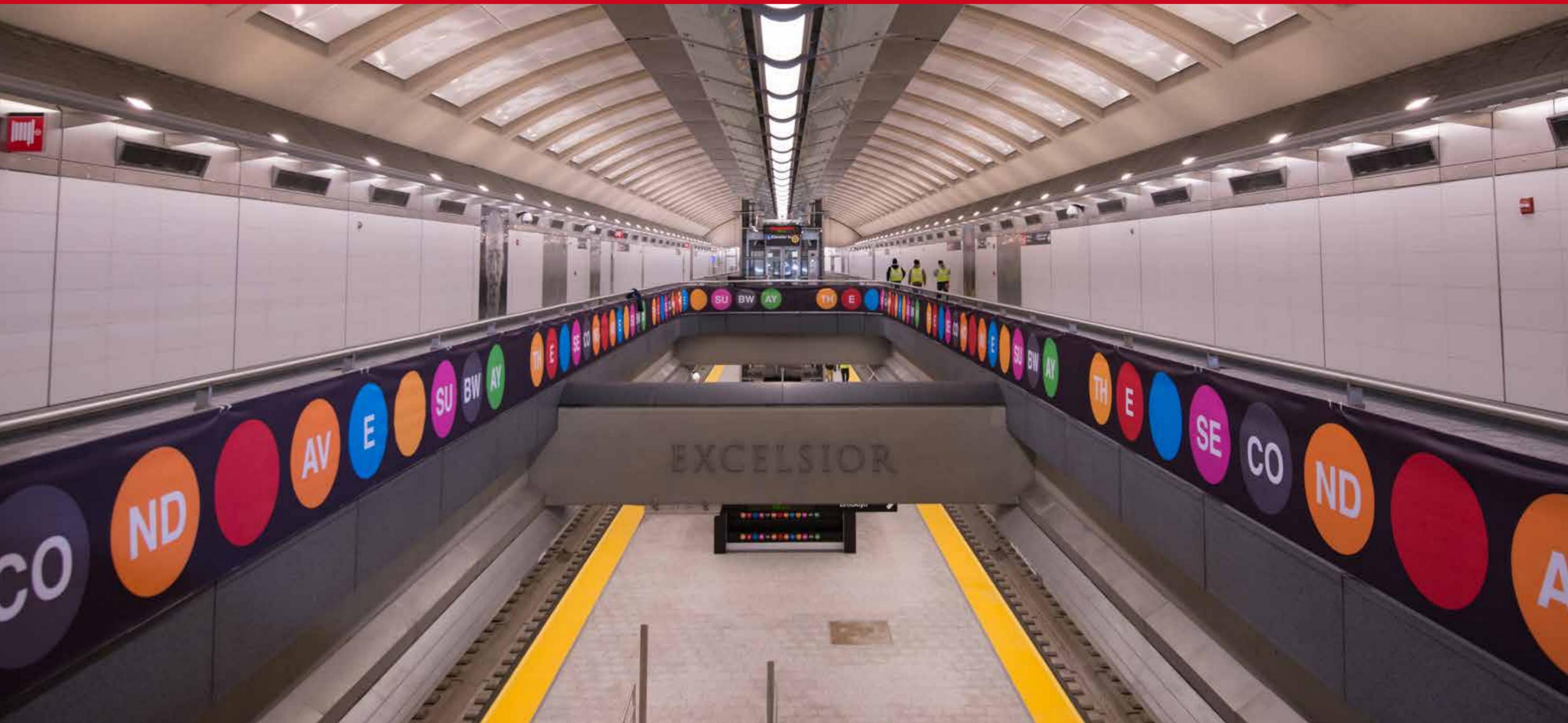


4 THE ACS GROUP'S ACTIVITIES

- 4.1 Construction
- 4.2 Industrial Services
- 4.3 Services

CONSTRUCTION

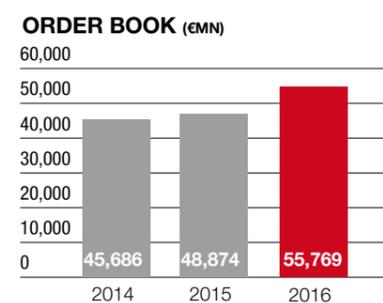
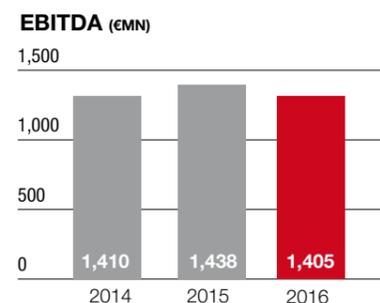
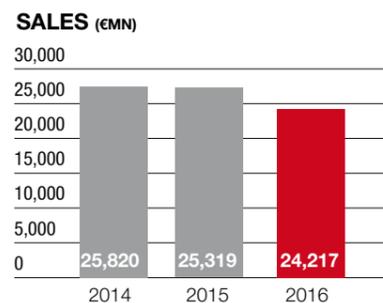
The ACS Group Construction activity is developed by the three lead companies Dragados, HOCHTIEF and Iridium



LEADERS IN CONSTRUCTION

24,217 €MN SALES **1,405** €MN EBITDA **55,769** €MN ORDER BOOK **311** €MN NET PROFIT

64,281 NUMBER OF EMPLOYEES



3.07
-6.8% vs. 2015
FREQUENCY RATE¹⁰

8,489,345
-29.4% vs. 2015
ENERGY CONSUMPTION (MWh)

6,927,191
-16.9% vs. 2015
TOTAL EMISSIONS (tCO₂)

98.9%
EMPLOYEES WITH SAME NATIONALITY
OF THE HEADQUARTER

80.7%
LOCAL SUPPLIERS

5.2
SOCIAL ACTION INVESTMENT (€MN)

CONSTRUCTION ACTIVITY IN THE ACS GROUP

The ACS Group carries out all kinds of civil engineering projects (infrastructure development such as motorways and railway, marine and airport works), building projects (residential buildings, social infrastructure and facilities) and projects related to the mining sector (contracts for the provision of mining services and the infrastructure required for mining activities) and support services.

These projects are carried out either through direct construction models for institutional or private clients or through public-private partnership models, where the ACS Group covers the whole concession business value chain from project design through financing, construction and start-up to operation.

These activities are carried out based on rigorous management of the risks associated with each project and optimisation of the company's financial resources. In this way, the Group seeks to maximise the operational efficiency and profitability of each project.

The ACS Group carries out construction projects through three lead companies: Dragados, HOCHTIEF and Iridium. Each of these three lead companies is made up in turn of a large group of companies which operate independently, specialising in different activities and geographical areas in which the Group operates. This highly decentralised structure, together with the specialisation and complementary nature of the various companies, enables the ACS Group to tackle larger, more complex projects by working together more closely and flexibly.

¹⁰ Frequency Rate: Number of accidents that have occurred during the working day per million hours worked.



Dragados, founded at the beginning of the 20th century, is a leading construction company that carries out civil engineering infrastructure development projects (motorways and railway, marine, water and airport works) and both residential and non-residential building projects.

Dragados is also the leading construction company in Spain and a global point of reference that carries out significant infrastructure projects in other European countries such as Portugal, the United Kingdom, Ireland and Poland, where it has established itself through its subsidiary Pol-Aqua. Likewise, in recent years, Dragados has concentrated its growth in North America, which has become its main area of business. It continues to strengthen its position in the United States and Canada thanks to the work of its North American subsidiaries Schiavone, Pulice, John P. Picone, Prince Contracting and J.F.White Contracting, and its lead companies in North America, Dragados USA and Dragados Canada. It also has over thirty-five years' experience in carrying out projects in Latin America, especially Chile, Peru and Colombia, as well as Argentina and Venezuela, where it has its own subsidiaries: Dycasa (Argentina) and Dycvensa (Venezuela).

4,236 €MN SALES **12,678** €MN ORDER BOOK **101** €MN NET PROFIT



Iridium manages concession and public-private partnership contracts for transport infrastructure and public facilities, both nationally and internationally.

Iridium has once again demonstrated its capacity for development and management with a portfolio of over 115 national and international companies, making ACS a world leader in 2016 among concession groups both by number of assets and investment volume.

The company continues to strengthen its position on the North American market, where there are significant infrastructure needs, and is already well established in Europe. At the same time, it maintains a strong interest in Latin America.

With a track record built up over more than 45 years, Iridium's success is based on a risk management policy that has proven highly effective in both identifying and evaluating risks and putting in place adequate measures to mitigate or eliminate them.

72 €MN SALES **8** €MN NET PROFIT

For further information:
See Appendix 9.4.2 Iridium concessions portfolio



19,908 €MN SALES **43,092** €MN ORDER BOOK **320** €MN NET PROFIT **230** €MN CONTRIBUTION TO THE NET PROFIT OF THE ACS GROUP

HOCHTIEF is one of the world's leading construction groups. It carries out infrastructure development and building projects in the transport, energy and social and urban infrastructures sectors, as well as contract mining activities. The company relies on its knowledge of development, financing, construction and operation of infrastructures, acquired over more than 140 years of experience. Thanks to its international network, HOCHTIEF is present on the world's largest markets and has established a presence on the markets in Asia Pacific, the Middle East, the United States and Canada, as well as Central Europe. HOCHTIEF's extensive experience on the market, its size and the synergies between its various areas of business enable it to tackle very complex projects both directly and on a concessionary basis, as its comprehensive focus produces particularly advantageous results in public-private partnership projects.

