Creating a Uniquely Global and Integrated Infrastructure Group

ACS
ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

October 2017

Agenda

1. Transaction Overview

2. Rationale for the Combination

3. Profile of the New HOCHTIEF

4. Key takeaways for ACS

Strategic Rationale for the Transaction

ACS, Actividades de Construcción y Servicios S.A., through its subsidiary HOCHTIEF, has launched a public tender offer for 100% share capital of Abertis

1. **Creating a Uniquely Global and Integrated Infrastructure Group around HOCHTIEF**

   World leading industrial platform

2. **Enhancing ACS financial structure and reducing its risk profile**

   Investment Grade in both ACS & HOCHTIEF

3. **Increasing total return to shareholders**

   DPS HOT x4
   Δ EPS ACS > 20%

Key Offer Terms

Transaction Structure	• **Voluntary tender offer** for the entire issued share capital of Abertis[a]:
Offer Consideration	• **Cash offer price of €18.76 per share represents:** – Premium of 33% to Abertis 3 month VWAP 13 April 2017[b] – Premium of 26% to Abertis 1 month VWAP 13 April 2017[b] – Premium of 14% to the existing cash offer announced on 15 May 2017[c] • **Share alternative** consideration of **0.1281 HOCHTIEF shares** for each Abertis share: – Limited to 24,791,216 new HOCHTIEF shares – The newly issued HOCHTIEF shares will be **listed immediately as ordinary shares post transaction**
Conditions	• Minimum acceptance of **50%+1 share** of total Abertis share capital • Acceptance of **the share component** offered to Abertis shareholders as share alternative – Minimum of 24,791,216 new HOCHTIEF shares accepted • Necessary approvals from **regulatory** and **antitrust** authorities
Funding of the Transaction	• Transaction supported by **fully underwritten debt facilities** with an average estimated cost of ~2% • Financing structured to maintain solid investment grade rating
Share issuance	• Share component of offer funded through an in-kind issuance of new shares by HOCHTIEF at 3 month VWAP (€146.42 per share) – ACS waived subscription rights to support share issuance • Parallel cash capital increase for HOCHTIEF minorities at 3 month VWAP (€146.42 per share)
Listing	• HOCHTIEF has the intention to promote the delisting of Abertis shares • It is intended that the Combined Company will be a **listed entity on the Frankfurt stock exchange**

(a) Amounting total of 990.4 million shares.
(b) Being the last business day prior to speculation regarding a potential takeover approach.
(c) Tender offer announcement communicated to the CNMV as at 15 May 2017.
(d) Estimated average annual cost of debt assuming refinancing of bridge facilities.

Note: Here and throughout the presentation the combination of HOCHTIEF and Abertis is defined as the "Combined Company".

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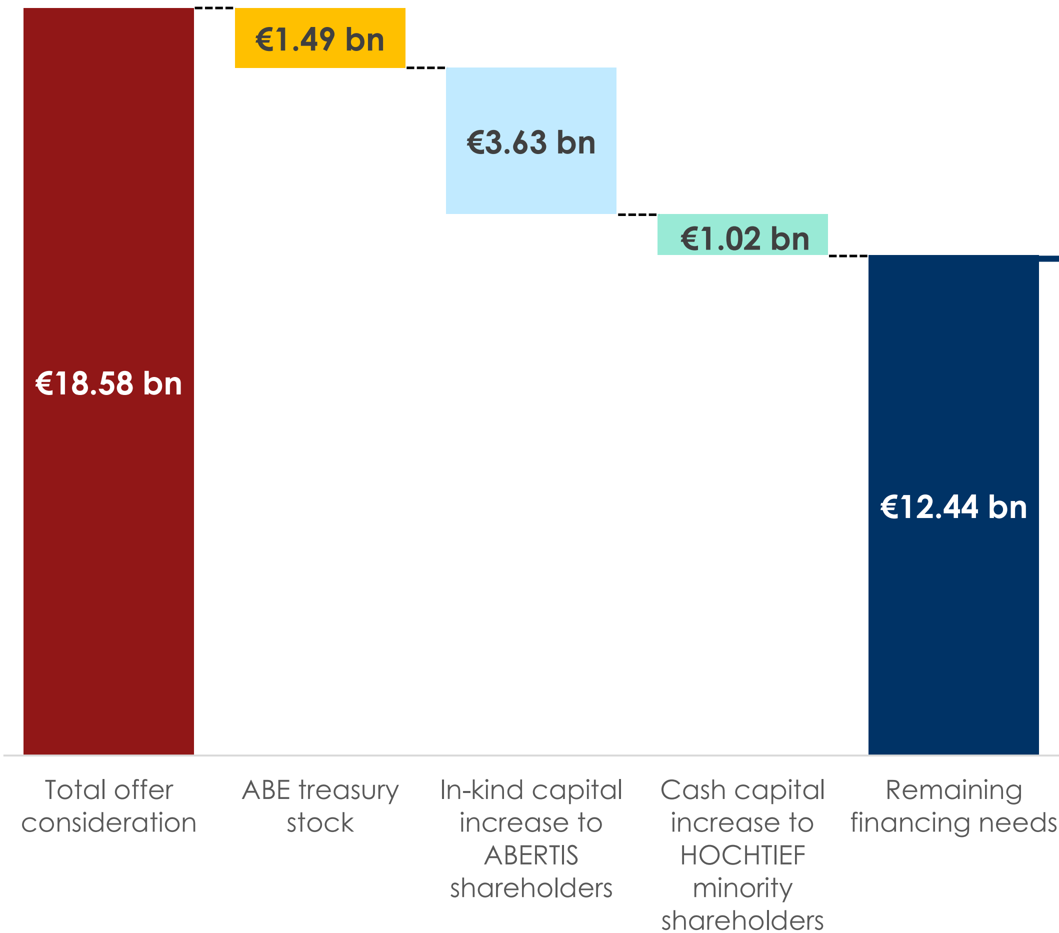
Capital Structure and Funding

