

## **ACS launches its 2024-2026 Strategic Plan to achieve €1 billion in attributable profit by 2026**

- **The Group will boost growth and investment by generating operating cash flows of between €3.3 billion and €4 billion in three years and will allocate at least €2 billion to shareholder remuneration, with an annual dividend of 2€ or more per share.**
- **ACS aims to increase revenue at an average annual pace of 6% to 10%, reaching between €43 billion and €48 billion by 2026.**
- **The Plan will consolidate a profitable business model in terms of dividends and growth, valued at €14 billion with a potential to double its value by 2030.**
- **The company will drive investment in new generation infrastructure, building on its strong financial position.**
- **The new organizational structure is committed to integration and simplification: Integrated Solutions will include Turner in America and Cimic in Asia Pacific; Infrastructure Investments will encompass Abertis and Iridium, Hochtief PPP Solutions, and Pacific Partnerships, while Engineering and Construction will be integrated by Dragados, Flatiron, and Hochtief Europe.**
- **Turner's expansion will reach Europe with investment opportunities in high-tech projects exceeding €20 billion.**
- **Abertis will maintain the ability to distribute 600 million euros in annual dividends until 2038 and beyond, based solely on its current portfolio of assets.**

***Madrid, April 17<sup>th</sup>, 2024***

The ACS Group held a meeting today in Madrid with investors and analysts (Capital Markets Day) to unveil its 2024-2026 Strategic Plan, a period in which the company aims to generate between €3.3 billion and €4 billion of net operating cash, maintain attractive shareholder remuneration with an annual dividend of 2 euros or more per share, and increase investment in essential and new generation infrastructure projects. The Group expects to be able to achieve between €850 million and €1 billion of attributable profit by 2026.

The Strategic Plan will allow it to consolidate its business model, which combines profitability through dividends and growth, cohesive and integrated, capable of meeting the demand for both new generation infrastructures and those in which ACS is already a leader.

The CEO of ACS Group, Juan Santamaría, told investors today that the new Strategic Plan aims to consolidate the Group's leadership in the high-growth markets in which it operates, and continue minimizing activity-related risks through a collaborative business

model focused on high-value-added projects. Additionally, ACS will focus on maintaining profitable growth through active cash and balance sheet management that allows capital allocation to support diversification, simplification, and growth across all companies within the Group engaged in the development of high-tech infrastructures.

ACS's financial and business goals envisage revenue growth of between 6% and 10% per annum over the period, reaching between 43,000 and 48,000 million euros in 2026, a 35% increase compared to 2023. At the same time, net operating cash flow is expected to grow significantly over the three-year period, reaching between EUR 3.3 and 4 billion, 50% more than in the previous three-year period (2021-2023).

This cash generation will allow the company to remunerate its shareholders with more than 2,000 million euros in the period and to undertake investments to continue growing.

### **Ambitious Infrastructure Investment Plan**

Between 2024 and 2030, the Group could invest up to €1.8 billion in creating a portfolio of industrial and transport infrastructures. As a result, the company's stake at the end of this period could reach €4 billion.

The company will also invest up to €4 billion by 2030 to develop and operate infrastructure in new generation sectors with a valuation of the company's stake of €9 billion.

- On the one hand, the Group plans to invest up to €2 billion to participate in the creation of a portfolio of data centers and infrastructures related to artificial intelligence and 5G, with a target of 1GW data centers by 2030. The value of the company's stake in this segment could scale to €5bn by 2030.
- On the other hand, the Group has set a target of around €1.5 billion to participate in the development of transmission lines and photovoltaic and wind infrastructures that could have a capacity of 5GW. The value of the company's participation in these infrastructures could reach 3 billion by 2030.
- As part of its commitment to energy transition, ACS also plans to invest in green hydrogen and the creation of battery recycling plants.
- The company will also promote the development of a sustainable mobility infrastructure platform, an area in which it could invest €360 million, and whose share could reach a value of €1 billion by 2030.
- Furthermore, the Group will accelerate the business of obtaining critical minerals like lithium to advance the energy transition.

ACS estimates that growth in the markets where it is operating and the development of new platforms will allow the company to double its value, which is currently estimated at €14 billion, above the Group's market capitalization.

The strong investment plan will be made possible by high cash generation, divestment of non-strategic businesses and keeping leverage at controlled levels, which will enable the company to maintain its investment grade rating. At the same time, the company will take advantage of the diversification of its business, its presence in high-growth sectors and its positioning in growing markets such as North America and Asia-Pacific.

### **The Group's operational simplification and new organizational structure**

The Strategic Plan's deepens the operational integration and simplification of the Group. In this regard, ACS has adopted a new organizational structure, aligned with its management model, which will provide a clearer view of ACS's growth vectors and

contribute to optimal capital allocation. As of 2024, all company activities will be organized as follows:

- Integral Solutions, with two main companies: Turner in America and Cimic in Asia Pacific.
- Infrastructure Investments, which will include Abertis and greenfield infrastructure development companies such as Iridium, Hochtief PPP Solutions, and Pacific Partnerships.
- Engineering and Construction, which will integrate Dragados and its subsidiaries, as well as Flatiron and Hochtief Europe.

