



Citizen Services

# 2012 EARNINGS REPORT



Infrastructures



Environmental  
Services



Water



|                             |    |
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## 1. HIGHLIGHTS

### **FCC strengthens its presence in the Americas with its first contract in Brazil and new adjudications in Latam**

FCC, in consortium, landed a contract last December to build the Açu superport (Rio de Janeiro) for 407 million euro, and it also obtained new works amounting to 100 million euro in other Latin American countries where it is already established. FCC also obtained its first contract in Bogota, Colombia, to build the new control tower of El Dorado airport for 45 million euro.

The company also landed a contract in Latvia to refurbish Riga airport for 96 million euro.

### **FCC reinforces its presence in the UK market with a 310 million euro contract in Wales**

The company, in consortium with a Welsh construction group, will build the high-speed motor racing track and various ancillary installations in Blaenau Gwent.

FCC already has several projects in the UK, including a 300 million euro contract to build a section of Crossrail in London, the country's most important railway project; in the last two years, it has completed the construction of other healthcare, services and transport infrastructure.

### **FCC, the first Spanish company to be awarded a water management contract in the United Arab Emirates**

In the first quarter of the year, FCC's water subsidiary Aqualia obtained a contract to manage the sewage system in eastern Abu Dhabi (United Arab Emirates). This contract includes the operation and maintenance of more than 2,400 km of sewers, 68 wastewater pumping stations and 19 wastewater treatment plants in the city of Al Ain.

In Spain, Aqualia renewed existing contracts and obtained new contracts in 2012 amounting to 1,144.4 million euro to provide end-to-end water management and related infrastructure services.

Aqualia is also in charge of the EU project "ALL Gas", which aims to obtain biofuels from wastewater treatment; the project is aligned with the EU's commitment to research with a view to discovering new sources of clean energies, which has a budget of over 12 million euro.

### **FCC reinforces the waste management component of its environmental services portfolio**

Buckinghamshire (UK) awarded FCC Environment UK a 30-year waste management services contract worth 350 million euro. The project includes the construction and commissioning of an energy-from-waste (EfW) plant, with capacity to treat more than 300,000 tonnes of waste per year and a generating capacity of 22 MW.

### **The cement division implements its New Val industrial plan for 2012-2013**

CPV, the listed company which heads the FCC Group's cement division, commenced the operational restructuring plan, entitled New Val, in the third quarter; the plan, which was drafted during the first half of 2012, will run until the end of 2013. The goal is to adapt CPV's operating structure to the market situation.

The company also successfully closed a refinancing agreement in July, which ensures its financial stability in the long term.

### **Spanish city and regional governments' Supplier Payment Plans**

Starting in the first quarter of 2012, two Royal Decrees were introduced to align Spanish regulations on public administration payment deadlines for suppliers with the new EU regulation. As Spain's leading municipal services group and its second-largest infrastructure company in terms of revenues, FCC collected 1,236 million euro in outstanding invoices during the year; 600 million euro were outstanding at year-end.

### **FCC successfully completes all of its major refinancing operations**

In March and July, FCC completed the refinancing of two 3-year syndicated loans totalling 946 million euro (438 and 508 million euro, respectively) with a large syndicate of banks. In July, the cement division successfully renegotiated a long-term loan amounting to 1,400 million euro.

Consequently, the company successfully refinanced all maturities in 2012.

### **FCC sells its airport handling business**

In May, FCC reached an agreement to sell Flightcare, its handling business in Spain and Belgium, to Swissport for 128.3 million euro. Flightcare had been part of FCC subsidiary Versia, which specializes in non-environmental municipal services. The transaction was completed on 11 September.

## 2. EXECUTIVE SUMMARY

- ◊ Revenues declined to 11,152.2 million euro and EBITDA to 753.4 million euro as a result of the process of strategic and market reorganisation that commenced in 2012.
- ◊ EBITDA in Environmental Services (683.4 million euro) was stable, contrasting with a decline in the Construction division (-91.2 million euro) due to a non-recurring restructuring charge.
- ◊ Net attributable result amounted to -1,028 million euro, derive from a combination of losses in subsidiaries, writedowns due to regulatory changes and goodwill impairments amounting to 1,146.8 million euro.
- ◊ Net interest-bearing debt totalled 7,087.7 million euro at year-end. The year-on-year change (494.4 million euro) is attributable to the impact of losses and working capital requirements in Alpine.

Earnings in 2012 reflect a significant writedown and actions aimed at laying the foundation of a strategic reorganisation, which affects several line items of the company's income statement.

Comprehensive restructuring charges in the Group as a whole amounted to 1,146.8 million euro, reducing net profit to -1,028 million euro. Specifically, operating losses in Construction in Central/Eastern Europe (Alpine) amounted to 300.5 million euro partially compensated by a 82.6 million euro charge provisioned in previous years; restructuring provisions and non-recurrent losses in connection with the strategic reorganisation and the exit from specific Construction and Cement markets totalled 204.4 million euro; losses due to writedowns on equity-accounted affiliates and discontinued businesses (FCC Energy) were 372.5 million euro, and impairments in goodwill at several companies totalled 352 million euro. In view of these sweeping adjustments, 2012 represented a turning point in the current cycle, following a lengthy period of contraction in the Group's construction related activities (see page 9 for details).

Consolidated revenues amounted to 11,152.2 million euro, evidencing the effects of the Construction area's reorganisation and withdrawal from certain markets in Central and Eastern Europe, together with the decline in the area's activity in Spain. But for these adjustments, growth outside Spain totalled 8.4% in the areas of Environmental Services, Cement and Versia.

This performance contrasts with Spain, where Construction and Cement continue to be affected by cutbacks in capital expenditure. However, these two areas' results do not yet reflect the impact of the restructuring plans implemented in 2012.

Interest-bearing debt, which was also affected by the one-off restructuring process, increased by 494.4 million euro in the year, to 7,087.7 million euro at 31 December 2012.

| KEY FIGURES                                                 |           |           |           |
|-------------------------------------------------------------|-----------|-----------|-----------|
| (million euro)                                              | Dec. 12   | Dec. 11   | Chg. (%)  |
| Net sales                                                   | 11,152.2  | 11,896.7  | -6.3%     |
| EBITDA                                                      | 753.4     | 1,256.4   | -40.0%    |
| <i>EBITDA margin</i>                                        | 6.8%      | 10.6%     | -3.8 p.p. |
| EBIT                                                        | (402.9)   | 393.2     | -202.5%   |
| <i>EBIT margin</i>                                          | -3.6%     | 3.3%      | -6.9 p.p. |
| Income attributable to equity holders of the parent company | (1,028.0) | 108.2     | N/A       |
| Operating cash flow                                         | 702.0     | 995.1     | -29.5%    |
| Investing cash flow                                         | (448.6)   | 7.7       | N/A       |
| Equity (excl. non-controlling interests)                    | 1,259.9   | 2,378.9   | -47.0%    |
| Net interest-bearing debt                                   | (7,087.7) | (6,593.3) | 7.5%      |

## 3. SUMMARY BY BUSINESS AREA

| Area                               | Dec. 12         | Dec. 11         | Chg. (%)       | % of 2012 total | % of 2011 total |
|------------------------------------|-----------------|-----------------|----------------|-----------------|-----------------|
| <i>(million euro)</i>              |                 |                 |                |                 |                 |
| <b>REVENUES BY BUSINESS AREA</b>   |                 |                 |                |                 |                 |
| Environmental services             | 3,821.8         | 3,735.4         | 2.3%           | 34.3%           | 31.4%           |
| Construction                       | 6,148.4         | 6,686.2         | -8.0%          | 55.1%           | 56.2%           |
| Cement                             | 653.7           | 750.9           | -12.9%         | 5.9%            | 6.3%            |
| Versia                             | 570.0           | 767.3           | -25.7%         | 5.1%            | 6.4%            |
| Corporate and adjustments          | (41.7)          | (43.1)          | -3.3%          | -0.4%           | -0.4%           |
| <b>Total</b>                       | <b>11,152.2</b> | <b>11,896.7</b> | <b>-6.3%</b>   | <b>100.0%</b>   | <b>100.0%</b>   |
| <b>REVENUES BY GEOGRAPHIC AREA</b> |                 |                 |                |                 |                 |
| Spain                              | 4,886.3         | 5,591.5         | -12.6%         | 43.8%           | 47.0%           |
| Austria and Germany                | 2,228.1         | 2,446.9         | -8.9%          | 20.0%           | 20.6%           |
| Eastern Europe                     | 1,066.0         | 1,299.3         | -18.0%         | 9.6%            | 10.9%           |
| United Kingdom                     | 903.8           | 770.4           | 17.3%          | 8.1%            | 6.5%            |
| Rest of Europe                     | 590.7           | 657.1           | -10.1%         | 5.3%            | 5.5%            |
| The Americas and others            | 1,477.2         | 1,131.6         | 30.5%          | 13.2%           | 9.5%            |
| <b>Total</b>                       | <b>11,152.2</b> | <b>11,896.7</b> | <b>-6.3%</b>   | <b>100.0%</b>   | <b>100.0%</b>   |
| <b>EBITDA</b>                      |                 |                 |                |                 |                 |
| Environmental services             | 683.4           | 697.9           | -2.1%          | 90.7%           | 55.5%           |
| Construction                       | (91.2)          | 303.9           | -130.0%        | -12.1%          | 24.2%           |
| Cement                             | 69.8            | 154.1           | -54.7%         | 9.3%            | 12.3%           |
| Versia                             | 59.4            | 114.9           | -48.3%         | 7.9%            | 9.1%            |
| Corp. and adjustments              | 32.0            | (14.4)          | N/A            | 4.2%            | -1.1%           |
| <b>Total</b>                       | <b>753.4</b>    | <b>1,256.4</b>  | <b>-40.0%</b>  | <b>100.0%</b>   | <b>100.0%</b>   |
| <b>EBIT</b>                        |                 |                 |                |                 |                 |
| Environmental services             | 150.8           | 366.2           | -58.8%         | -37.4%          | 93.1%           |
| Construction                       | (409.2)         | 212.3           | N/A            | 101.6%          | 54.0%           |
| Cement                             | (133.4)         | (300.8)         | -55.7%         | 33.1%           | -76.5%          |
| Versia                             | (35.0)          | 36.2            | -196.7%        | 8.7%            | 9.2%            |
| Corp. and adjustments              | 23.9            | 79.3            | -69.9%         | -5.9%           | 20.2%           |
| <b>Total</b>                       | <b>(402.9)</b>  | <b>393.2</b>    | <b>-202.5%</b> | <b>100.0%</b>   | <b>100.0%</b>   |
| <b>NET DEBT</b>                    |                 |                 |                |                 |                 |
| Environmental services             | 3,274.6         | 4,303.9         | -23.9%         | 46.2%           | 65.3%           |
| Construction                       | 754.3           | 656.0           | 15.0%          | 10.6%           | 9.9%            |
| Cement                             | 1,320.5         | 1,285.0         | 2.8%           | 18.6%           | 19.5%           |
| Versia                             | 83.0            | 189.6           | -56.2%         | 1.2%            | 2.9%            |
| Corp. and adjustments*             | 1,655.3         | 158.8           | N/A            | 23.4%           | 2.4%            |
| <b>Total</b>                       | <b>7,087.7</b>  | <b>6,593.3</b>  | <b>7.5%</b>    | <b>100.0%</b>   | <b>100.0%</b>   |
| <b>BACKLOG</b>                     |                 |                 |                |                 |                 |
| Environmental services             | 24,980.8        | 25,719.4        | -2.9%          | 74.4%           | 73.0%           |
| Construction                       | 8,595.2         | 9,518.2         | -9.7%          | 25.6%           | 27.0%           |
| <b>Total</b>                       | <b>33,576.0</b> | <b>35,237.6</b> | <b>-4.7%</b>   | <b>100.0%</b>   | <b>100.0%</b>   |