Total consideration of **€18.58 bn** (assuming a 100% acceptance)

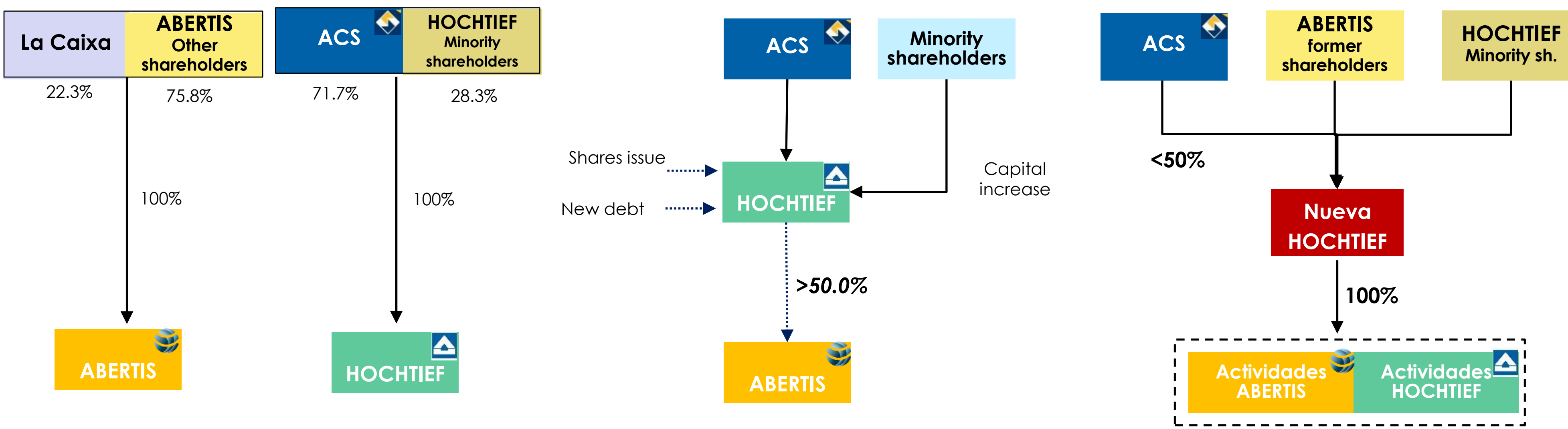


- ✓ **Remaining financing needs**
  1. Bridge financing to proceeds from divestments
  2. Remaining run-rate debt facilities (specific instruments to be determined)

Shareholding Structure After Completion

The transaction contemplates the acquisition by HOCHTIEF of 100% of ABERTIS and the subsequent merger in a New HOCHTIEF, listed in Frankfurt that will control the businesses and activities of both companies

Current structure → **Abertis acquisition** → **Post merger**



Agenda

Creating a Uniquely Global and Integrated Infrastructure Group

HOCHTIEF

A Leading Greenfield Infrastructure Developer

+

abertis

The World's Largest Brownfield Concessions Operator

1

A **strategic, value creating project: HOCHTIEF**'s global positioning as a top-tier infrastructure group and leading greenfield PPP project developer focused on high-growth markets, complements and strengthens **Abertis**, the world's largest toll road operator, by providing a **growth platform** to **expand its mature brownfield concessions portfolio** and **perpetuating the concessions portfolio duration**

2

Combined group's financial capacity to drive substantially **increased investment and enhanced shareholder remuneration**, whilst maintaining a strong balance sheet, **investment-grade rated**

3

NPV of synergies estimated in the range of €6.0bn–€8.0bn, generated mainly by obtaining a significantly larger share of expanding PPP investment opportunities in high-growth N. American & Australian markets as well as Europe; pipeline of €200bn in currently identified projects for 2018–2021

4

Substantial value creation and EPS accretion to drive sustainably increased shareholder remuneration; **dividend payout ratio targeted to increase towards 90%**

