities                     | 469,2           | 3,7 %          | 508,7           | 2,7 %          |                 |
| <b>Non-current Liabilities</b>        | <b>2.435,4</b>  | <b>19,1 %</b>  | <b>6.394,7</b>  | <b>34,2 %</b>  | <b>+162,6 %</b> |
| Amounts owing to credit entities      | 1.384,6         | 10,9 %         | 1.501,9         | 8,0 %          | +8,5 %          |
| Project Finance                       | 16,6            | 0,1 %          | 48,8            | 0,3 %          | +192,9 %        |
| Trade accounts payables               | 5.398,7         | 42,4 %         | 6.458,7         | 34,6 %         | +19,6 %         |
| Other financial liabilities           | 3,3             | 0,0 %          | 5,1             | 0,0 %          | +55,4 %         |
| Other current payables                | 1.176,8         | 9,2 %          | 1.349,3         | 7,2 %          | +14,7 %         |
| <b>Current Liabilities</b>            | <b>7.979,9</b>  | <b>62,7 %</b>  | <b>9.363,8</b>  | <b>50,1 %</b>  | <b>+17,3 %</b>  |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>12.723,7</b> | <b>100,0 %</b> | <b>18.689,9</b> | <b>100,0 %</b> | <b>+46,9 %</b>  |



### 2.2.1. Non-current assets

- Fixed assets grew by 19.9% up to € 2,437.7 millions at the end of 2006.
- The financial assets correspond mainly to the stakes that the Group holds in affiliates accounting by equity method. The increase, of € 4,368.8 millions in the last 12 months comes from the acquisitions performed in Abertis and Unión Fenosa, including in this last one the tender offer finished this quarter.

### 2.2.2. Working capital

- The net working capital presents a credit balance of € 1,575 millions, which means a improvement of a 35% compared to last year's figure.
- In days of sale, the inter-annual variation has been 8 days of improvement.

### 2.2.3. Net Debt

| Net Debt (€ mn)<br>March 31st , 2006    | Construction | Industrial<br>Services | Services | Concessions | Holding /<br>Adjustments | ACS Group |
|---|--------------|------------------------|----------|-------------|--------------------------|-----------|
| Non-current loans from credit entities  | 39,7         | 141,0                  | 931,9    | 0,1         | 1.623,2                  | 2.735,9   |
| Current loans from credit entities      | 138,5        | 244,8                  | 318,2    | 295,6       | 504,8                    | 1.501,9   |
| Loans from credit entities              | 178,2        | 385,8                  | 1.250,1  | 295,7       | 2.128,0                  | 4.237,8   |
| Other non-current financial liabilities | 23,2         | 8,5                    | 8,0      | 88,0        | (92,9)                   | 34,8      |
| Other current financial liabilities     | 2,0          | (0,1)                  | 0,5      | 0,0         | 2,7                      | 5,1       |
| Other financial liabilities             | 25,3         | 8,4                    | 8,4      | 88,0        | (90,2)                   | 39,9      |
| Cash and equivalents                    | 2.218,8      | 677,7                  | 479,8    | 47,4        | (1.736,6)                | 1.687,1   |
| Net Debt / (Cash)                       | (2.015,3)    | (283,5)                | 778,8    | 336,3       | 3.774,4                  | 2.590,6   |
| LT non recourse financing               | 44,2         | 333,8                  | 197,7    | 129,0       | 2.389,6                  | 3.094,1   |
| ST non recourse financing               | 0,5          | 19,1                   | 16,8     |             | 12,3                     | 48,8      |
| Non recourse financing                  | 44,7         | 352,9                  | 214,5    | 129,0       | 2.401,8                  | 3.142,9   |
| TOTAL NET DEBT                          | (1.970,6)    | 69,4                   | 993,2    | 465,3       | 6.176,2                  | 5.733,5   |

- The net debt of the Group the 31<sup>st</sup> of March, 2006 reached € 5,733.5 millions, being € 3,142.9 millions non recourse.
- The rest, € 2,590.6 millions, corresponds to the net debt with recourse meaning a gearing ratio of 96.5% over net worth.