## **Integrated solutions**

### **Turner**

Growth in the next-generation infrastructure business will be driven, among others, by Turner, the largest integrated engineering solutions company in the United States. The company, which increased revenues by more than 6% year-on-year in 2023 to \$17.5 billion, is characterized by a limited risk contracting model and >100% cash conversion. According to the Strategic Plan, high-tech infrastructure projects are expected to account for more than 40% of its backlog by 2027, up from 25% today.

Turner's plans also include continuing to drive the integrated solutions business to improve the supply chain in the construction sector, which will generate synergies with other ACS Group companies.

Growth in high-tech sectors and the incorporation of new high value-added services will enable the company to increase its margins, reaching a pre-tax profit margin of over 3.5% in 2026.

In addition, Turner continues to analyse strategic acquisitions to expand its presence and expansion in Europe, a market where it estimates that there are opportunities in high-tech projects with an investment of close to 20 billion dollars.

### **Cimic**

The Asia-Pacific market's contribution is led by Cimic, which has been developing its activity in the businesses of integrated solutions for new generation infrastructures; natural resources and mining; and engineering and construction. The company had a turnover of A\$13,300 million in 2023, representing annual growth of 20%.

Cimic's plans foresee an increase in the weight of high-tech projects, which in 2023 grew by 50% compared to the previous year.

On the other hand, and in line with the rest of the ACS Group companies, Cimic will continue to mitigate the risks associated with its activity through collaboration models with clients and third parties. These low-risk contracts already accounted for 80% of the total at the end of 2023, a percentage that will continue to grow in order to improve visibility and project management, as well as the company's margins.

At the same time, CIMIC will continue to push for closer integration and collaboration between its various leading companies: UGL, Sedgman, Leighton Asia, Thiess and CPB Contractors.

## **Infrastructures**

### **Abertis**

Abertis' strategic plan foresees that the company will generate €27 billion in cash until 2033, which will allow it to maintain a dividend distribution of around €600 million per year until at least 2038 and higher after this date. The ACS Group holds a direct stake of 30% in Abertis and an indirect stake of 20% through HOCHTIEF.

Abertis' cash flows will also allow the company to continue to reduce its leverage and maintain its investment grade rating. Between 2018 and 2023 Abertis reduced its net debt to EBITDA ratio from 6.6 to 6.3 times the indicator.

The company forecasts annual traffic increases of more than 2.7% between 2024 and 2026 and an annual tariff increase of more than 3.4%, which would allow Abertis to increase its EBITDA from its current portfolio at rates of more than 7% per year over the period without considering extensions to existing contracts or the need to purchase new assets. However, Abertis will also rely on an ambitious inorganic growth strategy. Along these lines, the investment plan approved by shareholders envisages a disbursement of up to €1.3 billion in 2024 for acquisition opportunities.

### **Iridium, HOCHTIEF PPP Solutions and Pacific Partnerships**

The Group's investment in *greenfield* infrastructure will be carried out mainly through Iridium, HOCHTIEF PPP Solutions and Pacific Partnerships, companies with a portfolio of 97 assets currently worth approximately EUR 2.7 billion.

In addition to the construction and operation of road, rail and metro transport routes and the management of public services and facilities such as hospitals and car parks, these companies will accelerate investment in new-generation infrastructure in sectors such as renewables, green hydrogen, digitalization, sustainable mobility and the extraction of critical minerals to advance the energy transition.

ACS will use its strategy to promote synergies with other Group companies, such as Turner and CIMIC, to cover the entire value chain in these businesses.

## **Engineering and construction**

Through this line of business, the ACS Group will also combine the development, operation and investment in new generation assets with the execution of essential infrastructure projects, both in civil engineering and construction, mainly through Dragados, Flatiron and HOCHTIEF Europe.

In this business area, the Group will prioritize the development of projects in high-growth markets with strong currencies - with a focus on North America and Europe - and the minimization of the risk associated with the projects by entering into alliances with clients and third parties.

## **About ACS Group**

ACS Group is a global operator and provider of integrated infrastructure services, comprising leading companies in the development, construction, and operation of engineering projects, civil works, and building, as well as next-generation solutions in sectors of the future such as energy transition, digitalization, and intelligent mobility.

With more than 135,400 employees worldwide, the Group invoiced €35.738 billion in 2023, ending the year with a project portfolio valued at €73.538 billion.

ACS Group's companies operate in an integrated way in the three most developed markets globally (North America, Asia Pacific, and Europe), generating synergies and ensuring ACS's presence throughout the entire value chain of the infrastructure business.