

# ACS

ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS



## *Results Report* *1<sup>st</sup> Quarter 2010*

*29<sup>th</sup> of April 2010*

## **INDEX**

<b>1. EXECUTIVE SUMMARY .....</b>	<b>3</b>
<b>1.1. Main financial figures .....</b>	<b>3</b>
<b>1.2. Main figures by activity .....</b>	<b>4</b>
<b>1.3. Relevant facts of the period.....</b>	<b>5</b>
<b>2. CONSOLIDATED FINANCIAL STATEMENTS.....</b>	<b>6</b>
<b>2.1. Income Statement.....</b>	<b>6</b>
<b>2.2. Consolidated balance sheet.....</b>	<b>9</b>
<b>2.3. Cash flow statement.....</b>	<b>11</b>
<b>3. BUSINESS PERFORMANCE .....</b>	<b>13</b>
<b>3.1. Construction .....</b>	<b>13</b>
<b>3.2. Concessions.....</b>	<b>15</b>
<b>3.3. Environmental Services .....</b>	<b>16</b>
<b>3.4. Industrial Services &amp; Energy .....</b>	<b>18</b>
<b>3.5. Affiliated Listed Companies .....</b>	<b>20</b>
<b>ANNEXES.....</b>	<b>21</b>
<b>Annex I. Stock price evolution.....</b>	<b>21</b>
<b>Annex II. Main contracts awarded.....</b>	<b>22</b>

## 1. Executive Summary

### 1.1. Main financial figures

ACS Group		January - March	
Main financial figures			
Million Euro	2009	2010	Var. 10/09
<b>Turnover</b>	<b>3,942</b>	<b>4,002</b>	<b>+1.5%</b>
<i>International</i>	21.0%	26.2%	+26.7%
<b>EBITDA</b>	<b>372</b>	<b>381</b>	<b>+2.4%</b>
<i>Margin</i>	9.4%	9.5%	
<b>EBIT</b>	<b>290</b>	<b>283</b>	<b>-2.3%</b>
<i>Margin</i>	7.4%	7.1%	
<b>Ordinary Net Profit from Continuing Operations*</b>	<b>225</b>	<b>288</b>	<b>+27.6%</b>
<b>Attributable Net Profit</b>	<b>1,306</b>	<b>297</b>	<b>-77.3%</b>
<b>EPS</b>	<b>4.13 €</b>	<b>0.98 €</b>	<b>-76.3%</b>
<b>Cash Flow from Operations</b>	<b>54</b>	<b>96</b>	<b>+78.5%</b>
<b>Net Investments</b>	<b>(3,025)</b>	<b>422</b>	<b>n.a.</b>
Investments	2,810	436	-84.5%
Disposals	5,835	14	n.a.
<b>Total Net Debt (December 2009 and current quarter)</b>	<b>9,272</b>	<b>10,033</b>	<b>+8.2%</b>
Net Debt with recourse	303	690	+127.5%
Non recourse Financing	8,969	9,343	+4.2%

\* Profit after taxes not including exceptional results and discontinued operations

Note: all data is presented according to ACS management criteria. 2009 Data is presented in comparable terms, reclassifying Ports & Logistics as assets held for sale, and applying IFRIC 12 criteria.

- During the first quarter of 2010 Grupo ACS has accounted a total turnover of € 4,002 million, 1.5% more than last year's figure, backed by the significant growth of international sales (+26.7%).
- Grupo ACS EBITDA grew by 2.4%, accounting for € 381 million, whilst EBIT decreased by 2.3% to € 283 million.
- Profit from continuing operations, not including the contribution of UNF in 2009 and Ports and Logistics on both exercises, grew by 27.6% up to € 288 million.
- Net profit of the Group accounted for € 297 million, showing a decrease of 77.3% compared to March 2009 figures, when were accounted both the sale of 35.3% of Union Fenosa (€ 1,005 million) and its results up to February (€72 million). EPS at the end of the period is 0.98 euros per share.
- Cash flow from operations accounted for € 96 million, showing a positive cash flow generation a 78.5% higher than the figure from 1Q2009.
- In the first quarter of 2010 the investments accounted for € 436 million. The disposals generated funds for € 14 million.
- Total net debt accounted for € 10,033 million. Out of that figure € 690 million correspond to net debt with recourse, whilst the non recourse debt amounted to € 9,343 million.

## 1.2. Main figures by activity

<b>TURNOVER</b>						<b>January - March</b>	
Million Euro	2009	%	2010	%	Var. 10/09		
Construction	1,587	40%	1,521	38%	-4.2%		
Concessions	24	1%	18	0%	-24.6%		
Environmental Services	633	16%	674	17%	+6.5%		
Industrial Services & Energy	1,723	43%	1,798	45%	+4.3%		
Holding / Adjustments	(25)		(9)				
<b>TOTAL</b>	<b>3,942</b>		<b>4,002</b>		<b>+1.5%</b>		

<b>EBITDA</b>						<b>January - March</b>	
Million Euro	2009	%	2010	%	Var. 10/09		
Construction	118	31%	113	29%	-4.2%		
Concessions	16	4%	1	0%	n.a.		
Environmental Services	84	22%	87	22%	+3.6%		
Industrial Services & Energy	163	43%	190	49%	+16.6%		
Holding / Adjustments	(9)		(10)				
<b>TOTAL</b>	<b>372</b>		<b>381</b>		<b>+2.4%</b>		

<b>EBIT</b>						<b>January - March</b>	
Million Euro	2009	%	2010	%	Var. 10/09		
Construction	98	33%	94	32%	-4.2%		
Concessions	13	4%	(2)	0%	n.a.		
Environmental Services	51	17%	51	17%	+0.4%		
Industrial Services & Energy	137	46%	151	51%	+9.8%		
Holding / Adjustments	(9)		(11)				
<b>TOTAL</b>	<b>290</b>		<b>283</b>		<b>-2.3%</b>		