\*In 2012, Corporate and adjustments includes the financing of the stake in Globalvía, FCC Energy and the reclassification of acquisition debt of the Environmental Services companies.

#### ASSETS DESIGNATED AS DISCONTINUED OPERATIONS:

The assets and liabilities corresponding to FCC Energy have been designated as "discontinued operations" since September 2011 and are classified under assets and liabilities available for sale (Section 5.2). The assets and liabilities corresponding to Giant Cement (the cement area's main company in the US) have been reclassified as continuing operations. Accordingly, and to enable comparison, the income statement and cash flow statement for 2011 have been restated.

#### 4. INCOME STATEMENT

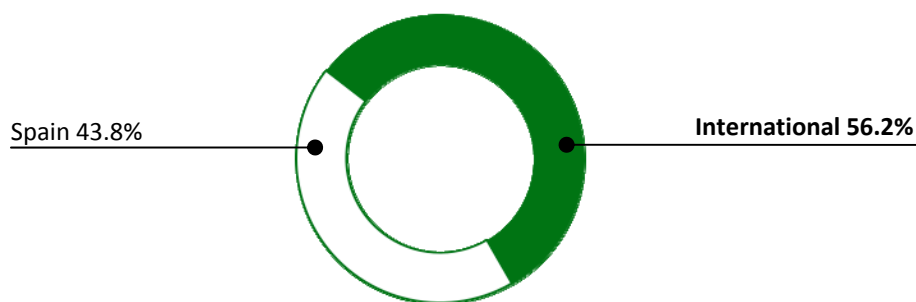
| <i>(million euro)</i>                                              | <b>Dec. 12</b>   | <b>Dec. 11</b>  | <b>Chg. (%)</b>  |
|--------------------------------------------------------------------|------------------|-----------------|------------------|
| <b>Net sales</b>                                                   | <b>11,152.2</b>  | <b>11,896.7</b> | <b>-6.3%</b>     |
| <b>EBITDA</b>                                                      | <b>753.4</b>     | <b>1,256.4</b>  | <b>-40.0%</b>    |
| <i>EBITDA margin</i>                                               | <i>6.8%</i>      | <i>10.6%</i>    | <i>-3.8 p.p.</i> |
| Depreciation and amortisation                                      | (640.6)          | (656.2)         | -2.4%            |
| Other operating income                                             | (515.8)          | (207.0)         | 149.2%           |
| <b>EBIT</b>                                                        | <b>(402.9)</b>   | <b>393.2</b>    | <b>-202.5%</b>   |
| <i>EBIT margin</i>                                                 | <i>-3.6%</i>     | <i>3.3%</i>     | <i>-6.9 p.p.</i> |
| Financial income                                                   | (445.2)          | (421.6)         | 5.6%             |
| Other financial results                                            | (62.9)           | 32.3            | N/A              |
| Equity-accounted affiliates                                        | (128.4)          | 33.3            | N/A              |
| <b>Earnings before taxes (EBT) from continuing activities</b>      | <b>(1,039.5)</b> | <b>37.1</b>     | <b>N/A</b>       |
| Corporate income tax expense                                       | 164.2            | (20.2)          | N/A              |
| <b>Income from continuing operations</b>                           | <b>(875.2)</b>   | <b>16.9</b>     | <b>N/A</b>       |
| Income from discontinued operations                                | (217.0)          | (14.0)          | N/A              |
| <b>Net profit</b>                                                  | <b>(1,092.2)</b> | <b>2.9</b>      | <b>N/A</b>       |
| Non-controlling interests                                          | 64.2             | 105.3           | -39.0%           |
| <b>Income attributable to equity holders of the parent company</b> | <b>(1,028.0)</b> | <b>108.2</b>    | <b>N/A</b>       |

##### 4.1 Revenues

Revenues totalled 11,152.2 million euro in 2012, a decline of 6.3% year-on-year. In Spain, revenues fell by 12.6% to 4,886 million euro due to the impact of lower government expenditure in the Construction and Cement areas. Revenues from outside Spain were affected by the implementation in the second half of the year of the plan to exit specific construction markets, mainly in Eastern Europe.

Environmental services, Versia and Cement increased their activity outside Spain by 8.4%, cushioning the adjustment in Construction in Europe. As a result, revenues from international markets amounted to 6,265.9 million euro, i.e. a decline of just 0.6%, continuing to account for the lion's share and setting a new record of 56.2% of the year's total. In year-on-year terms, business volume (excluding Spain and Central-Eastern Europe in the Construction area) expanded by 8.2%, as a result of the Group's renewed focus on a selective and profitable internationalisation strategy.

### % Revenues by region

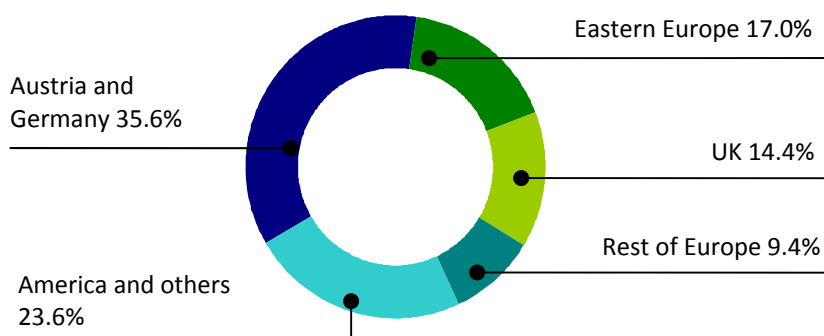


By geographic area, growth was notable in the Americas and in other new markets, where revenues increased by 30.5% with respect to 2011 due to progress with large infrastructure projects and to the good performance of the urban services business in the US. Revenues in the United Kingdom increased by 17.3%, mainly driven by the construction of a new waste treatment plant and a number of infrastructure projects. In contrast, revenues declined by a considerable 18% in Eastern Europe due to the implementation of the plan to restructure and concentrate the construction business, despite the good performance by the waste management business in this region.

### International Revenue Breakdown

| <i>(million euro)</i>   | Dec. 12        | Dec. 11        | Chg. (%)     |
|-------------------------|----------------|----------------|--------------|
| Austria and Germany     | 2,228.1        | 2,446.9        | -8.9%        |
| Eastern Europe          | 1,066.0        | 1,299.3        | -18.0%       |
| United Kingdom          | 903.8          | 770.4          | 17.3%        |
| Rest of Europe          | 590.7          | 657.1          | -10.1%       |
| The Americas and others | 1,477.2        | 1,131.5        | 30.5%        |
| <b>Total</b>            | <b>6,265.9</b> | <b>6,305.1</b> | <b>-0.6%</b> |

### % International Revenues by Geographic Area



## 4.2 EBITDA

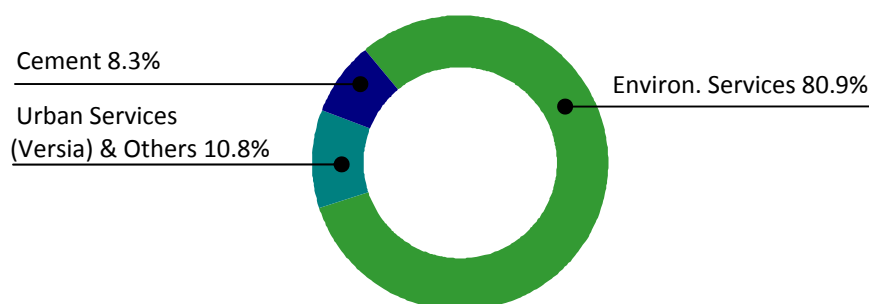
EBITDA totalled 753.4 million euro in 2012, i.e. 40% less than in 2011, due mainly to the impact of the -300.5 million euro gross operating result at Alpine that arose from exceptional losses, operating provisions and to the discontinuation and progressive withdrawal from certain contracts and markets, mainly in Eastern Europe. This adjustment was partially offset by earnings amounting to 32 million euro at the parent company

and reflects the release of provisions booked in previous years (82.6 million euro) in anticipation of foreign risks.

