

ACS

ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS



March 2004

■ **Strategic Review**

- **2003 Financial Highlights**
- **Business opportunities**
- **Results by business**
- **Conclusions**

1 in Spanish Construction

1 in Industrial Services in Spain, Portugal & Latam

1 in Waste Management in Spain

1 in Ports, Logistics & Road Transportation in Spain

1 in Facility Management in Spain

Covering the whole value chain



22 concessions in highways, airports, railroads,
with a total equity investment of aprox. € 600 mn

ACS holds 12% of
Abertis, valued at
€ 800 mn

Total portfolio of € 1.4 bn

... with a Flexible & Decentralized Organization...



ACS Group



Revenues 2003	52%	29%	19%
EBIT 2003	47%	31%	22%



High recurrence and visibility of revenues

Threefold Corporate Strategy

LEADERSHIP ORIENTED TO THE CLIENT

- Own corporate contractor culture
- Focus on customer service
- Coherent diversification
- Technical excellence

EFFICIENT RESOURCES MANAGEMENT

- Decentralized Organization
- Productivity improvements
- Cost savings
- Continuous training and innovation

PROFITABLE AND SUSTAINED GROWTH

- Profitable and recurrent businesses
- Strong Cash Flow generation
- Active investment policy
- Solid financial structure

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Key Financial Pro-Forma figures



(Million Euros)	2002	2003	Var.
Sales	9,962.1	10,733.6	+ 7.7 %
EBITDA	803.1	931.8	+ 16.0 %
EBIT	576.6	649.0	+ 12.5 %
Net Profit ⁽¹⁾	326.4	380.3	+ 16.5 %
EPS	2.75 €	3.21 €	+ 16.5 %
Total Net Debt	978.6	1,230.6	+ 25.7 %
Net Debt with recourse	673.3	914.4	+ 35.8 %
Project Finance	305.3	316.2	+ 3.6 %
Shareholders Equity ⁽²⁾	1,805.5	1,796.4	- 0.5 %
Net Investments ⁽³⁾	457.3	543.0	+ 18.7 %

⁽¹⁾ Net Profit does not include the extraordinary provision for merger expenses (€ 111.5 mn)

⁽²⁾ 2003 Shareholders Equity considers the extraordinary provision for merger expenses and 2003 interim dividend accrued on December 2003 (€ 42.6 mn) and paid on 01/15/2004.