### 2.2.4. Other non-current liabilities

- Totaled € 530 millions, basically from risks provisions and accrued expenses and taxes.

### 2.2.5. Net worth

- Reached € 2,684.8 millions, of which € 156.7 millions correspond to minority interests, mainly concessional projects and international affiliates.

## 2.3. Cash Flow Statement

| ACS Group   |                | January - March  |                 |
|---|----------------|------------------|-----------------|
| Cash Flow Statement                                 |                |                  |                 |
| Million Euro  | 1T05           | 1T06             | Var. 06/05      |
| <b>EBITDA</b>                                       | <b>231,7</b>   | <b>280,4</b>     | <b>+21,0 %</b>  |
| plus: Dividends received from affiliates            | 5,7            | 1,9              |                 |
| plus: Interests and dividends received              | 17,1           | 26,8             |                 |
| minus: Interests paid                               | (38,2)         | (75,3)           |                 |
| minus: Corporate tax paid                           | (44,4)         | (48,8)           |                 |
| minus: Other adjustments                            | (12,5)         | (33,4)           |                 |
| <b>Cash Flow from Operations</b>                    | <b>159,4</b>   | <b>151,6</b>     | <b>-4,9 %</b>   |
| Dec/(Inc) Trade Receivables & Other Debtors         | (58,9)         | (167,6)          |                 |
| Dec/(Inc) Inventories                               | (28,5)         | (2,9)            |                 |
| Inc/(Dec) Trade Creditors                           | (25,2)         | (80,8)           |                 |
| Inc/(Dec) Other Creditors & ST Provisions           | 20,0           | 25,1             |                 |
| <b>Working Capital (Requirements) / Excess</b>      | <b>(92,6)</b>  | <b>(226,2)</b>   | <b>+144,4 %</b> |
| <b>Cash Flow from Operating Activities</b>          | <b>66,8</b>    | <b>(74,6)</b>    | <b>n.a.</b>     |
| minus: Fixed assets investments                     | (33,4)         | (89,8)           |                 |
| minus: Concessional projects investments            | (84,8)         | (56,3)           |                 |
| minus: Financial assets investments                 | (244,2)        | (38,3)           |                 |
| minus: Unión Fenosa acquisition                     | n.a.           | (1.005,4)        |                 |
| <b>Capital Expenditure</b>                          | <b>(362,5)</b> | <b>(1.189,8)</b> | <b>+228,3 %</b> |
| <b>Disposal of Assets</b>                           | <b>2,3</b>     | <b>23,7</b>      | <b>+930,4 %</b> |
| <b>Cash flow from Investing Activities</b>          | <b>(360,2)</b> | <b>(1.166,1)</b> | <b>+223,8 %</b> |
| Inc/(Dec) LT Bank credits                           | 331,2          | 58,1             |                 |
| Inc/(Dec) ST Bank credits                           | 117,6          | 543,4            |                 |
| Inc/(Dec) Non recourse financing                    | (5,6)          | 787,7            |                 |
| <b>Bank Financing</b>                               | <b>443,2</b>   | <b>1.389,2</b>   | <b>+213,5 %</b> |
| Dividends paid                                      | (49,4)         | (70,6)           |                 |
| Treasury stock movements                            | (51,1)         | (146,0)          |                 |
| <b>Equity Financing</b>                             | <b>(100,5)</b> | <b>(216,6)</b>   | <b>+115,5 %</b> |
| <b>Other Liabilities</b>                            | <b>(1,6)</b>   | <b>(11,5)</b>    | <b>+602,3 %</b> |
| <b>Cash Flow from Financing Activities</b>          | <b>341,0</b>   | <b>1.161,1</b>   | <b>+240,5 %</b> |
| Inc/(Dec) Cash & similar                            | 47,7           | (79,6)           |                 |
| <b>Cash Position at the Beginning of the Period</b> | <b>578,1</b>   | <b>767,8</b>     | <b>+32,8 %</b>  |
| <b>Current Cash Position</b>                        | <b>625,8</b>   | <b>688,2</b>     | <b>+10,0 %</b>  |

