

## **ACS acquires 22% of Unión Fenosa, becoming its main shareholder**

**This is a huge stride in its strategy of becoming a global infrastructure operator**

**ACS diversifies towards the energy sector, positioning itself throughout the value chain: development, construction and operation**

**Madrid, 23 September.** ACS Group reached an agreement with Santander Group yesterday to acquire 22% of the shares of Unión Fenosa belonging to the bank, as a result of which the construction and service group becomes the main shareholder in the electric utility. The transaction, valued at 2,219 million euros, was priced at 33 euros per share and it will add to earnings per share from the first year.

For ACS this transaction represents a huge stride in its process of diversifying towards the service sector, as part of its goal of becoming a global operator of gas and electricity infrastructures, in line with what it has already achieved in the field of transportation infrastructures, where it is a world leader in the number of concessions held.

Thus far ACS Group, basically through its Industrial Services area, focused on the construction of large power facilities such as combined cycle plants, gas and oil refineries, and off-shore platforms for the extraction of oil and gas, as well as the maintenance and operation of energy transportation and distribution networks. Cobra, a group included in the Industrial Services area, has been active in this market for over 60 years.

The exclusive opportunity represented by the acquisition of 22% of Unión Fenosa allows ACS Group to take a step forward in its strategy of diversifying towards the energy sector, taking positions throughout the entire value chain (development, engineering, installation, maintenance and now operation), in line with its position in transportation infrastructures (development, construction and operation, directly or via Abertis) and in urban service infrastructures, where it is the industry leader in Spain.

The cost of the transaction will take ACS' net debt to 3,900 million euros, representing a leverage of 1.6 times its net worth. Once the transaction is financed, we foresee that the net debt including shareholder contributions will amount to 1,700 million euros, that is, 0.7 times the Group's net worth.

## **Traditional industrial presence in the sector**

The historical presence of Group companies in the area of services for the energy industry has been strengthened over recent years via greater support for the companies Cobra and Dragados Industrial, favoured by the strong world demand of new energy facilities.

Throughout its history the Group has taken part in the construction and maintenance of the majority of the electric power generation plants in the Spanish and Latin American markets, including hydroelectric, thermal and nuclear power plants and, in recent years, combined cycle power plants, a field in which the Group is an undisputed leader. It is also a salient force in the construction and maintenance of power transmission lines and distribution networks in the world market.

On the other hand, the Group is a global reference in the development and construction of facilities for the extraction, production, refining and storage of oil and gas. Some of the projects recently awarded to Group companies, due to their economic import and technology demands, are among the most important in history.

Aside from the above, ACS Group is also present in the Aeolian energy business, as it currently has around 450 MW of power in its Aeolian parks in operation or under construction, and its goal is to reach 1,000 MW of power in 2007. ACS Group is also the main developer of the future solar power plants, Andasol I and II, which are to be built in Granada over an area of 500,000 square metres, becoming the largest solar plant in the world, with a forecast production capacity of 175 MW a year.

On the other hand, in the urban and environmental services activities carried out by ACS Group, its affiliate Urbaser is one of the world's largest producers of energy obtained from the processing of solid urban waste and used oil. At present its plants for the processing of solid waste generate around 140 MW of power.

## **Benefits of the transaction**

The transaction represents a number of benefits for ACS Group and its shareholders:

- **Stability and recurring revenues:** This transaction represents another stride forward in the Group's strategy of becoming a global operator of infrastructures, consolidating its diversification towards more stable businesses with greater visibility of revenues.
- **Experience:** The Group has a long experience in the energy sector, in which it has been present for over 60 years. This gives it unique competitive advantages when it comes to designing and executing the Company's strategy of creating value.

- **Integration of capacities:** The Group intends to contribute its experience and know how as a shareholder in Unión Fenosa, with the objective of continuing to add value to the Company's projects.
- **Creation of shareholder value:** The Group's main objectives will be geared towards the permanent search for greater efficiency of its operations, with a subsequent increase in the returns of both shareholder groups. Thus, given the experience of ACS in industrial outsourcing services, substantial cost savings should be achieved at Unión Fenosa, as well as increasing revenues in ACS' industrial Services area, both in maintenance and in the development of power facilities. Aside from this, the transaction adds to earnings per share from the first year.