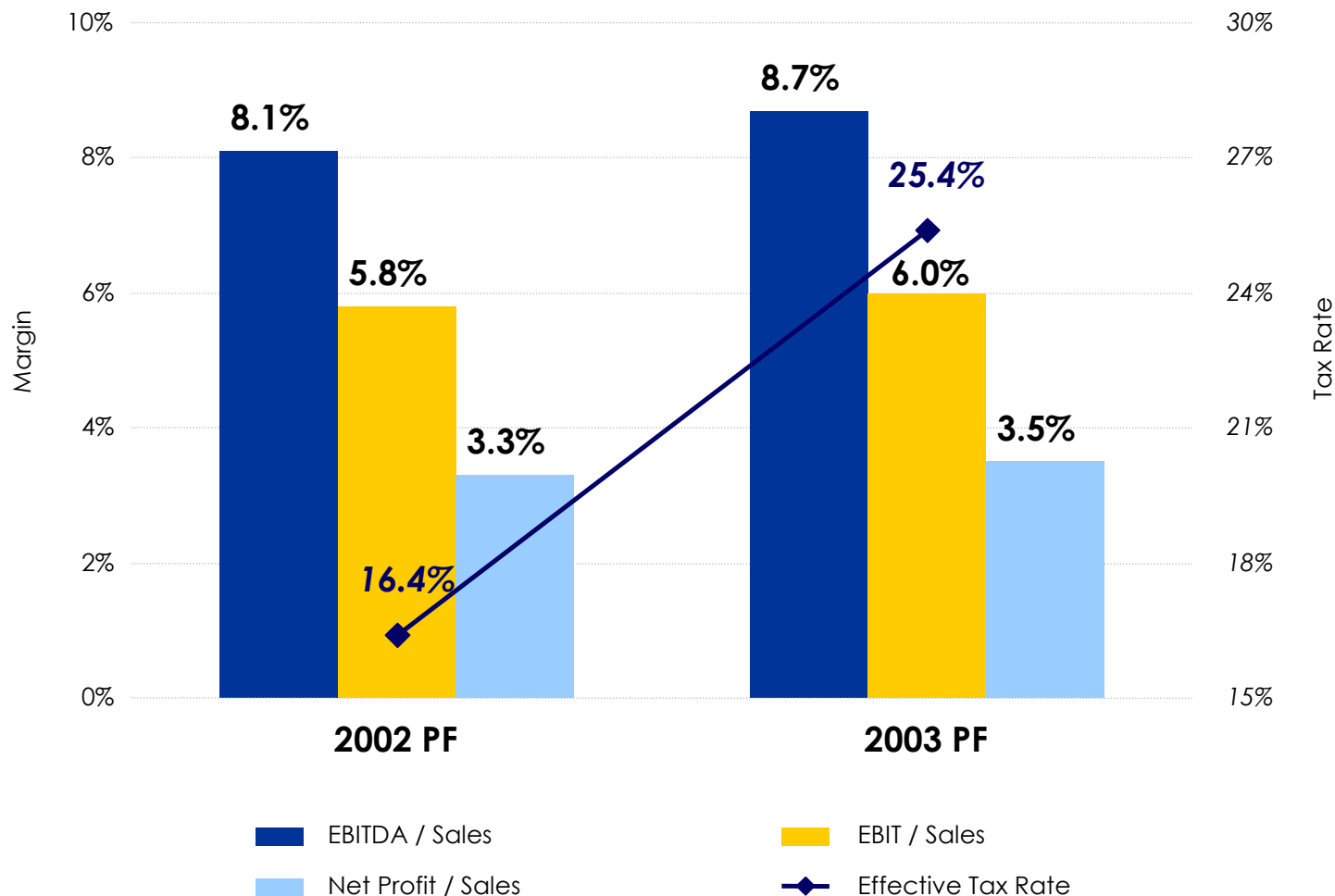
⁽³⁾ The net investments does not include the acquisition of 33.5% of DRC (€ 900 mn in 2002 and € 385 mn in 2003)