HOCHTIEF AMERICAS

The HOCHTIEF Americas division covers the activities of HOCHTIEF's subsidiaries in the United States and Canada, which are: Turner, Flatiron, E.E. Cruz and Clark Builders. Each of these subsidiaries focuses on different aspects of the infrastructures and building sector in this geographical area, including the development of transport infrastructure (mostly roads and bridges) as well as public buildings, office buildings, sports facilities, schools and healthcare buildings. It has also carried out infrastructure projects in the energy sector, such as hydroelectric power plants, dams and power lines.

HOCHTIEF America's subsidiaries have a close relationship with each other, enabling them to benefit from synergies and the ongoing exchange of information and experiences.

10,096 €MN SALES **128** €MN NET PROFIT

HOCHTIEF ASIA PACIFIC

The activities of HOCHTIEF Asia Pacific are carried out by the CIMIC Group, which operates in over 20 countries through its operational units in Australia, Asia, the Middle East and the Americas.

The CIMIC Group is made up of companies with different backgrounds. CPB Contractors and Leighton Asia carry out construction projects. Thiess, focused on services for the mining sector, is the largest mining contractor in the world. Sedgman, focused on ore processing, operates in Australia, Asia, Africa and the Americas. Pacific Partnerships focuses on the development and execution of PPP projects in which CPB Contractors has a share of construction work. The engineering company EIC provides services to clients and supports the various operational units of the CIMIC Group.

At the end of 2016, CIMIC became the majority shareholder of the company UGL.

7,303 €MN SALES **217** €MN NET PROFIT

HOCHTIEF EUROPE

HOCHTIEF Solutions AG is the management company for the HOCHTIEF Europe division. It combines its central businesses in Europe with other high-growth regions around the world through its various subsidiaries:

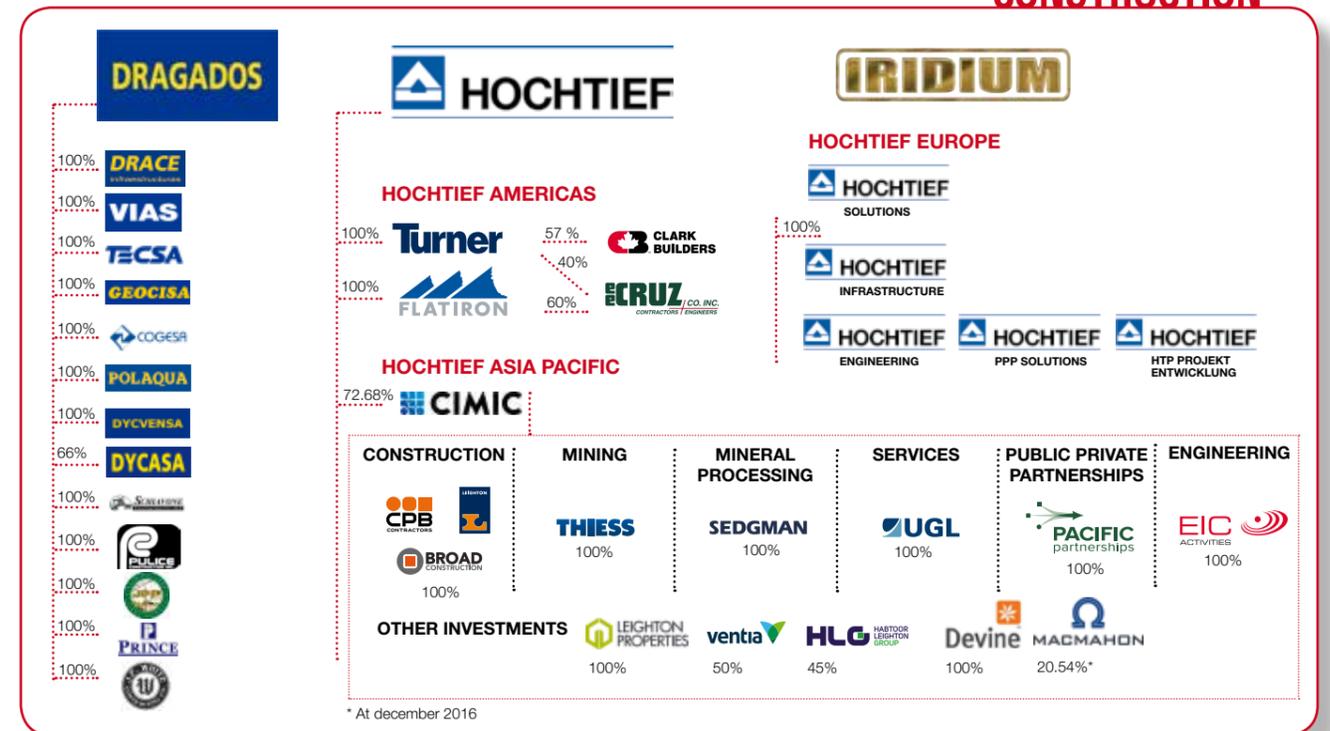
HOCHTIEF Infrastructure lays the foundations for well-planned, sustainable growth in Europe and selected regions worldwide through construction, from buildings through all kinds of transport and urban infrastructure to conventional and renewable power plants.

HOCHTIEF Engineering provides its clients with knowledge on planning, technical consultancy, design and project management, as well as building information modelling through HOCHTIEF ViCon.

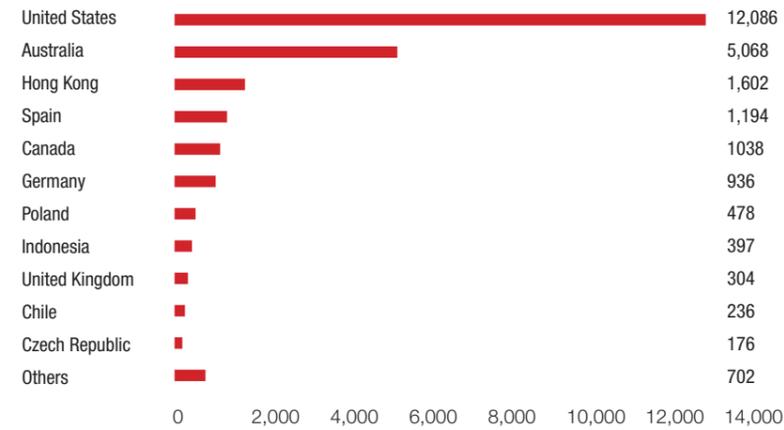
HOCHTIEF PPP Solutions designs, finances, builds and operates projects for the public sector as a partner. It provides comprehensive public-private partnership solutions for transport, energy and social infrastructure projects. To create greater added value for our company, public-private partnership services are only offered if HOCHTIEF is also charged with the construction work.

1,597 €MN SALES **12** €MN NET PROFIT

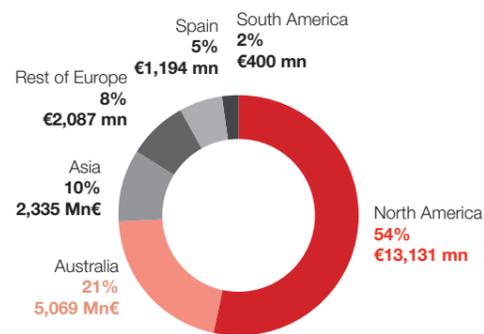
CONSTRUCTION



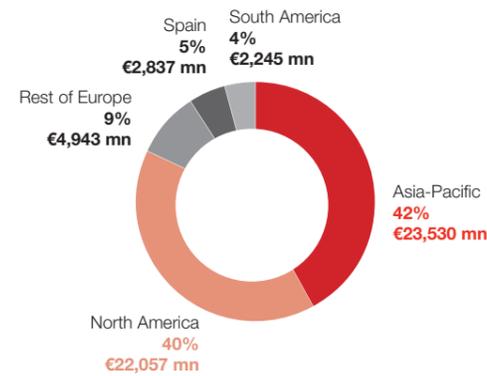
2016 Revenue breakdown by countries € Mn