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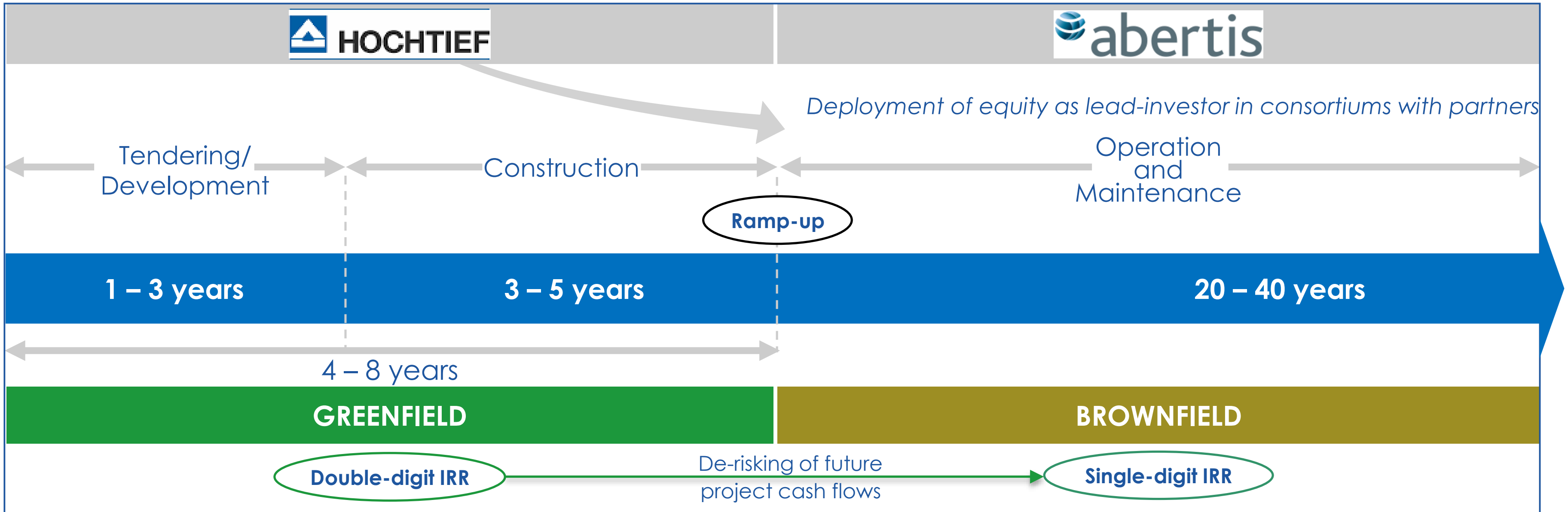
1

Value Generation throughout the Infrastructure Life-Cycle

HOCHTIEF's longstanding expertise as a greenfield developer ideally suited for a combination with Abertis



Integration drives **generation of value throughout the life of an infrastructure concession**: sponsorship, design and planning, finance, construction, operation and maintenance and, if applicable, eventual asset rotation

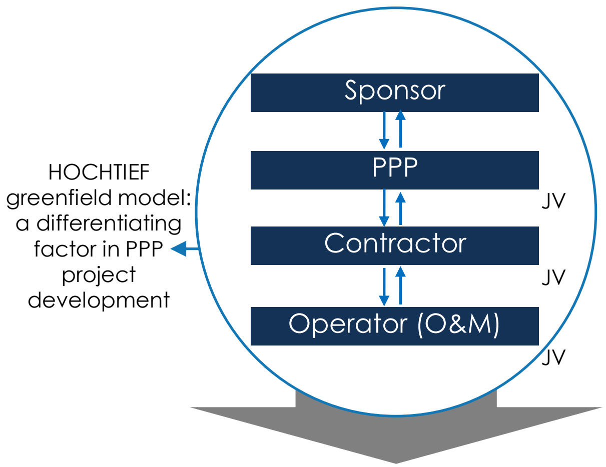
HOCHTIEF's greenfield development expertise, relationship with grantors in local markets and experience in PPPs to complement Abertis' brownfield profile and provide a visible growth path for the combined group

Value Generation throughout the Infrastructure Life-Cycle

Unique Platform to Perpetuate Growth…

HOCHTIEF PPP Model

- Integrated approach to projects
- Expertise in identifying attractive projects and DBFO[(a)] know-how drives HOCHTIEF's strong, consolidated position as a leading greenfield developer and partner of choice
- Reduced number of competitors due to project complexity and high bidding costs



- Interests aligned, in terms of returns and risks, providing clients and HOCHTIEF with security in execution
- Deployment of equity as minority investor (10%–25%) in consortia; limitation driven by balance sheet

HOCHTIEF and Abertis strengthen their business profiles by building on each other's core capabilities

HOCHTIEF + Abertis

- Leverages on a **larger scale** the **integrated model** already operated by HOCHTIEF
  - Increased **equity investment** in projects supported by **strong cash flow generation from Abertis**
  - Up to **50% equity** participation
- Poised to benefit from increasing **infrastructure developments and PPPs**
  - Builds on (i) HOCHTIEF's greenfield capabilities and geographic footprint, with (ii) Abertis brownfield expertise
- HOCHTIEF to act as a *greenfield project feeder* of new infrastructure concessions for Abertis, guaranteeing a **visible growth path**
- Abertis reinforces the profile as the **"go-to" partner** for the operation of concessions, which in turn also enhances HOCHTIEF proposition in project tendering
- The operation of projects developed under PPP will drive the extension of the **concessions portfolio duration**

Unmatched and sustainable growth profile to develop and operate PPP concession projects

(a) Design, build, finance and operate PPP infrastructure projects.

1

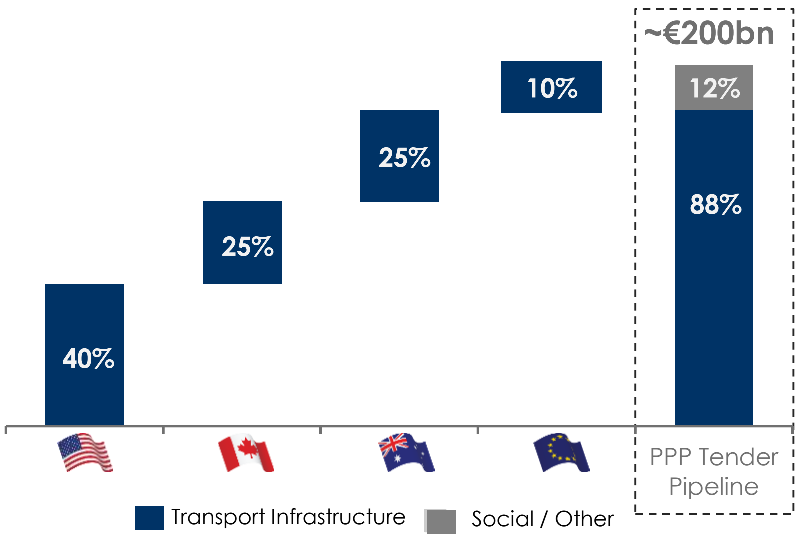
Value Generation throughout the Infrastructure Life-Cycle

