

ACS

ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS



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Executive Summary

1.1. Main financial figures

ACS Group			
Main financial figures		January - March	
Million Euro	2007	2008	Var. 08/07
Turnover	5,004	5,760	+15.1%
<i>International</i>	23.5 %	24.6 %	
EBITDA	862	977	+13.3%
<i>Margin</i>	17.2 %	17.0 %	
EBIT	601	709	+18.0%
<i>Margin</i>	12.0%	12.3 %	
Ordinary Net Profit*	226	271	+20.2%
Attributable Net Profit	369	599	+62.2%
<i>Margin</i>	7.4%	10.4 %	
EPS	1.08 €	1.76 €	+63.7%
Net Investments	538.0	322	-40.2%
Investments	555	1,289	+132.4%
Disinvestments	17	967	n.a.
Total Net Debt	14,791	18,175	+22.9%
Net Debt with recourse	7,300	8,525	+16.8%
Non recourse Financing	7,491	9,650	+28.8%
Net Worth	9,256	10,355	+11.9%
<i>Gearing**</i>	79%	82%	

* Profit after taxes not including exceptional results

** Net Debt with recourse / Net Worth

- In 1Q08 Grupo ACS has accounted a turnover of € 5,760 million, 15.1% more than last years figure, coming from the outstanding operating performance of the Group's activities.
- Both EBITDA and EBIT grow 13.3% and 18.0% respectively.
- The ordinary net profit after taxes, not including the exceptional results, grew by 20.2% up to € 271 million.
- The attributable net profit of the Group grew by 62.2% up to € 599 million, which means a 10.4 % margin on sales. The EPS figure climbed to 1.76 € per share.
- Net investments in 1Q08 totalled € 322 million, of which € 1,289 million correspond to gross investments as the acquisition of an additional 4.84% on Union Fenosa and a 1% stake on Abertis. The various dinvestment processes completed during this quarter generated € 967 million, coming from the sale of non-strategic assets in Union Fenosa and the sale of concessions to Abertis.
- The total net debt accounted for € 18,175 million, of which € 9,650 million are net debt with recourse, with a gearing of 82%. The non recourse financing figure climbed to € 8,525 million.

1.2. Main figures by activity

TURNOVER			January - March		
Million Euro	2007	%	2008	%	Var. 08/07
Construction	1,676	33%	1,761	30%	+5.1%
Concessions	7	0%	11	0%	+67.0%
Environment & Logistics	663	13%	766	13%	+15.5%
Industrial Services	1,327	26%	1,564	27%	+17.9%
Energy	1,412	28%	1,743	30%	+23.4%
Holding / Adjustments	(81)		(86)		
TOTAL	5,004		5,760		+15.1%

EBITDA			January - March		
Million Euro	2007	%	2008	%	Var. 08/07
Construction	125	14%	131	13%	+5.1%
Concessions	(1)	(0%)	4	1%	n.s.
Environment & Logistics	88	10%	101	10%	+14.7%
Industrial Services	113	13%	141	14%	+24.1%
Energy	547	63%	611	62%	+11.8%
Holding / Adjustments	(10)		(12)		
TOTAL	862		977		+13.3%

EBIT			January - March		
Million Euro	2007	%	2008	%	Var. 08/07
Construction	105	17%	110	15%	+5.2%
Concessions	(3)	(0%)	3	0%	n.s.
Environment & Logistics	54	9%	63	9%	+17.1%
Industrial Services	96	16%	121	17%	+25.7%
Energy	360	58%	424	59%	+17.8%
Holding / Adjustments	(11)		(12)		
TOTAL	601		709		+18.0%

NET PROFIT			January - March		
Million Euro	2007	%	2008	%	Var. 08/07
Construction	71	24%	75	28%	+5.1%
Concessions	(8)	(3%)	4	1%	n.s.
Environment & Logistics	28	10%	34	13%	+20.4%
Industrial Services	61	21%	74	27%	+20.9%
Energy	99	34%	108	40%	+9.9%
Listed Associates	40	14%	(24)	(9%)	-160.1%
Holding / Adjustments	77		327		+323.2%
TOTAL	369		599		+62.2%

BACKLOG			January - March		
Million Euro	2007	months	2008	months	Var. 08/07
Construction	10,942	19	11,939	19	+9.1%
Industrial Services	5,467	13	6,169	13	+12.8%
Services	13,012	63	15,922	64	+22.4%
TOTAL	29,421		34,030		+15.7%

Note: The percentages have been calculated as the sum of the activities considered in each area

1.3. Relevant facts occurred during 2008

- During the first quarter of 2008 Grupo ACS has completed the sale in the capital of Desarrollo de Concesiones Aeroportuarias S.L., the company that includes the investments performed by Grupo ACS in the airports of Chile, Colombia, Jamaica and Mexico.
- Also during the first quarter of 2008 ACS has sold to Abertis a 49% stake in Inversora de Infraestructuras S.L., a company which holds its stakes in the Chilean highway concessions Autopista Central (50%) and Rutas del Pacífico (48%). The closed selling price is 348 million euros.
- Last 8th of January 2008 Grupo ACS acquired an additional 4,84% of Unión Fenosa for € 657 million, for an accumulated stake of 45.3% of the utility.
- Last 27th of March Grupo ACS has acquired a 1% stake on Abertis for 134 million euros, for an accumulated participation of 25.8% of the company.