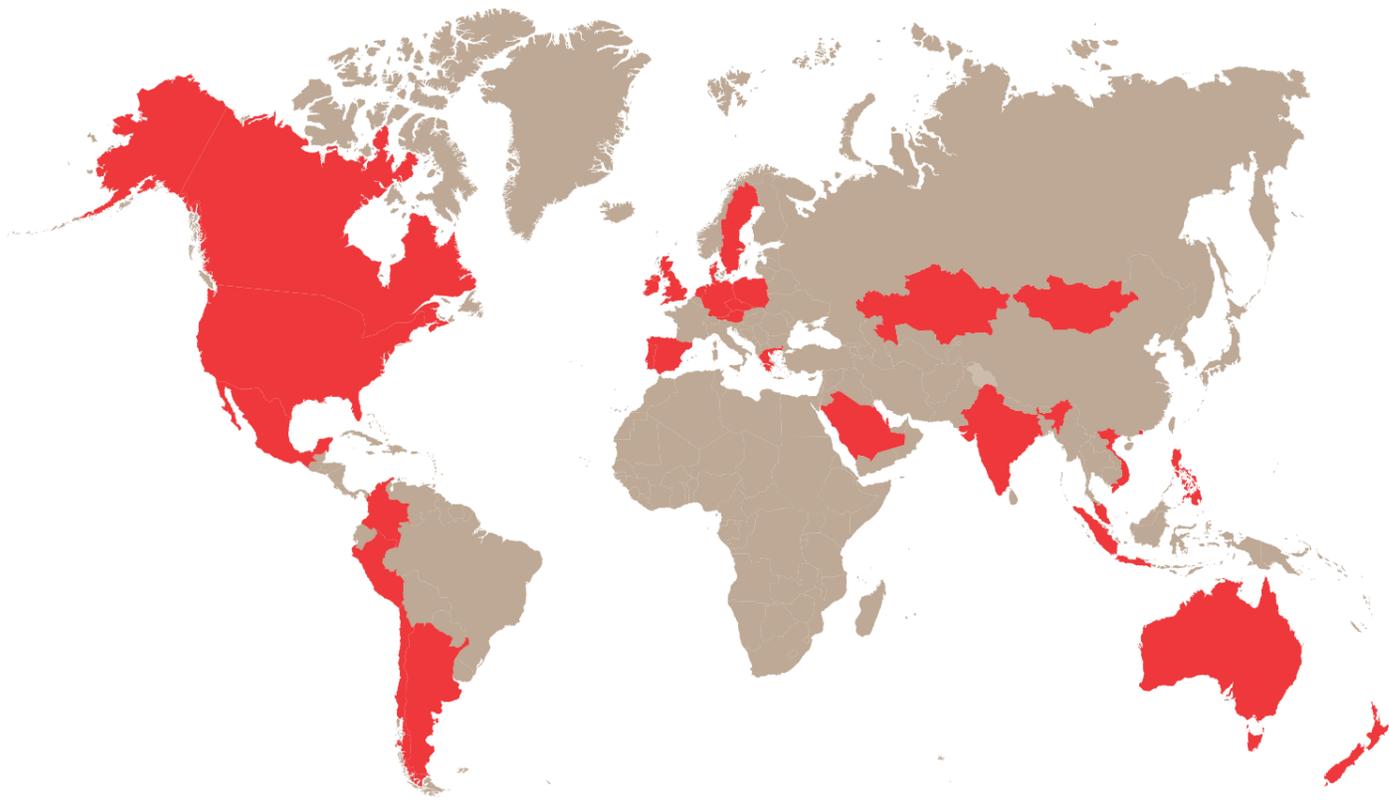
2016 Revenue breakdown by geographical areas



2016 Order book breakdown by geographical areas



Main countries where the ACS Group is developing Construction activity



KEY BUSINESS STRATEGIES

Strengthening our position as a global leader

The current strategy in construction focuses on maintaining the Group's leading position, strengthening its position on those markets where it is already a point of reference in the infrastructure sector and expanding its business to other international markets in all projects which enable it to provide competitive advantages with respect to local industry, but always maintaining rigorous control of risks and costs to enable it to maximise operational efficiency and profitability.

North America

What is noteworthy about this strategy is the growth and strengthening of the Group's leading position on the North American market, especially the United States, which is of particular interest and conforms to the Group's risk profile as a developed market with huge demand for infrastructure and a robust and reliable legal and financial framework. The Group's priority is to consolidate a business and management network that enables close relationships with clients and partners based on a long-term commitment to the environment through a multi-brand strategy with companies operating in different regions and offering different products.

New markets

The Group also wants to grow its construction business in developing countries that are starting to offer political and legal frameworks that conform to the company's risk profile. The Group is therefore interested in some countries in Latin America and the Middle East. Furthermore, the Group will continue its business in countries in Europe and Australia.



BUSINESS IN 2016

1. SIGNIFICANT GROWTH IN THE GROUP'S PORTFOLIO AND LEADING POSITION ON THE NORTH AMERICAN MARKET

In 2016, the amount of the contracted works portfolio in the construction business was 55,769 million euros, equivalent to 25 months of production. This figure has increased by 14.1% compared to 2015.

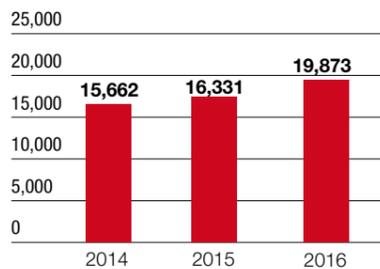
By geographical area, the Asia Pacific region makes up 42% of the 2016 portfolio. Within this area, Australia represents 21% of sales in construction and the ACS Group has a leading position there through CIMIC with positive growth forecasts based on the demand of an increasing population combined with a limited infrastructure network. The amount of the current portfolio in Australia is 16,238 million euros and includes both infrastructure projects, mainly transport, and construction and mine management contracts.

Also of note is the leading position of ACS Group companies in the United States, which in 2016 represented 50% of sales in construction. With sales of 12,086 million euros in 2016 and a portfolio worth 18,903 million euros, the ACS Group is a leader on the American construction and concessions market. In recent years, the construction portfolio has experienced strong double-digit growth thanks to the excellent work carried out by ACS Group subsidiaries in the country.

In this regard, the ACS Group carried out its business through the subsidiaries HOCHTIEF Americas, Turner and Flatiron. Dragados has strengthened its position in the United States and Canada thanks to the work of its North American subsidiaries Schiavone, Pulice, John P. Picone, Prince Contracting and J. F. White Contracting, as well as participating in the concessions sector through Iridium.

Turner continues to be among the leaders on the construction market in the United States. In the 2016 rankings published by Engineering News Record (ENR), the company continues to occupy the top spot for the construction of commercial and industrial buildings. Turner is also a leader in the construction of green buildings, generating more than double the sales of the company

Evolution of Construction order book in United States (\$MN)



ranked second by ENR. Turner is one of the main virtual design and construction suppliers in the United States (Building Information Modelling). Flatiron, a specialist in infrastructure construction, is fifth in the ENR rankings for the construction of roads and eighth for the construction of transport infrastructure and bridges.

In terms of the concessions market, ACS is continuing to strengthen its position as a leader on the North American market, especially in transport concessions. Of particular note is the financial closure of the project 'SH 288 Toll Lanes' in Texas (May 2016) with an investment of 1,063 million dollars. This, combined with the long list of existing concession projects in North America, has led to a current project portfolio valued at over 14,000 million euros of investment.

2. RESTRUCTURING AND CONSOLIDATION OF STRATEGIC BUSINESS AREAS

In recent years, HOCHTIEF has carried out a restructuring and reorganisation process aimed at improving operating margins and cash flow generation. In 2015, CIMIC largely completed the process of strategic alignment and operational restructuring started in previous years. This restructuring, together with the new structure of the HOCHTIEF Europe division, has enabled the Group to improve the quality of acquired contracts and risk management. These more efficient structures, alongside better operation of HOCHTIEF Americas, has helped to improve HOCHTIEF's operating margins. Together with maintaining the efficiency of Dragados, they have thus increased the margins in Construction.

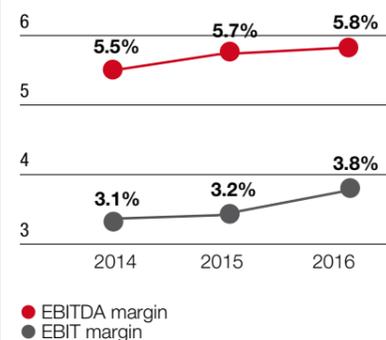
As part of this restructuring process, a number of corporate transactions were carried out in 2016 in order to consolidate the Group's business in activities related or complementary to our main area of business and divest of assets and businesses that do not meet this criteria. As a result, the following transactions were carried out in 2016:

- At the beginning of 2016, a bid was made to take over Sedgman, a leader in the design, construction and operation of mineral processing plants and related mining infrastructure. This business complements the mining activities of Thiess and enables the Group to offer a comprehensive service to clients in the mining sector.

- In October 2016, a bid was made to take over UGL at a price of 3.15 Australian dollars per share, which involved an investment of more than 500 million Australian dollars. This company offers engineering, construction and maintenance services to large companies and public bodies both in Australia and worldwide, which is a good opportunity for CIMIC to diversify its business.

- Also in 2016, the Group divested of CIMIC's 29% shares in Nextgen, a company in the telecommunications sector that provides network connectivity and data centre services. The sale price was 180 million Australian dollars.

Evolution of Construction operating margins (%)



 **For further information:**
Areas of activity evolution: construction

BUSINESS IN 2016

Main awards in 2016

 <p>NORTH AMERICA Project for the design and construction of Chesapeake Bay Bridge-Tunnel in Cape Charles (Virginia, United States)</p> <p>678 €MN</p>	 <p>NORTH AMERICA Echewater project development that consists in an addition to the Sacramento Regional Wastewater Treatment Plant (California, United States)</p> <p>362 €MN</p>	 <p>ASIA PACIFIC Construction of an eight-storey columbarium, garden of remembrance and other ancillary facilities in Hong Kong (China)</p> <p>215 €MN</p>	 <p>ASIA-PACIFIC Construction of the stage 2 of the Gold Coast light rail between Southport and Helensvale (Queensland, Australia)</p> <p>135 €MN</p>
 <p>NORTH AMERICA Project for modernization and expansion of Los Angeles International Airport (United States)</p> <p>658 €MN</p>	 <p>ASIA-PACIFIC Project for removing nine level crossings between Caulfield and Dandenong in Melbourne's south eastern suburbs, as well as rebuild five railway stations (Melbourne, Australia)</p> <p>318 €MN</p>	 <p>ASIA PACIFIC Construction of the Christchurch Hospital Acute Services Building (New Zealand)</p> <p>183 €MN</p>	 <p>EUROPE Development of Mercedes-Platz event building in Berlin (Germany)</p> <p>135 €MN</p>
 <p>ASIA-PACIFIC Project for the construction of the Tseung Kwan O - Lam Tin highway tunnel in Hong Kong (China)</p> <p>551 €MN</p>	 <p>ASIA-PACIFIC Design and construction of the Logan Enhancement project that includes upgrading the Wembley Road, Beaudesert Road/Mount Lindesay Highway and Compton Road interchanges; realigning and widening the Logan Motorway to six lanes from Mount Lindesay Highway to the Wembley Road ramp; and widening the Gateway Extension Motorway from four to six lanes between Compton Road and the Logan Motorway (Queensland, Australia)</p> <p>293 €MN</p>	 <p>NORTH AMERICA Works for the widening of two stretches of the SH-288 in Harris County (Houston, Texas, United States)</p> <p>160 €MN</p>	 <p>NORTH AMERICA Project for the construction of the segment 1 of the C-407 tolled highway (Denver, United States)</p> <p>129 €MN</p>
 <p>EUROPE Design and construction of the expansion of Aberdeen Harbour in Nigg Bay (United Kingdom)</p> <p>398 €MN</p>	 <p>ASIA-PACIFIC Contract expansion and extension at the Bayan Resources Group's Melak Coal Mine in Kalimantan (Indonesia)</p> <p>371 €MN</p>	 <p>ÁFRICA Contract for mining operations at Jwaneng diamond mine (Botswana)</p> <p>154 €MN</p>	 <p>EUROPE Construction of Tunnell Stellingen in the A7 motorway enlargement project (Hamburg, Germany)</p> <p>128 €MN</p>
 <p>NORTH AMERICA Rehabilitation and improvement works in the Corpus Christi Harbor Bridge in the highway US-181 (Texas, United States)</p> <p>363 €MN</p>	 <p>NORTH AMERICA Contract for mining services in oil sands in Athabasca region (Canada)</p> <p>290 €MN</p>	 <p>ASIA-PACIFIC Delivery of phases two and three of the Maker Maxity project which comprise a premium retail and hospitality development (India)</p> <p>149 €MN</p>	 <p>NORTH AMERICA Renovation and rehabilitation works for the Museum Center in Union Terminal in Cincinnati (Ohio, United States)</p> <p>136 €MN</p>



