

Presentation on the Merger Proposal



Grupo Dragados

A New Leader in Europe

7th July 2003

Disclaimer

- *This document contains market assumptions, information and forward-looking statements with respect to ACS, Actividades de Construcción y Servicios, S.A. ("ACS") and Grupo Dragados, S.A. ("DRC") and their respective subsidiaries which have been compiled from different sources.*
- *Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors.*
- *Analysts and investors are cautioned not to place undue reliance on forward-looking statements, which are valid only as of the date of this presentation. ACS and DRC undertake no obligation to publicly release the results of any revisions or changes to these forward-looking statements in the future.*

THE PROPOSED TRANSACTION

THE NEW GROUP

DESCRIPTION OF THE BUSINESS LINES

VALUE CREATION OPPORTUNITIES

FINANCIAL IMPACT

CONCLUSIONS


Description of the transaction

- Merger proposal through a share-for-share exchange offer
- Exchange of 33 newly-issued ACS shares for every 68 existing DRC shares
 - ✓ 54.46 new ACS shares to be issued to DRC shareholders
 - Representing 46% of the share capital of the New Group
 - ✓ Cancellation of 34.88% of the share capital of DRC
 - 33.49% of DRC's share capital owned by ACS
 - 1.39% DRC's treasury stock
- Merger to have economic effect from 1st May 2003
- Estimated closing of the transaction towards the end of 2003

Strategic rationale of the merger

- Creation of a European leader
- #1 in the most profitable market: Spain
- Market leader in all businesses related to the development and management of infrastructure
- High complementarity in diversification strategies
- Creation of significant synergies
- Financial strength to take advantage of future growth opportunities
- Benchmark stock in terms of market capitalization and liquidity

Considerations on the exchange ratio

- Recommendation based on different valuation methodologies
 - ✓ Average historical prices for ACS and DRC
 - ✓ Research analysts' reports
 - ✓ Sum-of-the-parts valuation based on multiples of comparable companies
 - ✓ Discounted cash-flow analysis
- Supported by prestigious international banks
 - ✓ Advisory: Lazard and Goldman Sachs
 - ✓ Fairness Opinion: Merrill Lynch and Citigroup
- The transaction is accretive to EPS for both companies
 - ✓ 04E* DRC EPS > 3.40 €
 - ✓ 04E* ACS EPS > 3.69 €

2004E NEW GROUP EPS > 4.00 €

* Analysts' consensus; DRC adjusted to the proposed exchange ratio

Preliminary timetable

2 nd July	"Proyecto de Fusión" (merger proposal) approved by the Boards of Directors of ACS and DRC
August	Publishing of the report by the Independent Expert to be appointed by the Mercantile Registry
September	EGMs of both ACS and DRC to be called
October	EGMs of both ACS and DRC Approval of the Merger
December	Share exchange to be implemented Listing of the newly-issued ACS shares

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The New Group

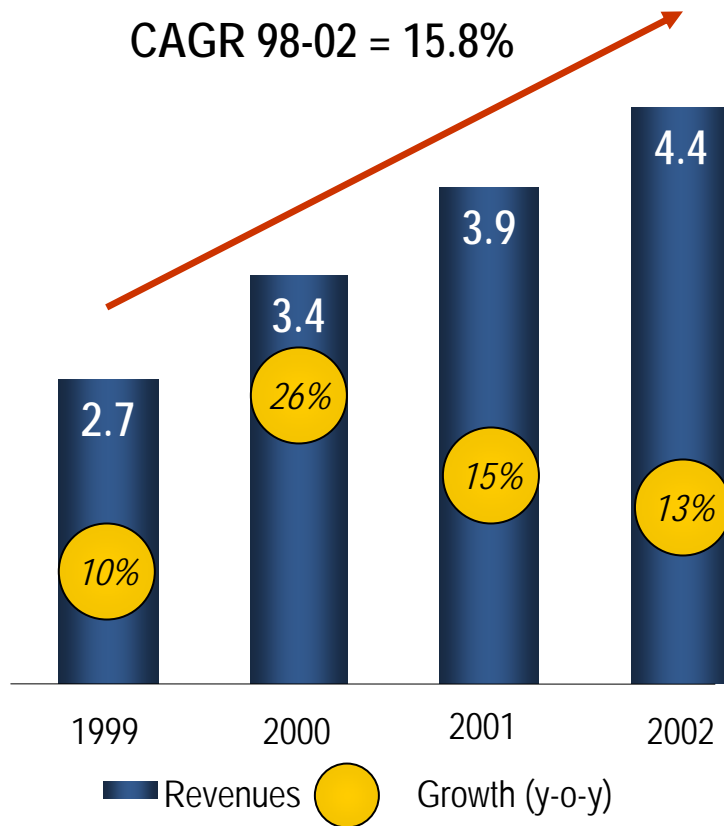
- Leader in Spain on European scale
- A success story
- Efficient organization
- Strong strategic values
- Management team committed to value creation
- Higher market capitalization coupled with increased liquidity

Creation of a market leader

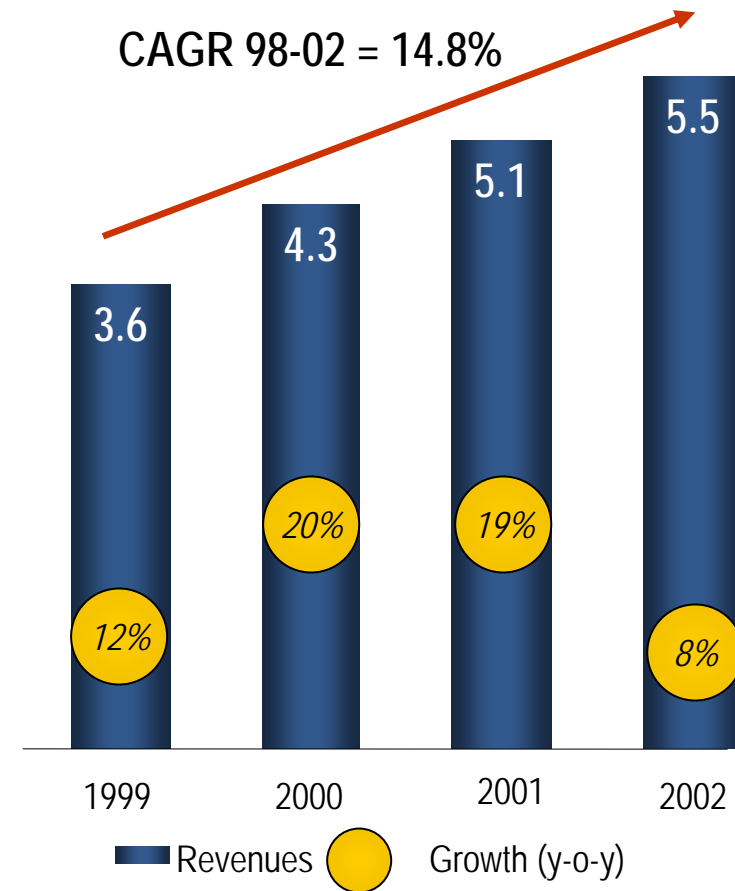
- Revenues: €10.8bn in 2003E
- Diversification: 50% of revenues from services
- EBITDA > € 900 million
- Profitability: ROE > 20%
- Business lines
 - ✓ #1 in Spanish construction
 - ✓ #1 in industrial services in Spain, Portugal and Latin America
 - ✓ #1 in waste management in Spain
 - ✓ #1 in ports and logistics services in Spain
 - ✓ Core shareholder in the #1 transport infrastructure concessions company worldwide (by number of concessions)