### 2.3.1. 2.3.1. Cash flow from operations

- The EBITDA grows by 21% but the increase of € 27.4 millions from net interests paid make the cash flow from operations to show € 151.6 millions, with a small decrease from last's years figure. This increase in the financial expenses is provoked by the impact of the investments performed during last twelve months in Unión Fenosa and Abertis, because

during this quarter no dividends were paid in any of both companies. Without this effect, the funds generated would have grown by 7%. Also, the previously commented results on foreign currency and the extraordinary results affected this figure.

- The working capital has experienced a decrease of its credit balance since December 2005 of € 226.2 millions, as a consequence of the strong increase of the activity in this quarter and the seasonality inherent of it.

### *2.3.2. Net consolidated investments*

- The total investments of the Group during 1Q06 reached € 1,166 millions, highlighting the following:
  - The financial assets investment of the tender offer for the 10% of Unión Fenosa that accounts for € 1,005 millions.
  - There have been also € 9 millions invested on Urbis. Grupo ACS stake in Urbis at the end of 1Q06 is 24,8%.
  - In the construction area the Group has invested €78 millions, mainly in equipment and concessions, whilst the sale of Sopol to a local partner in Portugal accounted for € 24 millions.
  - In Industrial Services the Group invested € 40 millions, mainly in the acquisition of the industrial air-conditioning company Humiclíma and wind farms.
  - In services the investment reached € 33 millions to acquire environmental and ports and logistics assets, and to acquire the equipment for the facility management services of the new T4 airport terminal in Madrid.
  - The Group has invested € 23 millions in highways concessions.

### 3. Business Performance

#### 3.1. Construction

| Construction           |         |                 |            |
|------------------------|---------|-----------------|------------|
| Main financial figures |         | January - March |            |
| Million Euro           | 1Q06    | 1Q06            | Var. 06/05 |
| Turnover               | 1.224,2 | 1.500,8         | +22,6 %    |
| EBITDA                 | 91,1    | 111,6           | +22,5 %    |
| Margin                 | 7,4%    | 7,4%            |            |
| EBIT                   | 75,2    | 93,8            | +24,8 %    |
| Margin                 | 6,1%    | 6,3%            |            |
| Cont. Operations PBT   | 80,1    | 98,2            | +22,6 %    |
| Margin                 | 6,5%    | 6,5%            |            |
| Net Profit             | 52,1    | 63,9            | +22,6 %    |
| Margin                 | 4,3%    | 4,3%            |            |
| Backlog                | 8.527   | 9.640           | +13,1 %    |
| Months                 | 20      | 20              |            |

#### 3.1.1. Turnover breakdown by activity

| Construction                   |                |                 |                |
|--------------------------------|----------------|-----------------|----------------|
| Turnover breakdown by activity |                | January - March |                |
| Million Euro                   | 1Q06           | 1Q06            | Var. 06/05     |
| Civil Works                    | 704,1          | 863,1           | +22,6 %        |
| Non Residential Building       | 272,7          | 366,8           | +34,5 %        |
| Residential Building           | 247,4          | 270,9           | +9,5 %         |
| <b>TOTAL</b>                   | <b>1.224,2</b> | <b>1.500,8</b>  | <b>+22,6 %</b> |
| <i>International</i>           | <i>127,2</i>   | <i>86,4</i>     | <i>-32,1 %</i> |
|                                | <i>10%</i>     | <i>6%</i>       |                |

- Sales on the 1<sup>st</sup> quarter of 2006 reached € 1,500.8 millions, 22.6% more than last year.
- The domestic activity has accrued a growth rate of 28.9%. This is provoked by the increase of the public tendering and a better weather conditions during winter than last year's.
- The international activity decreased a 32,1% because of the sale of the Portuguese affiliate Sopol, meaning that the international activity weights 6% over the total sales. Without this impact, the sales would have had a similar performance and weight as last year.
- Both Civil Works and Non Residential Building, specially the later, growing a 34,5% shows a very positive start of the year.