2. Consolidated financial statements

2.1. Income Statement

ACS Group					
Consolidated Income Statement					
January - March					
Million Euro	2007	%	2008	%	Var. 08/07
Net Sales	5,004	100.0%	5,760	100.0%	+15.1%
Other revenues	291	5.8%	181	3.1%	-37.7%
Total Income	5,295	105.8%	5,941	103.1%	+12.2%
Operating expenses	(3,444)	(68.8%)	(3,864)	(67.1%)	+12.2%
Personnel expenses	(989)	(19.8%)	(1,101)	(19.1%)	+11.2%
Operating Cash Flow (EBITDA)	862	17.2%	977	17.0%	+13.3%
Fixed assets depreciation	(234)	(4.7%)	(258)	(4.5%)	+10.3%
Current assets provisions	(27)	(0.5%)	(10)	(0.2%)	-63.2%
Ordinary Operating Profit (EBIT)	601	12.0%	709	12.3%	+18.0%
Fixed assets depreciation	(1)	(0.0%)	(2)	(0.0%)	+131.9%
Other operating results	(3)	(0.1%)	(1)	(0.0%)	-61.6%
Operating Profit	596	11.9%	705	12.2%	+18.2%
Financial income	109	2.2%	76	1.3%	-30.0%
Financial expenses	(254)	(5.1%)	(328)	(5.7%)	+29.0%
Ordinary Financial Result	(145)	(2.9%)	(251)	(4.4%)	+73.3%
Foreign exchange Results	(1)	(0.0%)	(2)	(0.0%)	n.a.
Impairment non current assets results	11	0.2%	1	0.0%	n.a.
Results on non current assets disposals	150	3.0%	446	7.7%	n.a.
Net Financial Result	14	0.3%	195	3.4%	n.a.
Results on equity method	29	0.6%	46	0.8%	+59.0%
Ordinary income of continued operations	639	12.8%	945	16.4%	+47.9%
Corporate income tax	(75)	(1.5%)	(156)	(2.7%)	+108.3%
Profit after taxes of the continued operations	565	11.3%	790	13.7%	+39.9%
Profit after taxes of the discontinued operations	2	0.0%		0.0%	n.a.
Consolidated Result	567	11.3%	790	13.7%	+39.4%
Minority interest	(198)	(3.9%)	(191)	(3.3%)	n.a.
Net Profit Attributable to the Parent Company	369	7.4%	599	10.4%	+62.2%

2.1.1. Net Sales

- Totalled € 5,760 million, a 15.1% more than in 2006. All the activities grew solidly: Construction 5.1%, Environment and Logistics 15.5%, Industrial Services 17.9% and Energy 23.4%.
- The international sales grew by 20.5% up to € 1,417 million, which means 24.6 % of the total sales.

2.1.2. Operating cash flow (EBITDA)

- Accounted for € 977 million, a 13.3% more than last years figure. The margin over sales is 17.0%.
- Without the effect of Unión Fenosa, whose EBITDA is affected by higher generation costs in this period, the EBITDA of the rest of the activities grows by 15.9%.

2.1.3. Operating profit (EBIT)

- Accounted for € 709 million, a 18.0% more than last year, with a margin of 12.3 % over sales.
- Again, all areas of activity, it grew solidly, highlighting Industrial Services, which grew by 25.7%, Environment & Logistics and Energy, growing by 17.1% and 17.8% respectively. Construction EBIT grew by 5.2%.

2.1.4. Ordinary Financial Result

- Financial expenses accounted for € 327.6 million, whilst the financial income reached € 76 million, thus the ordinary financial results accounts for € (251) million.
- The financial income in 1Q08 is lower than last years figure because it does not include Iberdrola dividends, approved by its Annual General Meeting held last April, out of this financial results scope.
- Financial expenses are 29.0% above last years figure due to the increase of the interest rates and the investments made during the last twelve months, specifically the acquisitions of an stake in Hochtief in April 2007 and the 4.84% of Union Fenosa in January 2008.

2.1.5. Ordinary profit from continued operations

- Accounted for € 945 million, 47.9% more than last year with a margin on sales of 16.4% .
- Foreign exchange results totalled € (2) million.
- Profit from affiliates accounting by the equity method accounted for € 46 million. Abertis contributes with € 27.5 million, 16.9% more than last year and Hochtief contributes with € 13.8 million. The remaining amount comes from concessions and Union Fenosa affiliates.
- During 2008 Grupo ACS has obtained a capital gain after the disposal of non current assets of € 446 million, coming mainly from the sale of the airports and the sale of a 49% of Invinsl.

2.1.6. Net profit attributable to the Parent Company

- Net profit attributable to the Parent Company reached € 598.9 million, meaning a growth of 62.2% compared to 2007 figure.
- Excluding the exceptional results of the year, the Ordinary Net Profit accounts for € 271 million, 20.2% more than same period of last year.

Grupo ACS		
Ordinary Net Profit		
€ Million		Var. 08/07
Net Profit	599	+62.2%
minus: Capital gain from DCA	(109)	
minus: Capital gain from 49% Invinsa	(219)	
Ordinary Net Profit	271	+20.2%

- Corporate taxes reached € 155.5 million. Effective tax rate ended on 17.3%, although not including extraordinary results, this rate climbs to 26.5%.
- The net profit, attributable to minority interests of € 190.9 million, mainly corresponds to Unión Fenosa.