<b>NET PROFIT</b>						<b>January - March</b>	
Million Euro	2009	%	2010	%	Var. 10/09		
Construction	69	30%	66	24%	-4.2%		
Concessions*	(2)	(1%)	(5)	(2%)	n.a.		
Environmental Services	34	15%	36	13%	+6.5%		
Industrial Services & Energy	80	35%	87	31%	+8.8%		
Listed Associates	50	21%	97	34%	+94.6%		
Holding / Adjustments	1,075		16				
<b>TOTAL</b>	<b>1,306</b>		<b>297</b>		<b>-77.3%</b>		

<b>BACKLOG</b>						<b>January - March</b>	
Million Euro	2009	months	2010	months	Var. 10/09		
Construction	11,071	21	11,445	23	+3.4%		
Industrial Services & Energy	6,483	12	6,869	12	+6.0%		
Services	10,988	53	11,526	52	+4.9%		
<b>TOTAL</b>	<b>28,542</b>		<b>29,840</b>		<b>+4.5%</b>		

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

### **1.3. Relevant facts of the period**

- In accordance with the decisions approved by the Board of Directors on December 17<sup>th</sup> 2009, ACS, Actividades de Construcción y Servicios S.A. has paid on the 12<sup>th</sup> of January 2010 an interim gross dividend of 0.90 Euros per share, corresponding to the results accounted by the Group in 2009.
- At the Shareholders Annual General Meeting of the Group, held on April 15<sup>th</sup> 2010, it was approved the distribution of a complementary gross dividend of 1.15 Euros per share, payable on the 2<sup>nd</sup> of July, 2010.

## 2. Consolidated financial statements

### 2.1. Income Statement

ACS Group					
Consolidated Income Statement					
					January - March
Million Euro	2009	%	2010	%	Var. 10/09
<b>Net Sales</b>	<b>3,942</b>	<b>100.0%</b>	<b>4,002</b>	<b>100.0%</b>	<b>+1.5%</b>
Other revenues	115	2.9%	81	2.0%	-28.9%
<b>Total Income</b>	<b>4,056</b>	<b>102.9%</b>	<b>4,083</b>	<b>102.0%</b>	<b>+0.7%</b>
Operating expenses	(2,705)	(68.6%)	(2,714)	(67.8%)	+0.4%
Personnel expenses	(979)	(24.8%)	(988)	(24.7%)	+0.8%
<b>Operating Cash Flow (EBITDA)</b>	<b>372</b>	<b>9.4%</b>	<b>381</b>	<b>9.5%</b>	<b>+2.4%</b>
Fixed assets depreciation	(81)	(2.0%)	(97)	(2.4%)	+20.5%
Current assets provisions	(2)	(0.0%)	(1)	(0.0%)	-42.7%
<b>Ordinary Operating Profit (EBIT)</b>	<b>290</b>	<b>7.4%</b>	<b>283</b>	<b>7.1%</b>	<b>-2.3%</b>
Fixed assets depreciation	0	0.0%	(3)	(0.1%)	n.a.
Other operating results	(1)	(0.0%)	1	0.0%	n.a.
<b>Operating Profit</b>	<b>290</b>	<b>7.3%</b>	<b>281</b>	<b>7.0%</b>	<b>-2.9%</b>
Financial income	120	3.1%	157	3.9%	+30.0%
Financial expenses	(175)	(4.4%)	(183)	(4.6%)	+4.4%
<b>Ordinary Financial Result</b>	<b>(55)</b>	<b>(1.4%)</b>	<b>(26)</b>	<b>(0.7%)</b>	<b>-51.8%</b>
Foreign exchange Results	4	0.1%	11	0.3%	n.a.
Impairment non current assets results	1	0.0%	0	0.0%	n.a.
Results on non current assets disposals	1	0.0%	3	0.1%	n.a.
<b>Net Financial Result</b>	<b>(50)</b>	<b>(1.3%)</b>	<b>(12)</b>	<b>(0.3%)</b>	<b>-75.1%</b>
Results on equity method	40	1.0%	53	1.3%	+32.9%
<b>Ordinary income of continued operations</b>	<b>280</b>	<b>7.1%</b>	<b>322</b>	<b>8.0%</b>	<b>+15.0%</b>
Corporate income tax	(49)	(1.3%)	(23)	(0.6%)	-52.8%
<b>Profit after taxes of the continued operations</b>	<b>230</b>	<b>5.8%</b>	<b>298</b>	<b>7.5%</b>	<b>+29.6%</b>
Profit after taxes of the discontinued operations	1,081	27.4%	9	0.2%	-99.1%
<b>Consolidated Result</b>	<b>1,311</b>	<b>33.3%</b>	<b>308</b>	<b>7.7%</b>	<b>-76.5%</b>
Minority interest	(5)	(0.1%)	(11)	(0.3%)	n.a.
<b>Net Profit Attributable to the Parent Company</b>	<b>1,306</b>	<b>33.1%</b>	<b>297</b>	<b>7.4%</b>	<b>-77.3%</b>

#### 2.1.1. Net Sales

- Sales reached € 4,002 million, a 1.5% more than in the first quarter of 2009. This positive evolution is backed by the 6.5% growth in Environmental Services coupled by the 4.3% increase of sales in Industrial Services. This compensated the Construction activity that decreases by 4.2%, compared to 2009.
- International sales grew by 26.7% up to € 1,049 million, which means 26.2% of total sales. All activities grow significantly, especially Construction, which increased its production by 79.3%.



