

## **ACS GROUP'S NET PROFIT GREW BY OVER 28% IN THE FIRST SEMESTER TO €272.5 MILLION**

***Investments rose by 81% in the first six months of the year, reaching €724 million. Turnover abroad amounted to €975 million, representing an increase of over 25%.***

### **Consolidated earnings.**

In the first half of 2005 ACS Group attained a net profit of €272.5 million, 28.1% over the first six months of 2004, supported by the excellent performance of various service activities and the sound development of the construction division.

Consolidated turnover in the first half of the year amounted to €5,720 million, representing a 10.9% increase over sales in the same period one year back. This substantial growth has been grounded on the steady improvement of all the activities in the Spanish market and on the strong growth, by over 25%, of sales abroad, confirming ACS Group's global dimension in the development and maintenance of infrastructures.

Gross operating profit (Ebitda) from January to June totalled €501.3 million, which represents a 12.2% increase over the comparable figure for the first six months of the previous year. Meanwhile, the net operating profit (Ebit) amounted to €377.4 million through June, 14.5% more than in the same period of 2004. This favourable operating profit and the increase of earnings in companies carried by the equity method (they have grown by 60%), led ACS Group's profit before taxes to rise by 28.5% to a total €367.6 million in this period.

### **Earnings by business areas.**

After the first quarter, which was seriously hit by bad weather, output in the Construction division recovered normal levels of activity and reached sales of €2,643 million, 4.7% more than the previous year. Net operating profit totalled €163.4 million, which represents a 4.9% increase over the same period one year earlier and a 6.2% growth in sales.

The works portfolio reached a historical high of €8,719 million, the equivalent of 20 months of production, with a substantial growth in the Spanish market: awards of several sections of the works on the M-30 ring road in Madrid, the new combined train, bus and underground stations at Plaza de Castilla and Príncipe Pío in Madrid, the section of the A-7 motorway between L'Hospitalet de l'Infant and Montroig in Tarragona, the completion of the A-382 motorway between Jerez and Los Barrios, Stage I of the new underground in Palma de Mallorca, and the new Puerta de Hierro hospital in Majadahonda.

The Industrial Services area has kept up the excellent performance recorded in the first quarter, in such a way that sales have risen by 21.6% to €1,961 million. This substantial growth and the improvement of operating margins have allowed net operating profit to grow by 23.9% to a total €134 million, equal to 6.8% of sales.

This high output level went in hand with a substantial increase of awards, mainly in the international market, which took the portfolio to grow by 19% in one year up to €4,027 million, 31% abroad, confirming the dynamic performance of the market and the Group's strong position in this activity.

The Group's most representative projects include some in the burgeoning oil and gas industry, favoured by the strong global demand of new production facilities to extend the current capacity. Thus the Group has been awarded contracts for the 'turnkey' construction of the first section of the MED-GAZ gas pipeline in Algeria, the Lázaro Cárdenas Minatitlán II oil refinery in Mexico, and the extension of the Snohvit project, a gas liquefying plant in Norway.

There is likewise a strong demand in the electric power sector, in which the Group has been awarded a number of contracts for the construction and maintenance of combined cycle power generation plants, such as the Cristóbal Colón plant in Huelva for Endesa and a plant in Cartagena for AES, plus transportation and distribution lines in Spain, Portugal, Brazil, Mexico and Zimbabwe. In the field of control systems, the Group won a contract for the installation and maintenance of railway signalling systems in Chile.

The Services and Concessions division attained a turnover of €1,163 million and a net operating profit of €94.9 million, respectively representing increases of 7.4% and 19.2% over the same period the year before. These figures represent a substantial improvement of operating margins: the net operating profit rose by 100 basis points to 8.2% of sales. Meanwhile, the contribution to the Group profit from the Infrastructure Concessions carried by the equity method totalled €25.8 million, representing an increase of over 75%.

One of the most important awards in recent years is the contract comprising the project, construction, financing and operation of facilities for waste treatment in Greater Marseille, which will provide service to over one million inhabitants. The facilities include an incineration plant with the capacity to treat 300,000 MT per year and a mechanisation plant that can handle 100,000 MT per year. By size, location and technology, the project represents a strategic step forward for ACS Group in its commitment towards international growth.

### **Cash flow generation.**

During the first half of the year, ACS Group has generated funds from its operating activities totalling €491 million, over six times the volume generated in the same period one year back. This strong operating cash flow generation capacity allowed the Group to carry forth with its ambitious investment policy, with the aim of ensuring profitable growth in forthcoming years.

### **Specific investments.**

Net investments in the first six months of the year amounted to €724 million, including €156 million invested in the industrial services division, mainly in assets required for the generation, transportation and distribution of energy, €69 million in assets for environmental, harbour and logistical services, and €364 million in transportation infrastructure concessions. There have also been investments totalling €68 million in machinery and equipment for the construction business.

### **Borrowing.**

This important investment volume has not affected the Group's financial position, which continues to be one of low leverage. In fact, net borrowing without considering project finance amounted to €1,210 million at the end of June, 14% lower than 12 months earlier. In addition to this, project finance amounted to €550 million, 60% more than in June 2004, as a result of investments in projects with financing structures that do not require the use of shareholder funds.

Madrid, 1 September, 2005.