2.2. Consolidated balance sheet

ACS Group					
Consolidated Balance Sheet					31st of March 2008
Million Euro	2007	%	2008	%	Var. 08/07
Intangible Fixed Assets	4,284	9.9 %	4,964	10 %	+15.9%
Tangible Fixed Assets	16,908	38.9 %	18,441	38 %	+9.1%
Property Assets	18	0.0 %	55	0 %	+200.7%
Investments in Affiliates and Associates	142	0.3 %	169	0 %	+19.1%
Long Term Financial Investments	5,284	12.2 %	5,957	12 %	+12.7%
Investments accounted by Equity Method	2,971	6.8 %	4,256	9 %	+43.3%
Deferred Taxes Assets	1,156	2.7 %	1,081	2 %	-6.4%
Other Non Current Assets	17	0.0 %	9	0 %	-48.4%
Fixed and Non-current Assets	30,779	70.8 %	34,932	71 %	+13.5%
Non Current Assets Held for Sale	387	0.9 %	10	0 %	-97.4%
Inventories	863	2.0 %	804	2 %	-6.9%
Accounts receivables	8,829	20.3 %	9,862	20 %	+11.7%
Investments in Affiliates and Associates	15	0.0 %	10	0 %	-30.2%
Short Term Financial Investments	1,588	3.7 %	1,107	2 %	-30.3%
Short Term Accrued Assets	95	0.2 %	110	0 %	+15.3%
Cash and banks	917	2.1 %	2,201	4 %	+140.2%
CURRENT ASSETS	12,693	29.2 %	14,104	29 %	+11.1%
TOTAL ASSETS	43,472	100.0 %	49,035	100 %	+12.8%
Shareholders' Equity	3,764	8.7 %	4,802	10 %	+27.6%
Minority Interests	5,493	12.6 %	5,553	11 %	+1.1%
Net Worth	9,256	21.3 %	10,355	21 %	+11.9%
Capital Subsidies	776	1.8 %	729	1 %	-6.1%
Long Term Provisions	1,429	3.3 %	1,459	3 %	+2.1%
Long Term Debts	14,656	33.7 %	17,647	36 %	+20.4%
LT Debt With Associates and Affiliates	2	0.0 %	13	0 %	+576.4%
Deferred Taxes Liabilities	1,670	3.8 %	1,900	4 %	+13.8%
Long Term Accrued Liabilities		0.0 %	129	0 %	n.a.
Non-current Liabilities	17,756	40.8 %	21,147	43 %	+19.1%
Short Term Provisions	297	0.7 %	292	1 %	-1.7%
Short Term Debts	3,992	9.2 %	4,990	10 %	+25.0%
ST Debt With Associates and Affiliates	1	0.0 %	1	0 %	+75.5%
Trade accounts payables	11,142	25.6 %	11,415	23 %	+2.4%
Short Term Accrued Liabilities	134	0.3 %	107	0 %	-20.1%
Current Liabilities	15,683	36.1 %	16,805	34 %	+7.2%
TOTAL EQUITY & LIABILITIES	43,472	100.0 %	49,035	100 %	+12.8%

2.2.1. Non-current assets

- Intangible fixed assets account for € 4,964 million of which € 3.280 million correspond to the goodwill generated with the investments performed during the last years. The tangible fixed assets account for € 18,441 million out of which more than € 14.200 million correspond to Unión Fenosa Assets and approximately € 1.500 to Industrial Services Energy concessions.
- Long term financial investments, including the stake in Iberdrola, account for € 5,957 million. The Investments accounted by equity method include the stakes in Abertis and Hochtief and accounts for € 4,256 million.

2.2.2. Working capital

- Working capital presents a credit balance of € 1,673 million. The change in this account is due to:
 - The reduction of the credit balance in Unión Fenosa is due to the increase of the tariff deficit during the last months, not yet securitized, which accounts for € 163 million.
 - The variation of the working capital in the domestic Construction activity due to the slowdown of sales, with the subsequent impact on the trade account.

2.2.3. Net Debt

Net Debt (€ mn) 31st of March 2008	Construction	Concessions	Environment & Logistics	Industrial Services	Energy	Corporation / Adjustments	Grupo ACS
Bond issues LT					1,256		1,256
Bond issues ST					556		558
Bond issues					1,812		1,814
Non-current loans from credit entities	158	2	1,105	211	2,247	1,977	5,700
Current loans from credit entities	626	359	390	280	653	1,123	3,431
Loans from credit entities	784	361	1,495	491	2,900	3,100	9,131
Other non-current financial liabilities	34	13	45	12	1,665	(967)	801
Other current financial liabilities	4	0	19	7	89	(20)	98
Other financial liabilities	38	13	64	18	1,753	(987)	899
Cash and equivalents	2,310	349	836	957	204	(1,337)	3,318
Net Debt / (Cash)	(1,488)	25	725	(448)	6,261	3,449	8,525
LT non recourse financing	397	234	279	1,488	3,437	3,545	9,379
ST non recourse financing	28	1	18	76	87	60	270
Non recourse financing	424	235	297	1,565	3,524	3,605	9,650
TOTAL NET DEBT	(1,064)	260	1,022	1,116	9,785	7,054	18,175

- Net debt of the Group at the end of the quarter reached € 18,175 million, being € 9,650 million non recourse.

- € 6.397 million from this non recourse debt correspond to the financial vehicles created to the acquisition of Unión Fenosa, Iberdrola and Hochtief shares, whilst the rest of the debt is project finance.
- The net debt with recourse accounts for € 8,525 million, meaning a gearing ratio of 82% and 2.2 times the annualized EBITDA of the Group.

