

# LETTER FROM THE CHAIRMAN

## DEAR SHAREHOLDER,

In 2012 we embarked upon a new stage with the objective of building a stronger, more efficient and competitive group. During this period we undertook profound changes that positioned the ACS Group as a recognised global leader in the infrastructure sector, with a strong presence in the most developed markets, such as North America, Europe and Australia.

As a result of this strategic evolution, the ACS Group today has an excellent competitive position at global level, located in a vast range of regions, with proven technical ability and a strong financial structure, allowing us to offer our customers quality in any part of the world and to provide attractive returns for our shareholders.

The results obtained in 2015 reflect the effectiveness of these changes and show good performance, as we have achieved our operational and financial objectives in a complicated macroeconomic environment full of uncertainty. Specifically, the total turnover of the Group reached 35,000 million euros, with more than 85% of our activity generated in countries with developed economies. North America is the highest contributor with 40% of the total, followed by Europe with 25% and Australia with 17%. Asia accounts for 11% of the total turnover, while South America represents 6% and Africa the remaining 1%.

The increased internationalisation of the Group and our efficient project management policy, with an obvious improvement in the results of HOCHTIEF and CIMIC after the transformation processes carried out in the last few years, have contributed to increasing the 2015 net profit by 1.1% to 725 million euros, with all of the activities evolving positively:

- Construction gained 304 million euros, growing 36.4% thanks to the improvement in the operating profit of HOCHTIEF and the increase of our share.
- Industrial Services obtained a net profit, without considering the 314 million euros contribution of the renewable energy assets sold in 2015, virtually stable in relation to the previous year.
- Environment reached net profit of 73 million euros, showing growth of 1.4%.

At the end of 2015 the portfolio of works accounted for more than 67,000 million euros, after growing 5% during the year. By geographical region, Asia Pacific accounts for 34% of the total, with projects in Australia, Hong Kong and the Middle East. North America, with strong growth in the United States and Canada, accounts for 30%, while the portfolio in Europe represents 28% of the total. South America contributes 7% of the portfolio and Africa 1%.

Thanks to this major geographic diversification, the Group is capable of mitigating the adversities of the macroeconomic environment and the cyclical nature typical of the construction activity in small markets, thus taking advantage of the opportunities for growth in more favourable environments and consolidating our presence in countries with greater potential in the development of new infrastructure.

I also wish to remark on the great effort invested during the last four years to decrease the financial leverage of the Group, reducing net debt by more than 6,700 million euros, 72% lower than in 2011. In the last year the reduction was 29.5%, putting ACS' net debt at the close of 2015 at 2,624 million euros, equivalent to 1.09 times the gross operating profit. This structure allows us to be more financially solid and more commercially competitive in an environment in which flexibility and the capacity to adapt are key to maintaining leadership and continuing to grow.

Without doubt, this significant debt reduction was possible because we demonstrated that we have a consistent capacity to generate cash, both through operating activities and as a result of the working capital control policy. Together, in 2015 both sources allowed us to generate 2,009 million euros, before net investments and payment of dividends.

The net investments made by the Group during 2015 reached 393 million euros. These include the increase in our share in HOCHTIEF, which is currently 71.8%, plus operating investments and investments in the various concessions that we are promoting all over the world.

Despite the solid results obtained, ACS' share price was affected by the volatile environment of the capital markets, which worsened in the last quarter. As such, it closed the year at €27.02 per share, showing an annual evolution of -3.1% once adjusted with the dividends paid out in the year, while the IBEX 35 Spanish reference index had a result of -7.1%.

As with every year, at ACS we continue advancing in matters related to our commitment to sustainability. As such, during 2015 a new Corporate Social Responsibility Policy was defined, recently approved by the Board of Directors, formalising the main basic principles of action with respect to our main interest group. Likewise the Code of Conduct has been updated in accordance with the most stringent standards in terms of corporate governance and human rights, adapting it to the United Nations Ruggie Report. Lastly, I wish to highlight the increase in funds intended for social action, which are equivalent to 1.6% of the Group's net profit.

I believe that we are now better prepared to continue growing and offer our shareholders an attractive, exciting and, above all, profitable project. Our excellent competitive position, the solid organisational and financial structure of the Group and, in particular, the 200,000 people who form part of ACS are the best assets that we have to successfully face the challenges that we have set ourselves.



**Florentino Pérez**  
Chairman of the ACS Group