Excluding the net effect of writedowns at Alpine, EBITDA would have amounted to 971.3 million euro, i.e. a decline of 22.7%, due mainly to weak Construction and Cement demand in Spain; the latter does not yet reflect the positive effect of the operating restructuring plan implemented in the second half of the year.

Additionally, the Environmental Services area, which is a recurrent and increasingly important business, notably expanded its share of operating profit, although this effect was due entirely to exceptional losses in the Construction area.

#### EBITDA by Business Area (Adjusted for Construction)



#### 4.3 EBIT

EBIT in 2012 included an adjustment of 352 million euro to goodwill at several companies, detailed as follows:

Environment (213 million euro, of which 190.2 million euro at FCC Environment UK-WRG).

Construction (80 million euro at Alpine).

Versia (59 million euro at FCC Logistics).

These adjustments, which did not affect Group cash flow, are due to restructuring in those areas and lower future demand projections.

Moreover, it is worth nothing that other operating income also reflects provisions for restructuring and non-recurrent losses totalling 204.1 million euro, mainly in the Construction and Cement areas, broken down as follows:

Construction: 126.8 million euro to adapt productive assets to projected demand.

Cement: 46.6 million euro, and another 30.7 million euro due to the closure and writedowns of concrete and aggregate plants.

This line item also reflects 45 million euro in gains from the sale of the airport holding business in the third quarter of 2012.

The depreciation and amortisation charge in 2012 amounted to 640.6 million euro, i.e. down by 2.4% with respect to 2011, due to the decline in asset usage. The consolidation of Cement assets in the US that were previously booked as available-for-sale required the recognition of depreciation and amortisation charges not only for 2012, but also for the second half of 2011 (when those assets were classified as available-for-sale), which amounted to 13.3 million euro in that period. That figure includes 76.7 million euro for the ordinary depreciation of assets that were stepped up on consolidation in the FCC Group (78.3 million euro in 2011).

Given the impact of goodwill writedowns and restructuring provisions, EBIT amounted to -402.9 million euro in 2012, contrasting sharply with 2011 due to exceptional factors this year.

#### 4.4 Earnings before taxes (EBT) from continuing activities

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EBT from continuing activities in the period amounted to -875.2 million euro, after applying the following to EBIT:

##### 4.4.1 *Financial income*

A net financial expense of 445.2 million euro, i.e. 5.6% more than last year and with a similar performance during the year.

Other financial results totalling -62.9 million euro, compared with +32.3 million euro in 2011. The Other financial income item primarily reflects the -54.6 million euro effect of fair value changes in financial instruments and of exchange rate fluctuations, which did not impact cash flow.

##### 4.4.2 *Equity-accounted affiliates*

The contribution from equity-accounted affiliates amounted to -128.4 million euro in 2012, compared with +33.3 million euro in 2011.

This notable decline is due entirely to the negative results from GVI (Globalvia Infraestructuras) and Realia, which amounted to -155.5 million euro, compared with -16.6 million euro in 2011. Of those, -68.1 million euro are attributable to GVI, due to full provisioning of the capital and funding provided to transport concessions in Spain that have been affected by restructuring or impairment. Realia accounted for -87.4 million euro, following the notable fair value adjustment of its portfolio of residential assets in Spain, to enable it to complete its refinancing plan and focus principally on property rentals.

#### 4.5 Income attributable to equity holders of the parent company

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Net attributable profit amounted to -1,028 million euro (compared with +108.2 million euro in 2011), after including the following items in EBT:

##### 4.5.1 *Corporate income tax expense*

The corporate income tax expense reflects a tax credit of 164.2 million euro, compared with an expense of 20.2 million euro in 2011, due to the Construction area and, to a lesser extent, to Cement.

##### 4.5.2 *Income from discontinued operations*

This item reflects only the -217 million euro in net profit at FCC Energy following a 262.5 million euro value adjustment in its portfolio of operational renewable assets.

##### 4.5.3 *Non-controlling interests*

Income attributable to non-controlling interests amounted to 64.2 million euro (compared with 105.3 million euro in 2011), almost entirely in the Cement division.

## 4.6 Extraordinary writedowns in 2012

The 2012 income statement includes exceptional expenses and provisions as a result of the decision to provide the group with the necessary flexibility and positioning to be able to execute its strategic objectives, following a lengthy five-year period of declining demand in several areas of the business.

The company has also adjusted the value of several assets in view of the current market situation, and a reorganisation and restructuring of operations is already under way in certain business areas and geographies.

Below are the details of the various exceptional adjustments, the impact of which is already reflected in the specific sections referring to the income statement:

### 4.6.1 EBITDA

It includes -300.5 million euro gross operating result at Alpine due to losses and provisions in work contracts. They reflect the decision to focus that subsidiary on a smaller number of markets in the EU. Losses are concentrated in 5-6 countries which the company will exit in an orderly fashion by 2013 year-end, as those contracts are finalised.

These losses have been partially compensated by the release of provisions booked at corporate level, in previous years (82.6 million euro) in anticipation of overseas risks.

### 4.6.2 EBIT

EBIT includes several provisions for restructuring, amounting to 204.4 million euro, attributable to the actions implemented in the two business areas affected by the exceptional lack of investment (Spain) and by business reorganisation (Alpine).

Construction reflects a provision of 126.8 million euro, of which 60 million euro are attributable to expenses associated with adapting the personnel structure in Spain to the decline in activity; the remainder corresponds to writedowns in the area as a whole.

The Cement area includes another 77.6 million euro in provisions and adjustments to adapt production capacity to the temporary dip in demand in Spain.

In connection with the strategic objectives and reorganisation of its market presence, the Group has also booked an adjustment in the goodwill associated with a range of assets.

Accordingly, it has amortised 80 million euro corresponding to Alpine, following a sweeping reorganisation, 59 million euro in connection with Versia area FCC Logistics, and another 213 million euro in Environment, mostly in the UK. The total, 352 million euro, reduced net profit notably but had no impact on the Group's cash flow in 2012.

### 4.6.3 Equity-accounted affiliates

Writedowns for equity-accounted affiliates as a whole amounted to 155.5 million euro. The main equity-accounted affiliates are:

Realia, with 87.4 million euro in losses attributable to FCC's 30% stake, due to the adjustment in value of its housing stock (268 million euro), in accordance with current market conditions and with a view to monetising them and reducing future debt.

GVI, with 68.1 million euro, from the provision (113.6 million euro) for its stakes in several transport concessions (roads and metro) in Spain. This adjustment covers the risks arising from the ongoing financial restructuring of certain concessions, and projected risks at others due to the decline in activity.

Both negative contributions have a notable accounting impact on the Group's net attributable income but with no effect on cash generation. This enables the company to adapt to the tough

conditions in some of its markets and position itself to undertake its plans to enhance profitability and earnings.

#### **4.6.4 *Income from discontinued operations***

This item includes negative net of taxes impact of FCC Energy as a discontinued activity (217 million euro), which includes an extraordinary provision of 262.6 million euro relating to certain operating renewable assets, following various regulatory revisions made during the year. Following this adjustment, and since they are considered assets held for sale, plans are still in place to proceed with their divestment in the future.

The total cost of writedowns and restructuring by FCC Group had a negative impact of 1,146.8 million euro on the bottom line.

Of that amount, 217.9 million euro had a non-recurrent impact on EBITDA in 2012. Another 204.4 million euro corresponds to provisions in connection with the adjustment process needed to remain competitive in Construction and Cement, the activities which were most affected by the decline in investment but enables to enjoy an adequate structure when the recovery will come in these areas.

Additionally, provisions for restructuring, together with the adjustment in goodwill and losses at equity-accounted affiliates and assets held for sale amounted to 928.9 million euro, but had no impact on interest-bearing debt, allowing the Group to adjust the value of its assets and address strategic objectives of enhancing cash flow and profitability more quickly and successfully.

In connection with the writedowns in 2012, sweeping restructuring of Alpine led to a temporary distortion and expansion of working capital at that company in Central and Eastern Europe. Although this had no impact on profit and loss account, it did lead to a temporary increase in operating finance needs, as visible in FCC Group's balance sheet and cash flow statement at year-end (see next sections).

