



Annual General Meeting

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Speech of the Chief Executive Officer

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INTRODUCTION

Good morning and thank you for joining us today at the ACS 2023 Annual General Meeting.

I have had the honour of leading ACS for the past year now, a responsibility that I have taken on with tremendous enthusiasm, given the opportunity to form part of and contribute to such a solid project with so many future opportunities as that of the ACS Group.

In addition, I personally have felt deeply connected to this group since the beginning of my professional career when I joined Dragados 21 years ago. During this time I have had the opportunity to gain first-hand knowledge of the various companies in our Group and the markets where we have a presence, with particular mention of my time in the United States, where I lived for seven years, and in Australia, where I spent the last eight years before being appointed CEO of ACS.

My priority is to achieve sustainable and profitable growth for the Company through value creation, driven by the team's enormous talent. ACS is a Group that identifies itself with the pursuit of excellence, the desire to serve its customers and an unswerving commitment to business ethics.

Today I would like to thank all the professionals who form part of the ACS Group and their families. Thanks to their talent, effort and dedication, we remain a global leader in infrastructure development and continue to create value for our shareholders, as evidenced by the excellent results obtained by the Group in 2022, which I will now cover.

2022 CONSOLIDATED RESULTS

I will start by laying out our operational and financial performance in 2022.

The ACS Group achieved sales of EUR 33,615 million, up 20.8% on the previous year, with strong business performance in all markets, particularly in the US and Australia.

Gross profit from operations, or EBITDA, reached EUR 1,747 million, up 9.4% on 2021.

Net profit from operations, or EBIT, reached EUR 1,106 million, up 2.0% on the previous year.

Furthermore, attributable net profit was up 66%, amounting to EUR 668 million.

Now I would like to briefly go over how the Group's various business areas performed in 2022:

Construction

Construction sales amounted to EUR 31,433 million, up 21.5%, thanks to the strong business performance of both Dragados and HOCHTIEF.

The United States and Canada together account for nearly 66% of sales in this area. The region shows a clear growth trend with a 26.4% increase in sales underpinned by a strong US dollar. In local currency, sales increased by 12.8% in the region.

In Australia, sales grew by 19.3% (14.6% in local currency) thanks to our leadership position and the continued dynamic nature of the market.

Sales of the Construction area in Europe represent 10% and performed favourably, increasing by 3.2% during the year, mainly supported by the markets in Spain, Germany, Poland and the United Kingdom.

The EBITDA of the Construction area rose by 8.9% to EUR 1,389 million, bringing the sales margin to 4.4%.

Net profit reached EUR 350 million, up 28.3% thanks to the strong performance of all markets and the increased interest we have in CIMIC and HOCHTIEF following the acquisitions made in 2022.

The Construction backlog at the end of 2022 reached EUR 66,084 million, up 8.6% on the previous year and equal to two years of production. The Construction backlog is highly diversified by activity, geographical area and type of projects, and has an increasingly lower risk profile.

Concessions

As regards the performance of concession activities.

The EBITDA of the Concession business amounted to EUR 225 million, to which Abertis contributed EUR 167 million, a 15% increase on the previous year.

Average daily traffic of the highways operated by Abertis increased by 8.2%, exceeding pre-pandemic levels in all markets. This strong business performance, driven mainly by the recovery in traffic, offset the exclusion of certain concessions from the scope of consolidation in 2021, such as Acesa in Spain.

The net contribution made by Abertis to ACS profit as a result of its 43% interest amounted to EUR 143 million, up 22% on 2021. Abertis paid out

EUR 602 million in dividends, of which EUR 297 million correspond to the ACS Group.

Furthermore, Iridium, our concession development company with 48 assets in its portfolio, obtained a net profit of EUR 51 million.

These assets most notably include the SH-288 highway in Texas, and, as the Chairman already mentioned, at the end of the year we acquired an additional 56%, reaching a total ownership interest of 78%. On 1 April, we reached an agreement to purchase the remaining 22%, taking control of 100% of this concession, which began operations in 2020 and is performing very well. Specifically, revenue increased by 57% in 2022 and EBITDA grew by 120% to USD 54 million.

