

## The cleaning up process in Iberdrola impacts the first half results of Grupo ACS

- Very good operating results with an all-time record in sales, backlog and EBITDA in a semester
- Recurrent net profit accounted for 430 euro million and, after the adjustment from the impairment test on Iberdrola and other extraordinary results, the net result accounts for (1,233) euro million
- Net debt is reduced by 20%, decreasing close to 2 euro billion in the last quarter.

<b>Grupo ACS Results</b>			
Euro million			
	1H11	1H12	var.
Sales	18,833	9,473	+98.8%
EBITDA	1,578	897	+75.9%
EBITDA	831	650	+27.9%
Recurrent Net Profit	430	508	-15.4%
Net Profit	(1,233)	604	n.a.
Net Debt	8,579	9,849	-12.9%
Net Investments	(522)	1,818	n.a.
Backlog	70,562	64,745	+9.0%

### Consolidated Results

The sales volume, backlog and operating results were the highest ever accounted in the Group in the first semester, and the operating activities keep demonstrating an outstanding international growth potential, making ACS the leading infrastructure developer in the world, with presence in virtually all markets and proficiency in all types of infrastructure, both in civil, industrial and energy projects.

The turnover of Grupo ACS in the first half of 2012 amounted to 18,833 euro million, 98.8% more than the previous year. Growth in comparable terms, considering Hochtief sales in the first half of 2011, would reach 6%

International sales now account for 81.3% of total, reaching to 15,305 euro million. In comparable terms, the international growth was 15.3%, while activity in Spain has fallen by 21.5% down to 3,528 euro million.

Sales by geographic area are distributed evenly between Europe, America and Asia Pacific and demonstrate the Group's diversification strategy.

Total backlog in June 2012 amounted to 70.562 euro million, with a 9.0% growth. It is important to highlight the growth of the international backlog, which now represents 83.0% of the total.

EBITDA grew by 75.9% to 1,578 euro million, with a margin on sales of 8.4% Meanwhile EBIT increased by 27.9% to 831 euro million, with a sales margin of 4.4%.

Grupo ACS results of the semester are strongly affected by the macro situation and the capital markets evolution, which led the Group to deeply restructure of its Iberdrola investment.

Recurrent net profit of the semester, which does not include extraordinary results of any kind, accounted for 430 euro million, showing a decrease of a 15.4% due to the lower contribution of the Construction activity and the disposals of some assets in Environment, like Clece and Consenur.

The different extraordinary effects that have impacted the net result are summarized as follows:

1. Asset disposals of the period:

- Iberdrola 3.7% sale from last April, performed to significantly reduce debt, has accounted for a net capital loss of 599 euro million
- Abertis 10% sale, also performed in April, granted net capital gains of 193 euro million.
- Net capital gains after the disposal of other assets accounted for 73 euro million.

Consequently, the net profit before impairment adjustments and provisions of Iberdrola accounted for 97 euro million.

2. Additionally, in the period the company has accounted several accounting adjustments and provisions, also impacting net results:

- An impairment test has been carried out on Iberdrola investment, determining a fair value of 5.6 euro per share. According to accounting principles, a net adjustment of value has been accounted for 962 euro million.
- Additionally, during the recent month of July the Group completed a deep refinancing process of our investment vehicles on Iberdrola, allowing for risk mitigation and a reduction on margin call requirements. For these transactions the Group has recorded a provision that accounts for 302 euro million.
- Finally, other value adjustments contribute with an additional negative impact of 66 euro million.

The combined effect of all these concepts has deteriorated the period's net result down to a negative 1,233 euro million.

### **Net Debt**

In the last quarter the Group has reduced its net debt by 20%, more than 1.9 euro billion, thanks to assets disposals and the working capital requirements reduction.

The Grupo ACS net debt by 30<sup>th</sup> of June, 2012, amounted to 8,579 euro million, of which 1,810 million correspond to Hochtief AG and the other activities accumulate a debt of 6,769 euro million.

Out of this figure, 2,211 euro million correspond to the net debt of the vehicles used to acquire Iberdrola shares.

Additionally, ACS has refinanced the debt in these two vehicles, Residencial Monte Carmelo and the Natixis *"equity swap"*.

- In Monte Carmelo, with a debt of 1,599 euro million, the margin calls have been eliminated, and by signing a derivatives contract, ACS has eliminated the downside risks of the stake held by the vehicle (8.25%), whilst keeping a certain upside potential for market prices rises. The maturity of this contract has been extended to July 2015.
- In the case of the Natixis equity swap, of 1,434 euro million, the debt was reduced by 1 billion and the margin calls were significantly reduced. The maturity of this contract was extended to March 2015.

## **Cash Flow and Net Investments**

Cash flows from the operating activities have been affected by the recent evolution of Hochtief, impacted by a one-off deterioration of its working capital from its affiliate Leighton. Not including this extraordinary effect, the cash flows from the rest of the activities almost got multiplied by 10 up to 492 euro million.