…Supported by a Significant PPP Pipeline of Identified Concession Projects

Greenfield PPP Infrastructure Market Opportunities

- Greenfield PPP tender pipeline, identified by project for the period 2018–2021, currently amounts to c.**€200bn**
- Historical tendering **success ratio** of **~30%** (higher in certain geographies)

Greenfield PPP Projects Pipeline (2018–2021)



Selected Projects

	Projects	Location	Type	Contract Value (bn, local)	Award Year
1	WestConnex (51%)	Sydney (AUS)	Road	9.3	2018
2	Cross River Rail	Brisbane (AUS)	Railway	4.6	2018
3	Gordie Howe	Ontario (CAN)	Road	2.4	2018
4	Sydney Metro West	Sydney (AUS)	Railway	11.5	2019
5	RER Packages 2&3	Ontario (CAN)	Railway	9.0	2019
6	Western Harbour Tunnel	Sydney (AUS)	Road	6.8	2019
7	California High Speed Rail 1	California (US)	Railway	4.0	2019
8	Lower Thames Crossing Tunnel	Kent/Essex (UI)	Road	3.3	2019
9	Toronto-Ottawa-Montreal HFR	Canada	Railway	4.0	2020
10	Gateway Tunnel	NY (US)	Road	6.0	2021
11	Toronto-Kitchener-London HSR	Canada	Railway	6.0	2021
12	I-285 ML	Georgia (US)	Road	4.2	2021
13	Project Clean Lake	Ohio (US)	Water	3.0	2021

- HOCHTIEF's **PPP tender pipeline** provides the growth engine for the Combined Company
  - Significant PPP infrastructure **project awards** expected going forward, representing **actionable opportunities**

Greater share of value will be captured from an identified €200bn 2018–2021 PPP pipeline by deploying more capital

Note: Australian pipeline also includes projects in New Zealand.

2 Investment Grade Rated Capital Structure that Supports Future Growth

Adequate leverage and comfortable liquidity and credit ratios post transaction

Overview

- Maintaining a **robust capital structure** is a **strategic priority** for HOCHTIEF, which has significantly strengthened its balance sheet in recent years
- Financing and capital structure designed with room to **support the future growth** of the business
- **Structured in order to retain investment grade rating post transaction**

Acquisition Debt

- Acquisition financing optimises the additional debt capacity available at Abertis on a standalone basis without compromising the **investment grade credit rating** of HOCHTIEF
  - Acquisition facilities include bridge and term loans in an aggregate amount of up to **€13.5bn** net of treasury shares
  - Competitive financing package obtained at an average annual cost of around **2%**[a]

Pro-Forma Leverage

- Target **net debt to EBITDA** ratio of **3.7x** by 2019
  - Pro-forma net debt to EBITDA ratio as of 31 December 2017 of 4.8x[b]

As of 31-Dec-17	abertis	HOCHTIEF	Combined Company
ND/EBITDA 2017E[b]	4.5x	(1.0x)	**4.8x**

Sound capital structure and attractive credit profile, driven by subsequent deleveraging and a cost of capital optimization

(a) Estimated average annual cost of debt assuming refinancing of bridge facilities.
(b) Net Debt excluding hybrid equity credit and bridge to disposals. Net of treasury shares.

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3

Strong Value Creation from Synergies—NPV of €6.0bn – €8.0bn

- The following synergies have been identified as a consequence of the combination of HOCHTIEF and Abertis:

I **Greenfield Project Developments (NPV €4.0bn–€6.0bn)**	• Development of greenfield projects and operation of the associated concessions • Increased equity investment in each concession (no consolidation)	• Assumed run-rate of €8.0bn in concession wins p.a. (out of a pipeline of ~€50bn p.a.), implies ~€1bn of equity investment annually and 6.0x–7.0x current levels • Modelled phasing: €2.0bn in 2018, €4.0bn in 2019, €6.0bn in 2020, €8.0bn from 2021 onwards • Projects with 4-yr construction and 20-yr concession period • Superior returns driven by de-risking through construction and ramp-up phases	**Synergy value of €6.0–8.0bn**
II **O&M of New Concessions (NAV ~€1bn)**	• Additional O&M income obtained from expanding brownfield portfolio	• Value creation from new projects • Captures 50% of the additional income (50% ownership per project)	
III **Cost Optimisation (NAV ~€1bn)**	• Cost optimisation achieved as a reduction of COGS and SG&A	• Improved margins from new business model • Phasing: run-rate savings achieved in 4 years	

- Synergy generation supported by:
  - HOCHTIEF management team's experience and track record in PPP portfolio ramp-up and integration of construction & infrastructure companies
  - HOCHTIEF management-driven turnaround since 2012

Strong value creation with significant synergies to be captured by the shareholders of the Combined Company

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Attractive Dividend Policy

Improved dividend profile with shareholder-focused remuneration policy

Dividend Policy	• Dividend payout ratio **targeted to increase towards 90% from FY 2018** • Significantly enhanced and sustainable dividend policy supported by strong visibility of long-term cash flows as a result of an integrated business model
Dividend Yield	• **Major uplift in dividend yield** to a high single-digit percentage p.a.[a]
Active Capital Allocation Policy	• Intention to potentially **return excess capital** (from divestments/others) to shareholders

(a) Based on the share price as of 18 October 2017.