Pro-Forma P&L Account

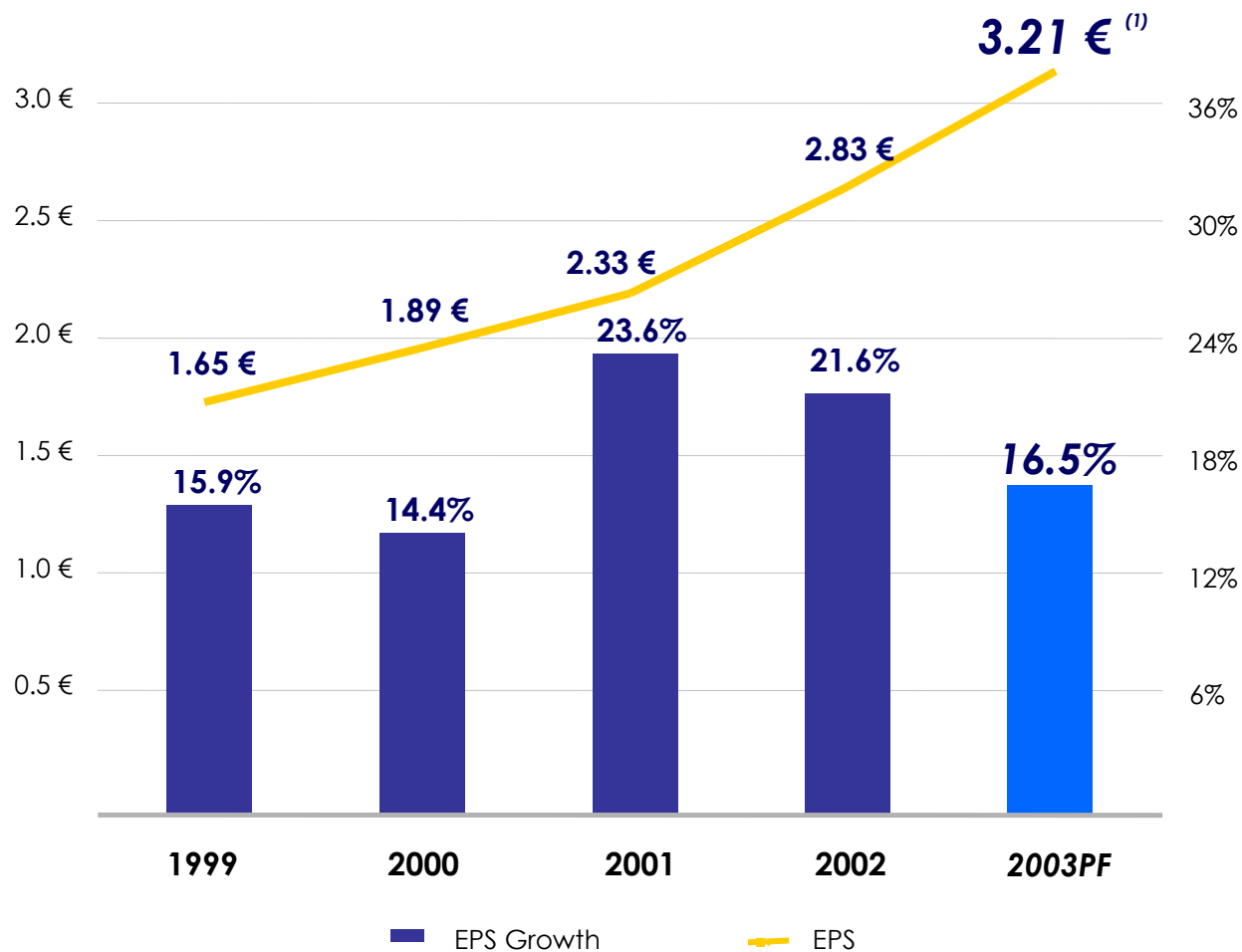


(Million Euros)	2002	2003	Var.
Sales	9,962.1	10,733.6	+ 7.7%
Operating Expenses	(9,159.1)	(9,801.8)	
EBITDA	803.1	931.8	+ 16.0%
Amortizations/Provisions	(226.4)	(282.8)	
EBIT	576.6	649.0	+ 12.5%
Financial Results	(128.6)	(118.5)	
Profit Equity accounted	55.3	67.8	
Goodwill amortization	(59.9)	(61.0)	
Ordinary Profit	443.4	537.3	+ 21.2%
Extraordinary Results	(51.1)	(38.5)	
Profit before Taxes	392.3	498.9	+ 27.2%
Corporate Income Tax	(62.1)	(109.7)	
Minorities	(3.8)	(8.9)	
Net Profit	326.4	380.3	+ 16.5%
Effective Tax Rate	16.4%	25.4%	

Operating Ratios Performance



EPS Evolution



⁽¹⁾ 2003 EPS does not include the extraordinary provision for merger expenses (€ 111.5 mn) for once

Consolidated Balance Sheet



(Million Euros)	2002PF	2003	Var.
Fixed Assets	3,877.6	4,446.9	+14.7%
Working Capital	(584.2)	(658.8)	+12.8%
<i>Days of Sales</i>	(22)	(22)	+0.0%
Total Assets	3,293.5	3,788.1	+15.0%
Shareholders Equity	1,805.5	1,796.4	-0.5%
Other long term liabilities	509.4	761.1	+49.4%
Net Debt	978.6	1,230.6	+25.7%
Project Finance	305.3	316.2	+3.6%
Corporate Net Debt	673.3	914.4	+35.8%
<i>Gearing</i>	37.3%	50.9%	+13.6%
Total Equity & Liabilities	3,293.5	3,788.1	+15.0%