## 5. BALANCE SHEET

| <i>(million euro)</i>                                       | <b>Dec. 12</b>  | <b>Dec. 11</b>  | <b>Change<br/>(M€)</b> |
|-------------------------------------------------------------|-----------------|-----------------|------------------------|
| Intangible assets                                           | 3,821.7         | 4,317.0         | (495.3)                |
| Property, plant and equipment                               | 4,691.3         | 4,636.4         | 54.9                   |
| Equity-accounted affiliates                                 | 935.0           | 1,115.7         | (180.7)                |
| Non-current financial assets                                | 412.6           | 462.0           | (49.4)                 |
| Deferred tax assets and other non-current assets            | 717.2           | 542.9           | 174.3                  |
| <b>Non-current assets</b>                                   | <b>10,577.9</b> | <b>11,074.1</b> | <b>(496.2)</b>         |
| Non-current assets available-for-sale                       | 1,476.2         | 1,847.0         | (370.8)                |
| Inventories                                                 | 1,128.7         | 1,271.4         | (142.7)                |
| Trade and other accounts receivable                         | 4,951.5         | 5,556.7         | (605.2)                |
| Other current financial assets                              | 437.2           | 395.7           | 41.5                   |
| Cash and cash equivalents                                   | 1,166.2         | 2,302.6         | (1,136.4)              |
| <b>Current assets</b>                                       | <b>9,159.8</b>  | <b>11,373.4</b> | <b>(2,213.6)</b>       |
| <b>TOTAL ASSETS</b>                                         | <b>19,737.8</b> | <b>22,447.5</b> | <b>(2,709.7)</b>       |
| Equity attributable to equity holders of parent company     | 1,259.9         | 2,378.9         | (1,119.0)              |
| Non-controlling interests                                   | 461.7           | 536.1           | (74.4)                 |
| <b>Equity</b>                                               | <b>1,721.6</b>  | <b>2,915.0</b>  | <b>(1,193.4)</b>       |
| Grants                                                      | 220.2           | 159.7           | 60.5                   |
| Long-term provisions                                        | 1,114.8         | 1,083.1         | 31.7                   |
| Long-term interest-bearing debt                             | 4,540.0         | 4,565.1         | (25.1)                 |
| Other non-current financial liabilities                     | 565.9           | 595.2           | (29.3)                 |
| Deferred tax liabilities and other non-current liabilities  | 1,131.0         | 1,132.2         | (1.2)                  |
| <b>Non-current liabilities</b>                              | <b>7,571.9</b>  | <b>7,535.3</b>  | <b>36.6</b>            |
| Liabilities linked to non-current assets available for sale | 970.4           | 1,396.7         | (426.3)                |
| Short-term provisions                                       | 303.6           | 178.9           | 124.7                  |
| Short-term interest-bearing debt                            | 4,151.8         | 4,635.3         | (483.5)                |
| Other current financial liabilities                         | 172.8           | 195.3           | (22.5)                 |
| Trade and other payables                                    | 4,845.8         | 5,591.0         | (745.2)                |
| <b>Current liabilities</b>                                  | <b>10,444.3</b> | <b>11,997.2</b> | <b>(1,552.9)</b>       |
| <b>TOTAL LIABILITIES</b>                                    | <b>19,737.8</b> | <b>22,447.5</b> | <b>(2,709.7)</b>       |

### 5.1 Equity-accounted affiliates

The investment in equity-accounted companies (935 million euro) comprised mainly the following at the end of 2012:

- 1) 368.4 million euro corresponding to the 50% stake in Globalvía Infraestructuras (GVI), which reflects the adjustment in the value of several concessions.
- 2) 56.6 million euro corresponding to the 30% stake in Realia, including the impairment recognised in the real estate portfolio.
- 3) 23.6 million euro corresponding to concession companies not contributed to GVI.
- 4) 54.8 million euro corresponding to the 50% stake in the Proactiva Group (Environmental Services).
- 5) 431.6 million euro corresponding to the other stakes in, and loans to, equity-accounted affiliates.

The carrying value of FCC's holdings in infrastructure concessions amounted to 414 million euro at the end of December 2012. That figure includes the value attributable to FCC for its 50% stake in GVI (368.4 million euro) and the value of its holdings in other concession companies, both equity-accounted (23.6 million euro) and fully consolidated (22 million euro).

### 5.2 Non-current assets and liabilities available for sale

The 1,476.2 million euro in non-current assets available for sale at 31 December 2012 corresponds mainly to FCC Energy, which continues to be classified as a discontinued operation.

FCC has total associated liabilities amounting to 970.4 million euro. FCC Energy's net interest-bearing debt to third parties, project exclusively, amounted to 674.7 million euro at 31 December 2012.

### 5.3 Net equity

Net equity amounted to 1,721.6 million euro at the end of 2012, equivalent to 11 euro per share (adjusted for treasury stock), the component of which was the consolidated income for the period (-1,092.2 million euro).

### 5.4 Net interest-bearing debt

At the end of 2012, net interest-bearing debt amounted to 7,087.7 million euro, having increased by 494.4 million euro (+7.5%) with respect to December 2011.

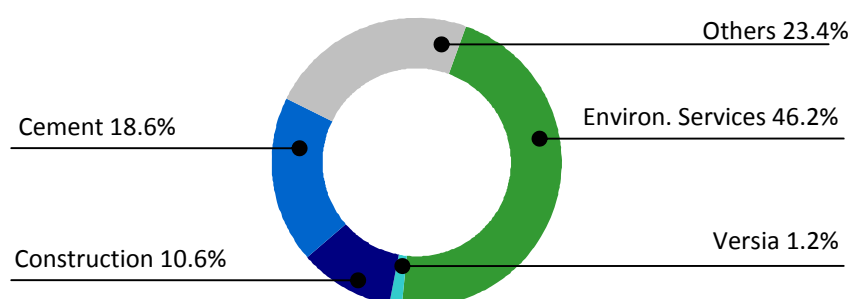
| <i>(million euro)</i>                       | <b>Dec. 12</b>   | <b>Dec. 11</b>   | <b>Change<br/>(M€)</b> |
|---------------------------------------------|------------------|------------------|------------------------|
| Bank borrowings                             | 7,272.3          | 8,190.3          | (918.0)                |
| Debt instruments and other loans            | 1,144.7          | 779.8            | 364.9                  |
| Accounts payable due to financial leases    | 70.9             | 96.2             | (25.3)                 |
| Derivatives and other financial liabilities | 203.9            | 134.1            | 69.8                   |
| <b>Gross interest-bearing debt</b>          | <b>8,691.8</b>   | <b>9,200.4</b>   | <b>(508.6)</b>         |
| <b>Cash and other financial assets</b>      | <b>(1,604.1)</b> | <b>(2,607.1)</b> | <b>1,003.0</b>         |
| <b>Net interest-bearing debt</b>            | <b>7,087.7</b>   | <b>6,593.3</b>   | <b>494.4</b>           |
| <i>With recourse</i>                        | <i>4,262.9</i>   | <i>4,224.9</i>   | <i>38.0</i>            |
| <i>Without recourse</i>                     | <i>2,824.8</i>   | <i>2,368.4</i>   | <i>456.4</i>           |

The main component of the year-on-year comparison is the decline in operating profit at Alpine. The temporary increase in working capital at Alpine (303.6 million euro) due to its operations in Eastern Europe also contributed to that increase. The gradual normalisation expected at Alpine after completing its restructuring in 2013 should pave the way for a gradual recovery in the cash invested in working capital at 31 December 2011.

Environmental Services accounted for 46.2% of net debt, connected to stable, regulated long-term public service contracts. Cement, a business which represents a large proportion of fixed assets on the balance sheet, accounted for 18.6% of total net debt. Construction accounted for 10.6% as a result of temporary demand for operating finance at Alpine, and Versia for just 1.2%.

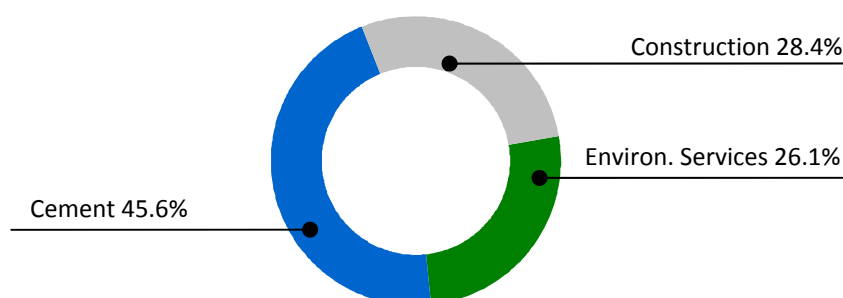
It's worth noting that 23.4% corresponds to the Parent company, which reflects the reclassification of debt from the acquisition of subsidiaries outside Spain in the Environment area and also the effect of the contribution of funds to the parent company which heads the Construction area.

#### Net debt, by business area



Moreover, 2,824.8 million euro of net debt, i.e. 39.9% of the total, is without recourse. The breakdown by business area is as follows:

#### Net debt without recourse, by area



It is important to note that most of the debt related to the Cement area is without recourse to the rest of FCC Group, as stipulated in the refinancing agreement for the area that was signed in July. Another 777.2 million euro correspond to Alpine, and are classified in line with the current financial restructuring process, which is expected to be completed before the end of 1Q13. The remaining debt with recourse is confined to the projects and assets it finances and corresponds almost entirely to water and waste management activities performed by Environmental Services.

### 5.5 Other current and non-current financial liabilities

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The balance of other current and non-current financial liabilities amounts to 738.7 million euro and includes other financial liabilities not classified as interest-bearing debt, such as those linked to suppliers of property, plant and equipment (operation permits for urban furniture at Versia, amounting to 539 million euro), deposits and guarantees received, and stock options.

## 6. CASH FLOW

### *From continuing activities*

| <i>(million euro)</i>                                                       | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Chg. (%)</b> |
|-----------------------------------------------------------------------------|----------------|----------------|-----------------|
| Funds from operations                                                       | 1,001.7        | 1,289.2        | -22.3%          |
| (Increase)/decrease in working capital                                      | (145.8)        | (233.1)        | -37.5%          |
| Other items (taxes, dividends, etc.)                                        | (153.9)        | (61.0)         | 152.3%          |
| <b>Operating cash flow</b>                                                  | <b>702.0</b>   | <b>995.1</b>   | <b>-29.5%</b>   |
| Investing cash flow                                                         | (448.6)        | 7.7            | N/A             |
| <b>Cash flow from business operations</b>                                   | <b>253.4</b>   | <b>1,002.8</b> | <b>-74.7%</b>   |
| Financing cash flow                                                         | (654.1)        | (585.3)        | 11.8%           |
| Other cash flow (exchange differences, change in consolidation scope, etc.) | (93.7)         | 165.5          | -156.6%         |
| <b>(Increase) / decrease in net interest-bearing debt</b>                   | <b>(494.4)</b> | <b>583.0</b>   | <b>-184.8%</b>  |

### 6.1 Operating cash flow

Operating cash flow totalled 702 million euro in 2012, compared with 995.1 million euro in 2011. The decline is attributable in its entirety to operating losses of 300.5 million euro in the Construction area (Alpine), which reduced cash flow to 1,001.7 million euro. The restructuring under way at Alpine reduced working capital improvement as usual at year end, which notably lessened the net impact of the smaller balance of customer receivables in Spain, mainly in the Environmental Services area.

| <i>(million euro)</i>                         | <b>Dec. 12</b> |
|-----------------------------------------------|----------------|
| Construction                                  | (469.3)        |
| Environmental services                        | 230.5          |
| Versia                                        | 31.0           |
| Cement                                        | 13.3           |
| Parent company and adjustments                | 48.7           |
| <b>(Increase)/decrease in working capital</b> | <b>(145.8)</b> |

The 230.5 million euro decline in working capital in the Environmental Services division reflects the impact of the collection of accounts receivable under the Supplier Payment Plan implemented by the Spanish central government as from 2Q12.

