

THE BOARD OF DIRECTORS' EXPLANATORY REPORT CONCERNING POINT 11 OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING IN RELATION TO THE DELEGATION TO THE BOARD OF DIRECTORS OF THE POWER TO ISSUE, ON ONE OR MORE OCCASIONS, WITHIN A MAXIMUM TERM OF FIVE YEARS, SECURITIES CONVERTIBLE AND/OR EXCHANGEABLE FOR SHARES OF THE COMPANY, AS WELL AS WARRANTS OR OTHER SIMILAR SECURITIES THAT MAY DIRECTLY OR INDIRECTLY PROVIDE THE RIGHT TO THE SUBSCRIPTION OR ACQUISITION OF SHARES OF THE COMPANY, FOR A TOTAL AMOUNT OF UP TO THREE BILLION EUROS (EUR 3,000,000,000); AS WELL AS THE POWER TO INCREASE THE CAPITAL STOCK BY THE NECESSARY AMOUNT, ALONG WITH THE POWER TO EXCLUDE, WHERE APPROPRIATE, THE PREEMPTIVE SUBSCRIPTION RIGHTS UP TO A LIMIT OF 20% OF THE CAPITAL STOCK, RENDERING NULL AND VOID THE DELEGATION OF POWERS CONFERRED BY THE PREVIOUS GENERAL MEETING.

1. THE PURPOSE OF THE REPORT.

During its meeting held on March 28, the Board of Directors of ACS, ACTIVIDADES DE CONSTRUCCION Y SERVICIOS, S.A. (hereinafter "ACS" or "the Company") agreed to submit to the General Shareholders' Meeting, under Point 11 of the Agenda of the said meeting, a proposal concerning (i) the delegation to the Board of Directors of the power to issue securities convertible and/or exchangeable for shares of the Company, as well as warrants or other securities that may directly or indirectly provide the right to the subscription or acquisition of shares of the Company, for a total amount of up to three billion euros (EUR 3,000,000,000) (or its equivalent in another currency); (ii) the delegation to the Board of Directors of the power to increase the capital stock by the necessary amount in accordance with the above; and (iii) the delegation to the Board of Directors of the power to exclude the preemptive subscription rights where appropriate, although, in the latter case, the increase of capital required to complete the conversion of the securities would be limited to a maximum limit of 20% of the capital stock of the Company at the time of the delegation.

For this purpose, and in compliance with the provisions of Articles 286, 297, 401, 417 and 511 of the amended Capital Companies Law, approved by Legislative Royal Decree 1/2010, of July 2, 2010 (the "**Capital Companies Law**"), the Board of Directors of ACS issues this report for the purpose of explaining the above proposal to be submitted for approval by the General Meeting.

2. EXPLANATION OF THE DELEGATION TO THE BOARD OF DIRECTORS OF THE POWER TO INCREASE THE CAPITAL STOCK OF THE COMPANY.

The current global situation of the securities markets in Spain makes it essential for any company, and particularly those whose shares are publicly listed, to be able to make as quickly as possible the appropriate or necessary decisions with regard to a company's specific circumstances, thus reducing the costs arising from the operations concerned.

One of the financial instruments regularly used as a stable means of attracting external investment is the issuing of different types of bonds: unsecured, subordinated, exchangeable, convertible, etc. On the one hand, bonds that are convertible and/or exchangeable for shares have the advantage of offering investors the opportunity to transform their credits to a company into its shares, thus potentially obtaining a higher degree of profitability than that offered by other debt instruments; on the other hand, they have the advantage of enabling the company to increase its equity capital.

Since the Board of Directors constitutes the corporate body that has the power to make immediate decisions and to manage and represent the Company as a whole, it needs to be given the flexibility required to adopt the appropriate measures at any time without needing to consult the Shareholders' Meeting, bearing in mind the added delays and costs for making decisions that would arise due to the legal obligations for convening and holding such meetings, which would seriously hamper the workings of the Company, which therefore follows the common practices of most other publicly listed corporations.

In this way, giving the Board of Directors the flexibility authorized by Law provides the Company with a rapid and effective mechanism to obtain funding with which to consolidate the Company's balance sheet, reinforce its financial structure, and also to take initiatives to encourage investment and growth that may bring the Company considerable strategic benefits.

This delegation would thus provide the Company's principal governing body with the margin of maneuverability and ability to react required by the competitive environment in which the Company operates, in which the success of a strategic initiative or financial transaction depends on the opportunity to carry it out quickly, without the delays and costs that would inevitably be involved by the convening and holding of a Shareholders' General Meeting.