2.2.4. Net worth

- Reached a € 10,355 million, of which € 4,802 million corresponds to shareholder's equity.
- Out of the total minority interests account of € 5,553 million, the majority come from the integration of Unión Fenosa.

2.3. Cash flow statement

ACS Group		January - March	
Cash Flow Statement			
Million Euro	2007	2008	Var. 08/07
1. Ordinary income of continued operations	639	945	+47.9%
2. Results adjustments	190	17	
(+) Assets depreciation	234	258	
(+/-) Other net adjustments	(44)	(241)	
3. Working Capital Variation	(225)	(803)	
4. Other cash flows from operating activities	(220)	(410)	
(-) Interests payment	(255)	(328)	+0.0%
(+) Dividends received	54		
(+) Interests received	56	73	
(+/-) Receivals/(Payments) of taxes on profits	(75)	(156)	
Cash Flow from Operating Activities	384	(250)	n.a.
1. Investments	(555)	(1,289)	
(-) Affiliates, associates or business units		(806)	
(-) Fixed tangible, intangible or property assets	(444)	(420)	
(-) Other financial assets	(110)	(57)	
(-) Other assets		(6)	
2. Disinvestments	17	379	
(+) Affiliates, associates or business units		303	
(+) Fixed tangible, intangible or property assets	17	25	
(+) Other financial assets		51	
Cash flow from Investing Activities	(538)	(910)	+69.1%
1. Receivals/(Payments) on net worth instruments	59	(94)	
2. Receivals/(Payments) on financial liabilities instruments	169	1,150	
3. Dividends paid	(141)	(265)	
4. Other cash flows from financing activities	57	(81)	
Cash Flow from Financing Activities	144	710	+393.6%
Net Increase/(Reduction) of cash and equivalents	(10)	(450)	
Cash Position at the Beginning of the Period	927	2,651	+186.1%
Current Cash Position	917	2,201	+140.2%

Note: Total disinvestments accounted for € 967 million, out of them, € 588 million were received during 2007 as prepayments.

2.3.1. Cash flow from operations

- Cash flow from operating activities reached € (250) million and were affected by the changes experienced in the working capital including the tariff deficit of € 163 million of Unión Fenosa.

2.3.2. Net consolidated investments

- Total investments of the Group during 2007 reached € 322 million:

Grupo ACS			
Net Investments		January - March	
Euro Million	Gross Investment	Disinvestments	Net Investment
Construction	14.2	(7.0)	7.1
Concessions	79.5	(573.6)	(494.1)
Environment & Logistics	90.4	(13.1)	77.3
Industrial Services	123.1	(4.5)	118.6
Energy	175.7	(368.8)	(193.1)
Corporation	806.0		806.0
TOTAL	1,288.8	(967.1)	321.7

- Grupo ACS has invested € 657 in the acquisition of a 4,84% of Unión Fenosa and € 134 million in the acquisition of a 1% of Abertis.
- The Group has invested in Construction € 14 million, mainly in equipment and machinery.
- In Concessions the Group has invested € 79 million, being the most important the investment in the Santiago Brion Highway in Galicia and the Reus - Alcover Highway in Tarragona. The amount accounted as disinvestment in this period corresponds to the sale to Abertis of a 49% of Invinsl in Chile and the airports of DCA.
- In Environment & Logistics the Group has invested € 90 million. Mainly in the acquisition of environmental assets or in the renewal of contracts, for a total of more than € 31 million. In Ports and Logistics the Group has invested € 33 million mainly in Bilbao terminal.
- In Industrial Services ACS has invested € 123 million, mainly in renewable energy projects as in the thermosolar plants (€ 27 million) and in wind farms (€ 85 million).
- In the Energy area, Unión Fenosa has invested € 176 million, and the breakdown is as follows:
 - Generation € 73 mn
 - Distribution € 42 mn
 - Gas € 4 mn
 - International € 46 mn

Additionally Unión Fenosa has sold some non strategic assets, as Auna for € 197 million and the Meralco stake for € 172 million. The contribution of these divestments to the net profit of ACS has accounted for € 35.5 million after the price purchase allocation of assets.

2.3.3. Cash flow from financing activities

- The debt increase of the Group in these first 3 months of the year accounted for € 1,150 million.
- The Group has paid during this period € 265 million in dividends for their shareholders. Unión Fenosa has distributed € 113 million in dividends corresponding to minority shareholders, included in the Other Sources line of the Cash Flow Statement.
- During 1Q08 the Group has increased its treasury stock by € 94 million, cancellation. It has been proposed to the next Shareholders General Meeting the repayment of the treasury stocks of the ACS Group, that at the end of March amounted to 4,17%.