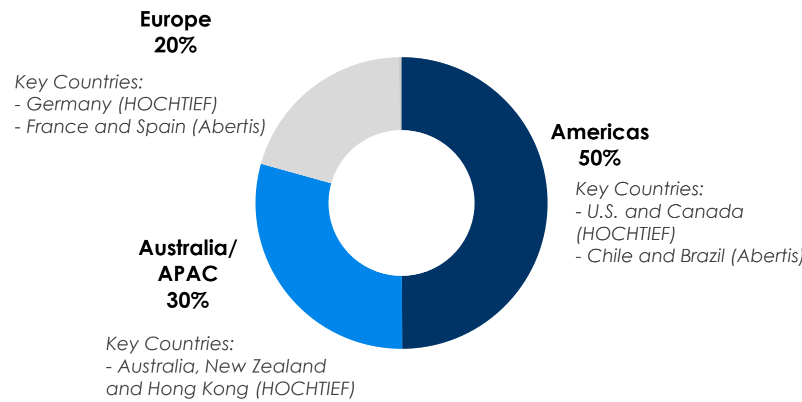
Agenda

Combined Company — Key Figures

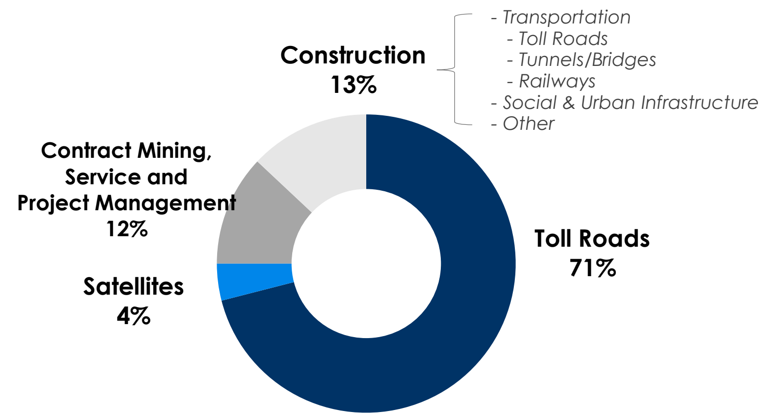
Combined Company Financials (2016)

	HOCHTIEF		abertis		Combined Company
Sales	€19.9bn	+	€4.9bn	=	€24.8bn
EBITDA	€1.1bn	+	€3.2bn	=	€4.3bn
EBIT	€0.8bn	+	€1.9bn	=	€2.8bn
Employees	53,505	+	15,428	=	68,933
Countries	31		14		40