2003 Investments Breakdown



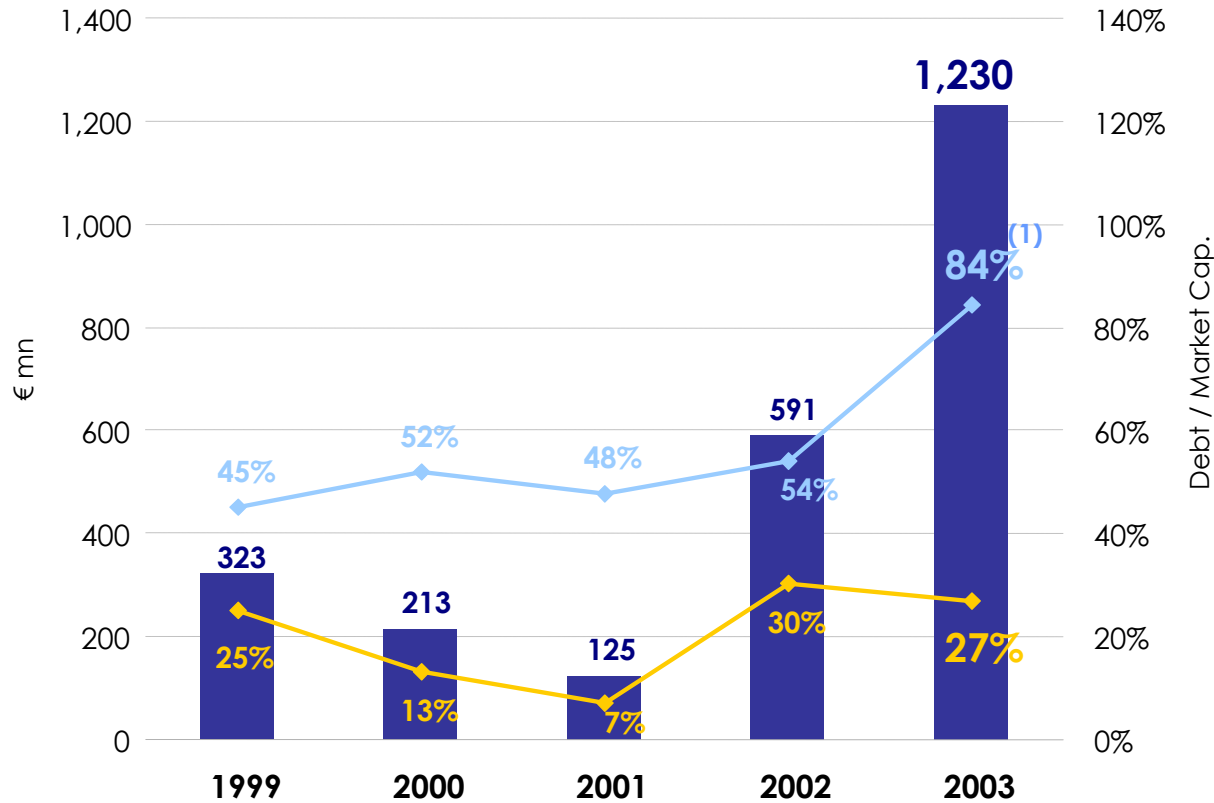
(Million Euros)

	Fixed Assets Invest.	Conces. Projects	INVEST.	ASSETS DISP.	TOTAL
Construction	83		83	(20)	63
Industrial Services	75	41	116	(21)	95
Services and Concessions	294	134	428	(74)	354
Holding	31		31		31
TOTAL	482	175	658	(114)	543

Main Disclosure

- **Construction:** Equipment and Technical installations
- **Industrial Services:** Wind farms (€ 71 mn); Electrical networks (€ 16 mn)
- **Services:** Equipment for new contracts (€ 100 mn), Treatment Plants (€ 45 mn), Port Terminals (€56 mn) and Coaches renewals (€ 55 mn)
- **Concessions:** Investments in 15 projects (€ 86 mn)
- **Holding:** Acquisition of 0.51% Abertis (€ 31 mn)

Net Debt Evolution



■ Total ACS Net Debt ◆ Total Net Debt/ACS Market Cap.
◆ Total Net Debt/Market Cap. (Industry Average ⁽²⁾)

⁽¹⁾ September 2003 figures

⁽²⁾ ACS, DRC, ANA, FCC, FER, SyV and OHL

Project Finance
€ 316 mn
(25.7% of Total)

**Net Debt with recourse/
 Shareholders Equity**
50.9%

1.47 x EBITDA

Pro-Forma Cash Flow Statement



(Million Euros)	2002	2003
Cash Flow from Operations	578.1	743.8
Working Capital Excess	338.7	74.6
Cash Flow from Operating Activities	916.7	818.5
Investments	(843.6)	(657.5)
Disposals of Assets	386.3	114.5
Net Investments	(457.3)	(543.0)
Bank Financing	506.5	424.2
Treasury Stock Cancellation + Dividends ⁽¹⁾	(1,019.6)	(440.8)
Other long term financing	16.9	(86.6)
Cash Flow from Financing Activities	(496.2)	(103.2)
<i>Cash Variation</i>	<i>(36.7)</i>	<i>172.3</i>