A success story... in terms of growth

ACS – REVENUES (€ bn)

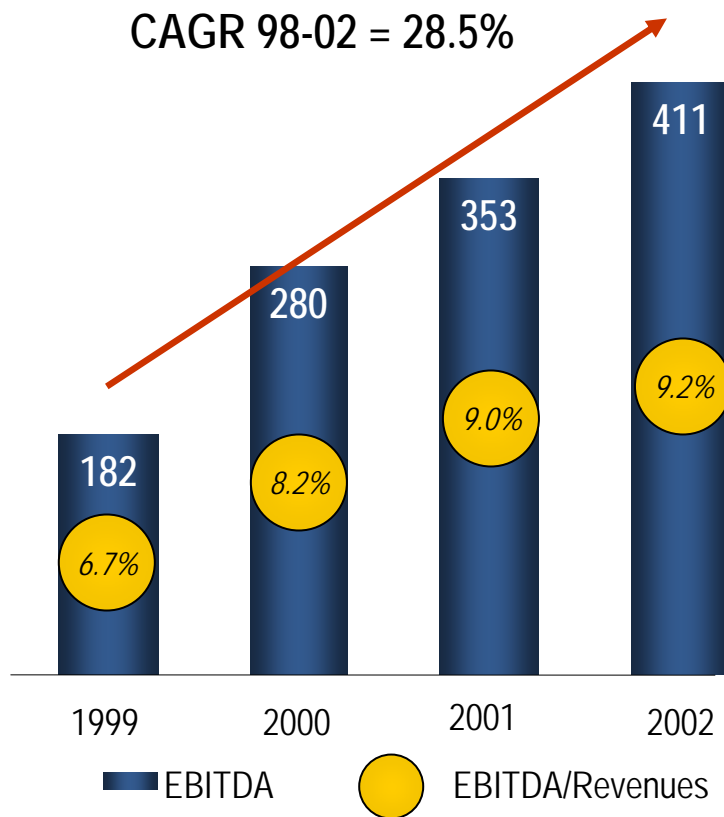


DRC – REVENUES (€ bn)

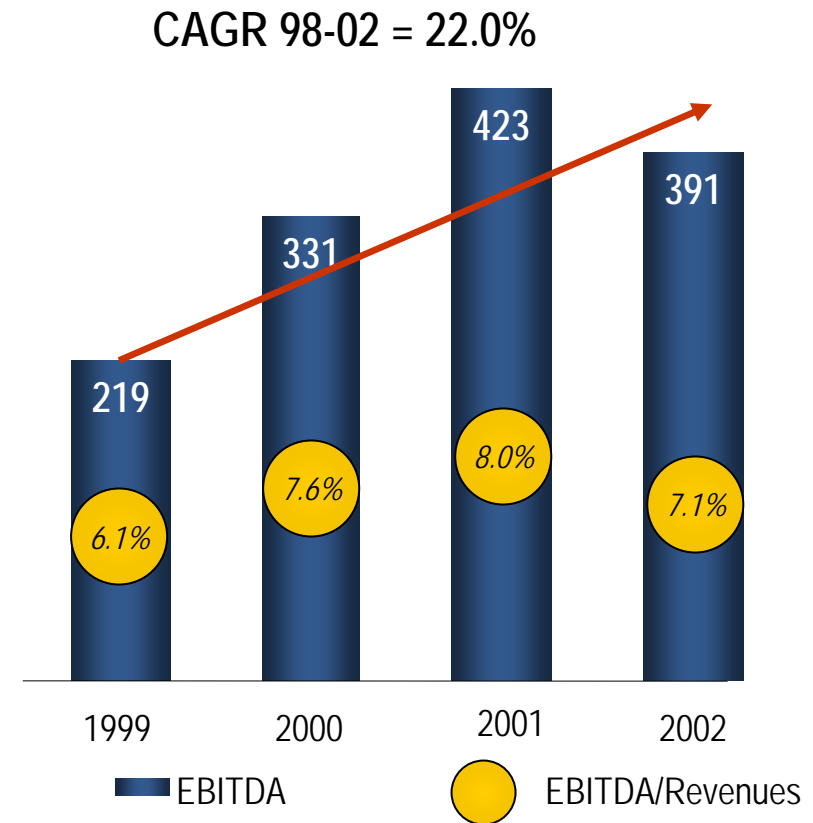


A success story... in terms of profitability

ACS – EBITDA (€ million)

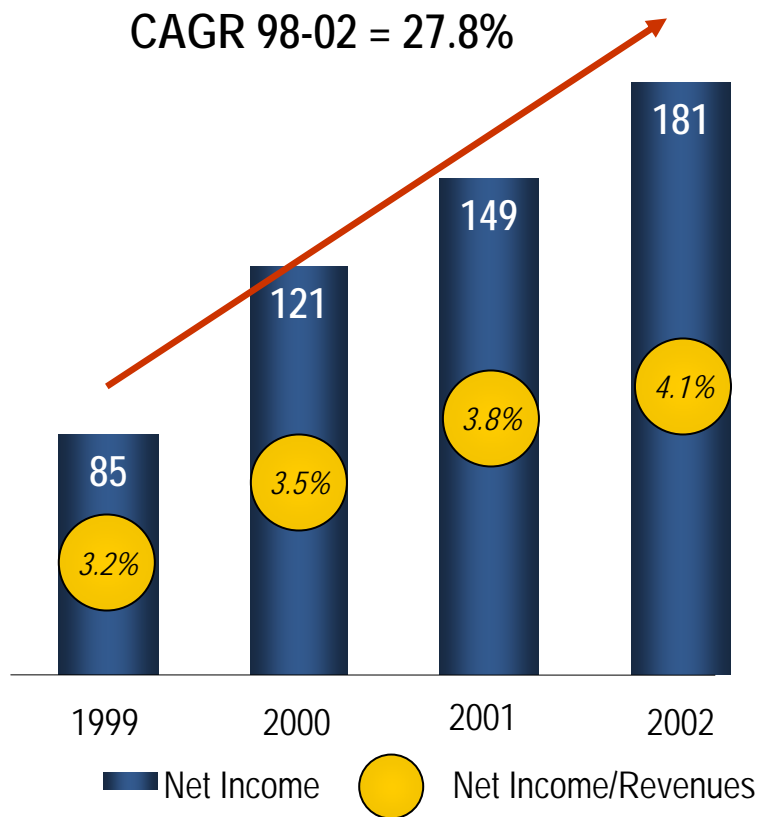


DRC – EBITDA (€ million)