3. Business Performance

3.1. Construction

Construction			
Main financial figures			January - March
Million Euro	2007	2008	Var. 08/07
Turnover	1,675.6	1,761.2	+5.1%
EBITDA	124.9	131.2	+5.1%
Margin	7.5%	7.5%	
EBIT	104.7	110.1	+5.2%
Margin	6.2%	6.3%	
Cont. Operations PBT	111.4	117.1	+5.1%
Margin	6.6%	6.6%	
Net Profit	71.2	74.9	+5.1%
Margin	4.3%	4.3%	
Backlog	10,942	11,939	+9.1%
Months	19	19	

3.1.1. Turnover breakdown by activity

Construction			
Turnover breakdown by activity			January - March
Million Euro	2007	2008	Var. 08/07
Civil Works	1,007.2	1,054.8	+4.7%
Non Residential Building	425.1	399.0	-6.1%
Residential Building	243.3	307.4	+26.3%
TOTAL	1,675.6	1,761.2	+5.1%
<i>International</i>	<i>81.9</i>	<i>149.9</i>	<i>+83.1%</i>
	5%	9%	

- Sales on 1Q08 reached to € 1,761.2 million, 5.1% more than last year.
- The international activity has grown by 1.1% as a result of the increase of the contracting in the United States and the concession activity of the Group in Greece and Ireland.
- This has permitted to compensate the slow down of the domestic production, whose growth rate has been 1,1%. The homebuilding activity grew above 26% supported by the inertia of its last phase of its expansive cycle.

3.1.2. Operating results

- EBITDA grew by 5.1% reaching a 7.5% margin on sales, the same as last year, and EBIT grew by 5.2%, with a sales margin of 6.3%, better in 10 basic points than the previous period.
- Net Profit accounted for € 74.9 million, 5.1% more than 2007 figure maintaining its margins on sales.

3.1.3. Backlog evolution

Construction			
Backlog breakdown by activity			January - March
Million Euro	2007	2008	Var. 08/07
Civil Works	6,841.0	8,258.7	+20.7%
Non Residential Building	2,146.2	2,187.1	+1.9%
Residential Building	1,954.7	1,493.6	-23.6%
TOTAL	10,941.9	11,939.4	+9.1%
<i>International</i>	<i>735.5</i>	<i>2,401.3</i>	<i>+226.5%</i>
	<i>7%</i>	<i>20%</i>	

- Backlog continues growing and reaches € 11,939 million, 9.1% more than last year, representing 19 months of activity.
- International backlog almost tripled since last year. This effect compensates the lowering expected in Residential Building and domestic Civil Work backlog, although in this last case the bidding of Public Administrations is being increased, for which expects a recovery in the next quarters.

3.2. Concessions

Concessions			
Main financial figures		January - March	
Million Euro	2007	2008	Var. 08/07
Turnover	6.6	11.0	n.a.
EBITDA	(1.0)	4.4	n.a.
EBIT	(3.0)	3.1	n.a.
Equity method		0.2	n.a.
Attributable Net Profit	(7.8)	3.8	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; also from the technical fees, mainly charged to TP Ferro.

3.3. Environment & Logistics¹

Environment & Logistics			
Main financial figures		January - March	
Million Euro	2007	2008	Var. 08/07
Turnover	663.4	766.3	+15.5%
EBITDA	88.0	100.9	+14.7%
Margin	13.3%	13.2%	
EBIT	54.0	63.2	+17.1%
Margin	8.1%	8.2%	
Cont. Operations PBT	42.8	51.0	+19.3%
Margin	6.4%	6.7%	
Net Profit	28.3	34.0	+20.4%
Margin	4.3%	4.4%	
Backlog	13,012	15,922	+22.4%
Months	63	64	

3.3.1. Turnover breakdown by activity

Environment & Logistics			
Turnover breakdown by activity		January - March	
Million Euro	2007	2008	Var. 08/07
Environmental Services	313.5	351.0	+12.0%
Ports & Logistics Services	156.2	184.4	+18.0%
Facility Management	193.7	230.9	+19.2%
TOTAL	663.4	766.3	+15.5%
<i>International</i>	<i>75.6</i>	<i>92.3</i>	<i>+22.2%</i>
	<i>11%</i>	<i>12%</i>	

- Good performance of all areas, with double digit growth in all of them.
- International activity grow by 22,2% due to the strong performance in ports and processing plants, coming from the contracts awarded in last years. .

3.3.2. Operating results

- The aforementioned strong commercial activity, which generates higher bidding costs, and the start up of activities from certain contracts have affected the EBITDA margin during this period, which has registered ratio of 13,2%.
- Greater growth within capital intensive businesses, such as processing plants and terminals, has a positive impact in EBIT which grew 17,1% during the first quarter of the year.
- Net Profit grew 20,4% with a margin on sales of 4,4%, 10 basic points above last year.

¹ Continental Auto results have been excluded in both years.

3.3.3. Backlog evolution

Environment & Logistics		January - March	
Backlog breakdown by activity			
Million Euro	2007	2008	Var. 08/07
Environmental Services	7,312.5	9,557.1	+30.7%
Ports & Logistics Services	4,833.4	5,325.7	+10.2%
Facility Management	865.8	1,039.0	+20.0%
TOTAL	13,011.7	15,921.8	+22.4%
<i>International</i>	<i>2,486.6</i>	<i>3,976.3</i>	<i>+59.9%</i>
	<i>19%</i>	<i>25%</i>	

- Environment & Logistics backlog accounts € 15,922 million, approximately 5 years of activity.
- The increase of Environmental Services backlog is the result of the positive evolution of the important projects awarded abroad, mainly in the French market
- Ports and Logistics Services includes the contract of the construction and the management of the new terminal in Bombay port in India.
- The increase in Facility Management backlog is due to the exceptional commercial effort with private clients, translated into more backlog.