(1) € 900 mn from the acquisition to the SCH of the 23.5% plus € 58 mn from DRC Treasury Stock acquisition and € 62 mn of 2002 Dividends paid; € 385 mn of the 10% DRC Takeover Bid in March 2003 and € 56 mn in dividends paid during 2003

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Public Initiative

Domestic Market

Ministry of	National Plan	Period
Public Works	Infrastructure	2000 - 2010
Environment	Hydraulic	2001 - 2008
Economy	Energy	2002 - 2011
Environment	Urban Waste	2000 - 2006

International Market

Public tender for Concessions across Europe and Latam

Private Initiative

- **Supported by GDP growth**
 - Recovery of investment in equipment & industrial installations
- **Investment in infrastructures**
 - New highway concessions
 - PFI in hospitals, airports, light trains, etc.
- **Outsourcing of services by large corporations & public entities**

National Infrastructure Plan (2000 – 2010)

Total Investments	€ 104.8 bn	(20% financed by EU)	
Highways	€ 39.8 bn	Complete the high capacity road network	
Railroads	€ 40.5 bn	Update current railway communications (HST)	
Airports	€ 11.4 bn	New airports infrastructures	
Ports	€ 9.5 bn	Modernisation & enlargement Spanish ports	
Others	€ 3.6 bn	Post & other actions related to transport	
Budget breakdown	2000 - 2004	2005 - 2006	2007 - 2010
	€ 43 bn	€ 17.3 bn	€ 44.5 bn

National Hydraulic Plan (2001 – 2008)

Regulation	€ 2.7 bn	
Irrigation	€ 6.1 bn	Satisfy water needs of Eastern Spain
Urban Supply, Sewerage & Purification	€ 5.4 bn	
Prevention & Environmental Restoration	€ 3.3 bn	Promote environmental care in the use of water
Water Control & Quality	€ 1.2 bn	
Total Investments	€ 18.8 bn	

Spanish Investment Budget for 2004



National Public Budget for 2004 includes part of the investments carried out by the Infrastructure & Hydraulic Plans

	€ bn	Growth (%)
Highways	3.56	- 1.0
Railroads	4.57	+ 8.5
Hydraulic Works	3.34	+ 11.4
Airports	2.32	+ 5.2
Ports	2.26	+ 23.6
Total	16.1	+ 8.2

Good prospects
for Civil work
activities

Business Opportunities in Industrial Services



National Energy Plan

Energy

Oil & Gas

Generation

Energy generation, renewable energy, Desalination Plants, Gas storage

Energy shortage in South Europe

Renewable Energy: Support from the Administration

Distribution

Electric grid: HT & LT lines

New transportation and distribution lines

Need to permanently match the supply and industrial capacity to the new demands from the market :

- Operating and drilling structures
- Storage facilities
- Pipelines
- Industrial networks
- Home distribution

Backed by Public & Private Investments

Systems

Industrial Services

Railroads

Energy lines, Signaling, & other Control Systems

High speed train development

Urban Systems

Traffic Control: Lightening systems, & other systems

Traffic systems for large and medium size cities

Telecom

High standard technology & other Networks and Systems

New operators
Upgrading & maintenance of the existing networks

Installation

Applied engineering in Industrial Plants, Heating & Air conditioning and Integral Maintenance

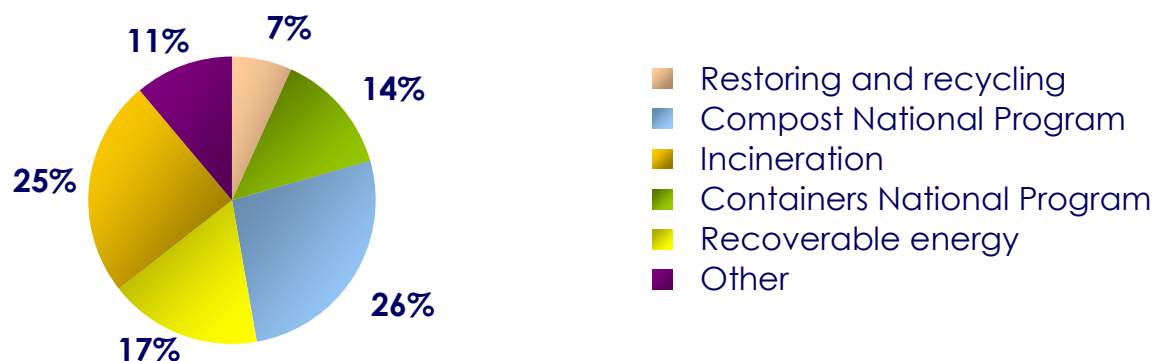
New capacities for Chemical Plants and other Industrial facilities