Revenues by Geography



EBITDA by Business

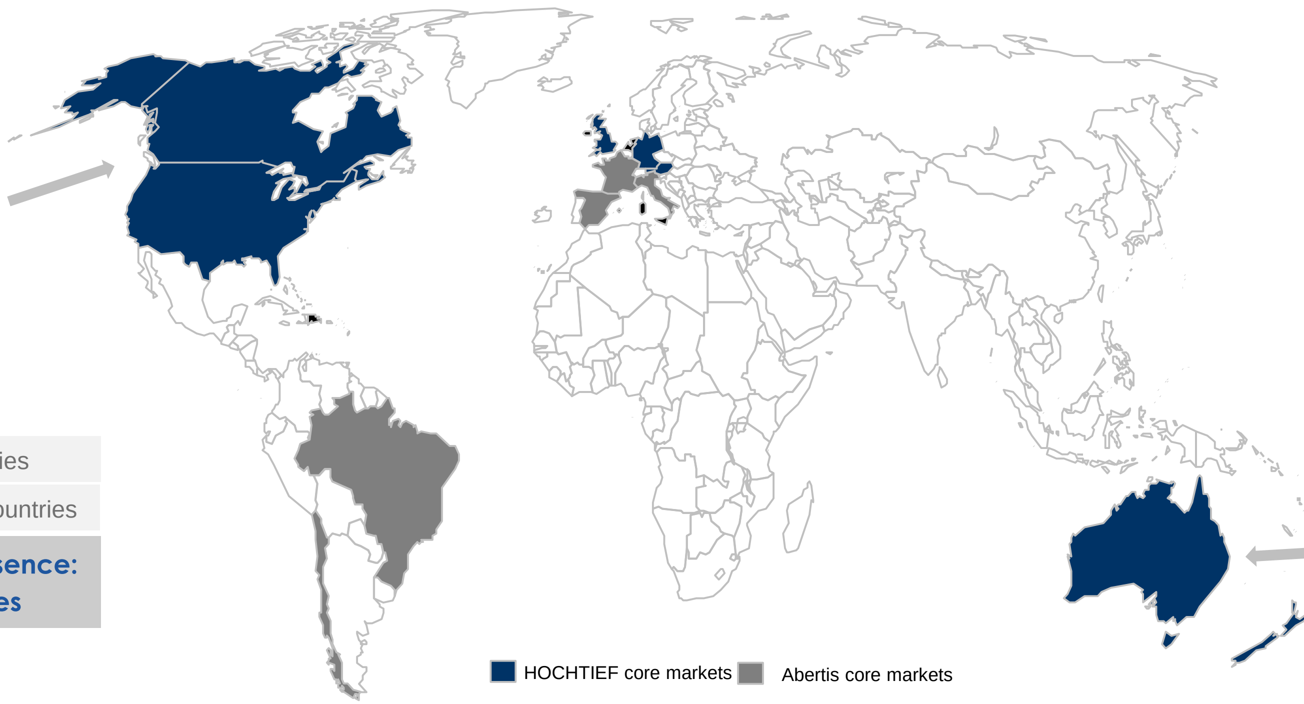


Note I: Combined financials as at 31 December 2016 except employees as at 30 June 2017.
Note II: Unaudited Illustrative Combined Financial Information for the fiscal year 2016, corresponding to IFRS presentation, recognition and measurement methods and aligned to HOCHTIEF's presentation, imply Revenues, EBITDA and EBIT of €25.5bn, €4.6bn and €3.0bn, respectively.

Combined Company – Geographical Presence

Strong, Complementary and Diversified Presence in PPP Markets

Enters the U.S. as leading contractor and leading infrastructure developer



Enters Australia as leading contractor and leading infrastructure developer

Abertis: 14 countries

HOCHTIEF: 31 countries

Combined Presence: 40 Countries

HOCHTIEF				abertis			
Infrastructure and building construction, project management and PPPs	Construction, contract mining, services and PPPs	#1 construction and PPPs company	Infrastructure and building construction, project management and PPPs	#1 Toll road operator	#3 Toll road operator	#1 Toll road operator	#3 Toll road operator
Present since 1999	Present since 1983	Present since 1873	Present since 2000	Present since 1967	Present since 2006	Present since 2011	Present since 2009

Abertis obtains an immediate and relevant presence in high-growth PPP markets – USA, Australia and Canada– through HOCHTIEF, driven by stronger financial capacity of combined group

Key Takeaways for ACS

The transaction has the following impacts for ACS:

Strengthens capital structure

- Increases shareholders' equity by €4.1bn once HOCHTIEF's stake is accounted for under the equity method and valued at market value
- Streamlines the company's capital structure by deconsolidating €12.0bn worth of liabilities
- Reassures Investment Grade rating with net debt in check (pro forma net debt as of 30/06/2017 of €2.3 bn)

x 2.1
Shareholder's Equity
By crystallizing HOCHTIEF's market value

- € 12.0bn
Liabilities Reduction
Decrease in Capital Complexity

Investment Grade guaranteed

Increases cash flow visibility

- Reduces risk profile of the cash flows and increases long term visibility
- Pro forma cash flow allows for greater optionality in cash deployment:
  - ✓ Increased shareholder remuneration
  - ✓ Pay down debt

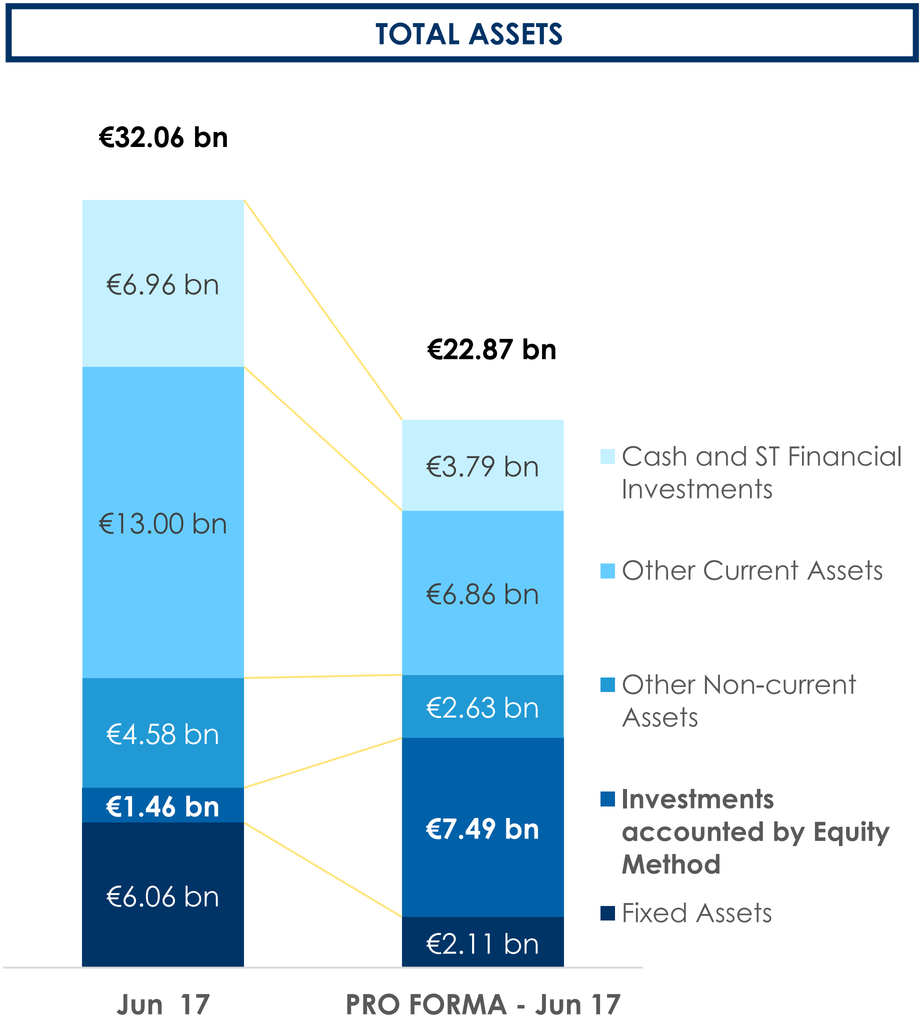
c. € 0.9bn
Annual Regular Cash Flow
Based on Bloomberg Consensus