### *3.1.2. Operating Results*

- EBITDA grew by 22.5% with a margin over sales of 7.4% whilst the EBIT grew by 24.8%, with a margin of 6.3%.
- The minority interests from the international subsidiaries accounted for € 1,3 millions and left the net profit in € 63.9 millions, a 22,6% over 2005.

### *3.1.3. Backlog evolution*

- The order book continues to grow strongly, up in the first quarter to € 9.64 billions, 13.1% more than last year and 3% above the last figure of 2005. This means that, even after the important increase of the activity, the backlog amount is still equivalent to 20 months of activity.
- The domestic backlog grew by 13.5%, mainly in roads and civil works, but also non residential building; all this concepts grow double digit figures compared to 2005 amounts.
- The international backlog grew by 7.3% even after the sale of Sopol in the last quarter of 2005.

### 3.2. Industrial Services

| Industrial Services    |       |                 |            |
|------------------------|-------|-----------------|------------|
| Main financial figures |       | January - March |            |
| Million Euro           | 1Q06  | 1Q06            | Var. 06/05 |
| Turnover               | 937,3 | 1.091,0         | +16,4 %    |
| EBITDA                 | 72,2  | 93,2            | +29,1 %    |
| Margin                 | 7,7%  | 8,5%            |            |
| EBIT                   | 60,5  | 78,9            | +30,3 %    |
| Margin                 | 6,5%  | 7,2%            |            |
| Cont. Operations PBT   | 58,3  | 71,9            | +23,5 %    |
| Margin                 | 6,2%  | 6,6%            |            |
| Net Profit             | 40,0  | 48,9            | +22,3 %    |
| Margin                 | 4,3%  | 4,5%            |            |
| Backlog                | 3.674 | 4.550           | +23,9 %    |
| Months                 | 12    | 13              |            |

#### 3.2.1. Turnover breakdown by activity

| Industrial Services            |              |                 |                |
|--------------------------------|--------------|-----------------|----------------|
| Turnover breakdown by activity |              | January - March |                |
| Million Euro                   | 1Q06         | 1Q06            | Var. 06/05     |
| Networks                       | 195,3        | 194,0           | -0,6 %         |
| Specialized Products           | 287,1        | 358,0           | +24,7 %        |
| Energy Projects                | 288,9        | 333,1           | +15,3 %        |
| Control Systems                | 166,0        | 205,9           | +24,0 %        |
| <b>TOTAL</b>                   | <b>937,3</b> | <b>1.091,0</b>  | <b>+16,4 %</b> |
| <i>International</i>           | <i>273,6</i> | <i>351,5</i>    | <i>+28,5 %</i> |
|                                | <i>29%</i>   | <i>32%</i>      |                |

- Industrial Services sales grew solidly the first quarter of the year, a +16.4%, backed by the Specialized Products and Control Systems activities.
- The international activity continues to demonstrate a outstanding performance, backed by the Specialized Products and Control Systems activities, which grow, both, over 85%.
- Networks production is almost flat (-0.6%) because of the occasional reorganization of the activity the last quarter of 2005 in Portugal, with the subsequent impact this first quarter of 2006. In the same period, the domestic production grows by 5.2%. The flatness of the activity is compensated by the growth of the international backlog that has increased an 18% in the last 12 months.

- Specialized Products area has experienced a strong growth this first quarter, backed by the activity of electrical and railway installations in Spain, and also because of the great growth in the international activity that now means one third of the activity.
- Energy Projects, with a sales growth of 15.3% continues its solid growth backed by the increase of the investments performed by energy companies, specially in the oil and gas industry and the utilities, both in Spain and abroad.
- Control Systems grew by 24%, mainly because of the activity with the public administrations on lightning and traffic control services in Spain, and also after signing some international contracts.