The growth potential of this asset is very significant, since the area where the highway is located is experiencing a significant increase in economic activity, with major commercial developments.

Services

The Services area also performed well in 2022.

Clece's sales amounted to EUR 1,819 million, up 10.7%, driven by the recent inclusion of new companies acquired in the UK.

Operating margins remained stable compared to the comparable period, and stand at pre-pandemic levels.

Profit before tax grew by 5%, while net profit stood at EUR 27 million, down 6.4% from last year due to a higher effective tax rate.

Financial performance

This solid performance of operating activities in 2022 by all areas of the ACS Group resulted in strong cash generation. Specifically, the Group's gross flow of funds from operations, before changes in working capital and operating investments, reached EUR 1,699 million.

Once deducted, the net flow of funds from operations amounted to EUR 1,333 million, of which EUR 1,043 million are attributable to ACS, which is equal to 156% of consolidated net profit.

This cash was allocated to:

- First, certain one-off payments related to previous projects, mainly in Australia and Chile, amounting to EUR 318 million.
- And second, the payment of dividends to ACS shareholders in the amount of EUR 531 million and EUR 95 million to the Group's minority shareholders.

Therefore, the Group's financial position before strategic investments and the purchase of treasury shares resulted in net cash of EUR 2,370 million. EUR 1,715 million of this amount have been allocated to strategic investments, such as:

1. The takeover bid by HOCHTIEF on 21.4% of CIMIC, which involved an investment of EUR 924 million;
2. The acquisition of an additional 15.1% interest in HOCHTIEF for EUR 604 million; and
3. Other investments amounting to EUR 187 million, mainly in Australia with the purchase of the natural resource services company, MACA. This

acquisition supports Thiess' decarbonisation and strategy to diversify its activities by commodities, services and geographical area. In addition, these investments include the acquisitions of services companies by Clece in the United Kingdom.

In 2022, we also acquired treasury shares, in addition to those required to pay the flexible dividend, amounting to EUR 431 million, thus increasing the total remuneration to our shareholders.

Therefore, the net cash position at year-end stood at EUR 224 million.

Project backlog

The ACS Group's project backlog reached EUR 68,996 million at the end of 2022, up 8.3% on the previous year. 97% of our business comes from developed economies, with the US being the ACS Group's largest market, accounting for 49% of the total backlog. At the end of 2022, the backlog in the US stood at EUR 33,504 million, up 11.5% compared to 2021; in Canada the backlog stood at EUR 2,683 million.

The backlog in Australia, our second market in terms of business volume, reached EUR 17,131 million, growing by 4.3% in local currency.

In Spain, the backlog reached EUR 5,972 million, growing by 10.8%, with an increase in public works tenders.

The strong performance of the backlog is based on the significant volume of awards granted during the year, which amounted to EUR 39,104 million.

Our backlog includes building construction and civil engineering projects, which remain a key part of our core business. The main awards in 2022 most notably include the following contracts:

- In Spain, through Dragados, the refurbishment of the Joaquín Sorolla station in Valencia and the expansion work on line 11 of the Madrid underground;
- In the United States, also through Dragados, the 16.2 mile light rail line in Maryland;
- In Los Angeles, the extension of the I-105 highway through Flatiron;
- Several teaching centres at universities in Kentucky and California through Turner;
- The new underground tunnels in Sydney and the rail link to the new Sydney Airport station in Australia through CPB; and
- The extension of the A1 highway in Germany through Hochtief.

There were also numerous awards granted during these first few months of 2023, thus confirming our leadership in the US market. The most noteworthy are as follows:

- The construction of a new dry dock for submarine maintenance at Pearl Harbor in Hawaii through Dragados;
- The reconstruction of the Île-aux-Tourtes bridge in Montreal, also through Dragados;
- The design and construction of the first major football stadium in New York through Turner; and
- The construction of a new light underground line from Calgary through Flatiron.