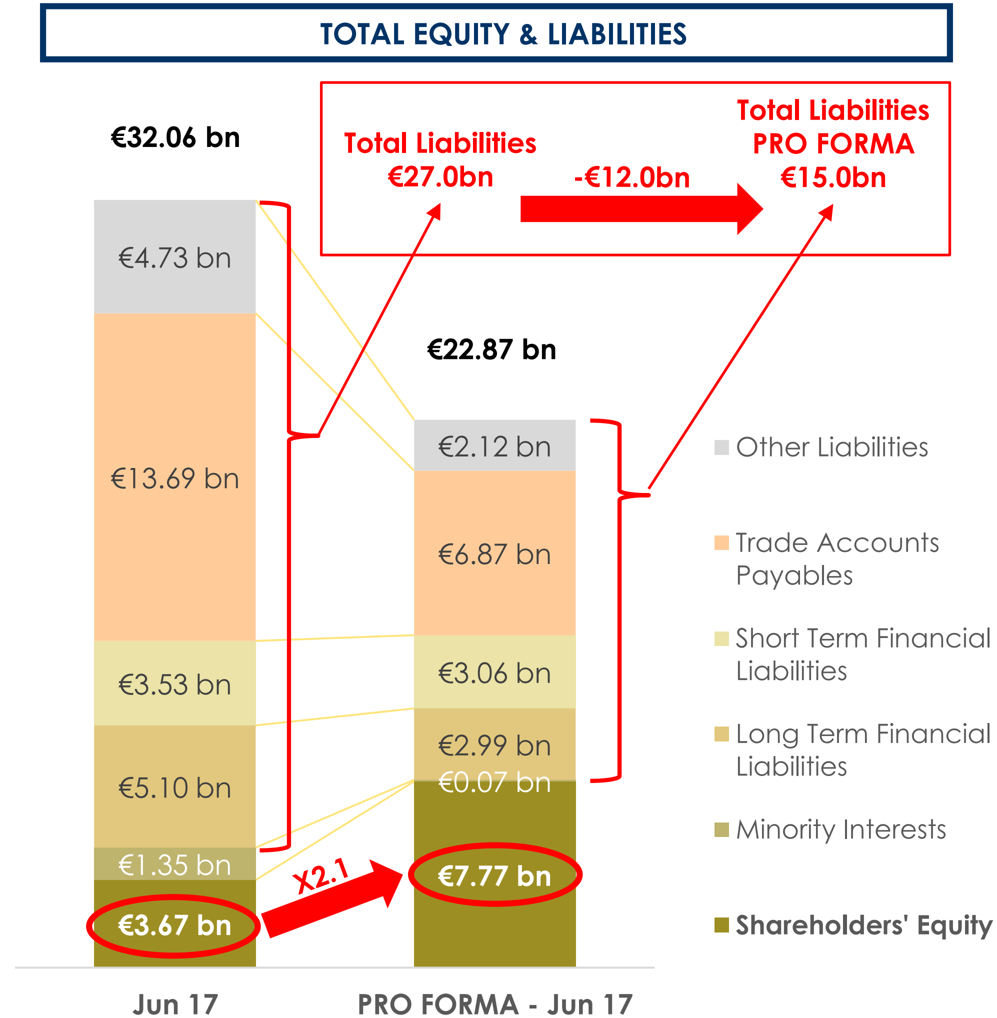
EPS accretive from the outset

- HOCHTIEF additional contribution to earnings net of PPA adjustments will result in significant EPS accretion
  - ✓ 39.3% 2017E EPS accretion and 25-35% in following years

+25-35%
EPS accretion
From 2018 onwards
Estimate of +39.3% in 2017E
based on Bloomberg Consensus

Strengthens Capital Structure





- HOCHTIEF included as an Investment accounted by Equity Method and valued at 3month VWAP €144.707/sh x 46.118 million shares
- Pro forma Net Debt as of 30/06/2017 of €2.25 bn