- It's important also to highlight the growth in the international backlog, which reached € 10,901 million, and that now accounts for 36.5% of the total, backed by the growth in Construction, where international backlog now represents 40.9% of the total after growing by 50.7%.

### **2.1.2. Operating Results**

- EBITDA accounted for € 381 million, 2.4% more than last year's figure. Margin over sales is 9.5%.
- The EBITDA growth accounted this quarter is backed by the positive evolution of Industrial Services, which grew by 16.6%, as well as Environmental Services, which shows a good development growing by 3.6%. These two areas compensate the drop in Construction EBITDA of 4.2%, provoked by the activity drop in Spain.
- EBIT accounted for € 283 million, 2.3% below last year. This decrease is provoked by the increase in depreciations, which grew by 20.5%. Margin on sales accounted for 7.1% .

### **2.1.3. Ordinary Financial Result**

- The net financial expense accounted for € 26 million, 51.8% below last year's figure due to the interest rates evolution.
- The dividends from Iberdrola approved in the last AGM held the 26<sup>th</sup> of March, 2010, are included in this figure, and accounted for € 123.3 million and correspond to Grupo ACS 12% stake.

### **2.1.4. Ordinary income from continued operations**

- Accounted for € 322 million, 15.0% above the figure from last year.
- Profit from affiliates accounting by the equity method reached for € 53 million. Abertis contributed with € 24.8 million and Hochtief accounted for € 17.9 million.

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

- Net profit attributable to the Parent Company reached € 297.0 million, meaning a decrease of 77.3% compared to 1Q2009 figure when both, the sale of 35.3% of Union Fenosa and its results up to February 2009, were accounted.
- Ordinary net profit from continuing operations reached € 288 million growing by 27.6% in comparable terms.

<b>Grupo ACS</b>		<b>January - March</b>		
<b>Ordinary Net Profit</b>				
€ Million		2009	2010	Var. 10/09
<b>Net Profit</b>		<b>1,306</b>	<b>297</b>	<b>-77.3%</b>
Capital gain from 35,3% UNF		(1,005)		
Ordinary Profit from UNF		(72)		
Ordinary Profit from SPL		(4)	(9)	
<b>Ordinary Net Profit from Continuing Operations</b>		<b>225</b>	<b>288</b>	<b>+27.6%</b>
<i>Outstanding number of shares (average)</i>		<i>316.2</i>	<i>303.3</i>	<i>-4.1%</i>
<b>Ordinary EPS</b>		<b>0.71 €</b>	<b>0.95 €</b>	<b>+33.1%</b>

- Corporate taxes from continuing operations reached € 23.4 million. Effective tax rate, adjusted by those results whose contribution is already net of taxes (equity method, capital gains and dividends from financial investments), is around 16% as tax deductions for re-investments have been applied in this quarter.
- Net profit attributable to minority interests accounted for € 10.6 million and mainly corresponds to concession subsidiaries and other affiliates.



## 2.2. Consolidated balance sheet

ACS Group					
Consolidated Balance Sheet					
Million Euro	Dec-09	%	Mar-10	%	Var.
Intangible Fixed Assets	1,720	5%	1,718	5%	-0.1%
Tangible Fixed Assets	1,329	4%	1,306	4%	-1.7%
Concession Projects Assets	4,514	14%	4,916	15%	+8.9%
Property Assets	61	0%	60	0%	-1.3%
Investments accounted by Equity Method	4,122	13%	4,157	13%	+0.9%
Long Term Financial Investments	5,159	16%	4,924	16%	-4.6%
Financial Instruments Debtors	22	0%	10	0%	-55.8%
Deferred Taxes Assets	773	2%	874	3%	+13.1%
<b>Fixed and Non-current Assets</b>	<b>17,699</b>	<b>56%</b>	<b>17,966</b>	<b>57%</b>	<b>+1.5%</b>
Non Current Assets Held for Sale	1,179	4%	1,187	4%	+0.7%
Inventories	658	2%	651	2%	-1.1%
Accounts receivables	7,175	23%	7,097	22%	-1.1%
Short Term Financial Investments	2,710	9%	2,510	8%	-7.4%
Other Short Term Assets	86	0%	93	0%	+7.5%
Cash and banks	2,207	7%	2,219	7%	+0.6%
<b>CURRENT ASSETS</b>	<b>14,015</b>	<b>44%</b>	<b>13,756</b>	<b>43%</b>	<b>-1.8%</b>
<b>TOTAL ASSETS</b>	<b>31,714</b>	<b>100%</b>	<b>31,722</b>	<b>100%</b>	<b>+0.0%</b>
Shareholders' Equity	4,261	13%	4,267	13%	+0.1%
Minority Interests	289	1%	304	1%	+5.1%
<b>Net Worth</b>	<b>4,550</b>	<b>14%</b>	<b>4,570</b>	<b>14%</b>	<b>+0.5%</b>
Subsidies	91	0%	79	0%	-12.5%
Long Term Financial Liabilities	11,774	37%	12,208	38%	+3.7%
Deferred Taxes Liabilities	376	1%	410	1%	+9.1%
Long Term Provisions	379	1%	381	1%	+0.6%
Financial Instruments Creditors	320	1%	335	1%	+4.7%
Other Long Term Accrued Liabilities	242	1%	227	1%	-6.1%
<b>Non-current Liabilities</b>	<b>13,182</b>	<b>42%</b>	<b>13,642</b>	<b>43%</b>	<b>+3.5%</b>
Liabilities from Assets Held for Sale	845	3%	847	3%	+0.2%
Short Term Provisions	275	1%	279	1%	+1.4%
Short Term Financial Liabilities	2,415	8%	2,554	8%	+5.7%
Trade accounts payables	9,849	31%	9,554	30%	-3.0%
Other current payables	597	2%	277	1%	-53.7%
<b>Current Liabilities</b>	<b>13,982</b>	<b>44%</b>	<b>13,510</b>	<b>43%</b>	<b>-3.4%</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>31,714</b>	<b>100%</b>	<b>31,722</b>	<b>100%</b>	<b>+0.0%</b>

### 2.2.1. Non-current assets

- Intangible fixed assets account for € 1,718 million of which € 1,138 million correspond to goodwill, whilst the tangible fixed assets account for € 1,306 million. Additionally the non current assets in

concessional projects account for € 4,916 million, mainly invested in renewable energy projects and transport concessions.

