

## **Net earnings of the ACS Group grew by 38% in the first nine months of 2006, topping 607 million euros**

- Group volume increased 17.8%, up to 10.476 billion euros**
- Net investment, including the acquisition of 10% of Iberdrola, totaled 5.324 billion euros**

### **Consolidated results**

Up to the third quarter of 2006, the ACS Group achieved net profits of 607.5 million euros, 38% higher than in the same period of 2005, due mainly to the positive evolution of all operations and the contributions of equity holdings.

Business volume totaled 10.476 billion euros, amounting to an increase of 17.8%, with all operations growing at double-digit rates. International sales accounted for 16% of total sales, or 1.691 billion euros.

Operating results showed positive growth. Thus, gross revenue before taxes (EBITDA) increased by 17.8%, up to 925.2 million euros, which represents a margin over sales of 8.8%. Moreover, net operating profits (EBIT) were 710.6 million euros, showing growth of 19.1% and improving the margin over sales by 6.8%.

Net earnings contributed by equity holdings in listed firms, following deductions of financial expenses and taxes for total investments, were 173.8 million euros, which represents an increase of 171%, owing to the good results achieved by those companies and the addition of Union Fenosa to the consolidated accounts of the ACS Group.

The before-tax earnings of the Group up to September 2006 totaled 784.2 million euros, showing an increase of 31.1%, in spite of the increase of effective financial taxes to 31.7%, slightly above the 28% of the previous year.

### **Results by business areas**

#### **Construction**

Construction operations achieved sales of 5.055 billion euros, which is 21.1% higher than in the previous year. This significant growth is due to the strong pace of

business in the Spanish market, especially in the areas of public works and non-residential building. Net earnings also grew by 21.1%, up to 215.3 million euros.

The portfolio in this area at the end of September totaled 10.389 billion euros, which is equivalent to 19 months of construction. Among the most notable contracts: the construction of a high-speed railway line in the Levant between Olalla and Aracas in the Cuenca province; the development of the new railway facility called Plaza de Zaragoza; the refurbishment of the new Sants station for the AVE high-speed railway in Barcelona; the expansion of the A-8 motorway between Navia and Tapia Casariegos; the building of the Villalba Barros dam in Badajoz; the construction of a desalination plant in Barcelona, and that of the new penitentiary facility of Moron de la Frontera in Seville.

Among the projects recently awarded, yet not included in the portfolio are the contract for the plan to extend the subway of New York between Queens and Grand Central Station in Manhattan, as well as the construction of the Konic motorway in Greece.

### Industrial services

The area of Industrial services increased sales in the first nine months of the year by 16.1%, up to 3.494 billion euros, with strong growth of international operations, which now account for more than 34% of sales. Operating profit grew by 22.8%, totaling 257 million euros. Net earnings rose to 163.4 million euros, or 23.5% higher than in the previous year.

At the end of June, the portfolio totaled 4.860 billion euros, which is 19.6% higher than in September 2005, where several projects contracted in recent are worthy of note: the construction of a combined cycle energy in plant in Morata de Tajuña, Madrid; the ADI-1000 project for the reduction of fuel oil for the Petronor refinery of Repsol in Bilbao; the electromechanical facilities of the new Puerta de Hierro Hospital in Majadahonda, Madrid, and the construction of several wind parks in Valencia.

### Services

The Services area achieved sales of 1.987 billion euros, which reflects growth of 11.8%, while operating profits grew by 12.2%, up to 166.3 million euros and net profits grew by 14.8%, totaling 94.8% million euros.

The present portfolio totals more than 12.7 billion euros, which is equivalent to 59 months of production. Among significant recent contracts are the following: the contracts for cleaning and recovery of solid urban waste in Mollet de Vallés and Sant Joan Despi in Barcelona, that of Roquetas de Mar in Almería, that in Benomellal in Morocco and that of Vilanova de Gaia in Portugal; a license for the provision of on-the-ground aircraft servicing in the airports of Malaga, Lanzarote

and Fuerteventura, and the cleaning of hospitals under the regional health care administration of the government of Castile and Leon.

### **Net investment and indebtedness**

Significant investments include the recent acquisition of a 10% share of the equity of Iberdrola for a total sum of 3.322 billion euros, which is equivalent to 36.8 euros per share. Other investments during the year totaled 2.022 billion euros, which include the acquisition of an additional 11.2% of the capital of Union Fenosa, for a total sum of 1.144 billion euros, which places the share of the group at the end of the third quarter at 35.7%. Another 858 million euros were spent on promoting the organic growth of different areas of group operations, particularly investments in concessional projects in infrastructures, treatment plants and renewable energy projects.

Net indebtedness – without including the financing of projects – stood at 2.656 billion euros at the end of September, which represents 84% of the net assets of the Group. In addition, non-recourse financing showed a balance of 3.406 billion euros.

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