



# **The ACS Group records first-quarter earnings of 599 million euros, a 62%, increase over the same year-earlier period**

**Sales in the first three months of the year reached 5,760 million euros, a 15% increase over the prior year period**

## **Consolidated Results**

The ACS Group recorded net profits of 599 million euros in the first quarter of 2008, 62.2% more than that recorded in the same period in 2007. Ordinary income after taxes, discounting the 328 million euros in capital gains on the sale of assets, rose 20.2% to 271 million euros thanks to the excellent performance across all of the business activities.

Sales during the period for the Group totalled 5,760 million euros, a 15.1% increase over is the same period in 2007. International sales totalled 1,417 million euros, and now account for 25% of the total, highlighting the strong drive in foreign construction activities, primarily in the US market, which surged 83%.

The performance on the operating level in the first quarter was also good across all business activities. Gross operating earnings (EBITDA) increased 13.3% to 977 million euros, for a return on sales of 17%. Gross operating profit (EBIT) rose 18% to 709 million euros.

The publicly-traded investee companies (Abertis, Hochtief and Iberdrola) in the first quarter contributed 41 million euros, prior to deducting financial expense and taxes, despite the absence of the Iberdrola dividend given that their AGM was held in April.

## **Performance by Business Area**

### **Construction**

Sales from construction activities totalled 1,761 million euros in the first three months of the year, a 5.1% increase over the same year-earlier period. As mentioned above, the international activities provided most of the growth, jumping 83%. On the operating level, EBITDA increased 5.1% to 125 million euros. Net profit rose 5.1% to 75 million euros.

Total order book at the end of March 2008 continued to grow, reaching 11,939 million euros, up 9.1% year-on-year and equalling 19 months of production. The most notable growth was again from the international segment, which now represents 20% of the total. The most relevant new contracts in the international market during the quarter included the southern Los Bronces tunnel and the expansion of the Santiago Metro in

Chile, the rehabilitation of the Miami airport in the US and the construction of the Portuguesa Bridge in Puerto Rico.

There were various new awards in Spain for highway projects, including the Cullera - Favara highway in Valencia and the sections of the A-32 highway between Linares and Ibro in Jaén. ACS also received major new awards in railways, including the Viñuela - Quejigares section in Granada and the improvement of the passenger platforms and the construction of the foundation for the train yard at the Sants Station in Barcelona. Other notable awards included the contract for the water treatment station in El Cuartillo (Cádiz) and the rehabilitation of the Son Espases palace in Mallorca.

### Environmental Services and Logistics

Sales in Environmental Services and Logistics reached 766 million euros in the first quarter of the year, a 15.5% increase. All activities in this business line recorded two digit growth: Environment (12%), Port Services and Logistics (18%) and Integral Management (19.2%). International sales rose 22.2% to 340 million euros, now representing 12% of the total for the business area.

Gross operating earnings (EBITDA) from Environmental and Logistics services rose 14.7% to 101 million euros, while net profit rose 20.4% to 34 million euros.

The current order book in this business area at the end of March totalled 15,922 million euros, equalling 64 months of activity. The most relevant new awards include the contract for the construction and operation of the solid waste treatment centre for Guadalajara and the contract for the cleaning service for the Teresa Herrera hospital in La Coruña

### Industrial Services

Sales in the Industrial Services division rose 17.9% to 1,564 million euros, with the strong international activities representing nearly one third of the total. Gross operating earnings (EBITDA) rose 24.1%, to 141 million euros, pushing net profit up 20.9% over the year-earlier period to 74 million euros.

The order book in this division at the end of March totalled 6,169 million euros, a 12.8% increase over the previous year figure and equalling one year of production. The most notable awards during the period in Spain included the contract for the construction and maintenance of the network and steel junctions for Gas Natural, The installations for the Trinitat rectifier plant on line 3 of the commuter railway in Barcelona, and the engineering, supply management and supervision of the construction of the Coker refinery in Cartagena. In the international market we would highlight the award of two contracts in Egypt: engineering, supply and turnkey assembly of the mechanical equipment for the Middle Delta Electricity Production Company (MDEPC) and the construction of two packets (electrical and mechanical) for the combined cycle plant in El-Tebbin.

Also noteworthy, the Renewable Energy business line recorded a 70.2% increase in activities, with sales reaching €135 million thanks to the start up of various wind parks in the last quarter of last year and the advanced stage of construction of the thermal-solar power plants in Andalucía and Extremadura.

## Energy

The energy business line is comprised of Unión Fenosa, which reported first-quarter sales of 1,743 million euros, 40% of which stemmed from international activities. Income from power generation activities in the first three months of the year rose 42%, distribution activities recorded 11.1% growth, and income from gas activities rose 41.4%. EBIT increased 17.8% over the same year-earlier period.

The net impact of Unión Fenosa on group profits was 108 million euros, net of the financial expense from the acquisition, primarily non-recourse debt.

## Capex

Total investment in the first quarter the year reached 1,289 million euros, among which we would highlight the acquisition of an additional 4.84% of Unión Fenosa for 657 million euros, bringing our total holdings up to 45.3% of the electric utility, and the acquisition of an additional 1% of Abertis for 134 million euros, bringing our total stake to 25.8%.

Capital expenditures in the Construction business line during the first quarter totalled 14 million euros for equipment and machinery used for project development. Investments in Concessions totalled 79 million euros, primarily going to the Santiago-Brión highway in Galicia and the Reus-Alcover in Tarragona. In Environment and Logistics, total investments reached €90 million and went to the development of various different contracts.

We would highlight the investments made in the Industrial Services business line, totalling 123 million euros which went primarily to renewable energy projects (27 million euros to the solar plants under development and 85 million euros to wind parks). Lastly, in the Energy business line, total investments reached 176 million euros, most of which (73 million euros) went to the Power Generation area.

Disinvestment totalled 967 million euros, among which we would highlight the sale to Abertis of 49% of that obtained from the sale of Inversora de Infraestructuras S.L., concessionaire for the Central and Rutas del Pacífico highways in Chile, and of the company Desarrollo de Concesiones Aeroportuarias (DCA), which holds the concessions for the airports in Santiago de Chile, Montego Bay in Jamaica, Cali in Colombia and the Mexican airports held by Grupo Aeroportuario del Pacífico (GAP). Unión Fenosa sold off some non-strategic assets, including Auna, for 197 million euros and its stake in Meralco for 172 million euros. The impact on the consolidated earnings of ACS from these sales totalled €35 million euros.

The balance of net recourse debt at the close of the first quarter of 2008 totalled 9,650 million euros, which equals leverage of 82% and is 2.4 times the EBITDA expected for 2008.

Additionally, the market value of listed investee companies at the close yesterday totalled 14,000 million euros, for an unrealised capital gain of 2,121 million euros.

***Madrid, 24 April 2008***