As you can see, these projects are highly representative of the geographical and sector diversity of our activities.

STRATEGIC VISION

As indicated at the beginning of my speech, our objective is to generate sustainable and profitable growth for the Company through value creation.

Our strategy to achieve this objective is based on strengthening our leadership position in our traditional markets and also taking advantage of expansion opportunities in growth markets for new generation infrastructure.

In addition, we continue to strengthen the concession area with investments in transport businesses, such as the recent acquisition of the SH-288 highway in Texas.

Global megatrends related to the decarbonisation of the economy, digital transformation and industrial offshoring are becoming the main drivers of global infrastructure growth.

The ACS Group has a unique leadership position in the sector in developed markets, along with a decentralised, flexible and dynamic business model that allows it to adapt quickly to different market conditions. These unique characteristics, together with a strong financial position, represent a clear competitive advantage in the market and position us as a key player in the transition of the sector towards this new generation infrastructure

Our strategy is based on four fundamental pillars:

1. The ongoing reduction of the risk profile of our portfolio, where risk-free projects currently account for more than 70% of the total;

2. Strengthening our engineering expertise along with the development of digital systems and logistics;
3. Allocating our capital resources to support the simplification of the group, growth and our new technology infrastructure expertise; and
4. The ongoing effort as regards environmental and sustainability matters.

As a result of this strategy, we are increasing the volume of projects in areas related to the energy transition, digital infrastructure for 5G communications, new sustainable mobility, and the healthcare and biopharma sector.

I would like to go into more detail on these opportunities, starting with the infrastructure related to the energy transition:

- We are building an electric vehicle battery plant through Turner for Honda and LG Energy in Ohio. Annual production capacity will be around 40 GWh by the end of 2025. The facility will produce batteries for electric vehicles as from 2026.
- We have also been awarded a project for the construction of a battery recycling factory amounting to USD 1,000 million in Kentucky for Ascend Elements. It is the first facility of its kind to be built and will use the customer's patented synthesis process to manufacture sustainable battery materials from recycled batteries while reducing waste and carbon emissions.
- In Australia, through UGL, we have been chosen by Neoen to install high-voltage infrastructure, a battery energy storage system supplied by Tesla and a solar farm in Queensland.

- In addition, we are building a green hydrogen power plant in New South Wales, also through UGL.

In Europe, we were awarded a contract, through Hochtief, for the construction of a battery cell factory in Germany valued at approximately EUR 240 million.

- In the field of renewable energy in Australia, through UGL and Pacific, we acquired the development rights for the Glenrowan solar farm in northern Victoria. The contract includes the management, operation and maintenance of this 245-hectare solar farm, which will have an installed capacity of 130 MW.

The second area of growth is associated with the deployment of 5G and the digital transformation that affects almost all areas of life. This requires more and more data centres around the world. This is a very dynamic sector where global investments in data centres are expected to increase from USD 50 billion in 2021 to USD 111 billion in 2027. The ACS Group already has a project backlog of more than EUR 4,000 million in this sector. In the United States, we have built several data centres for most of the technology giants, and approximately 40 more are underway.

- Several data centre projects were awarded to Turner in Virginia, Ohio, Missouri, Texas and Nebraska.
- Also in Asia, through CIMIC, we are very active in the data centre market and were recently awarded a contract to build a data centre campus for a multinational company.
- Overall, the Group was awarded digital infrastructure contracts amounting to more than EUR 3,000 million in 2022.

Another growing market is that related to sustainable mobility. At ACS we support solutions for smart cities and infrastructures.

As an example, the following contracts would be worth noting:

- Dragados and Flatiron are building an automated driverless passenger transport system between terminals at the international airport in Los Angeles.
- In Australia, we are part of the consortium that operates the Canberra light rail concession, which was awarded a 20-year contract to upgrade the system with new wireless light rail vehicles and modernise the existing fleet.
- Also in Australia, through UGL, we are members of MTM and MTS, the companies that operate the Melbourne metropolitan rail network and the Sydney Metro Northwest, respectively.
- In Europe, mainly in Spain and Germany, we are expanding the underground systems in several cities.