Maintenance

Outsourcing of facilities services

National Urban Waste Plan (2000-2006)

Total Investments € 3.3 bn



Government main actions

- Closure of uncontrolled landfills
- Construction of new infrastructures
- Selective waste collection

Market growth prospects for next 3 years > 10%

Most active business areas:
Treatment & Collection

Business opportunities in Concessions

DEMAND

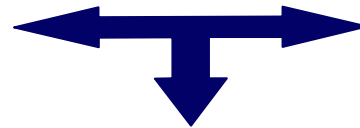
- Increasing demand of new & more complex infrastructures
- Public initiative to satisfy such demand, without Government spending

STABLE MARKET CONDITIONS

- Large availability of financial resources for this kind of projects
- Legal framework which encourages Public & Private partnerships

SUPPLY

- Strong companies to face the whole value chain of these projects
- Contracting firms are the best positioned: L.T. commitment, management of project's risks, and technical specialization



Excellent market opportunities to develop new Concessions projects

Highways

Transfer Stations

Light Rails

Hospitals

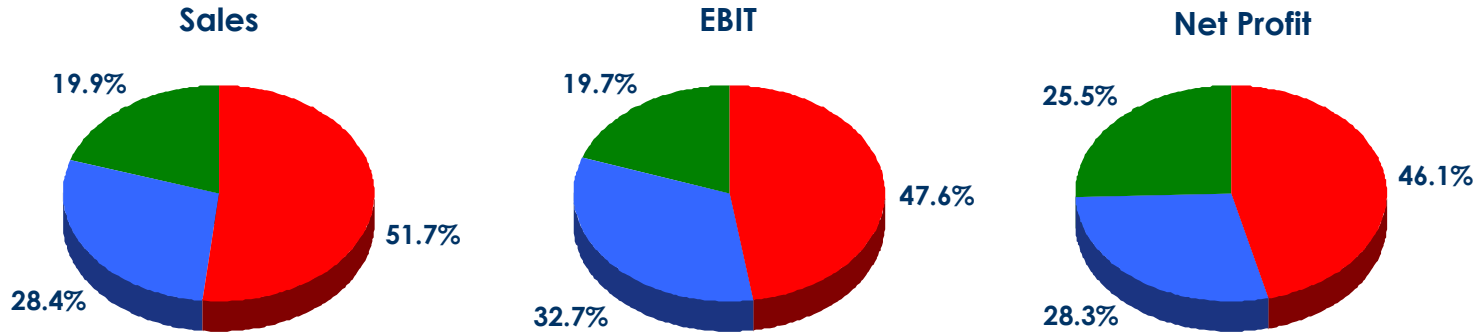
Airports

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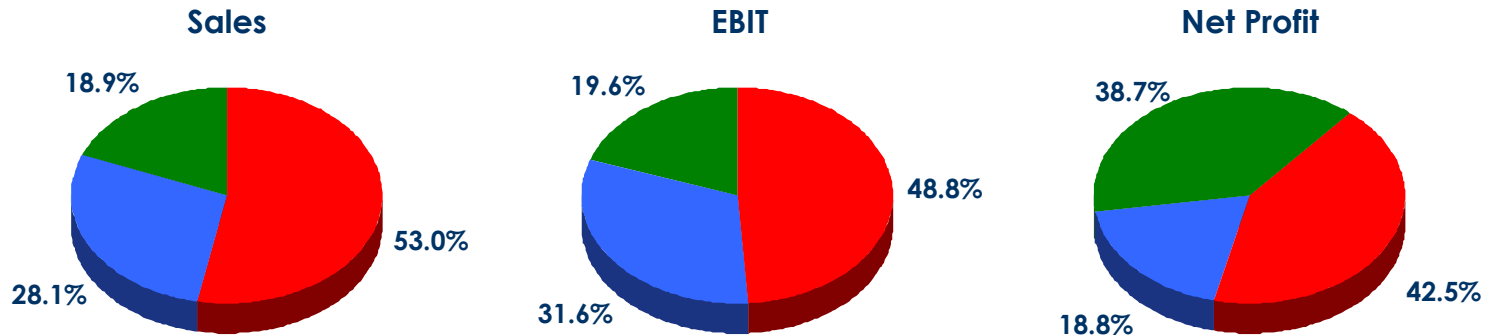
Businesses Breakdown