- Long term financial investments, including the 12.0% stake in Iberdrola at market prices, account for € 4,924 million. Investments accounted by equity method include the stakes in Abertis and Hochtief and account for € 4,157 million.

### 2.2.2. Working capital

- Working capital presents a credit balance of € 2,269 million. The debit balance increase in these first three months of € 534 is due to two effects, the seasonal evolution in the areas of activity, which traditionally increase their debit balances during the first quarter of the year, as well as because of the interim dividends paid in January 2010 of € 283 million.

### 2.2.3. Net Debt

Net Debt (€ mn)	Construction	Concessions	Environmental Services	Industrial Services	Corporation / Adjustments	Grupo ACS
<b>March 31, 2010</b>						
Non-current loans from credit entities	264	10	786	159	1,839	3,058
Current loans from credit entities	772	287	530	460	201	2,251
<b>Loans from credit entities</b>	<b>1,037</b>	<b>297</b>	<b>1,316</b>	<b>619</b>	<b>2,041</b>	<b>5,309</b>
Other non-current financial liabilities	44	0	11	19		75
Other current financial liabilities	156	0	7	21	(149)	36
<b>Other financial liabilities</b>	<b>200</b>	<b>0</b>	<b>19</b>	<b>40</b>	<b>(149)</b>	<b>110</b>
<b>Cash and equivalents</b>	<b>2,225</b>	<b>215</b>	<b>275</b>	<b>1,354</b>	<b>661</b>	<b>4,730</b>
<b>Net Debt / (Cash)</b>	<b>(988)</b>	<b>82</b>	<b>1,060</b>	<b>(695)</b>	<b>1,231</b>	<b>690</b>
LT non recourse financing	135	544	197	2,911	5,289	9,076
ST non recourse financing	11	5	24	182	45	268
<b>Non recourse financing</b>	<b>146</b>	<b>548</b>	<b>221</b>	<b>3,094</b>	<b>5,335</b>	<b>9,343</b>
<b>TOTAL NET DEBT</b>	<b>(842)</b>	<b>630</b>	<b>1,281</b>	<b>2,398</b>	<b>6,566</b>	<b>10,033</b>

- Net debt of the Group by 31st of March 2010 reached € 10,033 million, being € 9,343 million without recourse whilst the operating activities present a net debt position of € 690 million.
- The non recourse debt in the Corporation accounts for € 5,335 million, corresponding to the financing of the vehicles used to acquire Iberdrola (€ 4,447 million) and Hochtief (€ 888 million) shares. The rest of non recourse debt, € 4,008 million, is coming from project finance, mainly from renewable energy assets.
- The net debt corresponding to the Ports and Logistics Services business area has been reclassified to the account “Liabilities from Assets Held for Sale” in the consolidated balance sheet of Grupo ACS.

### 2.2.4. Net worth

- Reached a € 4,570 million, of which € 4,267 million corresponds to shareholder's equity.

## 2.3. Cash flow statement

ACS Group			
Cash Flow Statement		January - March	
Million Euro	2009	2010	Var. 10/09
<b>Net Profit</b>	<b>1,306</b>	<b>297</b>	<b>-77.3%</b>
Adjustments to net profit without cash flow	(985)	49	
Working Capital Variation	(267)	(250)	
<b>Cash Flow from Operating Activities</b>	<b>54</b>	<b>96</b>	<b>+78.5%</b>
1. Investments	(2,810)	(436)	
2. Disinvestments	5,835	14	
<b>Cash flow from Investing Activities</b>	<b>3,025</b>	<b>(423)</b>	<b>n.a.</b>
1. Treasury stock acquisition	(171)	(113)	
3. Dividends paid	(287)	(283)	
4. Other adjustments	23	(38)	
<b>Other Cash Flows</b>	<b>(435)</b>	<b>(434)</b>	<b>-0.3%</b>
<b>Total Cash Flow</b>	<b>2,644</b>	<b>(760)</b>	<b>n.a.</b>

### 2.3.1. Cash flow from operations

- In the first quarter of 2010 the cash flow from operating activities accounted for € 96 million, € 42 million higher than in 1Q09, meaning an increase of 79%. This growth has been influenced by the changes in operating working capital, which has increased its debit balance by € 250 million during the first three months of the year.

### 2.3.2. Net consolidated investments

- Total investments of the Group during the period reached € 436 million, while disposals amounted to € 14 million. Both are broken down as follows:

Grupo ACS			
Net Investments		January - March	
Euro Million	Gross Investment	Disposals	Net Investment
Construction	14	(8)	6
Concessions	102		102
Environmental Services	18	(2)	16
Industrial Services	297	(4)	293
Holding & others	5		5
<b>TOTAL</b>	<b>436</b>	<b>(14)</b>	<b>422</b>

- The Group has invested in Construction € 14 million, mainly in equipment and machinery.
- In Concessions, the Group has invested € 102 million, highlighting the € 42 million in the I595 US highway, the € 23 million in Eje Diagonal Highway in Barcelona and the € 20 million in the Pyrenees Highway in Spain.
- In Environmental Services the Group has invested € 18 million, mainly in equipment and machinery. These figures do not include the net investments performed in Ports and Logistics area of activity.
- In Industrial Services, the Group has invested € 297 million, mainly in renewable energy projects, both in thermosolar plants (€ 148 million) and wind farms (€ 52 million), as well as in transmission lines (€ 60 million) and in desalinization plants (€ 14 million).