MAIN PROJECTS

ELBE PHILHARMONIC HALL (HAMBURG)

PROJECT EXECUTION DATES

2006-2016

LOCATION

Hamburg (Germany)

TYPE OF WORKS

Building

VALUE

> € 600mn

COMPANIES INVOLVED IN THE PROJECT

HOCHTIEF Infrastructure

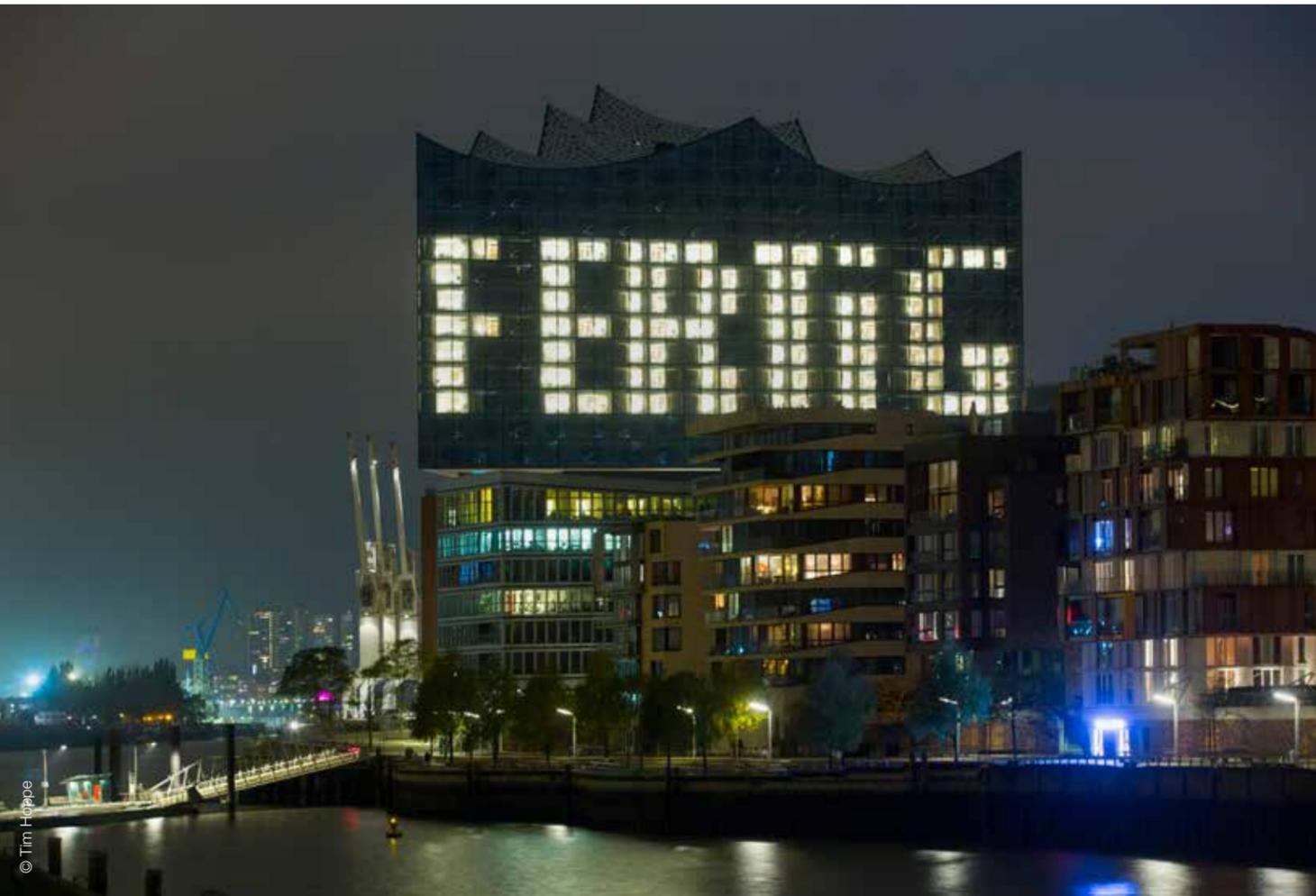
HOCHTIEF has bestowed a new landmark on Hamburg, right in the heart of the harbor. Resting atop the historic Kaispeicher A warehouse, the highly complex Elbe Philharmonic Hall project was completed in 2016. This striking wave structure rises above the warehouse that HOCHTIEF had gutted completely.

In terms of ecology, repurposing the red-brick storehouse also meant there was no need to develop greenfield land. In addition, the use of Building Information Modeling helped to enhance the design of the building's technical installations.

The Elbphilharmonie is home not only to a world-class concert hall but also a luxury hotel, sophisticated condominiums as well as music teaching facilities. At 37 meters high, the spacious Plaza affords stunning panoramic views of Germany's largest port. This is the centerpiece of the project and was designed as a place for the public to meet and interact.



For further information:
[Website \(www.grupoacs.com\)](http://www.grupoacs.com)
 Construction Projects
 Construction projects awarded



LIGHT TRAIN IN OTTAWA (CANADA)

CLIENT

Ciudad de Ottawa

PROJECT EXECUTION DATES

Construction: February 2013-June 2018
Maintenance: 30 years

LOCATION

Ottawa (Canada)

TYPE OF WORKS

Civil Engineering

VALUE

Initial investment: CAD\$ 2,100 mn

COMPANIES INVOLVED IN THE PROJECT

ACS Infrastructure Canada/
Dragados Canada (40%), SNC
Lavalin (40%) and EllisDon (20%)

The 'Rideau Transit Group (RTG) consortium, led by 'ACS Infrastructure Canada, a subsidiary of Iridium, has achieved business and financial completion of a 35-year contract with the City of Ottawa for the design, construction, financing and maintenance of the new light metro line ('Confederation Line') in Ottawa and for works to improve the H-417 motorway. The construction work is being carried out by a joint venture led by Dragados Canada. The duration of the construction period is 5 and a half years for the metro line and 3 years for the H-417 motorway. Following completion of the works on the metro line, there will be a 30-year maintenance period.

The Light Train in Ottawa, the Confederation Line, is a PPP project between the City of Ottawa and Rideau Transit Group (RTG) with the financial support of the Government of Canada and the Province of Ontario. The line is twelve and a half kilometres long and will be built mainly along the existing public transport route, except for a 2.5 kilometre tunnel which will go through the city centre. The line will have 13 stations, 3 of which

will be underground. The project also includes the construction of a garage (MSF) which will be used for the assembly and future maintenance of the vehicles. Another part of the project is the widening of a section of the 417 motorway which will be used from 2015 to divert buses that currently use the existing road.

Excavation of the tunnel is being carried out with shearers and it should be noted that 3 panels will be installed on the H417 using the rapid lift method, pre-assembling the panel alongside the structure, removing the existing panel and replacing it with the new one during a 14-18 hour power cut. It should also be noted that the contract includes the manufacture, testing and entry into service of the vehicles, which will be assembled in the garage. The vehicle is the Cidalis made by Alstom, and it is the first time a low-floor vehicle is being used in the weather conditions in the city of Ottawa.

 For further information:
Website (www.grupoacs.com)
Construction Projects
Construction projects awarded



LAKE VERMONT MINE (AUSTRALIA)

PROJECT EXECUTION DATES

2008 - 2018

LOCATION

Queensland (Australia)

TYPE OF WORKS

Mining

VALUE

A\$ 1,300 mn

COMPANIES INVOLVED IN THE PROJECT

Thiess

At the Lake Vermont Mine, Thiess—the global mining services operator within the CIMIC Group—is setting new international standards in coal extraction. The key to success lies in combining improvements under the operational excellence programs with special extraction methods as well as cutting-edge machinery and equipment. Producing up to 10.7 million metric tons of product coal a year, the mine represents the biggest project in Australia for Thiess.