In contrast, the increase in working capital in the construction area, totalling 469.3 million euro (243.9 million euro in 2011), is attributable to Alpine's special situation at the end of the year. Alpine was engaged in an operating and financial restructuring process at year-end which led to a temporary increase in working capital needs, in terms of both collections from clients and payments to suppliers. At 31 December 2011, Alpine's working capital had increased by 303.6 million euro. The restructuring process is expected to be completed shortly and then working capital should normalise in the area along 2013, in view of the expected gradual resumption of regular operating conditions.

### 6.2 Investing cash flow

Investing cash flow totalled 448.6 million euro in 2012, which reflects the divestment of Versia's airport handling business and, to a lesser extent, the ongoing rationalisation of capital expenditure and its adaptation to the pace of activity. Adjusting for this impact, capital expenditure in the period is on par with maintenance capex in 2011.

The breakdown of net investments by activity is as follows:

| <i>(Investment/divestment, million euro)</i> | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Chg. (%)</b> |
|----------------------------------------------|----------------|----------------|-----------------|
| Environmental services                       | (215.3)        | (295.6)        | -27.2%          |
| Construction                                 | (144.6)        | (86.7)         | 66.8%           |
| Cement                                       | (22.7)         | (39.1)         | -41.9%          |
| Versia                                       | (16.5)         | (7.0)          | 135.7%          |
| Parent company and adjustments               | (49.5)         | 436.1          | -111.4%         |
| <b>Total</b>                                 | <b>(448.6)</b> | <b>7.7</b>     | <b>N/A</b>      |

The variation in total capital expenditure with respect to 2011 is attributable to the large number of divestments in the fourth quarter of that year, which totalled 575 million euro.

As a result, cash flow from business operations amounted to 253.4 million euro in 2012, compared with 1,002.8 million euro in 2011.

### **6.3 Financing cash flow**

Financing cash flow increased by 11.8% year-on-year, to 654.1 million euro. In addition to debt servicing, this item includes 150.7 million euro in dividend payments by the FCC Group parent company, and 52.6 million euro for the acquisition in 1Q12 of the remaining non-controlling interests (13.5%) in Alpine, in accordance with the agreement signed in 2011.

### **6.4 Others**

This item includes a 93.7 million euro increase in debt which comprises 226 million euro in capital expenditure in FCC Energy during the year to build two solar thermal plants (50 MW each). The first one was commissioned on 1 November 2012, and the second one is expected to enter into operation around the same time in 2013.

## 7. BUSINESS PERFORMANCE

### 7.1 Environmental Services

#### 7.1.1 Results

| <i>(million euro)</i> | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Chg. (%)</b> |
|-----------------------|----------------|----------------|-----------------|
| Revenues              | 3,821.8        | 3,735.4        | 2.3%            |
| <i>Spain</i>          | 2,258.1        | 2,321.1        | -2.7%           |
| <i>International</i>  | 1,563.7        | 1,414.3        | 10.6%           |
| EBITDA                | 683.4          | 697.9          | -2.1%           |
| <i>EBITDA margin</i>  | 17.9%          | 18.7%          | -0.8 p.p.       |
| EBIT                  | 150.8          | 366.2          | -58.8%          |
| <i>EBIT margin</i>    | 3.9%           | 9.8%           | -5.9 p.p.       |

Revenues from Environmental Services increased by 2.3% in 2012, to 3,821.8 million euro, driven by the notable increase in activity outside Spain, where revenues expanded by 10.6%, compared with a 2.7% decline in Spain.

| <i>(million euro)</i>    | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Chg. (%)</b> |
|--------------------------|----------------|----------------|-----------------|
| Revenues - Spain         | 2,258.1        | 2,321.2        | -2.7%           |
| <i>Environment</i>       | 1,458.3        | 1,493.4        | -2.4%           |
| <i>Water</i>             | 669.7          | 668.4          | 0.2%            |
| <i>Industrial Waste</i>  | 130.1          | 159.4          | -18.4%          |
| Revenues - International | 1,563.7        | 1,414.3        | 10.6%           |
| <i>Environment</i>       | 1,195.6        | 1,078.4        | 10.9%           |
| <i>Water</i>             | 196.7          | 176.6          | 11.4%           |
| <i>Industrial Waste</i>  | 171.4          | 159.3          | 7.6%            |

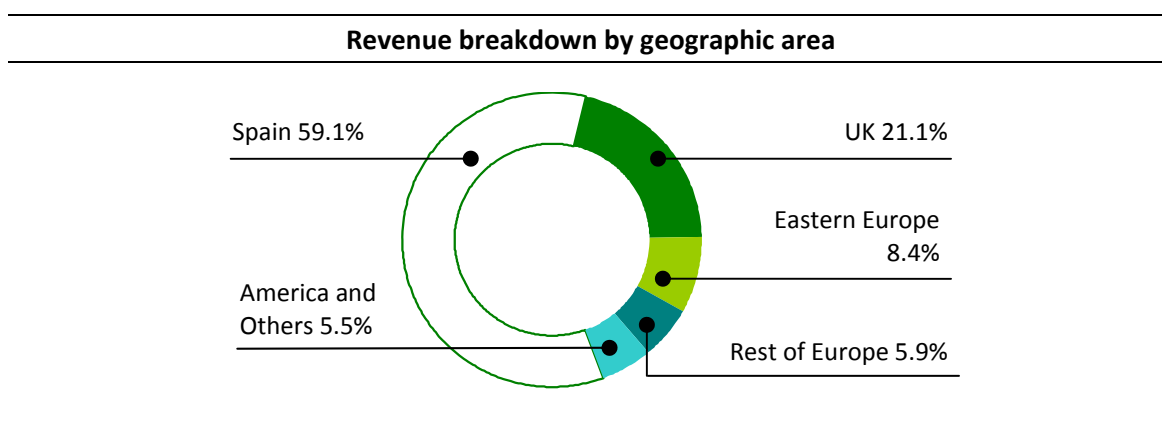
International Water revenues expanded by 11.4%, attributable to the contribution from the contracts to operate desalination plants in Algeria and to progress with the end-to-end water management contract in Riyadh (Saudi Arabia).

Revenues in the International Environment area rose by 10.9%, driven in large part by progress in the construction of a new waste treatment plant in Lincolnshire (UK) and increased use of the incineration plant in Allington (UK). In contrast, the Environment unit in Spain reflects the partial adjustment in services provided to certain clients to adapt to their financial situation; this process is expected to be completed in 2013.

Industrial Waste revenues continued to expand rapidly outside Spain, rising 7.6% and driven by business in the US, offsetting the impact of the shrinkage in industrial waste treatment in Spain (-18.4%).

| International Revenue Breakdown |                |                |              |
|---------------------------------|----------------|----------------|--------------|
| (million euro)                  | Dec. 12        | Dec. 11        | Chg. (%)     |
| United Kingdom                  | 806.9          | 688.3          | 17.2%        |
| Eastern Europe                  | 321.4          | 317.5          | 1.2%         |
| Rest of Europe                  | 226.9          | 222.4          | 2.0%         |
| The Americas and others         | 208.4          | 186.1          | 12.0%        |
| <b>Total</b>                    | <b>1,563.7</b> | <b>1,414.3</b> | <b>10.6%</b> |

The most important international markets are the UK (accounting for 21.1% of this area's revenues), for municipal solid waste treatment and disposal; the rest of Europe (14.3%), primarily the Czech Republic and Austria, for municipal solid waste and end-to-end water management; and the US, for industrial waste management.



EBITDA declined by 2.1% in 2012, to 683.4 million euro, and the EBITDA margin was 17.9%, compared with 18.7% in 2011 (which included several non-recurring items—sale of material and release of provisions—totalling 12 million euro). EBITDA in the Industrial Waste area fell in the year due to the decline in industrial activity in Spain and Portugal together with lower sales margins in the US.

EBIT fell by 58.8%, to 150.8 million euro, due entirely to the 213 million euro goodwill impairment, of which a large part (190.2 million euro) is due to adaptation to current business projections at FCC Environment-WRG.

The area's backlog amounted to 24,980.8 million euro, i.e. down just 2.9% with respect to 2011 year-end, due to a combination of factors in Spain and in other markets. It is important to note the delay in adjudication of certain contracts (e.g. MSW collection in specific areas of Madrid) and the above-mentioned effect of adjustments agreed with certain Environmental Services clients in Spain. The backlog outside Spain (-4.3%) does not reflect various waste treatment contracts, including the Buckinghamshire plant (preferred bidder), which is expected to be signed in the first half of 2013.

| Backlog breakdown by region |                 |                 |              |
|-----------------------------|-----------------|-----------------|--------------|
| (million euro)              | Dec. 12         | Dec. 11         | Chg. (%)     |
| Spain                       | 16,723.3        | 17,092.6        | -2.2%        |
| International               | 8,257.5         | 8,626.8         | -4.3%        |
| <b>Total</b>                | <b>24,980.8</b> | <b>25,719.4</b> | <b>-2.9%</b> |

### 7.1.2 Proactiva

Proactiva is the leading municipal waste and end-to-end water management company in Ibero-America (Brazil, Chile, Mexico, Peru, Colombia, etc.). The group is owned 50% by FCC and is equity-accounted, in line with FCC accounting policy.