2003 Pro-Forma



2002 Pro-Forma



■ Construction
 ■ Industrial Services
 ■ Services and Concessions

Construction

Pro-Forma Results



(Million Euros)	2002	2003	Var.
Sales	5,330	5,595	+5.0%
EBITDA	385	424	+10.1%
<i>Margin</i>	7.2%	7.6%	
EBIT	312	331	+6.0%
<i>Margin</i>	5.9%	5.9%	
Ordinary Profit	320	341	+6.6%
<i>Margin</i>	6.0%	6.1%	
Net Profit	225	215	-4.3%
<i>Margin</i>	4.2%	3.8%	
Tax Rate	28.1%	32.4%	

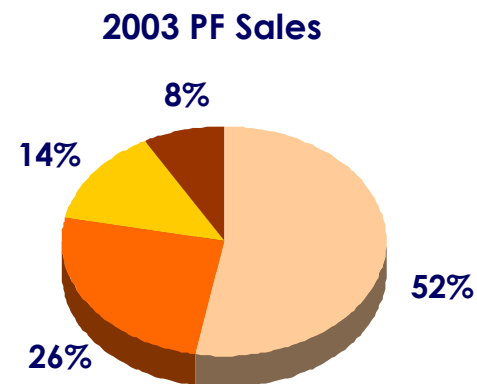
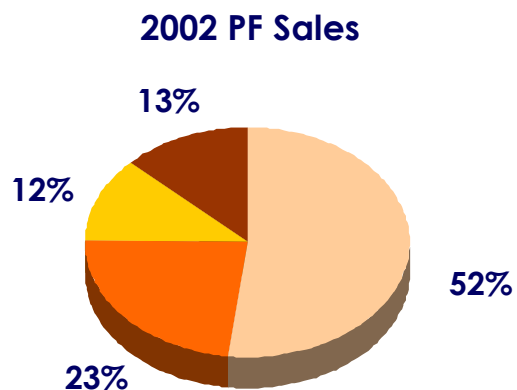
Construction

Pro-Forma Breakdown



(Million Euros)

	2002	2003	Var.
National	4,645	5,144	+10.7%
■ Civil Works	2,764	2,952	+6.8%
■ Non residential Building	1,243	1,431	+15.1%
■ Housing	638	761	+19.2%
■ International	684	451	-34.1%
TOTAL	5,330	5,595	+5.0%



Industrial Services

Pro-Forma Results



(Million Euros)	2002	2003	Var.
Sales	2,827	3,069	+8.6%
EBITDA	246	278	+13.0%
Margin	8.7%	9.0%	
EBIT	202	227	+12.3%
Margin	7.2%	7.4%	
Ordinary Profit	157	199	+26.7%
Margin	5.6%	6.5%	
Net Profit	100	132	+32.6%
Margin	3.5%	4.3%	
Tax Rate	32.1%	29.7%	

Industrial Services

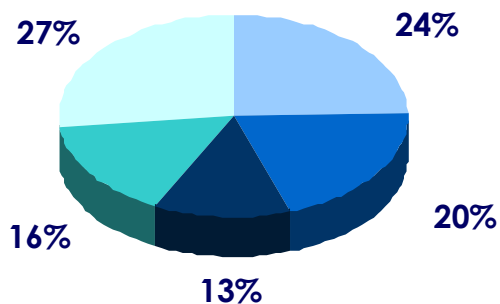
Pro-Forma Breakdown



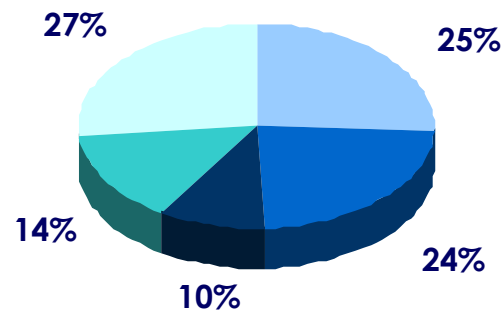
(Million Euros)