In terms of ecology, thanks to special excavators that allow the coal seam to be safely accessed, Thiess has

streamlined workflow efficiency. As a result, the company is able to ensure increased productivity and protect the environment during excavation.

Thiess supports local communities with improved learning and development outcomes for students at a high school and at a youth center. In addition, 80 students were given a guided tour of a mining site in 2016. During the tour, they received interesting insights into geology, coal mining and engineering, while at the same time learning what types of jobs the mining sector offers.

 For further information:
Website (www.grupoacs.com)
Construction Projects
Construction projects awarded





INDUSTRIAL SERVICES

The Industrial Services area of the ACS Group is one of the main global competitors in applied industrial engineering,

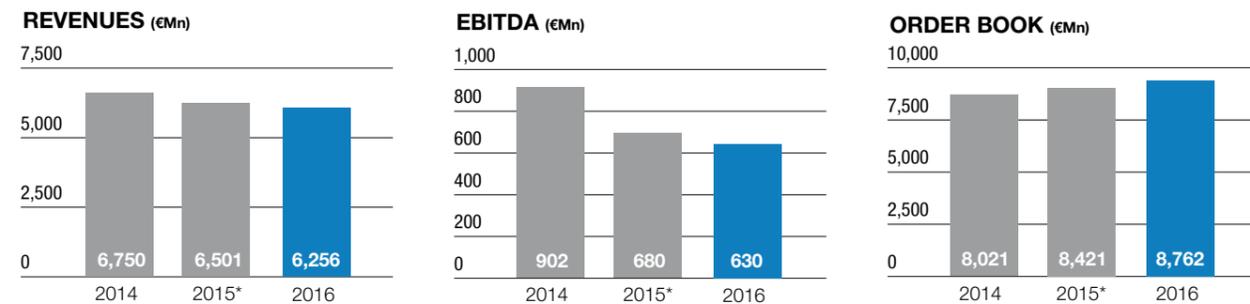


Foto: Parque fotovoltaico de Takahagi (Japan)

AN INDUSTRY MODEL

6,256 MN€ REVENUES **630** MN€ EBITDA **8,762** MN€ ORDER BOOK **305** MN€ NET PROFIT

40,806 NUMBER OF EMPLOYEES



*The sale of the renewable energy assets took place in the first quarter of 2015.

7.48
-24.4% vs. 2015
FREQUENCY INDEX¹¹

235,767
-21.5% vs. 2015
ENERGY CONSUMPTION (MWh)

85,908
-13.2% vs. 2015
TOTAL EMISSIONS (tCO₂)

16.7
R&D INVESTMENT (€Mn)

28.5
HEALTH AND SAFETY INVESTMENT (€Mn)

The Industrial Services area of the ACS Group is one of the main global competitors in applied industrial engineering, with projects in more than 50 countries. Its activity is

focused on the development, construction, maintenance and operation of energy, industrial and mobility infrastructure through a large group of companies.

The activities carried out by the ACS Group's Industrial Services area are grouped into two basic business lines:

INDUSTRY SUPPORT SERVICES

Industry Support Services focus on industrial maintenance contracts and services, as well as support services for customers' operational activities that, in turn, includes three areas of activity:

- Networks: electricity, gas and water network maintenance services and activities, in which the ACS Group has over 80 years' experience.
- Specialised Facilities: covering construction, installation and maintenance activities for high-voltage electricity lines, telecommunications systems, railway installations, electricity facilities, mechanical assemblies and heating and cooling systems.
- Control Systems: activities for installing and operating control systems for industrial and municipal services, noteworthy among that are traffic and transport control systems and systems for the comprehensive management of public infrastructures, segments in which ACS has become the leading engineering supplier.

EPC PROJECTS & RENEWABLE ENERGY: GENERATION

The ACS Group's Integrated Projects business is focused on executing "turnkey" or EPC¹² projects in which it designs, constructs and commissions projects related to the energy sector (electricity generation, also standing out for the execution of projects related to renewable energy, assets related to the oil and gas sector, among others) and engineering applied to industry.

It is also worth highlighting the ACS Group's experience

promoting and participating in concession assets, related mainly to energy, such as wind farms, thermal solar plants (either with a central tower or with parabolic trough collectors, and with molten salt energy storage technology) transmission lines, purification plants and desalination plants.

€3,425 M
SALES

€4,791 M
ORDER BOOK

€2,840 M
SALES

€3,971 M
ORDER BOOK

¹² Engineering, Procurement and Construction.

¹¹Frequency Rate: Number of accidents that have occurred during the working day per million hours worked.



Industrial Services Concessional assets at 31 december 2016

Wind farms	Number of wind farms	Installed capacity (MW)	ACS Group average stake
Wind farms in operation	6	291.6 MW	62%
Thermal solar plants	Number of plants	Installed capacity (MW)	
Thermal solar plants in operation	3	209.8 MW	24%
Thermal solar plants in construction	1	100.0 MW	20%
Electricity transmission assets	Number	Kilometers	
Transmission lines	11	6,740	45%
Electrical substations	2		75%
Photovoltaic plants	Number of plants	Installed capacity (MW)	
Photovoltaic plants in operation	1	10 MW	n.d.
Other concessional assets	Number	Capacity	
Desalination plants in operation	2	272,000 m ³ /day	59%
Desalination plants in construction	1	100,000 m ³ /day	40%
Water treatment plants	32	1,774,961m ³ /day	99%
Combustion cycle	1	223 MW	50%

INDUSTRIAL SERVICES



These activities are distributed among the various enterprises that compose the companies that head up the industrial services activity: the Cobra Group and Dragados Industrial, two sector-leading business groups with more than 50 years of demonstrated experience.

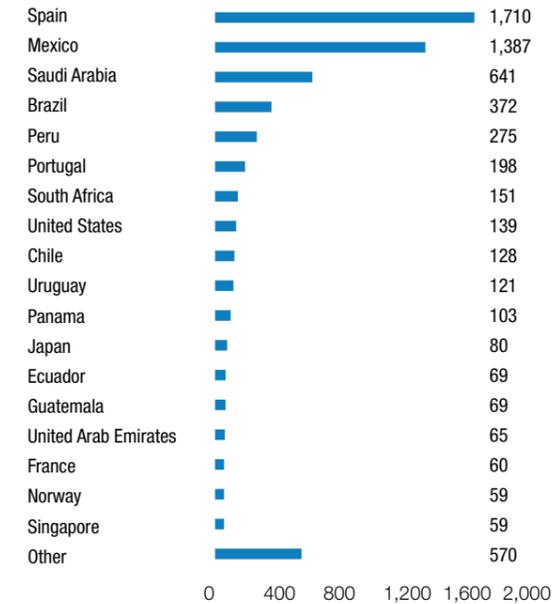
The ACS Group is a leader in Industrial Services in Spain and one of the main competitors in Latin

America, where it has extensive experience and a stable presence in the development of turnkey projects and the provision of services, particularly in Mexico and Peru, two countries in which it holds a leadership position.

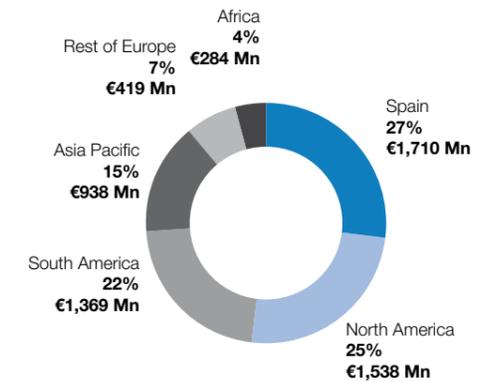
Likewise, the Industrial Services activity has a growing presence in European and Middle Eastern countries, where in recent years

it has been awarded important projects. Similarly, the Group is consolidating its presence in areas such as North America, Africa and countries in the Asia-Pacific region.

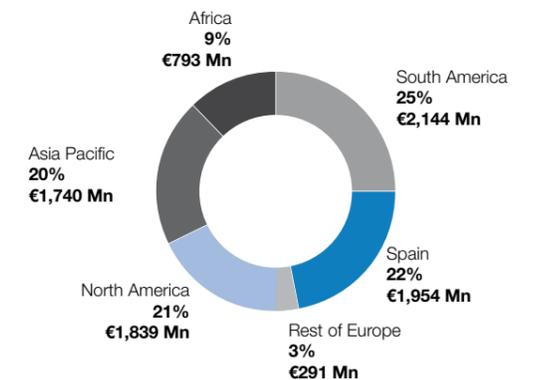
Revenue breakdown by country 2016 (€ Mn)