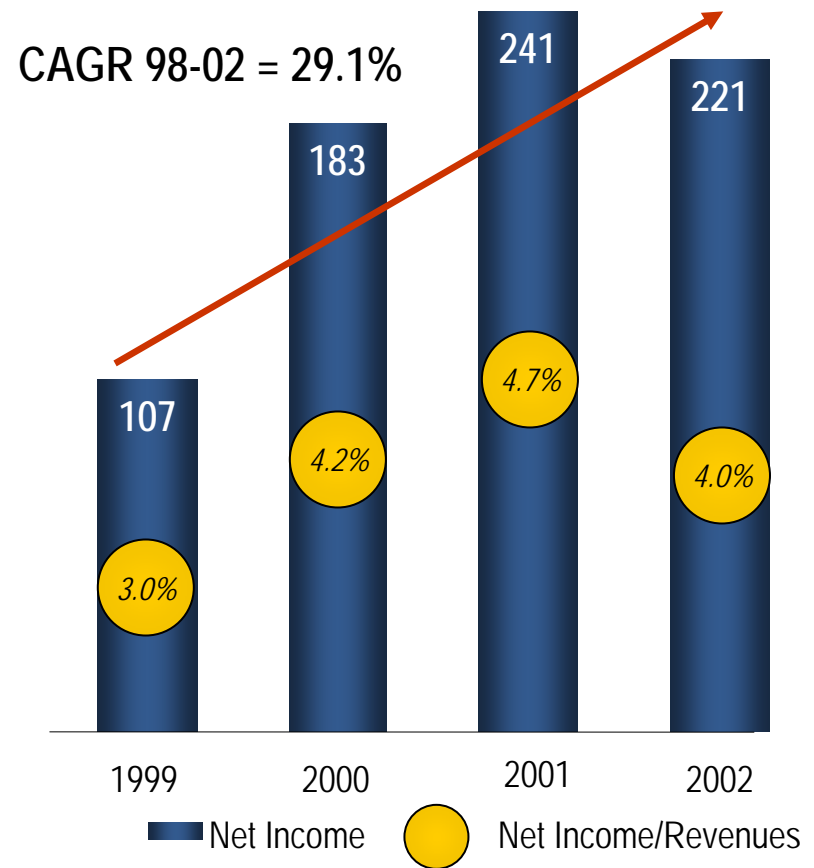


A success story... in terms of net income

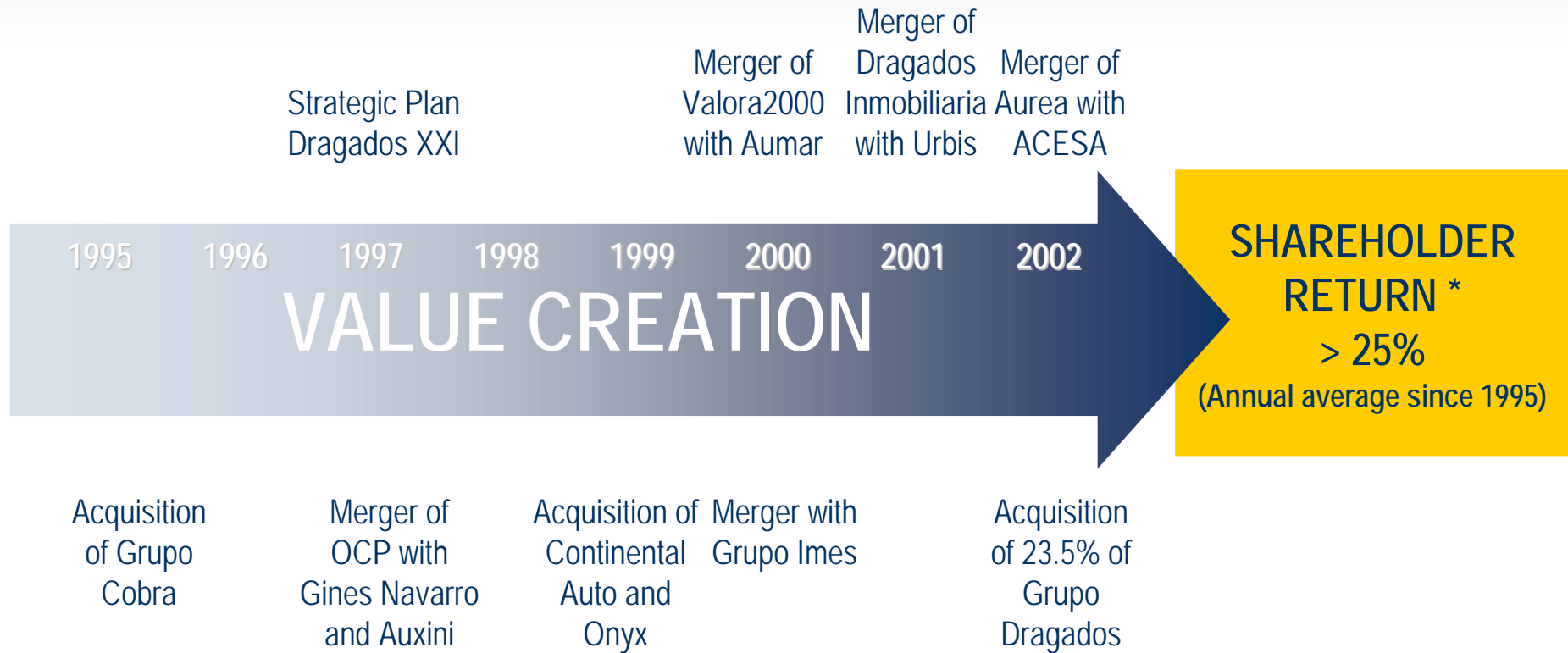
ACS – NET INCOME (€ million)



DRC – NET INCOME (€ million)



A success story... based on a dynamic and effective management team



* Internal rate of return including share price appreciation in the 31 Dec 94 - 30 Jun 03 period plus dividends



... and based on an efficient organization

NEW GROUP ACS + DRC

Construction

Urban and
Logistics
Services

Industrial
Services

Concessions

Revenues
2002

53%

19%

28%

Equity Accounted

EBITDA
2002

45%

27%

28%

Equity Accounted

... with well-defined strategic values

CRITERIA

- Corporate culture focused on customer service
- Competitive advantage based on human capital
 - ✓ Quality
 - ✓ Technical excellence
 - ✓ Training and innovation
- Permanent focus on profitability