	2002	2003	Var.
Distribution Networks	692	781	+12.8%
Energy Projects	569	728	+28.0%
Telecommunications	368	301	-18.1%
Control Systems	442	446	+1.0%
Industrial Systems	757	813	+7.5%
TOTAL	2,827	3,069	+8.6%

2002 PF Sales



2003 PF Sales



Services and Concessions

Services Pro-Forma Results



(Million Euros)	2002	2003	Var.
Sales	1,899	2,157	+13.6%
EBITDA	231	275	+19.2%
Margin	12.1%	12.8%	
EBIT	123	143	+16.4%
Margin	6.5%	6.6%	
Ordinary Profit	80	91	+13.4%
Margin	4.2%	4.2%	
Net Profit⁽¹⁾	101	64	-36.9%
Margin	5.3%	3.0%	
Tax Rate	10.6%	26.1%	

(1) 2002 includes the gains from the sale of Redal (Marocco)

Services and Concessions

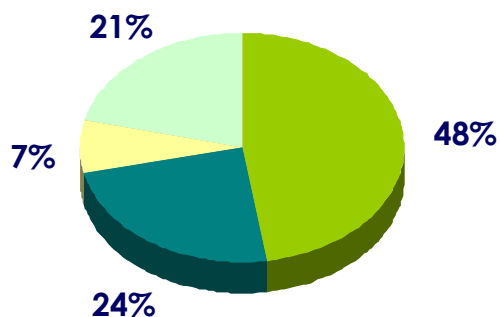
Services Pro-Forma Breakdown



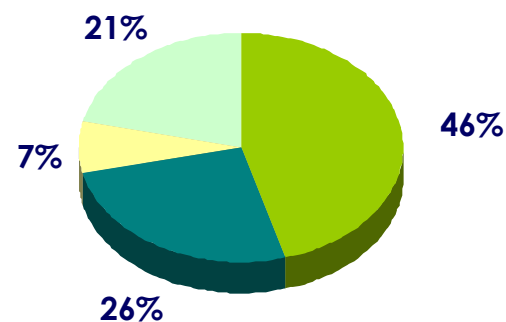
(Million Euros)

	2002	2003	Var.
Environment	903	985	+9.1%
Ports & Logistics	454	552	+21.5%
Passengers Transportation	142	157	+10.8%
Facility Management	400	462	+15.6%
TOTAL	1,899	2,157	+13.6%

2002 PF Sales



2003 PF Sales



Services and Concessions

Concessions Pro-Forma Results



(Million Euros)	2002	2003
EBIT	3	(6)
Profit by Equity Method	45	45
Abertis ⁽¹⁾	45	39
Others	0	6
Gains from Assets Disposals ⁽²⁾	43	10
Net Profit	104	55

⁽¹⁾ In 2002 it corresponds to Aurea, who enjoyed an exceptional low tax rate

⁽²⁾ In 2002 it corresponds mainly to the sale of the M-45 Stretches and Aulesa

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Good operating performance

EBITDA	> € 930 mn	+16.0%
Ordinary Profit	> € 537 mn	+21.2%
PBT	> € 499 mn	+27.2%
Net Profit	> € 380 mn	+16.5%



Net Debt
< € 1,250 mn

Net Investment
> € 540 mn

Provision for Merger Expenses (€ 111,5 mn)

Future Investments:

- Reg. capex < € 200 mn
- Business exp. > € 150 mn
- Concessions > € 150 mn

Construction	€ 32.5 mn
Industrial Services	€ 19.5 mn
Services and Conc.	€ 20.4 mn
Holding	€ 15.8 mn
Pending assignment	€ 23.3 mn

Good 2004 Prospects



SALES	+ 5-10%
Construction	+ 5-8%
Industrial Services	+ 8-12%
Services and Concessions	+ 8-12%
EBIT	+ 10-15%
NET PROFIT	> 15%
INVESTMENTS	> € 500 mn

Backed by a Solid Backlog



	2002	2003	Var.	Months
Construction	7,559	7,888	4.3 %	17
Domestic	6,544	6,989	6.8 %	
International	1,015	900	(11.4 %)	
Industrial Services	2,783	3,049	9.5 %	12
Services	11,795	12,390	5.2 %	69
TOTAL	22,138	23,327	5.5 %	

ACS

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