### **2.3.3. Cash flow from financing activities**

- The debt of Grupo ACS has increased by € 760 million in this period, mainly after the investments performed, the treasury stocks acquired and the dividends paid in the period.
- During 2010 the Group has paid € 283 million in dividends for their shareholders corresponding to the year 2009, equivalent to 0.90 euros per share.
- During 2010 the Group has bought treasury stock for € 113 million. At the quarter closure, the treasury stock represented 4.2% of share capital.

### 3. Business Performance

#### 3.1. Construction

<b>Construction</b>			
<b>Main financial figures</b>			<b>January - March</b>
Million Euro	<b>2009</b>	<b>2010</b>	<b>Var. 10/09</b>
<b>Turnover</b>	<b>1,586.7</b>	<b>1,520.5</b>	<b>-4.2%</b>
<b>EBITDA</b>	<b>118.3</b>	<b>113.3</b>	<b>-4.2%</b>
Margin	7.5%	7.5%	
<b>EBIT</b>	<b>97.7</b>	<b>93.6</b>	<b>-4.2%</b>
Margin	6.2%	6.2%	
<b>Net Profit</b>	<b>68.6</b>	<b>65.8</b>	<b>-4.2%</b>
Margin	4.3%	4.3%	
<b>Backlog</b>	<b>11,071</b>	<b>11,445</b>	<b>+3.4%</b>
Months	21	23	

#### 3.1.1. Turnover breakdown by activity

<b>Construction</b>			
<b>Turnover breakdown by activity</b>			<b>January - March</b>
Million Euro	<b>2009</b>	<b>2010</b>	<b>Var. 10/09</b>
Civil Works	1,036.5	1,092.9	+5.4%
Non Residential Building	328.6	320.6	-2.4%
Residential Building	221.6	107.0	-51.7%
<b>TOTAL</b>	<b>1,586.7</b>	<b>1,520.5</b>	<b>-4.2%</b>
<b>International</b>	<b>196.1</b>	<b>351.6</b>	<b>+79.3%</b>
% over total sales	12%	23%	

- Sales in 2010 reached to € 1,520.5 million, 4.2% less than in 2009.
- The decrease in the activity in Spain during 2010 is still a consequence of the general decrease in the building activity in Spain, as well as because the reduction in execution activity from the public administrations and the adverse weather conditions.
- The international activity has grown by 79.3% as a result of the increase of the sales and backlog the United States, Canada and Chile in America and in Portugal, Poland and other countries in Europe. In these figures are included the sales of the companies acquired in 2009. The international production amounts for 23% of the total, eleven percentage points above last year's figure, and is almost completely focused on Civil Works.

#### 3.1.2. Operating results

- EBITDA and EBIT margins maintain the same level as accounted last year, due to the change in the production mix, where higher-margin Civil Works is weighting more compared to the rest of activities. EBITDA margin remains at 7.5% and EBIT margin is 6.2%, both the same as last year.

- Net Profit accounted for € 65.8 million, 4.2% less than 2008 figure maintaining its margins on sales in the 4.3%.

### 3.1.3. Backlog evolution

Construction		January - March	
Backlog breakdown by activity			
Million Euro	2009	2010	Var. 10/09
Civil Works	8,832.7	9,696.9	+9.8%
Non Residential Building	1,657.1	1,370.9	-17.3%
Residential Building	580.9	377.2	-35.1%
<b>TOTAL</b>	<b>11,070.7</b>	<b>11,445.0</b>	<b>+3.4%</b>
<b>International</b>	<b>3,105.1</b>	<b>4,679.5</b>	<b>+50.7%</b>
<i>% over total backlog</i>	28%	41%	

- Backlog reaches € 11,445 million, a level equivalent to 23 months of activity, which represents an increase of 3.4% compared to last year's figure.
- Civil Works backlog in Spain decreases by 12.4%, whilst the international backlog grows by 50.7%. As a whole, Civil Works backlog grows by 9.8%.
- Building backlog continues decreasing as a consequence of the evolution of the Spanish real state market that is experiencing a sharp drop. Compared to the backlog accounted in March 2009, building backlog decreases by 35.1%.
- Consequently in the backlog there is an increase in Civil Works weight, representing 84.7% of the total as opposed to the 69.2% two years ago and 79.8% in March 2009. Also, it's worthy to highlight that the main driver of growth is abroad, now representing 41% of the total.

### 3.2. Concessions

Concessions		January - March	
Main financial figures			
Million Euro	2009	2010	
<b>Turnover</b>	<b>23.6</b>	<b>17.8</b>	
<b>EBITDA</b>	<b>15.6</b>	<b>1.4</b>	
<b>EBIT</b>	<b>12.7</b>	<b>(1.7)</b>	
<b>Equity method</b>	<b>(4.5)</b>	<b>1.9</b>	
<b>Attributable Net Profit</b>	<b>(2.5)</b>	<b>(4.8)</b>	

- The decrease in sales, EBITDA and EBIT is provoked by the change in the consolidation perimeter of Majadahonda Hospital, during the second quarter of 2009, and a lower income from other auxiliary services in 2010.
- The construction activity has started in the main contracts awarded last year, as for example in the I595 highway in the US, the Baixo Alentejo highway in Portugal and the Eix Diagonal highway and Subway Line 9, both of them in Barcelona.