OBJECTIVES

- Strengthen current leadership in infrastructure development
- Achieve maximum client satisfaction
 - ✓ High standards in terms of quality, security and reliability
 - ✓ Wide product and service offering
- Optimize the profitability of resources managed
 - ✓ Operating and financial efficiency
 - ✓ Strict investment criteria
 - ✓ Solid capital structure
 - ✓ Attractive dividend policy

Sustainable growth

... and a highly committed management team

- Top management with stake in share capital
- Compensation scheme linked to value creation
- Proven and extensive track-record in successfully integrating businesses

A benchmark in Europe

- High market capitalization
 - ✓ More than € 4.4bn
 - ✓ #1 in the sector in Spain
 - ✓ #2 in the sector in Europe
- Increased liquidity
 - ✓ Free float > 60%
 - ✓ Average daily trading volume > € 20 million
- Stable core shareholder base

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THE NEW GROUP

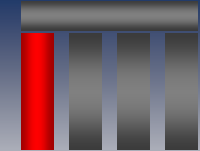
DESCRIPTION OF THE BUSINESS LINES

VALUE CREATION OPPORTUNITIES

FINANCIAL IMPACT

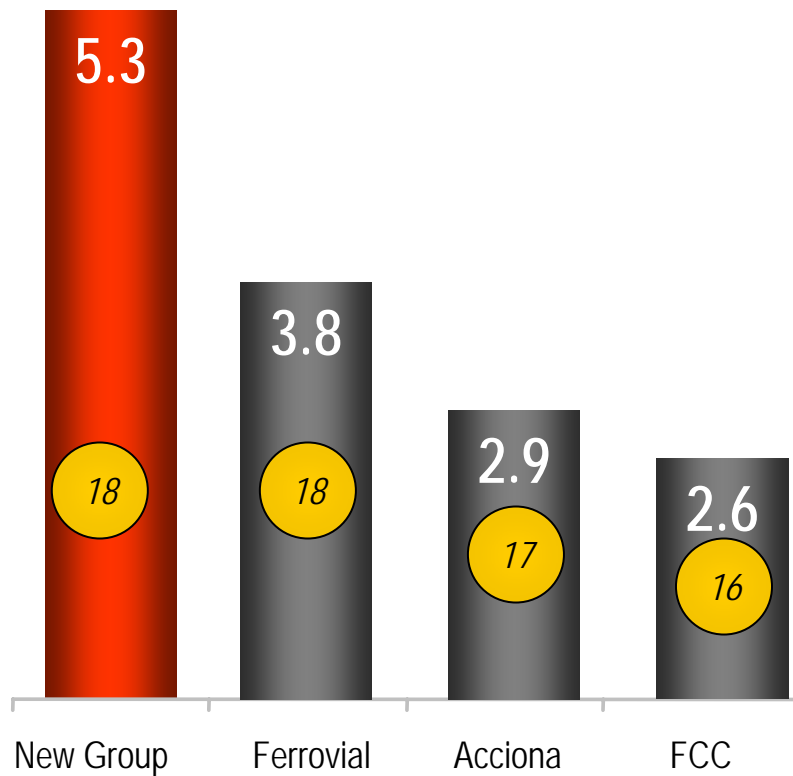
CONCLUSIONS

Construction: a clear leader in Spain

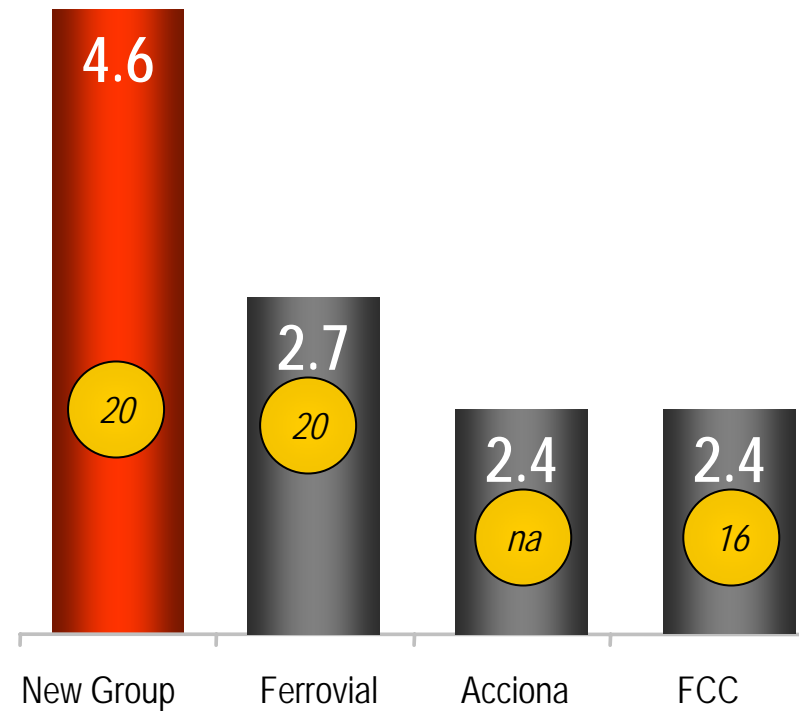


2002 Total Construction Revenues (€ bn)

2002 Construction Revenues in Spain (€ bn)

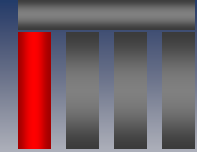


● Backlog (months)

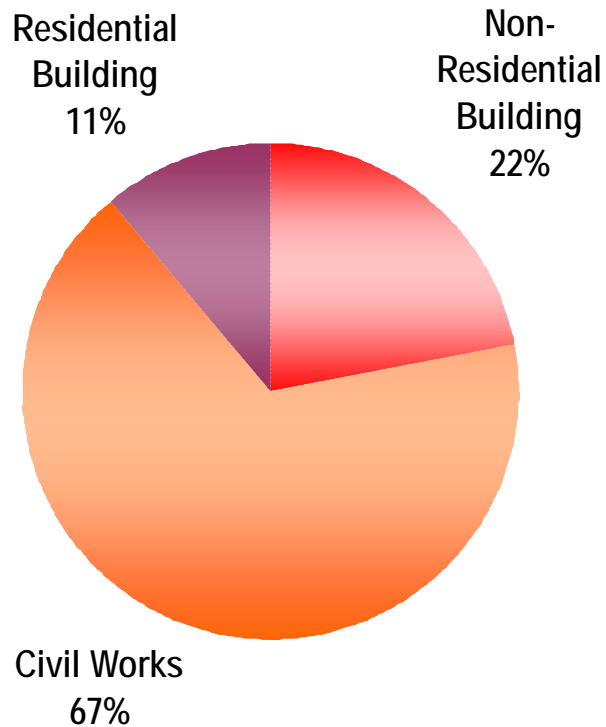


● Backlog (months)