### 3.2.2. Operating Results

- EBITDA grew by 29.1% with a margin over sales of 8.5%, 80 b.p. better than last year.
- Also the EBIT had a great performance and grew a 30.3% with a margin of 7.2, also above 2005, in this case 70 b.p.

### 3.2.3. Backlog evolution

- The backlog of € 4.55 billions (+23.9% in 12 months) accounts for 13 months of production, assuring the good results of the area in the coming months.
- All the backlogs grow around 20% but Specialized Products and control systems, which grow over 26% both.

## 3.3. Services

| Services               |        |                 |            |
|------------------------|--------|-----------------|------------|
| Main financial figures |        | January - March |            |
| Million Euro           | 1Q06   | 1Q06            | Var. 06/05 |
| Turnover               | 555,7  | 625,8           | +12,6 %    |
| EBITDA                 | 76,2   | 83,9            | +10,2 %    |
| Margin                 | 13,7%  | 13,4%           |            |
| EBIT                   | 43,7   | 49,3            | +12,8 %    |
| Margin                 | 7,9%   | 7,9%            |            |
| Cont. Operations PBT   | 34,8   | 38,5            | +10,7 %    |
| Margin                 | 6,3%   | 6,1%            |            |
| Net Profit             | 23,3   | 26,1            | +11,8 %    |
| Margin                 | 4,2%   | 4,2%            |            |
| Backlog                | 11.783 | 12.999          | +10,3 %    |
| Months                 | 64     | 64              |            |



### 3.3.1. Turnover breakdown by activity

| Services                       |                          | January - March          |                |
|--------------------------------|--------------------------|--------------------------|----------------|
| Turnover breakdown by activity |                          |                          |                |
| Million Euro                   | 1Q06                     | 1Q06                     | Var. 06/05     |
| Environmental                  | 253,0                    | 287,7                    | +13,7 %        |
| Ports & Logistics              | 119,7                    | 133,1                    | +11,3 %        |
| Passenger Transportation       | 42,1                     | 47,6                     | +12,9 %        |
| Facility Management            | 140,9                    | 157,4                    | +11,7 %        |
| <b>TOTAL</b>                   | <b>555,7</b>             | <b>625,8</b>             | <b>+12,6 %</b> |
| <i>International</i>           | <i>48,8</i><br><i>9%</i> | <i>55,7</i><br><i>9%</i> | <i>+14,3 %</i> |

- Very good results of all areas that grow double digit, especially Environmental services that grows 13.7%.

### 3.3.2. Operating Results

- EBITDA grew 10.2% with a margin of 13.4%. The decrease of 30 b.p. is caused by the increase of the oil prices, that impacts in the Passenger Transportation area mainly. EBIT grew up to a 12.8%, with a margin of 7.9%, similar to 2005 one.
- Net profit grew by 11,8% with a margin of 4,2%.

### 3.3.3. Backlog evolution

- The services backlog amounts € 12.99 billions, which implies more than 5 years of activity. The continuous growth of this figure is a guarantee for the good performance of the area in the coming years.

## 3.4. Transportation Infrastructures concessions

| Concessions             |       | January - March |            |
|-------------------------|-------|-----------------|------------|
| Main financial figures  |       |                 |            |
| Million Euro            | 1T05  | 1T06            | Var. 06/05 |
| Turnover                | 1,6   | 5,6             | +239,8 %   |
| EBITDA                  | (0,8) | 2,1             | n.a.       |
| EBIT                    | (0,8) | 0,3             | n.a.       |
| Equity method           | (2,6) | (4,1)           | n.a.       |
| Attributable Net Profit | (3,7) | (2,9)           | n.a.       |

- The sales figure of this area comes mainly from the Autovía de la Mancha sales, the only concession that the Group has up and running and with a majority stake.



- The negative equity method account is the consequence of the contribution of some concessions that are in their first years of operation, with the consequent impact on financial results.