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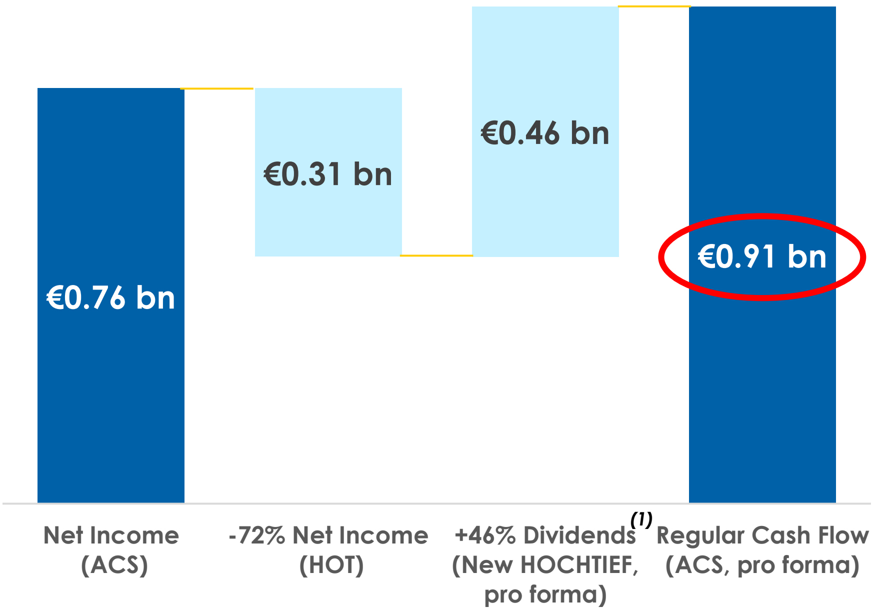
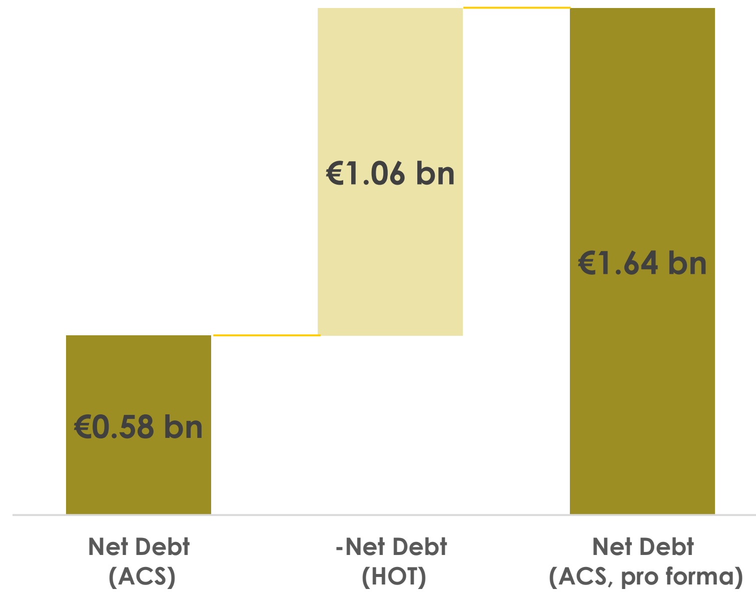
Increases Cash Flow Visibility

PRO FORMA REGULAR CASH FLOW
2017E BLOOMBERG CONSENSUS



PRO FORMA NET DEBT
2017E BLOOMBERG CONSENSUS



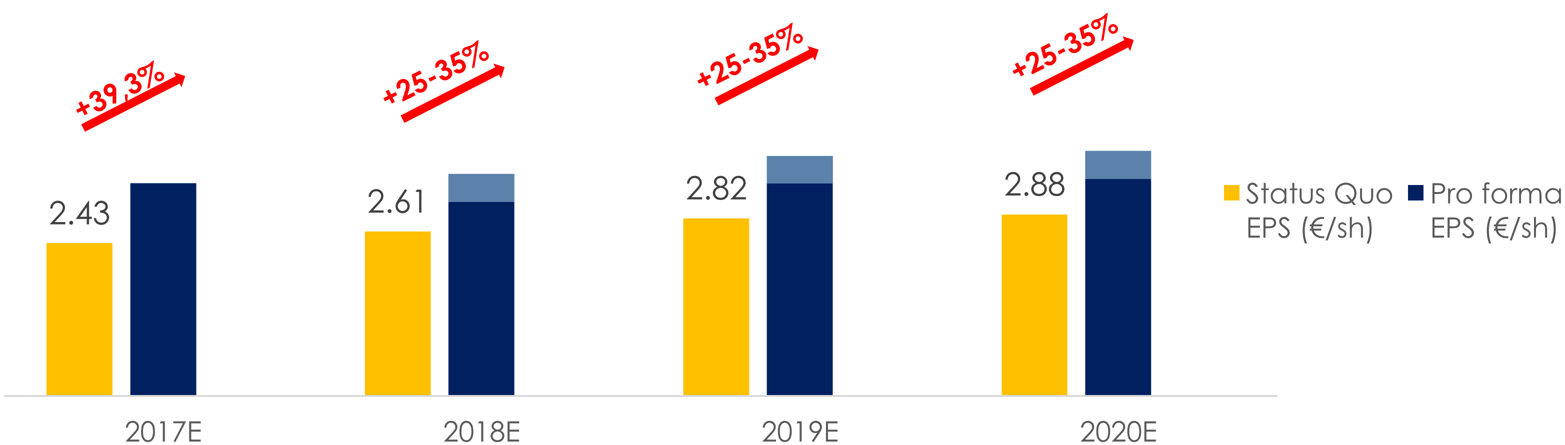
- Pro forma regular Cash Flow allows for greater optionality in Cash Flow deployment
  - ✓ Increased shareholder remuneration
  - ✓ Pay down debt

Note: Illustrative scenario based on public information and Bloomberg Consensus estimates.
(1) Assumes dividends from New HOCHTIEF pro forma at €10/sh.

The Transaction is highly EPS Accretive from the outset for ACS Group

Euro Million	2017E
Net Income - ACS (status quo)	**763**
EPS (€/sh)	*2.43*
HOCHTIEF additional contribution net of PPA adjustments	300
Net Income - ACS (pro forma)	**1,063**
EPS (€/sh)	*3.38*
EPS accretion (%)	39.3%

- Additional contribution of new HOCHTIEF under equity method per Bloomberg consensus estimates
- Increased financial expenses from acquisition debt at 2% average cost of debt
- Estimated PPA cost



Note: Illustrative scenario based on public information and Bloomberg Consensus estimates.

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