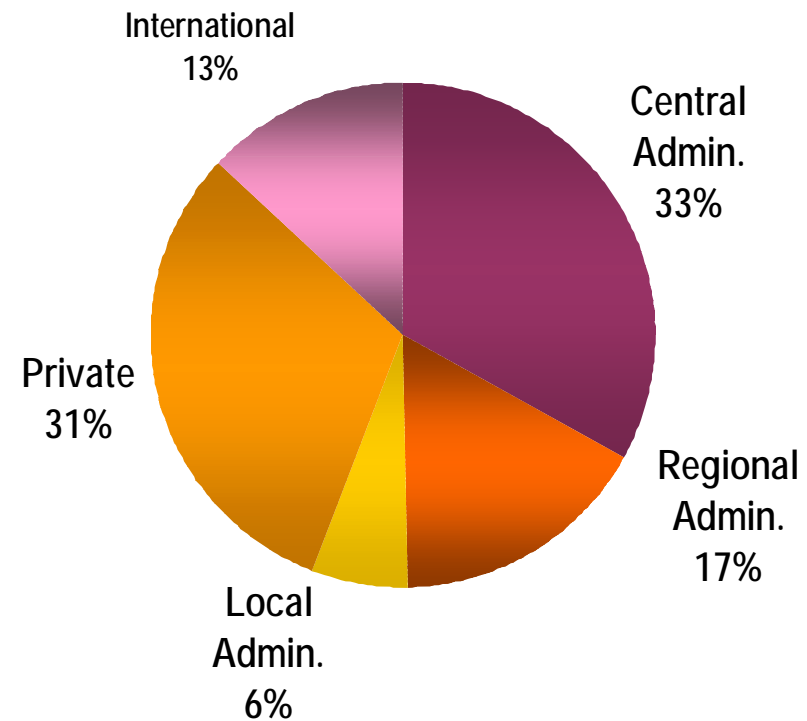
...focused on civil works



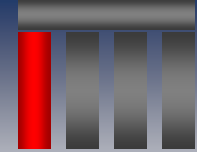
2002 Revenue Breakdown



2002 Revenue by Client



...and a clear strategic positioning



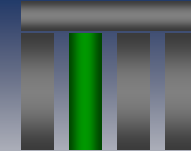
OBJECTIVE

- Maintain consistent growth
- Consolidate profitability through focusing on projects of:
 - ✓ Significant size
 - ✓ Value added
 - ✓ Specialisation
- Selective international expansion :
 - ✓ build presence in stable countries with greatest prospects
 - ✓ Concession projects

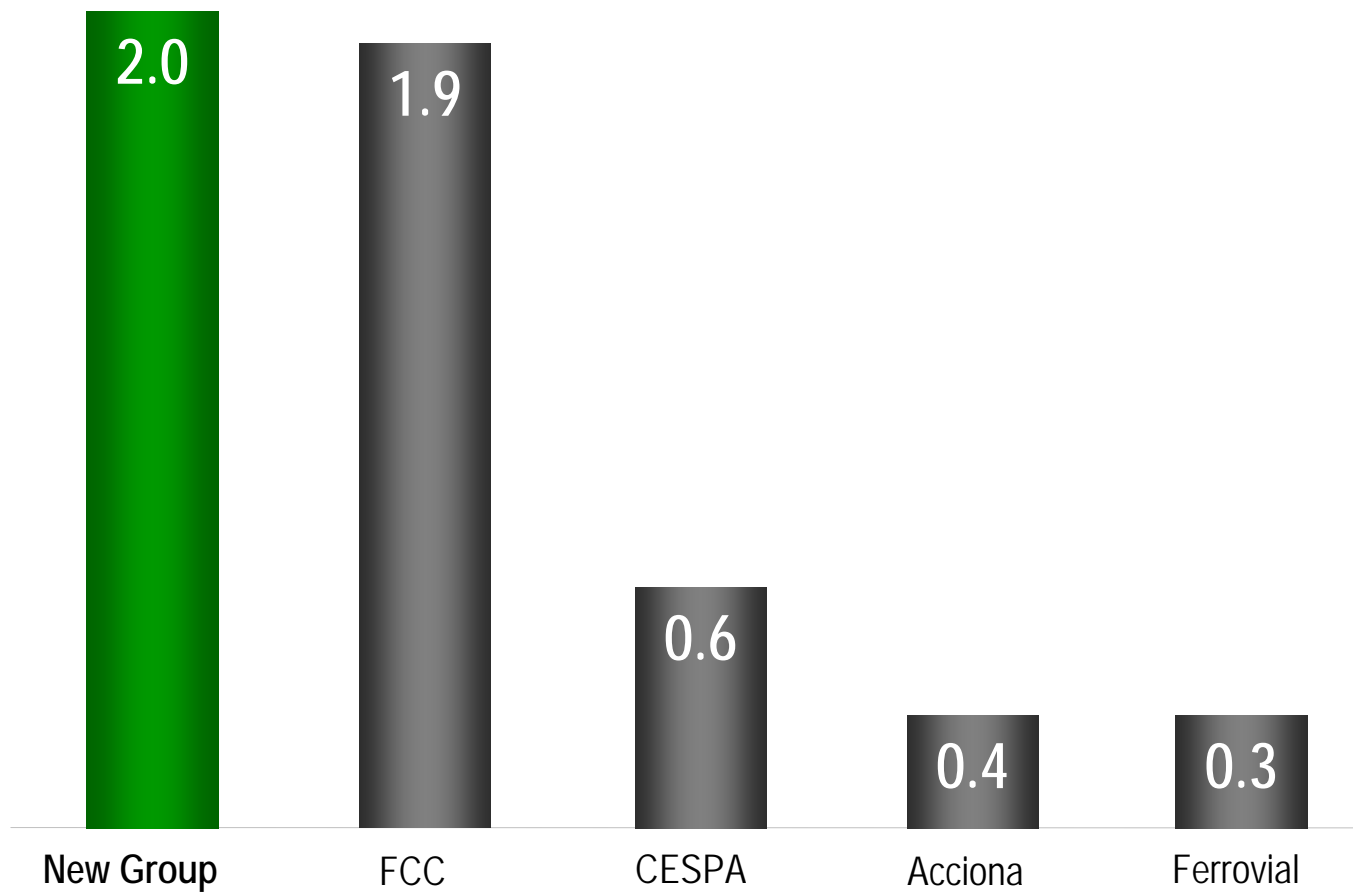
COMPETITIVE ADVANTAGE

- Highly competitive position in public sector projects
 - ✓ Proven quality and technical capacity
 - ✓ Wide global multi-disciplinary experience
 - ✓ Strong backlog
- Wide geographical presence
 - ✓ Complete domestic coverage
 - ✓ Operations in 22 countries
- Strong Brand awareness
 - ✓ Worldwide prestige
 - ✓ Greater opportunities

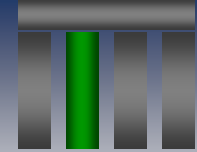
Urban & Logistics Services: a benchmark for the sector