### 3.3. Environmental Services

Environmental Services			
Main financial figures		January - March	
Million Euro	2009	2010	Var. 10/09
<b>Turnover</b>	<b>633.1</b>	<b>674.1</b>	<b>+6.5%</b>
<b>EBITDA</b>	<b>83.5</b>	<b>86.6</b>	<b>+3.6%</b>
Margin	13.2%	12.8%	
<b>EBIT</b>	<b>50.6</b>	<b>50.8</b>	<b>+0.4%</b>
Margin	8.0%	7.5%	
<b>Net Profit</b>	<b>34.2</b>	<b>36.4</b>	<b>+6.5%</b>
Margin	5.4%	5.4%	
<b>Backlog</b>	<b>10,988</b>	<b>11,526</b>	<b>+4.9%</b>
Months	53	52	

#### 3.3.1. Turnover breakdown by activity

Environmental Services			
Turnover breakdown by activity		January - March	
Million Euro	2009	2010	Var. 10/09
Environment	393.0	407.0	+3.6%
Facility Management	240.1	267.1	+11.2%
<b>TOTAL</b>	<b>633.1</b>	<b>674.1</b>	<b>+6.5%</b>
<b>International</b>	<b>85.2</b>	<b>92.8</b>	<b>+8.9%</b>
% over total sales	13%	14%	

- In the first quarter of 2010 there has been a sales increase in Environmental Services of 6.5%, coming from the good performance of Environment, that grew by 3.6% and the Facility Management area, that grew by 11.2%. The Ports and Logistics area has been excluded from the income figures due to its sale process.
- The domestic market shows its stability growing by 6.1%. At the same time, the international sales grow by 8.9% because of the solid activity of international treatment plants projects won during the last years.

#### 3.3.2. Operating results

- Both EBITDA and EBIT grew by 3.6% and 0.4% respectively. Margin on sales account for 12.8% (EBITDA) and 7.5% (EBIT). The decrease in margins is coming from two sources: an increase in the pressure on prices in the maintenance, cleaning and gardening activities, and an increase in the depreciation of the Environment area, as a consequence of several treatment plants abroad starting their operation in the last months.
- Net Profit grew by 6.5% with a margin on sales of 5.4%. This figure includes the contribution of Ports and Logistic Services as a Discontinued Operation.

### 3.3.3. Backlog evolution

Environmental Services		Backlog breakdown by activity		January - March
Million Euro	2009	2010	Var. 10/09	
Environment	9,900.2	10,340.2	+4.4%	
Facility Management	1,088.3	1,185.5	+8.9%	
<b>TOTAL</b>	<b>10,988.5</b>	<b>11,525.7</b>	<b>+4.9%</b>	
<b>International</b>	<b>3,324.2</b>	<b>3,417.2</b>	<b>+2.8%</b>	
<i>% over total backlog</i>	30%	30%		

- Environmental Services backlog accounts € 11,526 million, more than 4 years of activity, and growing by 4.9%. The international backlog is now 30% of the total and grows by 2.8%.

### 3.4. Industrial Services & Energy

Industrial Services & Energy			
Main financial figures			January - March
Million Euro	2009	2010	Var. 10/09
<b>Turnover</b>	<b>1,723.4</b>	<b>1,798.0</b>	<b>+4.3%</b>
<b>EBITDA</b>	<b>163.0</b>	<b>190.0</b>	<b>+16.6%</b>
Margin	9.5%	10.6%	
<b>EBIT</b>	<b>137.2</b>	<b>150.7</b>	<b>+9.8%</b>
Margin	8.0%	8.4%	
<b>Net Profit</b>	<b>79.6</b>	<b>86.7</b>	<b>+8.8%</b>
Margin	4.6%	4.8%	
<b>Backlog</b>	<b>6,483</b>	<b>6,869</b>	<b>+6.0%</b>
Months	12	12	

#### 3.4.1. Turnover breakdown by activity

Industrial Services & Energy			
Turnover breakdown by activity			January - March
Million Euro	2009	2010	Var. 07/06
<b>Support Services</b>	<b>1,018.7</b>	<b>1,016.3</b>	<b>-0.2%</b>
Networks	185.0	142.7	-22.9%
Specialized Products	573.7	625.7	+9.1%
Control Systems	260.0	247.9	-4.7%
<b>EPC Projects</b>	<b>693.6</b>	<b>735.2</b>	<b>+6.0%</b>
<b>Renewable Energy: Generation</b>	<b>38.4</b>	<b>59.8</b>	<b>+55.7%</b>
<i>Consolidation Adjustments</i>	<i>-27.3</i>	<i>-13.3</i>	<i>n.a.</i>
<b>TOTAL</b>	<b>1,723.4</b>	<b>1,798.0</b>	<b>+4.3%</b>
<b>International</b>	<b>539.0</b>	<b>596.9</b>	<b>+10.7%</b>
% over total sales	31%	33%	

- Sales on Industrial Services grew solidly in 1Q2010, by 4.3%, backed by EPC projects.
- Support Services activity grows by 0.2% and its affected by the decrease in the maintenance activity in Spain; nevertheless, this effect is being partly compensated by the increase of international sales, specially Specialized Products that grows by more than 35%.
- EPC Projects activity grew solidly by 6.0%, with an excellent performance. Renewable energy generation activity, that grows by 55.7% continue to outperform.
- The renewable energy activity grew at that pace thanks to the new facilities starting in the period their operation, as Andasol I, the first plant that began its electricity generation in November 2008 and Andasol II and Extresol I, that started operational tests by mid 2009. As of December 2009 ACS had 3 plants producing energy, totalling 150 MWs of Thermosolar energy under operation.

### 3.4.2. Operating results

- EBITDA grew by 16.6% with a margin on sales of 10.6%, 110 b.p. better than last year as a result of the change of mix experienced, where EPC Projects and Renewable Energies contribute in greater proportion.
- EBIT grew by 9.8% leaving the margin on sales on 8.4%, 40 b.p. better than last year. The increase in the depreciation account is generated by the higher contribution of capital intensive businesses as the investments in energy concessions.