This is why it is considered appropriate to delegate to the Board of Directors the power to issue securities that are convertible and/or exchangeable for shares of the Company for a maximum amount of three billion euros (EUR 3,000,000,000) (or its equivalent in another currency). For the purpose of calculating the previous limit, in the case of warrants, the sum of the premiums and prices practiced for the warrants of the issuances that are agreed to under this delegation will be taken into account. It is estimated that this amount is large enough to enable the Board of Directors, over a maximum period of five years, to obtain external funds through the issuing of securities that are convertible and/or exchangeable for shares of the Company or other similar securities that may directly or indirectly provide the right to the subscription or acquisition of shares of the Company, in order to thus cover the needs that the Company may experience at any time, whether it be in order to meet the Company's possible need for financing or its need to undertake any other investments that may be considered appropriate for the Company or, where necessary, to partially refinance the Company's debt.

Within the framework indicated by the General Meeting and always complying with the provisions for this type of issuance in the applicable regulations, the Board of Directors will thus be equipped to determine the specific terms and conditions for each issuance of this type of security, so as to ensure that the issuances correspond to the actual situation

of the Company and the markets at any given time, thus pursuing the best interests of the Company. For these purposes, the provisions of the Capital Companies Law relating to securities convertible into shares will be applied to the warrants or other similar securities, inasmuch as they are compatible with the characteristics of these securities. In particular, the provisions of Article 415 of the above Law will apply, by which the conversion of such securities into shares of the Company is prohibited when the nominal value of the securities is lower than that of the shares.

The proposal that is the subject of this report also refers to the delegation to the Board of Directors of the power to adopt and implement agreements to increase the capital stock, in accordance with the provisions of Article 297.1(b) of the Capital Companies Law. The justification of this delegation is the need to give the aforementioned flexibility to the agreements that have the purpose of issuing securities and, if required, their subsequent conversion into shares of the Company. All the above needs to be conducted without prejudice to the reports that the Board of Directors will be required to produce for each issue, together with that of an independent expert other than the Company's statutory auditor, and who will be assigned for this purpose by the Company Registrar, in accordance with the provisions of Articles 414 and 511 of the Capital Companies Law. Both reports will be made available to shareholders and transmitted during the first General Shareholders' Meeting to be held after the agreement in compliance with the provisions of the articles mentioned above.

Furthermore, the proposal also refers to the delegation of the power to exclude preemptive subscription rights, although in this case, the increase in capital to cover the conversion of the securities concerned would be limited to a maximum amount equivalent to 20% of the capital stock of the Company at the time of the delegation. The calculation of this maximum limit involves taking into account not only those increases, if any, that have taken place under other authorizations granted by the General Meeting, but also the issuance of convertible securities for which preemptive subscription rights have already been excluded, either partially or in full, a possibility that is also provided for in the above-mentioned Article 511 of the Capital Companies Law with regard to Article 417 of said Law, on the condition that this is justified in the interest of the Company. With this in mind, and as has already been explained above, the purpose of this proposal is to obtain, according to the Company's requirements for capital at any given time, the appropriate external investment with which to meet its objectives, ensuring as much as possible the minimum time and cost in making such decisions. From all of the above it can be deduced, therefore, that the proposal referred to protects the interests of the Company and aims to achieve its objectives, optimizing them without prejudice to the preparation of the relevant report that the Board of Directors will need to produce for each issuance of securities for which said exclusion of preemptive subscription rights is justified, as soon as it is implemented. Said report will also be accompanied, as has already been indicated above, by that of an independent expert other than the Company's statutory auditor. In this way, the removal of the preemptive subscription rights can enable the Company to optimize the financial conditions of the operation concerned, giving it the capacity to adapt it with greater precision to the expectations of the qualified investors to whom such issuances are usually directed, while at the same time minimizing the risks of issuance by reducing the exposure of the transaction to changes in market conditions. All of the above is without prejudice to the fact that, as we have indicated, the exclusion of preemptive subscription rights represents only one power that the General Shareholders' Meeting grants to the Board of Directors and the implementation of which

will depend on the Board of Directors itself deciding to take such action, taking into account the circumstances and legal requirements applying in each case.

Finally, it is declared that the delegation of powers to the Board of Directors covered by the proposed agreement would replace that which was conferred by the General Shareholders Meeting of the Company held on May 29, 2014, which, as a result, would be rendered null and void.

Madrid, March 28, 2019.