Urban & Logistic Services revenues 2002 (€ bn)



...with a multi-service approach



Environmental Services

- Solid urban waste management:
 - ✓ Collection and treatment
 - ✓ Street cleaning
- Special waste
 - ✓ Sanitary
 - ✓ Industrial
- Integrated management of water cycle
- Gardening and reforestation

Integrated Maintenance

- Integrated building management
- Sanitary services

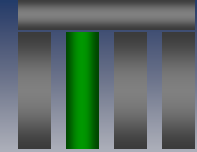
Port and Logistics Services

- Port handling
 - ✓ Loading
 - ✓ Towage
- Maritime Agency
 - ✓ Consignment
 - ✓ Transit
- Logistics Services

Transport

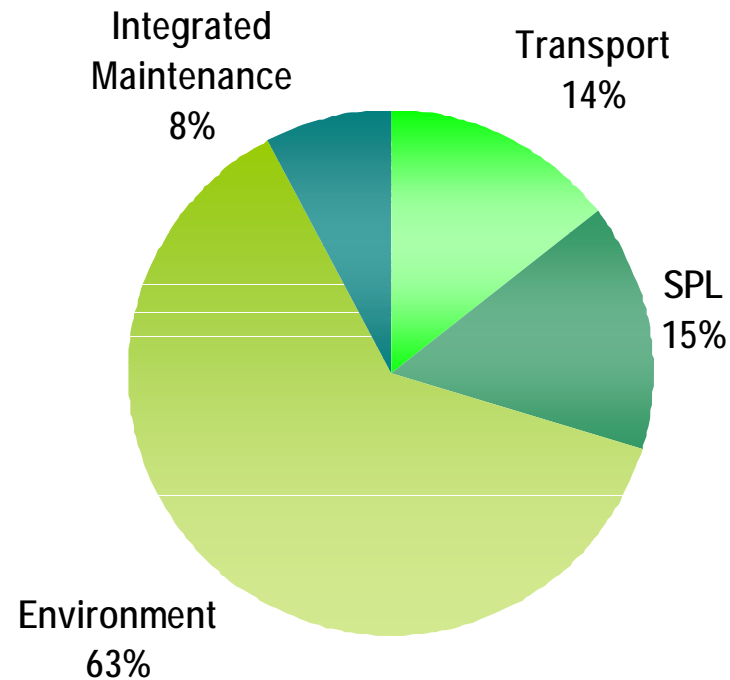
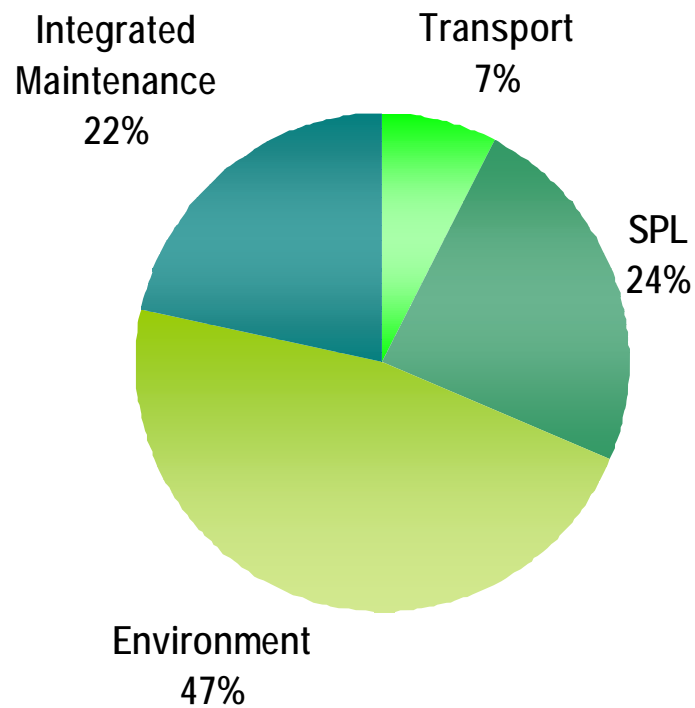
- Road passenger transport
- Railway transport

...and a recurring and profitable revenue flow

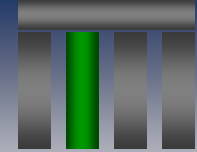


2002 Revenues by activity
(€ 2.0 bn)

EBITDA 2002 by activity
(€ 221 m)



... with a clear focus on growth



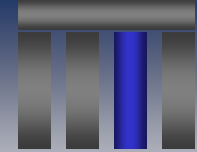
OBJECTIVE

- Maintain double digit growth rates over the next 3 years
- Lead the solid urban waste sector
- Expansion in Port and Logistics Services
- Consolidate international operations focusing on profitability
- Promote new complementary business areas