Finally, we are heavily involved in the healthcare and biopharma sector, one of the most important growth industries of the 21st century globally. The biopharmaceutical market accounted for USD 328 billion in 2021 and is expected to reach a market size of USD 853 billion by 2030, which implies an average annual growth rate of 11.3%.

In 2022 the Group carried out projects worth USD 2,300 million in this area, such as the following:

- A pharmaceutical plant in Colorado for USD 725 million, which will produce oligonucleotides that help treat cancer and cardiovascular diseases;

- The new Emergency Department at the University of Rochester in New York;
- A state-of-the-art laboratory and biosafety level 3 research facility in Jena, Germany, for the Loeffler Institute.

And various hospitals and clinics, such as:

- The Boston Children's Hospital in Massachusetts and the Radiothermal Oncology Treatment Centre in California, in the United States; and
- In Australia, the Royal Prince Alfred Hospital and the redevelopment of the Nepean Hospital, both in Sydney.

SUSTAINABILITY

As I have already pointed out, sustainability is one of the global megatrends that is currently shaping, and will shape, the future of our sector and society in general.

At ACS, we have a solid and proven track record in the field of sustainability, which is one of the pillars of our corporate strategy. Our Group is well positioned to take advantage of the opportunities this brings.

Our recent tenders for sustainable construction, the projects to build new factories for the mass production of battery cells, or the projects related to renewable energy and transmission lines I mentioned earlier, demonstrate our contribution and commitment to a sustainable future. They are also an example of the great opportunities that are arising for the ACS Group as a result of the decarbonisation of the economy.

Although the Chairman has already commented on the main sustainability milestones for 2022, let me elaborate on them.

As regards environmental matters, the ACS Group is strongly committed to the energy transition and the fight against climate change, as demonstrated by the fact that we have set an earlier goal of reaching climate neutrality by 2045. Along these lines, in 2022 we managed to reduce direct greenhouse gas emissions by 28.7% compared to 2019, thanks to numerous initiatives carried out by ACS Group companies.

Moreover, the Group has continued to promote environmentally-friendly services, adapted to the potential impacts of climate change and contributing to the transition to a low-carbon economy. In 2022 revenue from sustainably certified projects grew by 20% and represents 41% of total Construction sales.

In terms of the circular economy, we are focusing our efforts on maintaining a recycling rate for non-hazardous waste above 80%. Work is also underway to promote the use of sustainable construction materials and new, more efficient construction techniques.

As regards social matters, one of our priorities is occupational safety. In 2022 we increased investment by 36.3% for the development of initiatives aimed at promoting both the physical and mental well-being and safety of our employees, with special emphasis on the use of new technologies for this purpose.

The ACS Group also continues to be a benchmark in the inclusion in the labour market of vulnerable groups, i.e. people with disabilities, victims of gender violence, or long-term unemployed young people, among others. At the end of 2022, the Group had 10,981 employees belonging to these groups.

In short, we are a Group with a strong and proven commitment to sustainability. Looking ahead to the future, we will continue to make

progress on our objective of promoting the overall sustainability of infrastructure, through the priorities and strategic lines set out in our Sustainability Master Plan that the Chairman has already mentioned.

CONCLUSION

In conclusion, we achieved solid results in 2022, both in terms of earnings growth and cash generation, and the increase in our portfolio.

These strong results allow us to propose a dividend of two euros per share at this general meeting.

Our expectations for the coming years are promising. As I have mentioned, our global leadership driven by a broad local presence in each geographical area, our workforce, our digital systems and logistics platform, and our strong financial and balance sheet position allow us to look to the future with optimism and secure our position as a global leader in both traditional and new generation infrastructure. And always as a benchmark for sustainability.

I would like to finish by reiterating my appreciation for your trust and my commitment to this exciting project.