Proactiva's revenues in 2012 totalled 538.4 million euro, i.e. an increase of 14.5% year-on-year. EBITDA amounted to 104.8 million euro, and the EBITDA margin was 19.5%. Net interest-bearing debt amounted to 107.8 million euro at 31 December.

### 7.1.3 Cash flow

| <i>(million euro)</i>                                                       | Dec. 12        | Dec. 11      | Chg. (%)      |
|-----------------------------------------------------------------------------|----------------|--------------|---------------|
| <b>Funds from operations</b>                                                | <b>684.1</b>   | <b>714.4</b> | <b>-4.2%</b>  |
| (Increase) / decrease in working capital                                    | 230.5          | (130.9)      | N/A           |
| Other items (taxes, dividends, etc.)                                        | (55.8)         | (43.4)       | 28.6%         |
| <b>Operating cash flow</b>                                                  | <b>858.8</b>   | <b>540.1</b> | <b>59.0%</b>  |
| Investing cash flow                                                         | (215.3)        | (295.6)      | -27.2%        |
| <b>Cash flow from business operations</b>                                   | <b>643.5</b>   | <b>244.5</b> | <b>163.2%</b> |
| Financing cash flow                                                         | 334.8          | (318.5)      | -205.1%       |
| Other cash flow (exchange differences, change in consolidation scope, etc.) | 51.1           | 122.8        | -58.4%        |
| <b>(Increase) / decrease in net interest-bearing debt</b>                   | <b>1,029.3</b> | <b>48.7</b>  | <b>N/A</b>    |

| <i>(million euro)</i>            | Dec. 12        | Dec. 11        | Change (M€)      |
|----------------------------------|----------------|----------------|------------------|
| <b>Net interest-bearing debt</b> | <b>3,274.6</b> | <b>4,303.9</b> | <b>(1,029.3)</b> |
| With recourse                    | 2,537.8        | 3,545.8        | (1,008.0)        |
| Without recourse                 | 736.8          | 758.1          | (21.3)           |

Operating cash flow totalled 858.8 million euro in 2012, i.e. an increase of 318.7 million euro compared with 2011. This is attributable primarily to the recovery of 230.5 million euro in working capital, compared with an investment of 130.9 million euro in 2011. That recovery is the result of the collection of 991 million euro in outstanding invoices, most of them from local governments in Spain under the Spanish central government's Supplier Payment Plan. That amount also reduced non-recourse discounting of customer receivables with banks by 506.3 million euro in the year.

Past-due accounts receivable from public sector clients at the end of 2012 remained stable since the implementation of the Local Adjustment Plans, and totalled approximately 600 million euro. Their gradual reduction and realisation is one of the area's main objectives, following the measures already taken by the public administrations (budget adjustment and control plans), together with additional measures expected in the first half of 2013.

Net investments in the period, amounting to 215.3 million euro (down 27.2% year-on-year), were primarily for maintenance capex and fulfilment of operating contracts.

After applying financing cash flow and other changes, the area's net interest-bearing debt declined considerably year-on-year, by 1,029.3 million euro, to 3,274.6 million euro. This debt reduction was attributable partly to the 643.5 million euro operating cash flow and to the classification of 647.9 million euro for financing the acquisition of FCC Environment-WRG group as parent company debt at year-end (consolidated in that business area in previous years), whose effect is reflected under financing cash flows.

## 7.2 Construction

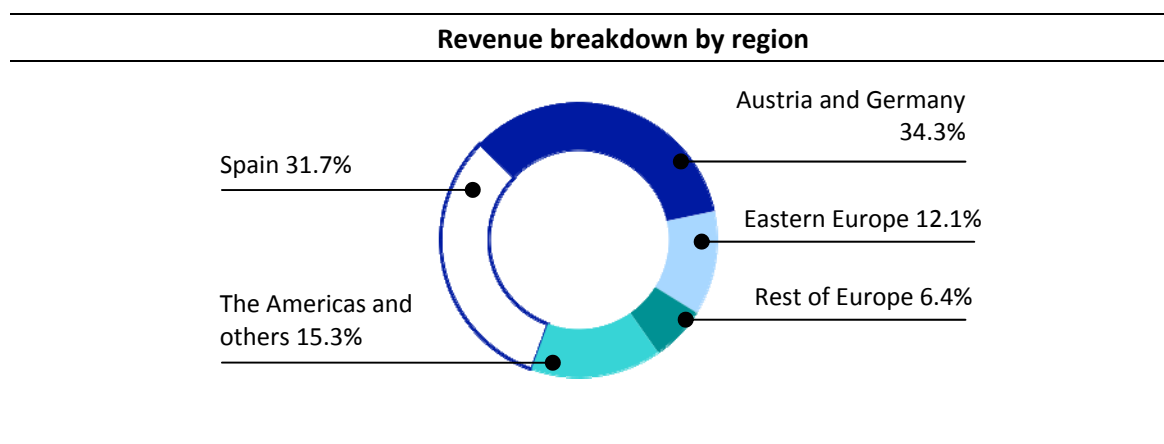
### 7.2.1 Results

| <i>(million euro)</i> | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Chg. (%)</b> |
|-----------------------|----------------|----------------|-----------------|
| Revenues              | 6,148.4        | 6,686.2        | -8.0%           |
| <i>Spain</i>          | 1,948.8        | 2,320.4        | -16.0%          |
| <i>International</i>  | 4,199.6        | 4,365.8        | -3.8%           |
| EBITDA                | (91.2)         | 303.9          | -130.0%         |
| <i>EBITDA margin</i>  | -1.5%          | 4.5%           | -6.0 p.p.       |
| EBIT                  | (409.2)        | 212.3          | N/A             |
| <i>EBIT margin</i>    | -6.7%          | 3.2%           | -9.8 p.p.       |

Revenue in the Construction area fell by 8% with respect to 2011, to 6,148.4 million euro, due to the decline in activity in Spain (-16%) together with the effect of the gradual withdrawal from certain markets in Eastern Europe, with the result that international revenues fell by 3.8%.

| <b>International Revenue Breakdown</b> |                |                |                 |
|----------------------------------------|----------------|----------------|-----------------|
| <i>(million euro)</i>                  | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Chg. (%)</b> |
| Austria and Germany                    | 2,117.8        | 2,335.4        | -9.3%           |
| Eastern Europe                         | 744.5          | 981.7          | -24.2%          |
| Rest of Europe                         | 395.9          | 386.5          | 2.4%            |
| The Americas and others                | 941.4          | 662.2          | 42.4%           |
| <b>Total</b>                           | <b>4,199.6</b> | <b>4,365.8</b> | <b>-3.8%</b>    |

By geographic area, revenues in the Americas and other new markets expanded by 42.4%, due mainly to progress in major contracts, including the metro and road reorganisation in Panama. Revenues from the rest of Europe expanded by 2.4%, boosted by the execution of several projects, such as the tunnel for the London Underground, a thermal power plant in The Netherlands, and several projects in Norway, including a bridge, two tunnels and a section of railway. Revenues in Central and Eastern Europe fell by 9.3% and 24.2%, respectively, due to the ongoing reorganisation and withdrawal in certain markets.



Civil engineering projects account for 56.5% of revenues, non-residential building for 18.4%, industrial services for 13.7%, and residential building for 11.4%.

| Revenue breakdown by segment |                |                |                 |
|------------------------------|----------------|----------------|-----------------|
| <i>(million euro)</i>        | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Chg. (%)</b> |
| Civil engineering            | 3,474.4        | 3,840.2        | -9.5%           |
| Non-residential building     | 1,131.0        | 1,386.5        | -18.4%          |
| Industrial services          | 841.8          | 880.0          | -4.4%           |
| Residential building         | 701.2          | 579.5          | 21.0%           |
| <b>Total</b>                 | <b>6,148.4</b> | <b>6,686.2</b> | <b>-8.0%</b>    |

EBITDA amounted to -91.2 million euro, due to the negative contribution of Alpine with 300.5 million euro.

EBIT, which totalled -409.2 million euro, includes an 80 million euro adjustment in Alpine's goodwill as well as 126.8 million euro in extraordinary losses and provisions associated with write downs and restructuring in the area as a whole.