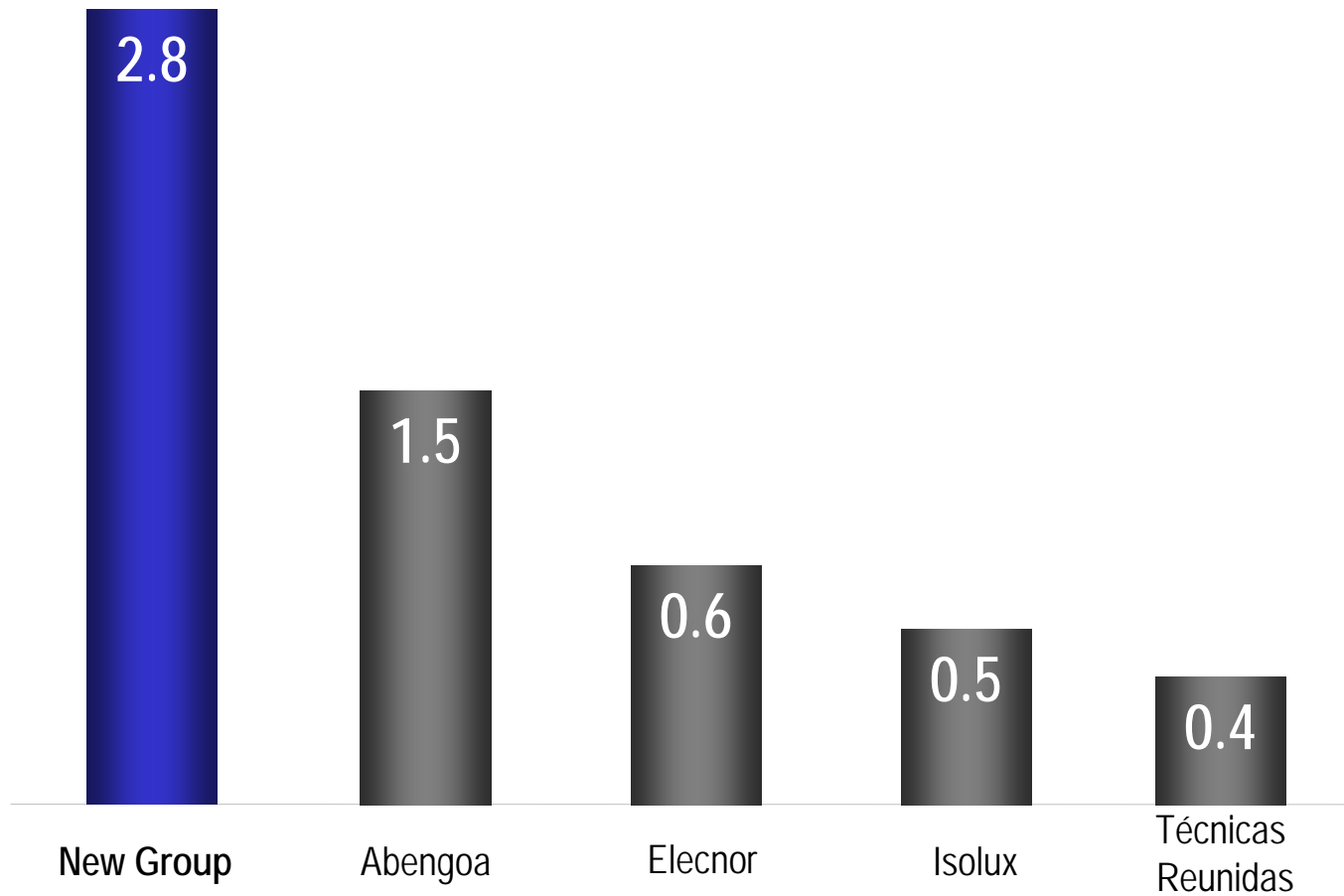
COMPETITIVE ADVANTAGE

- Technological leadership in environmental services:
 - ✓ **SUW**: Incineration, biological treatment, compost
 - ✓ **Special Waste**: Toxic waste, oil, sanitary waste
- Leadership in domestic port activity
- Critical mass benefit from economies of scale
- Geographical reach
 - ✓ Over 300 centres
 - ✓ Population covered > 50 mn
- Wide range of services per client type

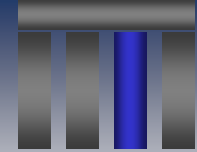
Industrial Services: an unrivalled leader



Industrial Services revenues 2002 (€ bn)



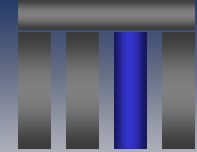
...Positioned throughout the value chain



Energy	✓	✓	✓	✓
Oil & Gas	✓	✓	✓	✓
Systems	-	✓	✓	✓
Industrial	-	✓	✓	✓

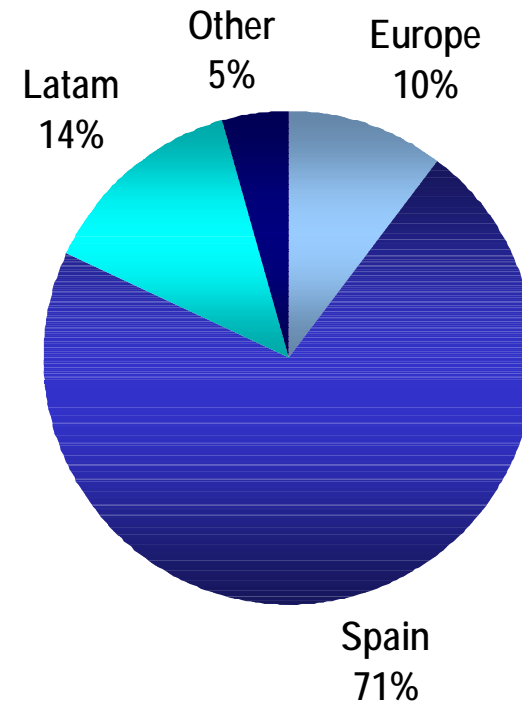
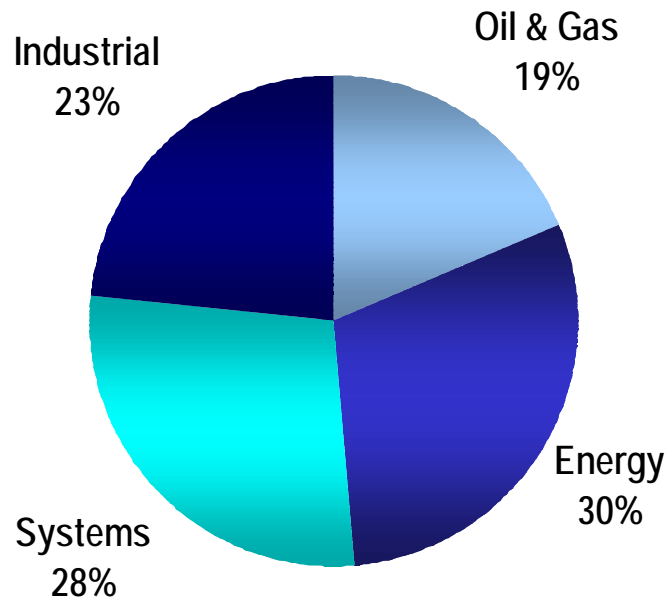
Integrated services for large clients and public sector

.... Highly diversified by activity and geography

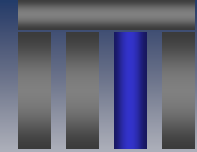


2002 Revenues by activity
(€ 2.8 bn)

2002 revenues by
geographical area (€ 2.8 bn)



... with solid foundations for future growth



OBJECTIVE

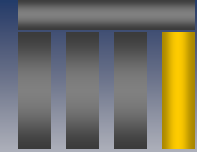
- Lead sector growth in the coming years
- Improve productivity
 - ✓ Growth in value added services
 - ✓ Strict cost-control policy
- Geographical expansion based on strict profitability criteria
- Investment in promotion of technology-intensive businesses

COMPETITIVE ADVANTAGE

- Unrivalled leadership position
- State-of-the-art technical qualification
- Processes and services integration capacity
- Wide geographical reach
 - ✓ 50 countries
 - ✓ 200 operational centres in Spain
- Dynamic and efficient structure
 - ✓ Strong corporate culture
 - ✓ Geographic/ product matrix structure
 - ✓ Compensation scheme linked to objectives
- Business diversification