3.4. Industrial Services

Industrial Services		January - March	
Main financial figures			
Million Euro	2007	2008	Var. 08/07
Turnover	1,327.0	1,564.1	+17.9%
EBITDA	113.3	140.6	+24.1%
Margin	8.5%	9.0%	
EBIT	95.9	120.5	+25.7%
Margin	7.2%	7.7%	
Cont. Operations PBT	87.8	104.4	+19.0%
Margin	6.6%	6.7%	
Net Profit	61.4	74.3	+20.9%
Margin	4.6%	4.7%	
Backlog	5,467	6,169	+12.8%
Months	13	13	

3.4.1. Turnover breakdown by activity

Industrial Services		January - March	
Turnover breakdown by activity			
Million Euro	2007	2008	Var. 07/06
Support Services	981.3	1,051.7	+7.2%
Networks	207.2	217.1	+4.8%
Specialized Products	514.4	586.6	+14.0%
Control Systems	259.7	248.0	-4.5%
Energy Projects	360.2	538.0	+49.3%
EPC Projects	281.0	403.1	+43.5%
Renewables	79.2	134.9	+70.2%
Consolidation Adjustments	-14.5	-25.6	<i>n.a.</i>
TOTAL	1,327.0	1,564.1	+17.9%
International	411.8	487.2	+18.3%
% over total sales	31%	31%	

- Sales on Industrial Services grew solidly in these months of 2008, by 17.9%, backed by Energy Projects, Specialized Products and International activity that continues to show a positive performance, growing by 18.3%.
 - The Support Services activity, that represents more than 66% of total sales grew by 7.2% thanks to Specialized Products activity, with the Spanish sales of this division growing over 20%.
 - Control Systems decrease by 4.5%, mainly because of the end of some international contracts that have not been renewed.

- Energy Projects activity grows solidly by 49.3%, with an excellent performance in its activities:
 - EPC Projects, growing by 43.5% backed by the strong demand of energy assets both in Spain and abroad.
 - Renewable energies activity grew by 70.2% up to € 134.9 million. This significant growth is produced as a result of the entrance in operation of various wind farms during the last quarter of last year and the advance in the construction of the Thermal Solar plants.

3.4.2. Operating results

- EBITDA grew by 24.1% with a margin on sales of 9.0%, 10 b.p. better in 50 basic points of last year as a result of the change of mix experienced, where Energy Projects and Renewable Energies contribute in greater proportion.
- EBIT grew by 25.7% leaving the margin on sales on 7.7%, 50 basic points above 2007.

3.4.3. Backlog evolution

Industrial Services		January - March	
Backlog breakdown by activity			
Million Euro	2007	2008	Var. 07/06
Support Services	3,568.7	4,081.5	+14.4%
Domestic Backlog	2,582.8	2,872.5	+11.2%
International Backlog	985.9	1,209.0	+22.6%
Energy Projects	1,898.0	2,087.0	+10.0%
Domestic Backlog	1,326.6	927.1	-30.1%
International Backlog	571.4	1,159.9	+103.0%
TOTAL	5,466.7	6,168.5	+12.8%
International	3,909.4	3,799.6	-2.8%
Support Services	1,557.3	2,368.9	+52.1%
<i>% over total backlog</i>	<i>28%</i>	<i>38%</i>	

- The backlog of € 6,169 million (+12.8%) means more than a year of activity, assuring the good results of the area in the coming months, stood out Specialized Products in Spain and abroad.
- Important increase of international projects awarded in EPC Projects where emphasizes the enlargement of the installations of the CCGT plant of The Tebbin in Egypt.

3.4.4. Energy Projects

- At the end of 2007, Grupo ACS held the following portfolio of renewable assets:

Energy Projects		
Renewable Energy		Mar 2008
	Installed Capacity	Attributable to ACS
Wind, installed	834 MW	72%
Wind, under construction	484 MW	86%
Thermosolar, under construction	150 MW	83%
Total	1,467 MW	78%
Wind, pipeline	1,530 MW	75%
Thermosolar, pipeline	250 MW	100%

- Additionally, Grupo ACS has invested continuously during the last years in concession like transmission lines projects, mainly in Brazil, where participates in 20 projects with 8,326 km and over € 2.1 billion of investment under management.
- Grupo ACS also invests in the desalinization and depuration of water, managing an investment of more than € 550 million in four concessions of desalinization pants and two of water treatment.

3.5. Energy

Energy		January - March	
Main financial figures			
Million Euro	2007	2008	Var. 08/07
Turnover	1,412.3	1,743.3	+23.4%
EBITDA	546.6	611.2	+11.8%
Margin	38.7%	35.1%	
EBIT	360.0	423.9	+17.8%
Margin	25.5%	24.3%	
Cont. Operations PBT	397.9	416.9	+4.8%
Margin	28.2%	23.9%	
Net Profit	98.6	108.4	+9.9%
Margin	7.0%	6.2%	

3.5.1. Turnover breakdown by activity

Energy		January - March	
Turnover breakdown by activity			
Million Euro	2007	2008	Var. 08/07
Generation	532.8	756.8	+42.0%
Distribution	174.8	194.2	+11.1%
Gas	134.4	189.9	+41.4%
Other / adjustments	-34.4	-80.8	n.a.
Domestic	807.6	1,060.1	+31.3%
International	604.7	683.2	+13.0%
	43%	39%	
TOTAL	1,412.3	1,743.3	+23.4%

- Generation income has grown 42% due to commercial sales strong increase, as a consequence of higher energy supplied (+45%).

These supply sales add to the growth of other generation income, resulting from an increase of average selling price of 37% for the Ordinary System and 32.2% for the Special System.

Regarding generated energy, within Ordinary Regime last year's figures have been maintained (8,268GWh), while Special Regime generation has dropped 5.4% to 280GWh.