In the first semester of 2012 the gross investments accounted for 1,591 euro million, whilst disposals reached 2,113 euro million.

- Operating investments in Construction correspond basically to machinery acquisition for mining contracts of Leighton, for aprox. 480 euro million, whilst concessional projects account for 247 million.
- Industrial Services investments have been dedicated mainly to energy projects as thermosolar plants (79 euro million), transmission lines (52 euro million), wind parks (22 euro million) and gas storage facilities (24 euro million).
- Among the disposals, the most relevant are the aforementioned sale of a 3.7% of Iberdrola for 798 euro million and the 897 euro million obtained after the sale of the 10.28% of Abertis.

## **Results by areas of activity**

### ***Construction***

Construction achieved sales of 14,348 euro million, 7.8% more than in the first half of 2011 in comparable terms, including Hochtief sales in both periods.

International Construction sales have grown substantially to 13,098 euro million, a figure that now represents 91.3% of total turnover of the activity.

EBITDA of the area reached 1,028 euro million, bringing the margin to 7.2% on sales. Net profit stood at 98 euro million.

Backlog at the end of June 2012 stood at 53,522 euro million, equivalent to 22 months of production. International backlog now represents 93.2% of the total Construction backlog.

Amongst the most important awards of the period stand the following:

- Construction of the Northeast Anthony Henday Drive leg, of the Edmonton Ring Road (Alberta, Canada)
- Construction of the marine facilities for the LNG plant in Curtis Island, Australia

- Project for the construction of the S-8 highway between Sieradz Poludnie and Lask (Poland)
- Construction of a fully divided four-lane road and a bypass to the south of the Trawalla township (Victoria, Australia)
- Design and construction of the Interstate 405 highway between Bellevue and Lynwood (Washington, USA)
- Construction of a tunnel for the new Stuttgart railway station
- Construction and maintenance of the high-speed railway line between Olmedo and Pedralba (Valladolid, Spain)
- Construction of several tunnels (highway and railway) , Norway
- Construction of Madrid-Galicia high speed railway line between Prado and Porto (Orense, Spain)

### ***Industrial Services***

Sales at Industrial Services have reached 3,641 euro million, the same level of activity than last year despite the falling domestic market activity of a 15.9%.

International sales grew by 18.1% to 2,011 euro million, and now account for 55.2% of the total. This increase comes from new production in countries like Mexico, Brazil, United States, Peru and Northern Europe.

EBITDA grew by 0.4% to 453 euro million. Ordinary net profit accounted for 227 million, the same as in the previous period.

The backlog of the area accounted for 7,217 euro million, equivalent to 12 months of production, being 62.8% of the total from international contracts.

Among the most significant awards obtained during 2012 include:

- Procurement and construction of an oil pipeline with an extension of 77 kilometers for the oil offshore platform “Enlace Litoral” (México)
- Management and construction of a high-voltage transmission line between the states of Rio Grande do Sul, Santa Catarina and Parana (Brazil)
- Procurement, installation and commissioning of hospital equipment for the Ministry of Health of Angola.
- Works in the I-495 highway in Virginia (USA)
- Works for the construction of pipeline gas transport between Apiay and Monterrey (Colombia)
- Design, construction, operation and maintenance services for a waste water treatment plant in Australia, and development of auxiliary works related to the plant (Melbourne)
- EPC project for the construction of a high voltage transmission line in Peru

- San Fermin photovoltaic plant construction with an installed capacity of 20 MW (Puerto Rico)
- Improvement works for distribution networks in Dominican Republic
- Contract for the Murcia street lightning maintenance (Murcia, Spain)
- Electricity transmission line development Errachida-Tinghir II- Ouazazate (Morocco)
- Maintenance services contract for Telefonica's telephone booths in different areas of Spain.
- Design, construction, operation and maintenance services for a waste water treatment plant in Australia, and development of auxiliary works related to the plant (Melbourne)

### ***Environment***

Environment area achieved sales of 859 euro million, representing a growth of 0.5%. EBITDA reached 123 euro million, with a margin on sales of a 14.3%.

The net profit accounted for 195 euro million and includes the capital gains on the partial sale of Clece.

The backlog of this area stands at 9,823 euro million, equivalent to 70 months of activity, being a 42.5% from international markets.

Among the most significant awards of the period are::

- Design, construction and exploitation of a mechanical-biological treatment plant for urban solid waste in Essex (United Kingdom)
- Urban waste collection, transportation and street cleaning services in Boadilla del Monte (Madrid, Spain)
- Street cleaning services for several areas of the city of Madrid (Spain)
- Contract for street cleaning services and urban waste collection in Melilla (Spain)
- Contract for the management of Sierra de Gredos Norte urban waste treatment plant (Avila, Spain)
- Gardening services for the city of Santander (Spain)

Madrid, 31 of August, 2012