The backlog amounted to 8,595.2 million euro, reflecting the withdrawal from certain markets where Alpine operated and the ongoing adjustment in demand for public works in Spain. In the International Construction area, fewer contracts in Eastern Europe were broadly offset by the addition of large contracts in other areas, including road reorganisation in Panama City (284 million euro), the Gerald Desmond bridge in the US (162 million euro), and a section of the northwest high-speed railway in Spain (75 million euro). The backlog does not yet reflect some very important contracts, such as construction of a hospital complex in Panama (416 million euro).

| Backlog breakdown by region |                |                |                 |
|-----------------------------|----------------|----------------|-----------------|
| <i>(million euro)</i>       | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Chg. (%)</b> |
| Spain                       | 3,807.5        | 4,610.2        | -17.4%          |
| International               | 4,787.7        | 4,908.0        | -2.5%           |
| <b>Total</b>                | <b>8,595.2</b> | <b>9,518.2</b> | <b>-9.7%</b>    |

At the end of 2011, civil engineering and industrial services continued to account for the bulk of the backlog, i.e. 78.3% of the total, while non-residential building accounted for 14.3% and residential building for 7.4%.

| Backlog breakdown, by business segment |                |                |                 |
|----------------------------------------|----------------|----------------|-----------------|
| <i>(million euro)</i>                  | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Chg. (%)</b> |
| Civil engineering                      | 6,274.7        | 6,601.2        | -4.9%           |
| Non-residential building               | 1,229.8        | 1,913.0        | -35.7%          |
| Industrial services                    | 457.2          | 653.0          | -30.0%          |
| Residential building                   | 633.5          | 351.0          | 80.5%           |
| <b>Total</b>                           | <b>8,595.2</b> | <b>9,518.2</b> | <b>-9.7%</b>    |

### 7.2.2 Cash flow

| <i>(million euro)</i>                                                       | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Chg. (%)</b> |
|-----------------------------------------------------------------------------|----------------|----------------|-----------------|
| <b>Funds from operations</b>                                                | <b>282.8</b>   | <b>361.5</b>   | <b>-21.8%</b>   |
| (Increase) / decrease in working capital                                    | (469.3)        | (243.9)        | 92.4%           |
| Other items (taxes, dividends, etc.)                                        | (23.0)         | (58.2)         | -60.5%          |
| <b>Operating cash flow</b>                                                  | <b>(209.5)</b> | <b>59.4</b>    | <b>N/A</b>      |
| Investing cash flow                                                         | (144.6)        | (86.7)         | 66.8%           |
| <b>Cash flow from business operations</b>                                   | <b>(354.1)</b> | <b>(27.3)</b>  | <b>N/A</b>      |
| Financing cash flow                                                         | 209.2          | (175.2)        | -219.4%         |
| Other cash flow (exchange differences, change in consolidation scope, etc.) | 46.7           | 65.9           | -29.1%          |
| <b>(Increase) / decrease in net interest-bearing debt</b>                   | <b>(98.3)</b>  | <b>(136.5)</b> | <b>-28.0%</b>   |

| <i>(million euro)</i>            | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Change (M€)</b> |
|----------------------------------|----------------|----------------|--------------------|
| <b>Net interest-bearing debt</b> | <b>754.3</b>   | <b>656.0</b>   | <b>98.3</b>        |
| <i>With recourse</i>             | <i>(46.6)</i>  | <i>670.0</i>   | <i>(716.6)</i>     |
| <i>Without recourse</i>          | <i>800.9</i>   | <i>(14.0)</i>  | <i>814.9</i>       |

Operating cash flow totalled -209.5 million euro in 2012, compared with 59.4 million euro in 2011, due mainly to two factors: an increase in working capital to 469.3 million euro, compared with 243.9 million euro in 2011, and a 102.3 million euro contraction in funds from operations, affected primarily by the exceptional losses in connection with certain Alpine contracts. Alpine accounts for 303.6 million euro (64.7% over total) of the aforementioned increase in working capital, due to the impact of the restructuring process under way, which distorted payment and collection conditions. Working capital is expected to normalise gradually once the restructuring process is successfully completed.

Investing cash flow totalled 144.6 million euro, compared with 86.7 million euro in 2011.

Financing cash flow amounted to 209.2 million euro, compared with -175.2 million euro in 2011, and includes an increase in the area's equity to offset losses from writedowns in the year.

The area's net debt was 754.3 million euro. All of the debt is concentrated in the Alpine subgroup, where it amounts to 777.2 million euro and is classified as interest-bearing debt without recourse.

### 7.3 Cement

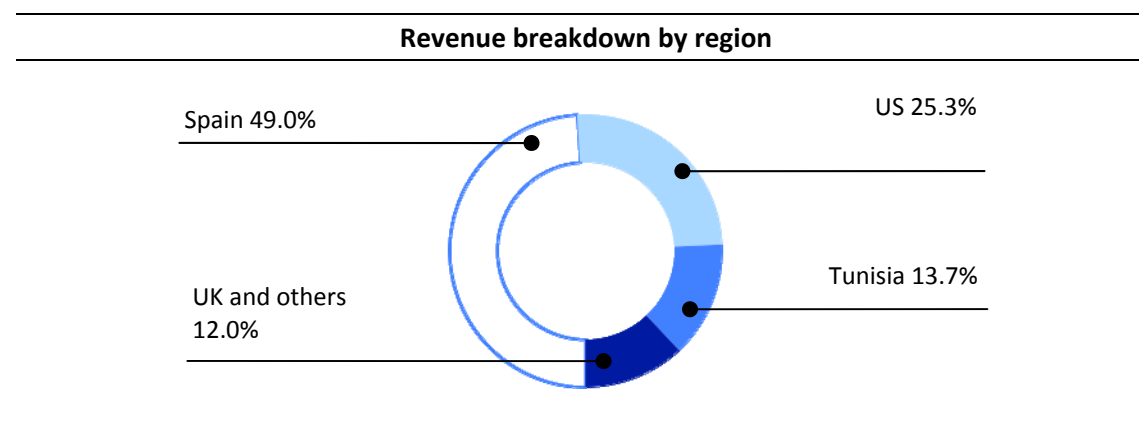
#### 7.3.1 Results

| <i>(million euro)</i> | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Chg. (%)</b> |
|-----------------------|----------------|----------------|-----------------|
| Revenues              | 653.7          | 750.9          | -12.9%          |
| <i>Spain</i>          | 320.1          | 488.2          | -34.4%          |
| <i>International</i>  | 333.6          | 262.7          | 27.0%           |
| EBITDA                | 69.8           | 154.1          | -54.7%          |
| <i>EBITDA margin</i>  | 10.7%          | 20.5%          | -9.8 p.p.       |
| EBIT                  | (133.4)        | (300.8)        | 55.7%           |
| <i>EBIT margin</i>    | -20.4%         | -40.1%         | 19.7 p.p.       |

Revenues in the Cement area amounted to 653.7 million euro in 2012, down 12.9% year-on-year. Revenues from outside Spain expanded by a notable 27%, to account for 51% of the total. In Spain, the decline in revenues of 34.4% reflects the reduction in domestic cement consumption in the year, due mainly to less investment in civil engineering.

| <b>International Revenue Breakdown</b> |                |                |                 |
|----------------------------------------|----------------|----------------|-----------------|
| <i>(million euro)</i>                  | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Chg. (%)</b> |
| United States                          | 165.3          | 141.9          | 16.5%           |
| Tunisia                                | 90.0           | 68.8           | 30.7%           |
| UK and Others                          | 78.4           | 52.0           | 50.8%           |
| <b>Total</b>                           | <b>333.6</b>   | <b>262.7</b>   | <b>27.0%</b>    |

Revenues in the US expanded by 16.5%, driven by the gradual recovery in residential construction, while the 30.7% growth in Tunisia was due to the favourable comparison with the 2011 results, which were affected by socio-political tensions in the Maghreb region during that year. Exports expanded by 50.8%, with a special emphasize on UK (44.7% of the total) and Algeria.



EBITDA declined by 54.7% to 69.8 million euro and the EBITDA margin fell by 9.8 percentage points, to 10.7%. This was due mainly to a combination of falling business volume in Spain, higher energy costs, and lower revenues from the sale of emission rights in the period.

It is important to note that the New Val operational restructuring plan, which aims to restore profitability in this area by adjusting capacity in Spain, was implemented in the second half of 2012; consequently, its impact is not yet visible.

The negative EBIT (-133.4 million euro) includes 46.9 million euro in restructuring costs as part of the new operating plan, 30.4 million euro in asset writedowns in the concrete and aggregate businesses in Spain, and 13.3 million euro for the depreciation and amortisation of assets in the US in 2H11, after reclassification as continuing operations this year.

### 7.3.2 Cash flow

| <i>(million euro)</i>                                                       | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Chg. (%)</b> |
|-----------------------------------------------------------------------------|----------------|----------------|-----------------|
| <b>Funds from operations</b>                                                | <b>30.3</b>    | <b>119.9</b>   | <b>-74.7%</b>   |
| (Increase) / decrease in working capital                                    | 13.3           | (2.5)          | N/A             |
| Other items (taxes, dividends, etc.)                                        | (5.3)          | (24.2)         | -78.1%          |
| <b>Operating cash flow</b>                                                  | <b>38.3</b>    | <b>93.2</b>    | <b>-58.9%</b>   |
| Investing cash flow                                                         | (22.7)         | (39.1)         | -41.9%          |
| <b>Cash flow from business operations</b>                                   | <b>15.6</b>    | <b>54.1</b>    | <b>-71.2%</b>   |
| Financing cash flow                                                         | (70.3)         | (70.3)         | 0.0%            |
| Other cash flow (exchange differences, change in consolidation scope, etc.) | 19.3           | 18.7           | 3.2%            |
| <b>(Increase) / decrease in net interest-bearing debt</b>                   | <b>(35.5)</b>  | <b>2.5</b>     | <b>N/A</b>      |

| <i>(million euro)</i>            | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Change (M€)</b> |
|----------------------------------|----------------|----------------|--------------------|
| <b>Net interest-bearing debt</b> | <b>1,320.5</b> | <b>1,285.0</b> | <b>35.5</b>        |
| <i>With recourse</i>             | <i>33.4</i>    | <i>6.1</i>     | <i>27.3</i>        |
| <i>Without recourse</i>          | <i>1,287.1</i> | <i>1,278.9</i> | <i>8.2</i>         |

Operating cash flow declined to 38.3 million euro in 2012, due to lower activity and profitability of operations in Spain. Funds from operations amounted to 30.3 million euro and include a cash outflow of 41 million euro for workforce restructuring.

Investing cash flow amounted to 22.7 million euro and was focused on increasing the use of alternative fuels and raw materials and developing new products. At the end of 2012, the fossil fuel replacement rate was 21%, compared with 16.2% at the end of 2011. The decline in investing cash flow with respect to 2012 is attributable to the sale of non-core assets, including the terminal in Norfolk (US) and minor assets in Spain.