### ***3.5. Affiliated companies***

- Abertis contribution to the Groups results reached € 16.8 millions, very similar to last years figure. The decrease of the profit of Abertis this quarter because of the impact of the non current results has been compensated by the increase of ACS stake on the company last year.
- The main impact of this growth come from Unión Fenosa, that has contributed to the Groups results with € 44.4 millions, coming from its estimated results for 1Q06.
- Inmobiliaria Urbis has contributed to the Groups results with € 9.1 millions in the first quarter, a 31,7% more than in 2005.

## Annexes

### *Annex I. Main contracts awarded in the 1Q06*

#### *i. Construction*

##### Motorways and roads

- Member of the Joint Venture created to duplicate the M-501 road. Section: Quijorna to Navas del Rey

##### Railways

- Member of the Joint Venture created to build the new railway facilities Plaza (Zaragoza)
- Member of the Joint Venture created to improve the Barcelona - Sants station.
- Member of the Joint Venture created to build the Atlantico Railway Section between Uxes-Pocomaco (Coruña)
- Transport platform: Arrazua-Legutiano (Alava)
- Member of the Joint Venture created to work in the Gobantes-Abdalajis Tunnel (Málaga)

##### Other works

- Water sanitation plant in Epele and Sanitation of the Alto Deba (Guipúzcoa)
- Villalba Barros Dam (Badajoz)
- Member of the Joint Venture created to improve the irrigations near river Júcar (Valencia)
- Works to improve the irrigations near Almudévar (Huesca)
- Member of the Joint Venture created to build the subterranean parking in Gran Vía Street, Logroño
- Building of the foundations and structure of Islaz building (Madrid)
- Building of the 1<sup>st</sup> phase of the office facilities Royal (Sevilla)
- Member of the Joint Venture created to perform several residential developments in Tenerife
- Parking facilities in the Children's Hospital Gregorio Marañón (Madrid)
- Residential developments 5 to 14 in Chiloeches (Guadalajara)
- Residential developments in the old Iveco-Pegaso factories in Madrid

##### Non-residential building

- Fabripress Industrial Facilities (Madrid)
- Social Security building in Ceuta
- Peñalar School Building (Madrid)
- Mira-Sol-Centre Building (Barcelona)
- Raos Coal Warehouses (Cantabria)
- Member of the Joint Venture created to build the Penitentiary of Morón de la Frontera (Sevilla)
- Geriatric Hotel Urbis (Barcelona)
- Member of the Joint Venture created to build the Expoagua facilities. Phase I (Zaragoza)
- Concession to build of 10 police stations (Barcelona)

##### Residential Building

- Building of 160 houses for Prosavi in Marbella
- Building of 246 houses for Cosmani-Arroyo (Valladolid)
- Building of 146 houses in Mérida (Badajoz)
- Building of 127 houses in the second phase of the project Alhaur Lar-Pina (Málaga)
- Building of 143 public financed houses in the land lot A2 in Las Tablas (Madrid)

- Building of 131 houses in Montornes2 (Barcelona)
- Building of 248 houses in Leganés (Madrid)
- Building of 136 houses PERI SR-8 (Córdoba)

## ii. Industrial Services

### Specialized Installations

- Improvements and refurbishment of the “Centre Hospitalier” in Roanne
- Improvements of the electrical feeding systems of the Barcelona’s subway, line 1.
- Air conditioning and fire protection system for Oncisa, in México
- Air conditioning, plumbing and fire protection systems for ECORESCORT in Roanne (France)
- Air conditioning and fire protection system for Metrovacesa in México
- Fire protection systems for the new tunnels in Guadarrama (Madrid)
- Desulfuration plant La Robla II
- Electricity distribution systems in Line 3, Madrid’s subway
- Electricity distribution for Viesgo
- Electricity distribution works for lines 1 and 4 in Madrid’s subway

### Integrated Projects

- Combined plants and a wide range of projects in the Lazaro Cardenas Refinery, in Minatitlan. Phase III
- Changes accepted in the Buzzard Project: Building of a platform to produce oil and gas
- Changes accepted in the project to build the combined cycle gas turbine of Cristóbal Colon
- Changes accepted in the Project EPC-60: Refurbishments and Building works for a platform to produce oil
- Extension of Statoil Project