### 3.4.3. Backlog evolution

Industrial Services & Energy		January - March	
Backlog breakdown by activity			
Million Euro	2009	2010	Var. 07/06
Support Services	4,195.4	4,541.3	+8.2%
EPC Projects	2,287.3	2,327.9	+1.8%
<b>TOTAL</b>	<b>6,482.7</b>	<b>6,869.2</b>	<b>+6.0%</b>
International	2,223.7	2,804.6	+26.1%
% over total backlog	34%	41%	

- The backlog of € 6,869 million (+6.0%) means more than a year of activity, is backed by the growth of all areas of activity. Both Specialized Products and Control Systems grew by more than 10% in 2010.

### 3.5. *Affiliated Listed Companies*

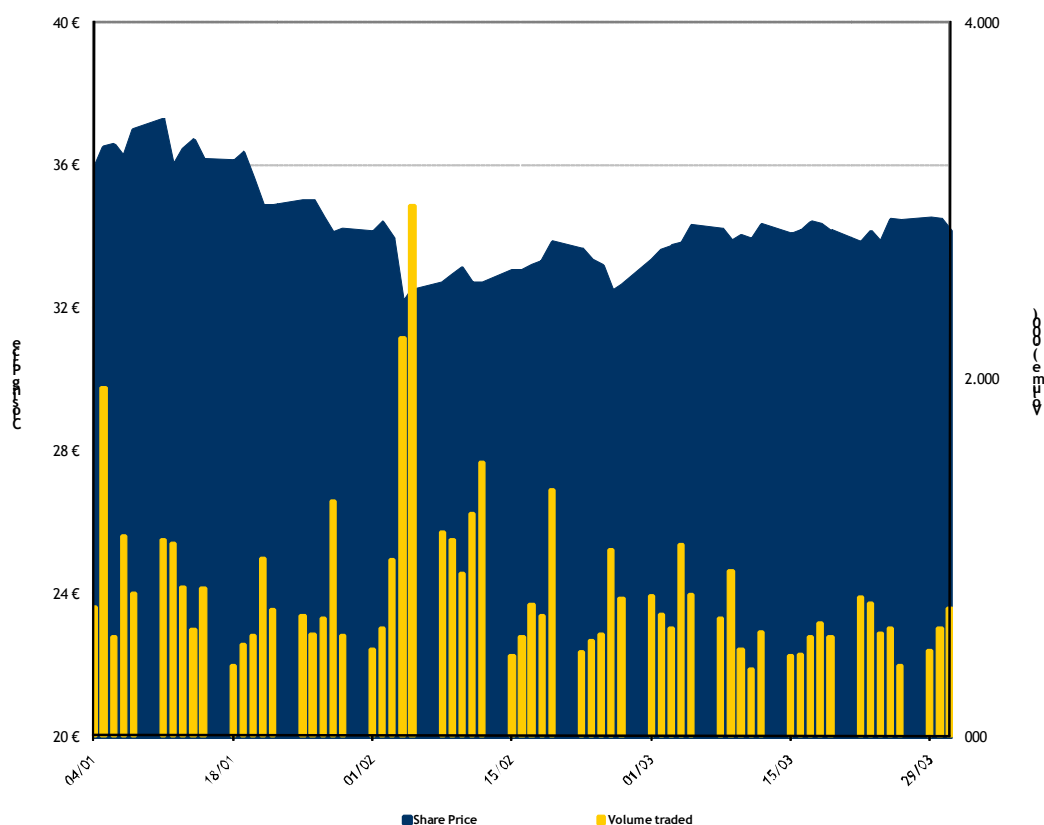
Associates			
Main financial figures		January - March	
Million Euro	2009	2010	Var. 10/09
Abertis	22.2	24.8	+11.7%
Hochtief	15.1	17.9	+18.8%
Iberdrola	94.0	123.3	+31.3%
<b>Income from Associates</b>	<b>131.2</b>	<b>166.0</b>	<b>+26.5%</b>
Financial expenses	(105.8)	(97.9)	-7.4%
Corporate tax	24.2	28.5	+17.8%
<b>Attributable Net Profit</b>	<b>49.6</b>	<b>96.6</b>	<b>+95%</b>

- The contribution from these companies to the Net Profit of the Group, before financial expenses and taxes accounts for € 166.0 million, 26.5% more than last year.
  - Abertis contribution accounted for € 24.8 million.
  - The stake of 29.9% that ACS Group holds in Hochtief has contributed with € 17.9 million by equity method.
  - Iberdrola has contributed with its accrued dividends of € 123.3 million accounted as financial income.
- Financial expenses associated to the investments in these companies account for € 97.9 million. The positive tax impact accounts for € 28.5 million.
- Hence, attributable net profit of the listed affiliates in by 31st of March 2010 accounts for € 96.6 million, 95% more than last year.

## Annexes

### Annex I. Stock price evolution

ACS Shares Data	1Q09	1Q10
Closing price	31.24 €	34.16 €
YTD performance	-4.32%	-1.87%
Maximum in the period	36.94 €	38.80 €
Maximum Date	5-Jan	5-Jan
Minimum in the period	27.67 €	30.92 €
Minimum Date	9-Mar	5-Feb
Average in the period	32.00 €	34.14 €
Total volume ('000)	56,388	52,068
Daily average volume ('000)	867.51	801.04
Total traded effective (€ mn)	1,804	1,777
Daily average effective (€ mn)	27.76	27.35
Number of shares (mn)	318.64	314.66
Market cap (€ mn)	9,954	10,749



## **Annex II. Main contracts awarded**

### **i. Construction**

#### Civil Works – Roads

- Works for the AP-7 highway (Gerona, Spain)
- Works on Almanzora highway for the connection to the AL-7106 road in Almería (Spain).