- Distribution income has increased 11.1% to reach €194 million.
- Gas has reached €190 million income, 41.4% higher than 2007. Sold energy, in terms of GWh, has increased 66.1%, with 37.1% domestic growth and 175.8% international growth. The average selling price has remained at similar levels to last year

- International income accounts for €683 million, 13% above 2007

3.5.2. Operating results

Energy		January - March	
EBIT breakdown by activity			
Million Euro	2007	2008	Var. 08/07
Generation	144.3	178.9	+24.0%
Distribution	81.3	95.6	+17.6%
Gas	72.6	86.9	+19.7%
International	88.5	92.0	+4.0%
Other / Adjustments	-0.3	-3.1	+0.0%
TOTAL Unión Fenosa	386.4	450.3	+16.5%
Consolidation adj. ACS		-26.3	
TOTAL ACS Energy		423.9	+17.8%

- Union Fenosa's EBIT grew 17.8% compared to last year's 1st quarter.
- Generation EBIT stood out, mainly due to the significant increase in the average selling prices of the Free Market, as an effect of CO2 rights and the generation mix during the period.
- With regards to Distribution EBIT evolution, it has been favoured by better regulated prices, which have also meant an increase of costs and investments in order to improve certain operating measures.
- The impact on net profit has added up to €108.4 million. This includes financial expenses derived from the acquisition, undertaken mainly through non-recourse debt.

3.6. Affiliated Companies

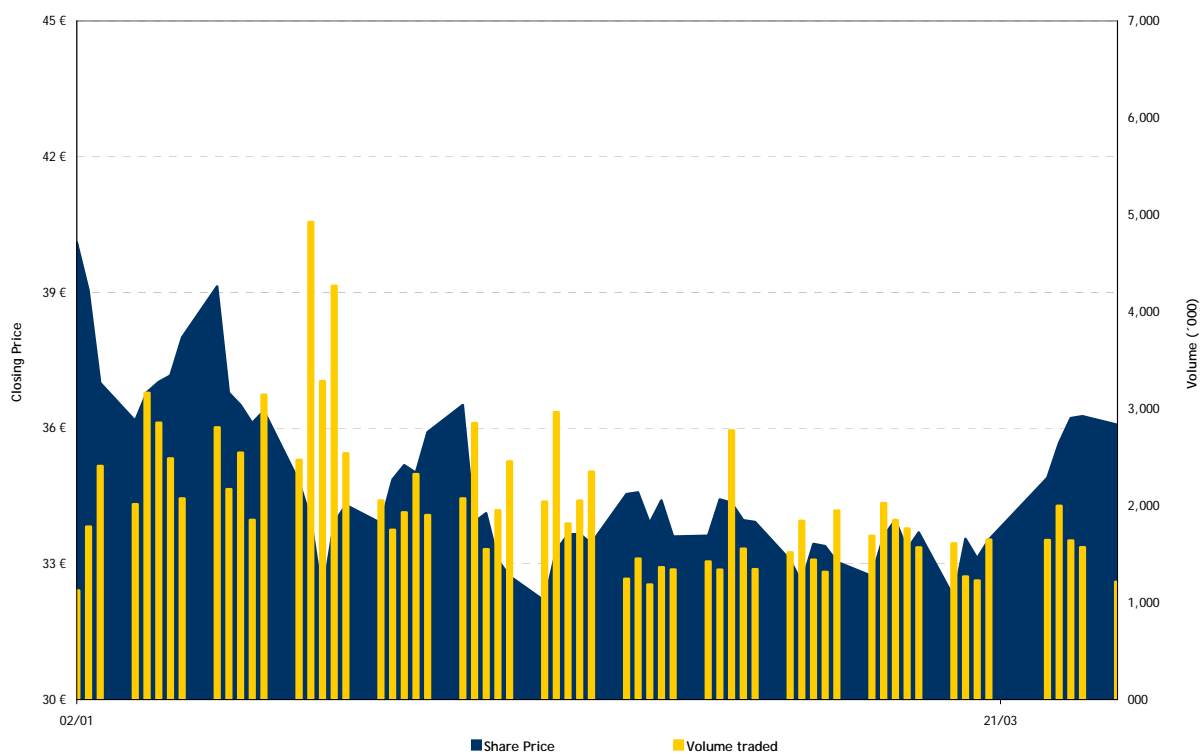
Associates		January - March	
Main financial figures			
Million Euro	2007	2008	Var. 08/07
Abertis	23.5	27.5	+16.9%
Hochtief		13.8	n.a.
Iberdrola	53.5		n.a.
Income from Associates	77.0	41.2	-46.4%
Financial expenses	(56.4)	(93.1)	
Corporate tax	19.4	27.9	
Attributable Net Profit	40.0	(24.0)	-160.1%

- The contribution from these companies to the Net Profit of the Group, before financial expenses and taxes accounts for € 41.2 million.
 - Abertis contribution grew by 16.9% up to € 27.5 million.
 - The stake of 25,1% that ACS Group holds on Hochtief has contributed with € 13,8 million by equity method.
 - Iberdrola has not contributed with its dividends because the Shareholders General Meeting has been carried out in April, in which dividends were approved to distribute. Such dividends will be accounted during 2Q08.
- Financial expenses associated to those investments in these companies are € 93.1 million over last year as a result of the acquisition of Hochtief. The positive tax impact accounts for € 27.9 million.
- According to this, attributable net profit of the listed affiliates in these quarter accounts for € (24.0) million.