### Control Systems

- Member of the Joint Venture Barquitrans - Proyecto Transbarca

## iii. Services and Concessions

### Environmental Services

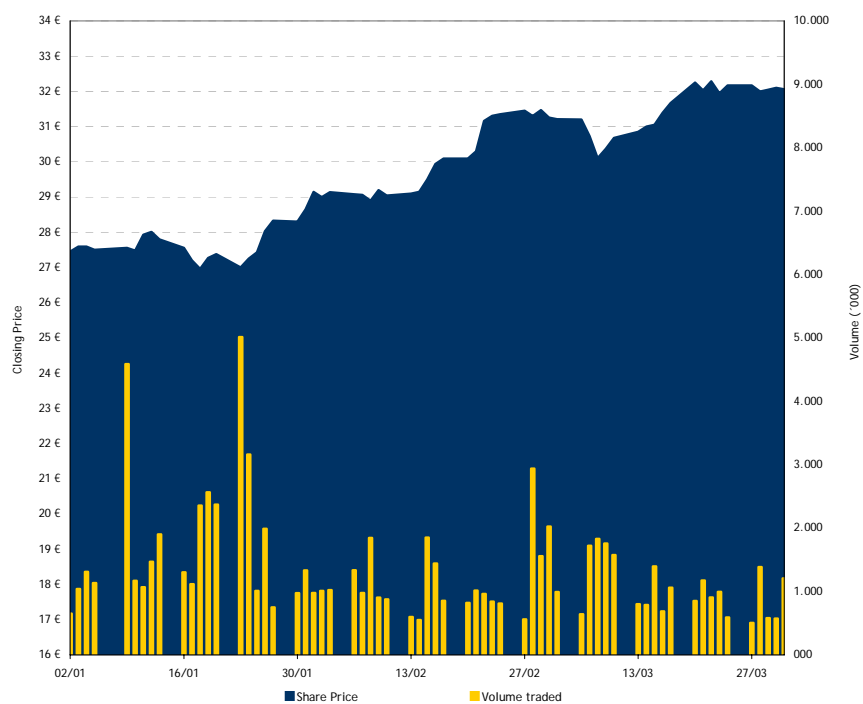
- Building, operation and maintenance of the water purifying facilities fro Zone 2 in Aragón region, Spain.
- Street, beach cleaning and USW management in Santa Pola
- Street cleaning and USW management in Libertador (Venezuela)
- Street cleaning and USW management in Palamós
- Street cleaning and USW management in Villanueva del Pardillo
- Beach cleaning services in Barcelona

### Facility Management

- Facility management in several student residencies in the Carlos II university, Madrid
- Cleaning services in Carlos Haya hospital in Málaga
- Facility management in the Santiago de Compostela University
- Management of the third age assistance services for the municipality of Buñol (Valencia)
- Management of the third age residence in L’ Alcudia de Crespins (Valencia)
- Cleaning and gardening services in Cabueñes hospital (Gijón)

## Annexe II. Capital markets

| ACS Data Share                 | 1Q05      | 1Q06      |
|--------------------------------|-----------|-----------|
|                                | Jan - Mar | Jan - Mar |
| Closing price                  | 19,10 €   | 32,06 €   |
| Annual performance             | 13,51%    | 17,82%    |
| Maximum in the period          | 20,07 €   | 32,40 €   |
| Maximum Date                   | 23-dec    | 20-mar    |
| Minimum in the period          | 16,80 €   | 26,62 €   |
| Minimum Date                   | 03-ene    | 18-ene    |
| Average in the period          | 18,81 €   | 29,19 €   |
| Total volume ( '000)           | 90.770    | 86.032    |
| Daily average volume ( '000)   | 1.488,04  | 1.344,25  |
| Total traded effective (€ mn)  | 1.708     | 2.512     |
| Daily average effective (€ mn) | 27,99     | 39,24     |
| Number of shares (mn)          | 352,87    | 352,87    |
| Market cap (€ mn)              | 6.740     | 11.313    |





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