



## **ACS Group's net profit rose by 105% in 2006 to €1,250 million**

- **Ordinary profit, not including extraordinary items, increased by 37.2%, exceeding €835 million.**
- **Group turnover last year grew by 16.1%, topping 14,067 million euros.**
- **All of the business areas increased their turnover and profits to double digit figures.**
- **Net investments last year amounted to €5,407 million, a 28.2% increase.**
- **Unión Fenosa will be integrated in 2007 as a new business area within the Group.**

### **Consolidated Earnings**

ACS Group in 2006 attained a profit of € 1,250.1 million, a historical high and 105.4% more than in 2005. This includes the sale of the holding in Urbis, which generated a capital gain after taxes of €344 million.

The ordinary profit after taxes rose by 37.2% last year to a total € 835.4 million, thanks to the favourable evolution of all the businesses in operation, all of which recorded double digit growth rates in terms of income and net profit, and the contribution of the subsidiaries.

ACS Group's turnover in 2006 reached 14,067 million euros, a 16.1% increase over the previous year. The Group's international sales amounted to 2,281 million euros, representing 16.2% of overall sales.

The operating profit developed solidly last year. EBITDA rose by 16% to € 1,270.3 million, representing a 9% sales margin. Meanwhile, EBIT totalled € 971.6 million, an 18.9% increase, pushing up the sales margin to 6.9%.

The net profit contributed in 2006 by the listed subsidiaries, after deducting financial charges, amounted to € 231.9 million, representing a 194.9% increase, thanks to the earnings of these companies and the increase in the stake in Unión Fenosa in 2006.

As from 1 January 2007, Unión Fenosa is integrated as a new business area within the organisation, which entails a change in the consolidated group for accounting purposes—the electric utility will now be consolidated by global integration.

If this had been done in 2006, Group turnover would have exceeded €20,100 and EBITDA would have amounted to over €3,100 million.

## **Earnings by Business Areas**

### Construction

The Construction business achieved sales totalling €6,750.3 million last year, 17.9% more than in 2005. This substantial growth was due to strong activity in the domestic market, especially in the areas of civil works and non-residential construction. EBITDA rose by 17.9% to 504 million euros and net profit grew by 18%, reaching €282.1 million.

The works portfolio at the end of last year continued growing, reaching €10,661 million, 13.8% more than the year before and equal to 19 months of production. The most important awards secured last year in Spain include the construction of a section of the Levante high speed railway between Olalla and Aracas (Cuenca), the development of the new 'Plaza' railway complex in Saragossa, the remodelling of the new Sants station for the high speed train in Barcelona, the extension of the A-8 motorway in Asturias between Navia and Tapia Casariegos, the construction of the Villalba Barros dam in Badajoz, the construction of the desalination plant in Barcelona, and the new prison in Morón de la Frontera, Seville.

Internationally, the group started the construction of the four tunnels included in the contract for the enlargement of the New York Subway between Queens and Grand Central Station in Manhattan, the concession and construction of the Ionian Motorway in Greece and the construction of the S1 Bielsko Biala Skoczow Cieszyn motorway in Poland. The international portfolio of the construction area increased by 27.9% last year.

### Industrial Services

The Industrial Services Area increased its sales in 2006 by 16.4% to a total €4,747.7 million, with a substantial development of its international business, which accounts for one third of its sales. EBITDA rose by 21.9% to 419 million euros, and the net profit totalled €222.6 million, 24.2% more than the previous year.

During 2006 ACS Group reinforced its dedication to renewable energy sources. Accordingly, at the end of last year it was present in 18 wind farms in Spain, with an output power of 572 MW. Thirteen of these farms, with an output power of 438 MW, are directly managed by the Group, and in 2006 they generated 64 million euros in sales. The Group is also present in 11 wind farms that are in the construction stage, with an additional output power of 299 MW, and in another 21 wind farms that are either in the financing or development stages—they will have an output power of 692 MW.

Aside from its dedication to Aeolian energy, ACS Group is present in the development of the Andasol I and II solar plants in Granada, which will produce 50 MW each, and in another one in Extremadura that is in the development stage, likewise with an output power of 50 MW. Outside Spain, the Group participates in 12 concessions for the

management and maintenance of power lines in Latin American countries, mainly Brazil, where it has invested € 160 million.

The Industrial Services portfolio at year-end 2006 amounted to € 5,087 million, 19.2% more than in December 2005 and equal to 13 months of production. Its projects include the construction of the combined cycle power plant in Morata de Tajuña (Madrid), the development of the ADI-1000 project for the reduction of fuel oil for Repsol's Petronor refinery in Bilbao, the electric and mechanical facilities of the new Hospital Puerta de Hierro in Majadahonda (Madrid), the construction of the desalination plant at Escombreras and the construction of a number of wind farms in Valencia.

Internationally, the most representative contracts secured in 2007 include the reform and construction of a polyethylene plant in Kuwait, the mechanical assemblies for the combined cycle power plant in Puertomadrin, Argentina, the enlargement of the Lázaro Cárdenas refinery in Minatitlan, Mexico, the construction of the natural gas distribution network in Lanzhou (China), and the construction of power lines for the distribution of electricity in Camboya.

### Services

Sales in the Services Area totalled € 2,657.1 million in 2006, representing a 10.4% increase, and EBITDA rose by 8.7% to € 376 million. The net profit in this area grew by 14.7% to € 129.3 million.

The current service portfolio amounts to over € 14,171 million, equal to 5 years of production. The most recent awards include the cleaning and urban waste gathering contracts for the towns of Mollet del Vallés and Sant Joan Despí, in Barcelona, Roquetas de Mar, in Almería, Benomelall, in Morocco, and Vilanova de Gaia, in Portugal; the license for aircraft services at the airports of Málaga, Lanzarote and Fuerteventura; the cleaning of hospitals depending on the Regional Healthcare Management of the Government of Castille and León; and the comprehensive management of the Alzheimer Centre established by the Queen Sofia Foundation in Madrid.

### **Net investment and borrowing**

ACS Group's total investments last year amounted to € 6,436 million, including the acquisition of a 10% stake in the share capital of Iberdrola at a price of € 3,297 million, equal to € 36.60 per share, and the 16% increase in the stake in Unión Fenosa, which cost € 1,728 million.

Significant investments were also made in the Industrial Services area, € 552 million dedicated mainly to renewable energy source projects and concessions such as power lines in Brazil, as well as € 328 million in Concessions, mainly for the development of projects such as the Hospital of Majadahonda, the prison of Brians, and the Galician motorway between Santiago and Brion.

Consolidated net investments, after discounting divestments, the most important of which was the sale of 24.8% of Urbis for 823 million euros, amounted to € 5,407 million.

Net borrowing, without considering project finance, totalled € 1,753 million at year-end 2006, equal to 54% of the Group's net worth and 1.4 times its EBITDA in 2006. Financing independent of shareholders amounted to €6,993 million.

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