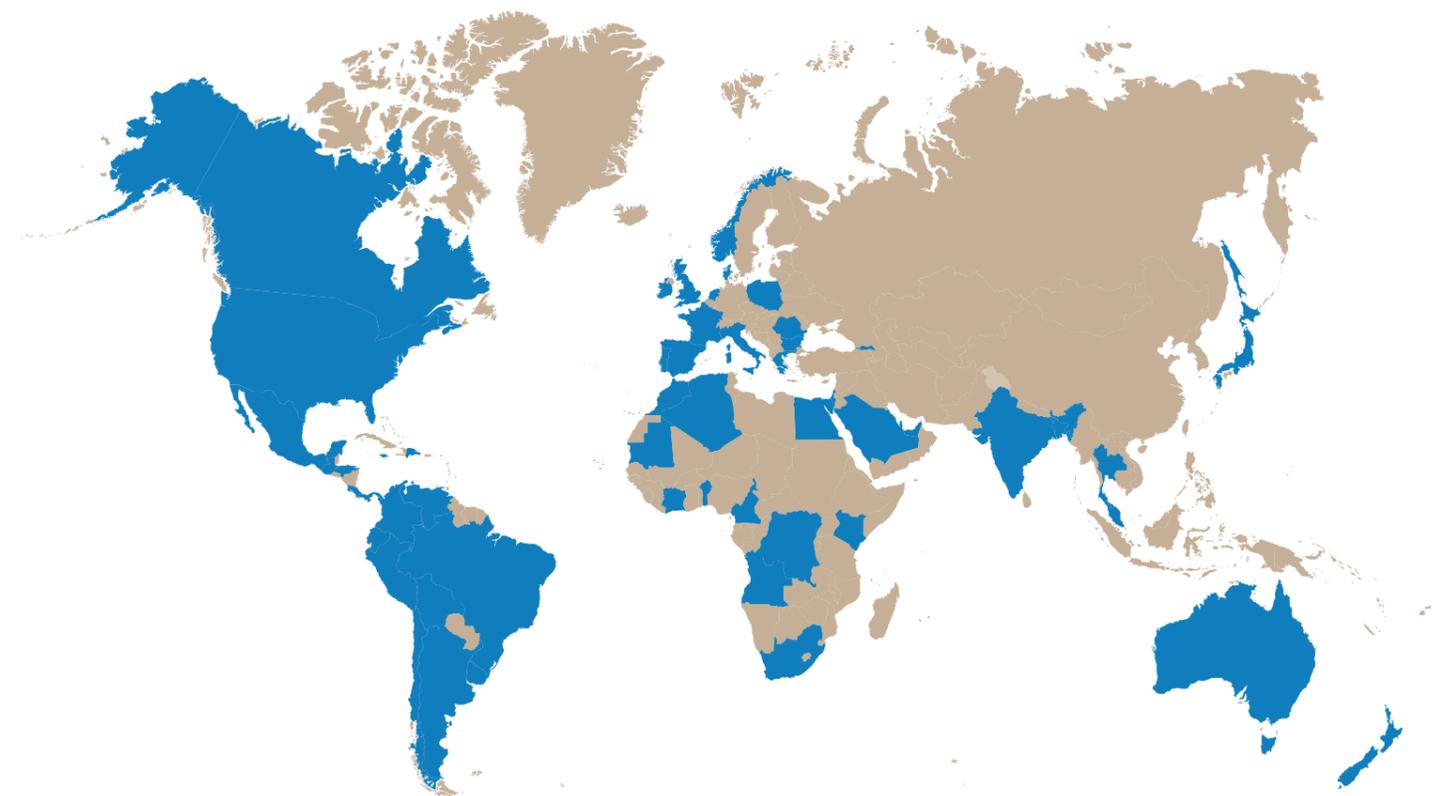
Sales breakdown geographic area



Backlog breakdown geographic area



Main countries where the ACS Group develops its Industrial Services activity



KEY BUSINESS STRATEGIES

International presence

In the coming years, it will continue to consolidate its leadership position and situation in the countries in which it already has a strong presence, combined with sustainable expansion towards new markets with significant growth potential, taking advantage of the synergies arising from working with other companies of the ACS Group.

Efficiently complement the activities of industrial services

On the one hand, the Industry Support Services business will continue to focus on consolidating its position as a global model thanks to its ongoing technological innovation and technical excellence, growing in stable environments that fit the Group's risk profile.

On the other hand, the business of implementing EPC projects, which is less dependent on local resources, is more flexible and dynamic and is not confined to the macro-political environment of the areas and, therefore, its business is not limited to specific markets. These characteristics, together with its capillary nature and an extensive network of customers and partners, will enable the Group to identify and take advantage of new opportunities in all types of markets.

Therefore, the Group will seek to efficiently and profitably combine its Industry Support business that is more recurrent and provides greater stability, with the Integrated Project business that, because it offers highly specialised and specific solutions for each customer, generates lower levels of profitability.



BUSINESS IN 2016

1. ACTIVITIES AND SECTORS EXPERIENCING BUSINESS GROWTH

In 2016 the Industrial Services area of the ACS Group has continued to develop and expand its activity into new geographic areas. Therefore, in addition to continuing to have a solid presence in Spain, the Industrial Group has continued its expansion into various European countries such as the United Kingdom, Ireland, Germany, the Netherlands and Romania, among others.

It has continued to maintain a high level of activity in North America, primarily in Mexico. Furthermore, it has significantly consolidated its position in the Andean region, Brazil and the Southern Cone, Central America and the Caribbean

The industrial Group consolidated its presence in the Middle East, particularly in Saudi Arabia and the

United Arab Emirates, where a large portion of its activity in the region is concentrated. In the Asia-Pacific region, the Group is working on interesting projects in various countries, such as Bangladesh and Singapore and maintains a presence in India, Malaysia and Australia. Forecasts are promising given that many economies in the area are faring well at the moment.



1. ACTIVITIES AND SECTORS EXPERIENCING BUSINESS GROWTH

In Africa, the commercial effort in the various areas continues. The Group continues working in the majority of countries in the Maghreb and in South Africa and is present in various countries of eastern and sub-Saharan Africa. The commercial effort in these areas intensified in 2016 and the effects are beginning to be felt.

With regard to the activities performed by Industrial Services, this area has positioned itself in activities with good growth prospects. Therefore, after the recent agreements reached at the COP 21 in Paris in December 2015, which were solidified after the COP 22 in Marrakesh and that several countries have already ratified, there will be an additional push in renewable energy, energy efficiency services and flexibility services for balancing electricity systems. In this regard, the Industrial Services area of the ACS Group is very well-positioned: with regard to generation, it is a leader in executing thermal solar and wind projects under the EPC system and it has a growing presence in large PV projects around the world, in addition

to being the regional leader in small hydro projects in Latin America and the development of biomass plants. In relation to technological progress, the main objectives for these projects focus on reducing the cost of solar and offshore wind power, as well as combining various renewable sources to increase the flexibility and integration of renewable energy in electricity systems.

With regard to energy efficiency, its main activities are focused on sustainable mobility. Furthermore, it is a global leader in urban and motorway traffic management technology that, together with its role as a provider of support services to electric and communication utilities, allows it to participate in activities with significant growth potential, such as smart cities or the development of electric vehicle charging networks.

In other areas that will provide flexibility services, such as the expansion of electric motorways, or the global spread of smart meters, the companies in the industrial area have a very significant presence in numerous markets.

On the other hand, the experience and capacity of the Industrial Services area to execute projects will ensure that it continues to consolidate its position in concession projects, in the field of energy (renewable energy, electricity transport, sustainable transport), as well as the environment (desalination, purification and filtering plants).

Likewise, the Industrial Services business will continue to implement projects related to the development and exploitation of hydrocarbons, a field in which the ACS Group's Industrial Services business has significant experience and recognition in the sector.



2. EXPANSION OF THE TRANSMISSION LINE BUSINESS IN BRAZIL

In 2016 the ACS Group's Industrial Services companies were awarded various transmission line contracts in Brazil.

The lines pass through the north-east region of Brazil (the states of Bahia, Piauí, Paraíba, Ceará and Rio Grande do Norte) and the state of Minas Gerais.

These new concessions, received together with the Canadian investment fund Brookfield, join the previous projects undertaken by the CYMI-Brookfield partnership in Brazil, comprising more than 2,900 kilometres of high voltage lines and 13 newly-built substations, and with a portfolio value of over 6,000 million, around €1,700 million.

With these projects and those that the other ACS subsidiary, Cobra,

already has, the ACS Group has consolidated its position as the country's largest transmission line contractor.

The joint portfolio of ACS in the Brazilian power transmission market exceeds €2,850 million and enormous activity is predicted for this business and the Industrial group over the coming years in Brazil.

 For further information:
5.5 Areas of activity evolution:
Industrial Services



BUSINESS IN 2016

2016 MAIN AWARDS

 <p>SOUTH AMERICA EPC project for the construction of Mantiqueira electricity transmission line with a length of 1,341 km in Minas Gerais State (Brazil)</p> <p>€1,396_{MN}</p>	 <p>NORTH AMERICA Manufacture, assembly, testing, load-out and seafastening of 74 modules for the ethylene cracking unit for Franklin new petrochemical complex (Pennsylvania, United States)</p> <p>€130_{MN}</p>	 <p>SOUTH AMERICA Works for electromechanical installations in the new tyre plant of Michelin in Guanajuato (Mexico)</p> <p>€75_{MN}</p>	 <p>SOUTH AMERICA EPC project for the construction of the geothermal energy plant of Las Pailas II with an installed capacity of 55MW (Costa Rica)</p> <p>€56_{MN}</p>
 <p>SOUTH AMERICA Combined heat and power plant Altamira (Tamaulipas, Mexico)</p> <p>€320_{MN}</p>	 <p>ASIA PACIFIC EPC contract for the construction of a complete water supply system in Anuradhapura South including the construction of 2 drinking water treatment plants and 315Km of distribution networks (Sri Lanka)</p> <p>€97_{MN}</p>	 <p>SPAIN Maintenance of networks and distribution of medium voltage and low voltage in several areas of Andalucía, as well as specific work in tension in Cataluña (Spain)</p> <p>€64_{MN}</p>	 <p>SOUTH AMERICA Construction and equipment of the new hospital of the city of Montero (Bolivia)</p> <p>€55_{MN}</p>
 <p>AFRICA Contract for the development of engineering, supply of equipment and materials as well as the construction, including erection, commissioning and start-up for a new fertilizers complex which includes a Sulphuric Acid Plant, and a DAP & TSP Plant (Egypt)</p> <p>€315_{MN}</p>	 <p>SOUTH AMERICA Contract for the development of Pastoral windfarm with an installed capacity of 53MW (Uruguay)</p> <p>€92_{MN}</p>	 <p>SOUTH AMERICA Contract for the gas services distribution for Gas Natural in Chile</p> <p>€60_{MN}</p>	 <p>ASIA PACIFIC Construction of a photovoltaic plant with an installed capacity of 33,4MW in Fukushima (Japan)</p> <p>€52_{MN}</p>
 <p>ASIA PACIFIC EPC project for the construction of Ras Al Khaimah desalination plant with a capacity of 100,000 m³/day (United Arab Emirates)</p> <p>€248_{MN}</p>	 <p>SOUTH AMERICA EPC contract for the construction of 6 photovoltaic plants with a total peak power of 84.3 MW, including medium voltage evacuation infrastructures (Uruguay)</p> <p>€80_{MN}</p>	 <p>EUROPE Fabrication of 4 substation jackets for the Hornsea offshore wind farm project (Denmark)</p> <p>€57_{MN}</p>	 <p>ASIA PACIFIC Construction of Hokota photovoltaic plant with an installed capacity of 21,53 MW (Japan)</p> <p>€52_{MN}</p>
		 <p>SOUTH AMERICA Construction and installation of 8 electrical substations and 5 transmission lines with a total length of 226.5 km in the state of Sonora (Mexico)</p> <p>€55_{MN}</p>	 <p>ASIA PACIFIC Works for traffic control systems installation in Al Muntazah Street (Qatar)</p> <p>€45_{MN}</p>
			 <p>ASIA PACIFIC Construction of a photovoltaic plant with an installed capacity of 17MW in Hayato (Japan)</p> <p>€43_{MN}</p>