After applying financing cash flow and other changes, the area's net interest-bearing debt increased by 35.5 million euro in the year, to 1,320.5 million euro.

Nearly all of the Cement area's net interest-bearing debt is without recourse to FCC Group (the controlling shareholder with a 70% stake), as stipulated in the refinancing contracts signed in July. Linked to the fulfilment of those contracts, FCC has committed up to 200 million euro in contingent capital for CPV, the company which heads this area.

## 7.4 Versia

### 7.4.1 Results

| <i>(million euro)</i> | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Chg. (%)</b> |
|-----------------------|----------------|----------------|-----------------|
| Revenues              | 570.0          | 767.3          | -25.7%          |
| <i>Spain</i>          | 364.9          | 504.1          | -27.6%          |
| <i>International</i>  | 205.1          | 263.2          | -22.1%          |
| EBITDA                | 59.4           | 114.9          | -48.3%          |
| <i>EBITDA margin</i>  | 10.4%          | 15.0%          | -4.6 p.p.       |
| EBIT                  | (35.0)         | 36.2           | -196.7%         |
| <i>EBIT margin</i>    | -6.1%          | 4.7%           | -10.9 p.p.      |

Revenues from urban services (Versia) amounted to 570 million euro in 2012, a year-on-year reduction of 25.7% due both to declining business in Spain and to the divestment of the on-street parking business (EYSSA) in December 2011 and of the handling business in the third quarter of 2012. Excluding that effect, revenues would have declined by 8.6% in like-for-like terms.

| <b>Breakdown of revenues by business</b> |                |                |                 |
|------------------------------------------|----------------|----------------|-----------------|
| <i>(million euro)</i>                    | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Chg. (%)</b> |
| Logistics                                | 253.0          | 270.8          | -6.6%           |
| Handling*                                | 151.8          | 239.1          | -36.5%          |
| Urban Furniture                          | 123.1          | 135.9          | -9.4%           |
| Others**                                 | 42.1           | 121.5          | -65.3%          |
| <b>Total</b>                             | <b>570.0</b>   | <b>767.3</b>   | <b>-25.7%</b>   |

\*Figures are not comparable due to the divestment of this business in September 2012

\*\*Others include SVAT, Maintenance-Systems and Car Parks (the latter was divested in 2011)

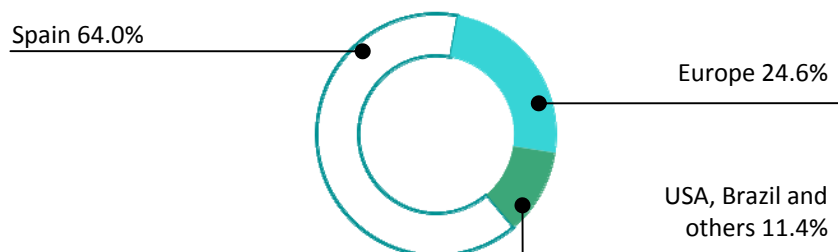
Revenues reflect the impact of the widespread decline in consumer spending, particularly in Spain, Portugal and Italy, in all of this division's activities.

On 11 September, FCC completed the sale of the Handling business for 128.3 million euro; the earnings from that activity are included only until 31 August. In like-for-like terms, revenues in that activity would have declined by 5.5% in the first eight months of 2012.

| <b>International Revenue Breakdown</b> |                |                |                 |
|----------------------------------------|----------------|----------------|-----------------|
| <i>(million euro)</i>                  | <b>Dec. 12</b> | <b>Dec. 11</b> | <b>Chg. (%)</b> |
| Europe                                 | 140.2          | 205.3          | -31.7%          |
| US, Brazil and others                  | 64.9           | 57.9           | 12.1%           |
| <b>Total</b>                           | <b>205.1</b>   | <b>263.2</b>   | <b>-22.1%</b>   |

Revenues in Spain accounted for 64% of the total. The international component is particularly important in Urban Furniture (where 64.1% of revenues come from the USA, Portugal and Brazil). Revenues in the USA, Brazil and other countries increased by 12.1%, boosted by good performance in the New York urban furniture contract.

### Revenue breakdown by region



EBITDA totalled 59.4 million euro, down 48.3% year-on-year. Excluding the effect of the sale of the on-street parking business at the end 2011 and the handling business in 3Q12, EBITDA would have declined by 33.1% in like-for-like terms. That reduction is attributable mainly to the decline in the margin in Urban Furniture caused by a sharp decrease in ad space occupancy in Spain and Portugal.

EBIT, which amounted to -35 million euro, reflects the goodwill impairment in the Logistics area (59 million euro) and gains from the sale of the airport handling business in the third quarter (45 million euro).

#### 7.4.2 Cash flow

(million euro)

|                                                                             | Dec. 12      | Dec. 11      | Chg. (%)      |
|-----------------------------------------------------------------------------|--------------|--------------|---------------|
| <b>Funds from operations</b>                                                | <b>57.3</b>  | <b>115.9</b> | <b>-50.6%</b> |
| (Increase) / decrease in working capital                                    | 31.0         | 7.4          | N/A           |
| Other items (taxes, dividends, etc.)                                        | 18.6         | (20.6)       | -190.3%       |
| <b>Operating cash flow</b>                                                  | <b>106.9</b> | <b>102.7</b> | <b>4.1%</b>   |
| Investing cash flow                                                         | (16.5)       | (7.0)        | 135.7%        |
| <b>Cash flow from business operations</b>                                   | <b>90.4</b>  | <b>95.7</b>  | <b>-5.5%</b>  |
| Financing cash flow                                                         | (15.7)       | (27.6)       | -43.1%        |
| Other cash flow (exchange differences, change in consolidation scope, etc.) | 31.8         | 33.1         | -3.9%         |
| <b>(Increase) / decrease in net interest-bearing debt</b>                   | <b>106.6</b> | <b>101.2</b> | <b>5.3%</b>   |

(million euro)

|                                  | Dec. 12     | Dec. 11      | Change (M€)    |
|----------------------------------|-------------|--------------|----------------|
| <b>Net interest-bearing debt</b> | <b>83.0</b> | <b>189.6</b> | <b>(106.6)</b> |
| With recourse                    | 83.0        | 189.6        | (106.6)        |
| Without recourse                 | 0.0         | 0.0          | 0.0            |

Operating cash flow increased 4.1% in 2012, to 106.9 million euro, due primarily to the recovery of working capital and to lower taxes, which more than offset the decline in funds from operations.

Investing cash flow totalled -16.5 million euro, vs. -7 million euro in 2011. This item includes the sale of the airport handling business for 128 million euro in 2012, whereas in 2011 it included mainly the sale of EYSSA for 115 million euro.

After applying financing cash flow and other changes, net interest-bearing debt declined by 106.6 million euro with respect to December 2011, to 83 million euro.

## 8. SHARE DATA

### 8.1 Share performance

|                                             | Jan.- Dec. 2012 | Jan.- Dec. 2011 |
|---------------------------------------------|-----------------|-----------------|
| Closing price (euro)                        | 9.37            | 20.04           |
| <i>Appreciation</i>                         | <i>(53.2%)</i>  | <i>1.9%</i>     |
| <i>Yield*</i>                               | <i>(46.8%)</i>  | <i>9.2%</i>     |
| High (euro)                                 | 20.30           | 23.95           |
| Low (euro)                                  | 7.15            | 15.11           |
| Average daily trading (shares)              | 446,149         | 587,074         |
| Average daily trading (million euro)        | 5.4             | 11.7            |
| Market cap. at end of period (million euro) | 1,192           | 2,551           |
| No. of shares outstanding                   | 127,303,296     | 127,303,296     |
| Basic EPS                                   | N/A             | 0.94            |

\*Includes dividend payment.

### 8.2 Dividends

At a meeting on 15 December 2011, the Board of Directors declared an interim dividend of 0.65 euro gross per share charged to 2011 income; it was paid on 10 January 2012.

Subsequently, in accordance with the decision by the General Meeting of Shareholders on 31 May 2012, the supplementary 2011 dividend, amounting to 0.65 euro gross per share, was paid on 13 July 2012.

On 20 December, applying the principle of prudence and in the best interests of all the shareholders, the Board of Directors of FCC decided not to distribute a dividend out of 2012 income.

### 8.3 Own shares

At 31 December 2012, the FCC Group held a total of 12,696,877 own shares directly and indirectly (9.974% of the company's capital).

Almost all of the own shares are held to cover the risk of shareholder dilution arising from a 450 million euro convertible bond issued in October 2009. The Extraordinary Shareholders' Meeting of 30 November 2009 approved a programme to buy back shares of the Company for the sole purposes of:

- Meeting obligations to deliver own shares as a result of the convertible bond issue.
- Reducing capital by amortising shares acquired under the programme or already held in treasury stock.

In view of the number of own shares held at the end of 2012 and the number of shares needed to cover the potential conversion of bonds (i.e. 9.33% of capital stock), the risk of shareholder dilution as a result of the convertible bond issue is practically eliminated.

## 9. DISCLAIMER

This document may contain forward-looking statements regarding intentions, expectations or predictions by the FCC Group and its management as of the date of writing in connection with various aspects such as the growth of the business lines, FCC Group earnings, and other aspects related to its activity and situation.

By their nature, such forward-looking statements do not constitute guarantees of future performance and are affected by risks, uncertainties and other material aspects that could lead developments and final outcomes to differ materially from those expressed in these statements.

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This document contains financial information prepared in accordance with International Financial Reporting Standards (IFRS). This financial information has not been audited and, therefore, it is not final and is subject to changes.

## 10. CONTACT DETAILS

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