#### Civil Works - Railways

- Works for the construction of the high-speed railway line between San Isidro and Orihuela (Alicante, Spain)
- Project for the construction of the Sagrera railway station (Barcelona, Spain)
- Works on Barcelona's Metro 9 line (Spain)
- "Construction of the high-speed railway line on the Sevilla- Cádiz route, in the stretch between Utrera and Jerez Airport (Spain). "
- Works for the high-speed railway section between Caudete and Alicante (Spain)
- Railway line construction between Son Servera and Arta in Mallorca (Spain).

#### Civil Works – Hydraulic or Maritime

- Construction of the jetty and other improvements works in the Gijón Port (Asturias, Spain)
- Works for the construction of Punta de Langosteira port's dike (La Coruña, Spain).
- Villapresente-Burgos gas pipeline construction (Cantabria, Spain)
- Project for Nuevo Tibisa-Argos gas pipeline construction (Tarragona, Spain)
- Construction and exploitation of the sewage treatment plant in Benicarló (Castellón).

#### Non Residential Building

- Málaga II correctional facility construction in Málaga (Spain)
- Works for the extension of the Valencia Airport parking (Valencia, Spain)
- Construction of the heliport for the Reus Hospital
- Construction of the extension of Sevilla Airport parking (Sevilla, Spain)
- New "Mercado del Fondo" building construction in Santa Coloma (Barcelona, Spain)

#### Residential Building

- Building of 152 apartments in Madrid (Spain).

### **ii. Concessions**

- Project to execute the works for the new Can Misses Welfare Centre and two associated health centres (Ibiza, Spain), as well as their maintenance throughout the term of the concession.
- Construction, conservation and operation of 10 new health centres and basic health units on the island of Mallorca (Spain).



### **iii. Environmental Services**

#### Environment

- Contract for cleaning services and other services in Ayamonte beaches (Huelva, Spain).
- Contract for the water supply system of the city of Totana (Murcia, Spain).
- Extension of the contract for urban waste collection and treatment in the Hereford and Worcester County (United Kingdom).

#### Facility Management

- Cleaning and facility management services for the facilities of the Spanish Police.
- Extension of the contract for the freight transportation in the Barajas Airport (Madrid, Spain)
- Contract for the cleaning services of the commuters trains in two areas of Spain.
- Contract for cleaning services in the Vall d'Hebrón Hospital (Spain)
- Extension of the contract for cleaning services in the health centres of the Agencia Valenciana de Salud and Consellería de Sanidad (Valencia, Spain)
- Extension of the contract for the advertising space in Madrid's Subway (Spain).

### **iv. Industrial Services and Energy**

#### Networks

- Construction and maintenance contract during three years, of the energy distribution network of Iberdrola in several areas of Spain.
- Supply services and management of supply points for Gas Natural in Spain.

#### Specialized Products

- Contract for services and technical support to the users of Telefónica (Spain).
- Gas pipelines construction for the Nejo plant in Mexico.
- Works for the construction of 4 high-voltage transmission lines and 2 electrical substations in Jalisco State (Mexico).

#### EPC Projects

- Project for the construction of the Manzanillo combined cycle plant, with and installed capacity of 1,400 MW (Mexico)
- Hydroelectric power plant construction in Panama.
- Project for the construction of two water treatment plants, Dumbraveni and Arpasel, in Romania..

#### Control Systems

- Maintenance services for Vizcaya roads (Spain).
- Contract for Intelligent Transportation Systems (ITS) installation in the I-595 highway (Miami, USA).

## **DISCLAIMER**

This document contains forward-looking statements on the intentions, expectations or forecasts of Grupo ACS or its management at the time the document was drawn up and in reference to various matters including, among others, its customer base, its performance, the foreseeable growth of its business lines and its overall turnover, its market share, the results of Grupo ACS and other matters relating to the Group's activities and current position. These forward-looking statements or forecasts can in some cases be identified by terms such as "expectation", "anticipation", "proposal", "belief" or similar, or their corresponding negatives, or by the very nature of predictions regarding strategies, plans or intentions.

Such forward-looking statements or forecasts in no way constitute, by their very nature, guarantees of future performance but are conditional on the risks, uncertainties and other pertinent factors that may result in the eventual consequences differing materially from those contained in said intentions, expectations or forecasts.

ACS, Actividades de Construcción y Servicios, S.A. does not undertake to publicly report on the outcome of any revision it makes of these statements to adapt them to circumstances or facts occurring subsequent to this presentation including, among others, changes in the business of the company, in its strategy for developing this business or any other possible unforeseen occurrence. The points contained in this disclaimer must be taken fully into account by all persons or entities obliged to take decisions or to draw up or to publish opinions on securities issued by Grupo ACS and, in particular, by the analysts and investors reading this document. All the aforesaid persons are invited to consult the public documentation and information that Grupo ACS reports to or files with the bodies responsible for supervising the main securities markets and, in particular, with the National Securities Market Commission (CNMV in its Spanish initials).

This document contains financial information drawn up in accordance with International Financial Reporting Standards (IRFS). The information has not been audited, with the consequence that it is not definitive information and is thus subject to possible changes in the future

*Translation of this report originally issued in Spanish. In event of discrepancy, the Spanish language version prevails.*

### **Investor Relations Department**

**ACS, Actividades de Construcción y Servicios S.A.**

**Av. Pío XII, 102**  
**28036, Madrid**  
**Tel.: + 34 91 343 92 00**  
**Fax: + 34 91 343 92 24**  
**[www.grupoacs.com](http://www.grupoacs.com)**