-  EPC Projects
-  Networks
-  Specialised Products
-  Control systems



MAIN PROJECTS

NEW FERTILISER COMPLEX (EGYPT)

CUSTOMER
NCIC

PROJECT EXECUTION DATES
2016 - 2018

LOCATION
Ain Sohkna, Egypt

CONTRACT TYPE
EPC projects

AMOUNT
€315 million

COMPANIES INVOLVED IN THE PROJECT
Intecsa Ingeniería Industrial, S.A.

The project consists of developing a sulphuric acid plant featuring two trains of 1,900 t/h and a DAP (diammonium phosphate) and TSP (triple superphosphate) plant, with capacities of 1,200 t/h and 750 t/h, respectively. These plants will be built in Ain Sohkna, located on the Gulf of Suez in North-east Egypt.

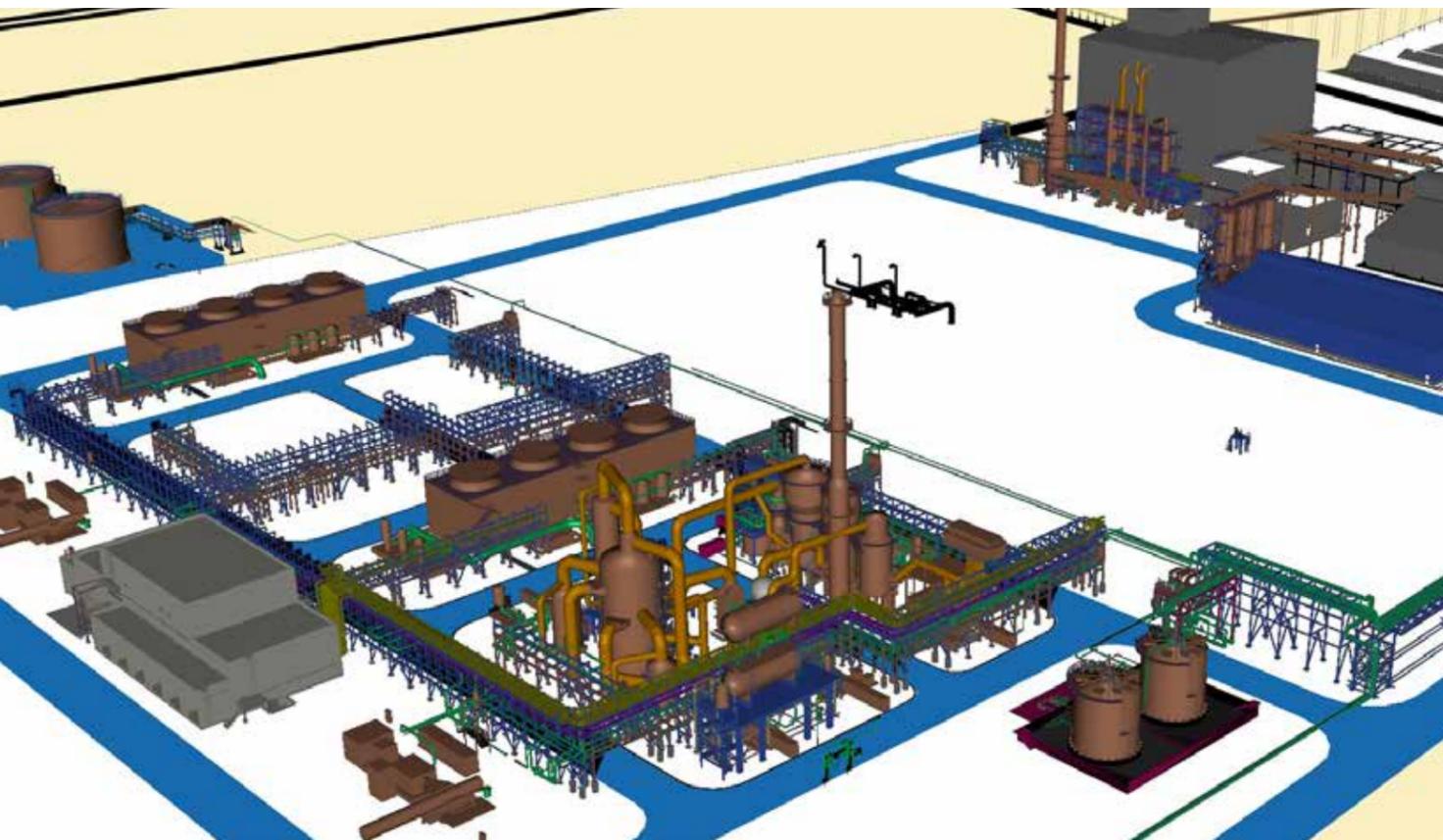
largest ever constructed in Egypt in the fertiliser industry.

The execution period until its definitive start-up will be 28 months for the sulphuric acid plant and 30 months for the DAP (diammonium phosphate) and TSP (triple superphosphate) plant.

The scope of this turnkey contract includes the completion of basic and detailed engineering, the supply of construction equipment and materials, including assembly, and the commissioning and start-up of both plants.

The Contract represents half of the total fertiliser complex that will be built in Ain Sohkna and will be the

 For further information:
[Website \(www.grupoacs.com\)](http://www.grupoacs.com)
Industrial Services Projects
Industrial Services Awards



COMBINED HEAT AND POWER PLANT ALTAMIRA (MEXICO)

CUSTOMER
Akra Polyester S.A de C.V.

PROJECT EXECUTION DATES
2016-2016

LOCATION
Altamira (Tamaulipas, Mexico)

CONTRACT TYPE
EPC Projects

AMOUNT
€320 million

COMPANIES INVOLVED IN THE PROJECT
Avanzia Instalaciones S.A. de C.V.

Engineering, supply, installation, construction, testing and start-up of a combined heat and power plant which uses natural gas, has a capacity of 348 MW of electricity and 193 to 211 metric tonnes per hour of steam for its processes in the plastic production facilities of Akra Polyester S.A. de C.V. This project will increase the company's

competitiveness because it will deliver a long-term sustainable supply of electricity. The facility will include gas and extraction-condensing steam turbines.

 For further information:
[Website \(www.grupoacs.com\)](http://www.grupoacs.com)
Industrial Services Projects
Industrial Services Awards



VIENTOS DE PASTORALE WIND FARM (URUGUAY)

CUSTOMER

Vientos de Pastoral
(BOW 90%-Sowitec 10%)

PROJECT EXECUTION DATES

February 2016 - April 2017

LOCATION

Ismael Cortinas, Uruguay

CONTRACT TYPE

EPC Projects

AMOUNT

€93 million

COMPANIES INVOLVED IN THE PROJECT

Semiur, Cobra, Sowitec



For further information:
Website (www.grupoacs.com)
Industrial Services Projects
Industrial Services Awards

Turnkey project for the construction of the Vientos de Pastoral wind farm in Uruguay with an installed capacity of 51 MW with 16 Vestas V126 turbine units. Each turbine is capable of generating 3.3 MW of power, the tower measures 115 m and the length of each blade is 63 m. Construction of the farm includes the civil engineering of 17 km of internal roads, the design, construction and entry into service of two substations and a 50 km high-voltage line. The term of the project is 14 months and is expected to be completed within the stipulated time frame. The customer is a company in which Bow Power has a 90% stake (Cobra group) and Sowitec has a 10% stake. The high-voltage line and one

of the substations will be transferred to an unincorporated joint venture (UTE) (Uruguay electricity network). The line has been executed and is pending entry into service in January 2017 — likely the fastest assembly of a high-voltage line (six months – 50 km) the country has ever witnessed.



SERVICES

After the sale of Urbaser in 2016 and the sale announcement of the logistics activity, Services comprised Clece which is a benchmark company in services for people.