Selective growth to maximise profitability

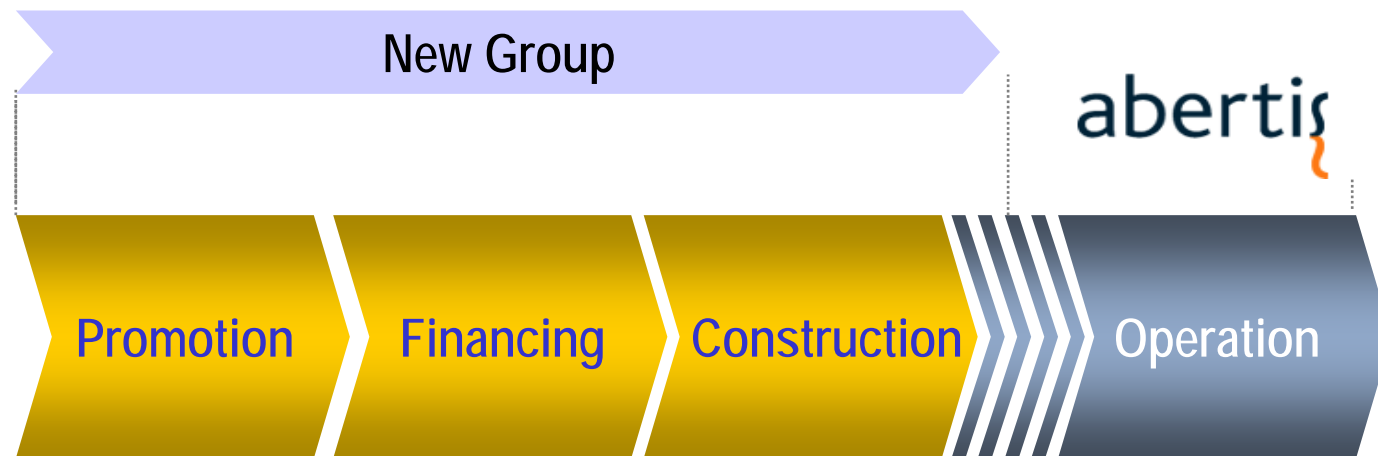
Concessions: a world leader



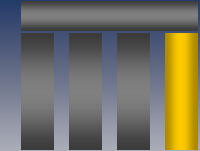
- 42 highway concessions
- 5 airport concessions
- 2 railway concessions
- 2 telecommunications concessions
- 135 car parks

World leader in
infrastructure
promotion

- Over €10 bn invested
- 1,500 km of managed railways
- Over 31.7 m passengers in airports
- Some 100,000 parking spaces under management



Core shareholder in Abertis



#1 European concession company in terms of shareholders' equity

€ 2.0 bn

#2 European concession company by market capitalization

€ 6.0 bn

abertis

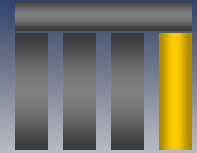
#3 European concession company by number of kilometres managed

1,500 km

#2 European concession company by net profit

+ € 300 million

Highly competitive strategic positioning



OBJECTIVE

- Lead the global market in promotion of concessions
- Develop a diversified portfolio of projects
- Foster international expansion in countries with stable environment
- Achieve attractive returns by leveraging on the group's capabilities in all the stages of the project

COMPETITIVE ADVANTAGE

- Excellent and proven experience over 30 years:
 - ✓ Bid
 - ✓ Financing
 - ✓ Construction
 - ✓ Execution**Reliability**
- Complementary to other activities of the Group
- Leading industrial shareholder in Abertis
- Strong value creation track-record in the concessions under management

Selective investments with recurring returns

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Outstanding value creation potential

- Attractive business opportunities in the infrastructure sector
- Generation of synergies
- Financial strength
- “Must have” construction stock



- Improve visibility of revenues and margins
- Increase returns on capital employed
- Increased liquidity of shares

Growth opportunities: strong fundamentals

Public Investment

- Infrastructure Plan
- National Hydrological Plan
- National Energy Plan
- Solid Urban Waste Management Plan
- Outsourcing of Public Services

Private Investment

- Recovery of investment in equipment
- Investment in infrastructures
 - ✓ New highway concessions
 - ✓ PFI in hospitals, airports, light trains, etc.
- Outsourcing of services by large corporations

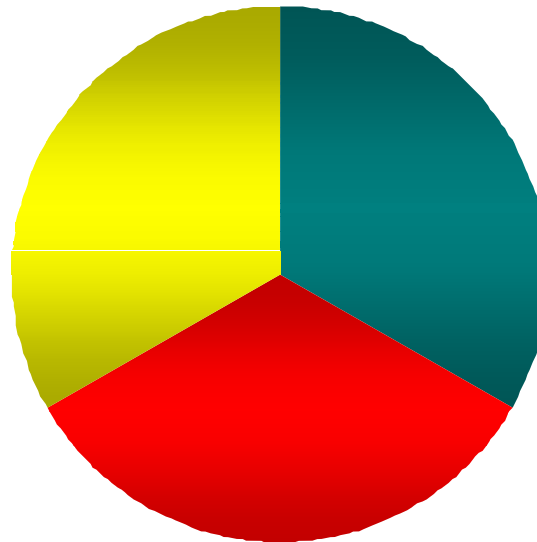
Two strong growth drivers of future activity

and significant synergy generation opportunities over the next 3 years

Cost savings of approx. € 75 million (post-tax)

Corporate

- ✓ Streamlining of organisation
- ✓ Tax shield of goodwill amortisation



Urban, Logistics & Industrial

- ✓ Streamlining of organisation
- ✓ Achievement of economies of scale and best practices
- ✓ Productivity improvements

Construction

- ✓ Streamlining of organisation
- ✓ Decrease of domestic market share

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Consolidated 2002 pro-forma P&L

€ million	ACS	DRC	New Group
Revenues	4,420	5,542	9,962
EBITDA	411	391	802
<i>% Margin</i>	<i>9.3%</i>	<i>7.1%</i>	<i>8.1%</i>
EBIT	305	271	576
<i>% Margin</i>	<i>6.9%</i>	<i>4.9%</i>	<i>5.8%</i>
EBT	250	239	447
Net Attributable Profit	181	221	359

Financial strength: pro-forma Balance Sheet as at 30 April 2003

€ million	ACS	DRC	New Group
Shareholders' Equity	1,030	1,155	1,738
Total Assets	5,363	5,888	10,804
Company Net Debt	793	733	1,526
Project Finance	205	103	308
Total Net Debt	998	836	1,834
Net Debt / Shareholder's Equity	96.9%	72.4%	105.5%
Net Debt / 2003E EBITDA*	2.2x	1.8x	2.0x

* I/B/E/S estimates

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Conclusions

- ✓ Creation of a European leader
- ✓ Value-creation oriented strategy
- ✓ Committed management team with proven track record
- ✓ Unrivalled position to benefit from attractive opportunities in the infrastructure sector
- ✓ Financial strength
- ✓ Attractive growth and profitability outlook across all the business units

**Ambitious
and
achievable
objectives**

Financial objectives

Strategic Plan 2003-2007

- Revenues CAGR: 5-10%
- EPS CAGR: 10-15%
- Dividend policy: pay-out \cong 25%

SUSTAINABLE PROFITABILITY