Annexes

Annex I. Stock price evolution

ACS Shares Data	1Q07	1Q08
Closing price	45.45 €	36.07 €
Annual performance	6.42%	-11.27%
Cummulative Performance since 31.12.2000	443.01%	330.94%
Maximum in the period	45.65 €	40.99 €
Maximum Date	30-Mar	2-Jan
Minimum in the period	40.60 €	31.42 €
Minimum Date	5-Mar	23-Jan
Average in the period	42.84 €	34.80 €
Total volume ('000)	85,410	125,769
Daily average volume ('000)	1,334.54	2,028.54
Total traded effective (€ mn)	3,659	4,376
Daily average effective (€ mn)	57.17	70.59
Number of shares (mn)	352.87	352.87
Market cap (€ mn)	16,038	12,728



Annex II. Main contracts awarded

i. Construction

Civil Works - Roads

- Road building between Cullera and Favara (Valencia, Spain)
- Los Bronces highway south tunnel construction (Chile)
- Final works for the M30 ring road in Madrid
- C-31 road enhancement in Tallada D'Emp (Gerona, Spain)
- A-32 highway construction between Linares and Ibro (Jaén, Spain)

Civil Works - Railways

- Train parking base in Jativa (Valencia, Spain)
- Train parking base in Barcelona
- Subway station building in Santiago de Chile
- Subway section construction in Santiago de Chile
- Refurbishment of the railway tracks in Vizcaya (Spain)
- Railway building between Viñuela and Quejigares (Granada, Spain)
- Improvement of the railroad passenger's platform in Sants Station (Barcelona)
- Elimination of a bridge in Maidagan (Vizcaya, Spain)

Civil Works - Airports

- Refurbishment and enlargement of the Miami Airport (US)
- Planes parking área in front of the Palma de Majorca Airport Terminal (Spain)

Civil Works - Hydraulic or Maritime

- Wharf construction in San Vicente (Chile)
- Wharf construction in Huelva (Spain)
- Valencia's port enlargement works (Spain)
- Rain water collection treatment plant in El Cuartillo (Cádiz, Spain)
- Pumping and Turbine emplacement building in La Breña Dam (Córdoba, Spain)
- Hydraulic pipeline between Talave and Cenajo (Albacete, Spain)
- Building of the Portuguese Dam in Puerto Rico (US)

Non Residential Building

- Son Espases Palace refurbishment (Balearic Islands, Spain)
- Post Office building refurbishment in Malaga (Spain)
- Office Building in Barcelona
- Construction of the Tecnoparc Building (Tarragona, Spain)
- Construction of the Canal Theaters in Madrid
- Civil works for the second solid urban waste incineration plant in Balearic Islands (Spain)

- Building of the courthouses and legal premises in the city of Elche (Alicante, Spain)
- Athletism track construction in the Sport Premises of Gallur in Madrid

Residential Building

- Urbanization works in Villalbilla (Madrid)
- Building of 119 apartments financed by the government in Madrid

ii. Concessions

- Parking concession in the Congress Palace of Reus

iii. Environment & Logistics

Environmental Services

- Water sewage systems management in the municipalities of Posadas and Garupá (Argentina)
- Street cleaning of the southern part of the city of Valencia (Spain)
- Street cleaning in Tomiño (Pontevedra)
- Street cleaning contract for six sectors in Arroyomolinos municipality (Madrid)
- Street cleaning contract for Puente de Vallecas District of Madrid
- Street cleaning contract for Moncloa District of Madrid
- Street cleaning and solid urban waste collection in Villanueva de la Serena (Badajoz, Spain)
- Solid Urban Waste treatment plant of the Island of Guadalupe (France)
- Solid Urban Waste treatment plant of Romainville (Paris, France)
- Solid urban waste collection in the Guadiana Municipalities (Andalucia, Spain)
- Móstoles city street cleaning (Madrid)
- Management of the Agadir landfill (Morocco)
- Gardening services in the city of Huelva (Spain)
- Gardening services in Dos Hermanas (Seville)

Facility Management

- Socio sanitary services in Madrid
- Cleaning services for several schools in Barcelona
- Cleaning of Teresa Herrera Hospital in La Coruña (Spain)
- Cleaning of Puerto Real Hospital (Cádiz)
- Cleaning and plague control in all buildings of the Guardia Civil and Policía in Spain

iv. Industrial Services

Networks

- Maintenance services for the Gas Natural network in Spain

Specialized Products

- Mechanical maintenance of the gasoduct between Lucena - Cabra - Baena (Spain)
- Electrical substation for the railway system in the city of Barcelona
- Electrical installations and control systems of the concrete plant of Andorra (Teruel, Spain)

Energy Projects

- Turn key project EPC for the installment of the mechanical equipment in the MDEPC Power Plant (Egypt)
- Solar power plant in Puebla de Almoradiel (Toledo, Spain)
- Engineering, procurement and construction of the Coker Refinery in Cartagena (Spain)
- El Tebbin CCGT electrical and mechanical installations (Egypt)

Control Systems

- Maintenance contract for Iberia in Spain
- Integral maintenance of the roads of the Área II in the region of Vizcaya (Spain)
- Gerona's airport signaling system installation (Spain)
- Extension of the contract for the project on the mass transportation systems of the city of Barquisimeto (Venezuela)
- Contract for the maintenance of the urban furniture in gardens, parks and public walkways in the city of Madrid

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