AN ACTIVITY UNDER TRANSFORMATION

€1,538_{MN}
REVENUES

€78_{MN}
EBITDA

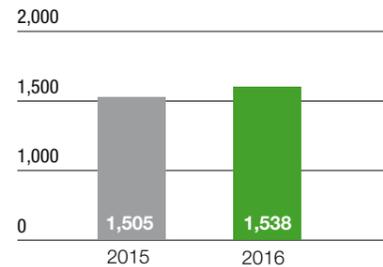
€1,995_{MN}
ORDER BOOK

€84_{MN}
NET PROFIT

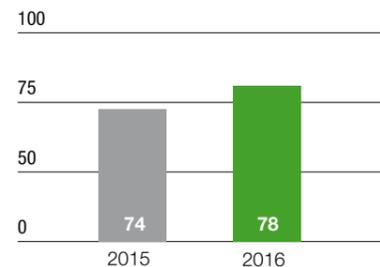
71,616
NUMBER OF EMPLOYEES



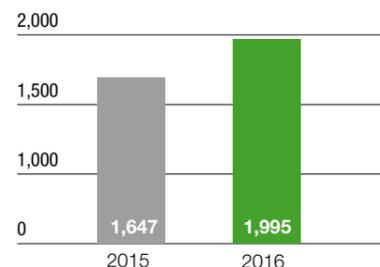
REVENUES (€MN)



EBITDA (€MN)



ORDER BOOK (€MN)



9.6%
OF EMPLOYEES BELONGS
TO VULNERABLE GROUPS

>1
MILLION
ATTENDED PEOPLE

132
CENTERS FOR
VULNERABLE GROUPS

237
RETIREMENT HOMES

133
CHILDREN SCHOOLS

250
NUMBER OF COURSES OF ACTIVITIES OF
PUBLIC AWARENESS DEVELOPED

Clece is a benchmark company when it comes to services for people. The company has 71,616 employees, in various services, which work to improve the quality of life of more than 1 million people; as well as to maintain and improve the efficiency of buildings; care for and protect the environment, whether in cities or the natural landscape.

It is an activity that requires specialised management of the workforce and where Clece has gone above and beyond by making the inclusion of vulnerable groups and fundamental piece of its strategy. In fact, 9.6% of its employees have some form of disability, are victims of gender violence or at risk of social exclusion.

Clece is a key piece of the ACS Group's global strategy and its commitment to the local environments where it carries out its activities. Its management and maintenance of infrastructure activity ensures the ACS Group has a presence throughout the entire value chain of the infrastructure business. In addition, its decidedly social nature helps the Group understand society's real needs, facilitating the identification of opportunities in the Group's various activities.

The company structures its activity into three fundamental areas:

SERVICES FOR PEOPLE

They cover the assistance needs and resources for certain groups, such as the elderly, dependent individuals, individuals with disabilities or children from ages 0 to 3, including services such as eldercare; management of nursery schools or food services for communities.

SERVICES FOR BUILDINGS

They include services necessary for the optimal operation of any property, such as maintenance, energy efficiency, cleaning, security, logistics and ancillary services.

SERVICES FOR THE CITY AND THE ENVIRONMENT

They encompass activities related to the preservation and care of public spaces such as managing public lighting, including investing in changing the lighting, environmental services and airport services.

In addition to Spain, Clece is present in the United Kingdom and Portugal. The company began its activity in England in 2013 through CCS, a brand comprising companies specialised in home care including in recent years All Care and Heath Lodge and, more recently, in 2016 Dale Care, Hartwig and Accessible Care.

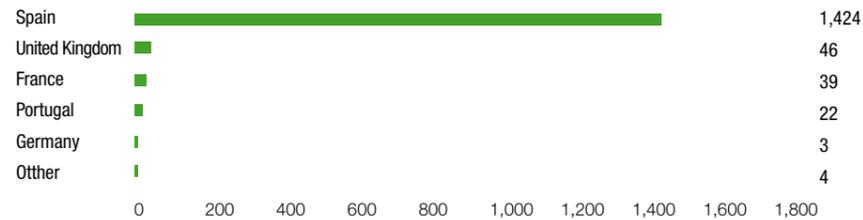
In Portugal, Clece carries out its activity in two main areas, cleaning and maintenance of facilities, where it is worth noting its significant penetration into the private market.



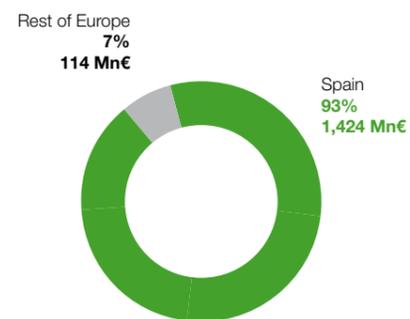
Main countries where the ACS Group develops its Services activity



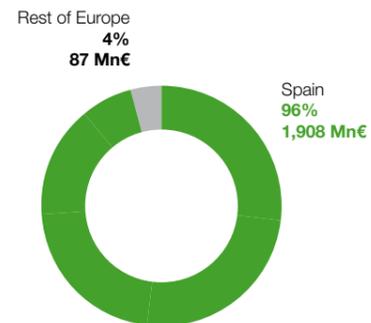
Revenues breakdown by countries 2016 (€Mn)



Sales breakdown by geographic area



Backlog breakdown by geographic area



BUSINESS IN 2016

In 2016 the area previously known as the Environmental business was restructured with the sale of Urbaser and Sintax.

The sale of Urbaser, dedicated to the Urban Services and Waste Treatment business, to Firion Investments S.L.U, a company controlled by a Chinese group, was completed after several months of negotiations. The results of the sale is a price that ranges between €1,164 and €1,399 billion depending on the company's ongoing operation. This price represents a price/benefit ratio of between 23.2 and 27.9 and represents a value higher than the market consensus, solidifying the value created since Urbaser's creation.

With this transaction, the Group continues its deleveraging process through de-consolidation and repayment of a significant amount of debt. It also reduces the business' capital needs given that the waste treatment business is a capital-intensive activity.

On the other hand, this transaction allows Urbaser to exploit its competitive advantages and its extensive experience, both in the waste treatment and urban services industries, in new markets and to continue strengthening its position in markets where it already has a consolidated presence.

With regard to Sintax, the ACS Group's logistics services subsidiary, an agreement was reached with the French company Compagnie d'Affrètement et de Transport S.A.S (CAT) in November 2016 for the total sale of its stake for a price of €55 million. With this transaction, which was formalised in February 2017, the Group completed the process of divesting from its port and logistic assets begun in 2010 with the sale of SPL's assets.

[For further information:](#)
[5.6 Areas of activity evolution: Services](#)



BUSINESS IN 2016

2016 MAIN AWARDS

	SPAIN Renewal of the contract for home care services in Madrid city (Spain)	€169_{MN}		SPAIN Renovation of the contract for the service of help at home for the Diputación de Almería (Spain)	€42_{MN}
	SPAIN Contract for the facility management of "La Jesuitina" retirement home in Vallalid (Spain)	€70_{MN}		SPAIN Contract for home care services in Barcelona (Spain)	€30_{MN}
	SPAIN Contract for airplanes cleaning services for Iberia in Spain	€68_{MN}		SPAIN Contract for the facility management of Laguna de Duero retirement home (Valladolid, Spain)	€30_{MN}
	SPAIN Two contracts for the integral cleaning service of the Specialized Care Centers attached to the Madrid Health Service (Spain)	€57_{MN}		SPAIN Renovation and facility management services for Otazu retirement home (León, Spain)	€29_{MN}
	SPAIN Contract for cleaning services in buildings of Valencian Community Health Department (Spain)	€56_{MN}		SPAIN Facility management of the retirement home and services for the Allegra Magna real estate complex for elderly in Valladolid (Spain)	€26_{MN}
	SPAIN Enlargement of the contract for cleaning services in the facilities of the Spanish Police (Spain)	€47_{MN}		SPAIN Contract for the facility management of San José retirement home in Barcena de Carriedo (Cantabria, Spain)	€23_{MN}
				SPAIN Contract for cleaning Vall d'Hebron Hospital (Barcelona, Spain)	€21_{MN}

-  Services for people
-  Services for buildings
-  Services for the city and the environment

MANAGEMENT OF THE HOME HELP SERVICE OF THE PROVINCIAL GOVERNMENTS OF ALMERÍA AND JAÉN

CUSTOMER

Provincial governments of Almería and Jaén

PROJECT EXECUTION DATES

2017 – 2020

LOCATION

Almería and Jaén

CONTRACT TYPE

Services for people

AMOUNT

€168 million

COMPANIES INVOLVED IN THE PROJECT/CONTRACT

Clece, S.A.

 For further information:
[Website \(www.grupoacs.com\)](http://www.grupoacs.com)
[Services Projects](#)
[Services Awards](#)

After 8 and 10 years of management, respectively, the provincial governments of Almería and Jaén once again placed their trust in Clece in 2016 by renewing its management of the Home Help Service (HHS) for municipalities with less than 20,000 inhabitants.

The HHS service of the provincial government of Almería covers 82 municipalities, providing service to 2,439 users with a team of 1,093 employees. On the other hand, the HHS service of the provincial government of Jaén reaches 70 municipalities and 3,000 users with a staff of 1,100 employees. The significant figures for this service are based on innovation, quality and excellence in an ongoing progression towards the Comprehensive and People-Centred Care model. In this regard,

technological innovation has been fundamental in implementing the monitoring system for the service that combines GESAD management software with NFC technology to minimise the risk that an elderly person will be left unattended.

Both projects are noteworthy because they promote labour integration with a total of 266 employees from vulnerable groups such as disabled individuals, victims of gender violence, people at risk of exclusion and unemployed youth. Likewise, the HHS service promotes extraordinary initiatives focused on eldercare such as social activities (workshops on living with the elderly, tributes to 100-year-old users, support schedules or programmes for the family, among others) or innovative therapies.

