



Citizen Services

1H2014 EARNINGS REPORT



Environmental
Services



Water



Infrastructures



1. HIGHLIGHTS	2
2. EXECUTIVE SUMMARY	3
3. SUMMARY BY BUSINESS AREA	4
4. INCOME STATEMENT	5
5. BALANCE SHEET	8
6. CASH FLOW	11
7. BUSINESS PERFORMANCE	13
8. SHARE DATA	25
9. OUTLOOK AND RISKS FOR 2H2014	25
10. DISCLAIMER	27
11. CONTACT DETAILS	27

FCC Aqualia lands its first contract in Tunisia, to build the Djerba desalination plant

1. HIGHLIGHTS

FCC Construction obtains large new railway contracts outside Spain

In the first half of 2014, two consortia led by the Construction area obtained contracts totalling over 3.5 billion euro for two notable metro projects, in addition to the major contracts obtained last year.

In March, a consortium including FCC Construction was awarded the contract to design and build line 2 of Lima Metro and a branch of line 4 for 3.3 billion euro. The execution period envisioned is five years, after which the 30-year operation period will commence. In the Middle East, an FCC Construction-led consortium obtained a contract to build the Red line of Doha metro (Qatar) for 250 million euro.

These contracts are only partially reflected in the backlog; in contrast, the new contract to build a hydroelectric power plant and a sewer in Costa Rica for 70 million euro helped increase the backlog to 6,306.1 million euro at the end of June, guaranteeing over 30 months' work.

A syndicated loan was arranged for 4,528 million euro, along with the novation of a 450 million euro issue, both playing an essential role in enabling the company to achieve the objectives set out in the Strategic Plan.

The Group's largest loan facility became effective at the end of June. The 4-year syndicated loan, amounting to 4,528 million euro, and several other agreements significantly extended the maturity of the Group's debt and strengthened the capital structure. They include new and renewed working capital lines (leasing, factoring, reverse factoring, etc.) and an increase of 250 million euro in international guarantee lines, which can reach 450 million euro. The existing 450 million euro convertible bond was novated by 6 years (to October 2020). These actions strengthen and extend the Group's funding options, greatly extending the debt maturity calendar.

Additional progress with the divestment plan, which has raised 1.7 billion euro

Since the Strategic Plan was implemented in April 2013, the group has completed and agreed on divestments of non-core assets amounting to 1.7 billion euro. In addition to those completed last year, in the first half the company sold the Logistics business for 32 million euro and reached an agreement to divest Cemusa (urban furniture) for 80 million euro. As a result, the Plan to focus on strategic activities has achieved more than 75% of its objective within one year. Other available-for-sale assets, amounting to 500 million euro, are in various stages of negotiation; the sales are expected to be signed and completed in the next few quarters.

Spain's Second Supplier Payment Fund concludes; FCC collected 71 million euro in payments

Additional progress was achieved in the first quarter in normalising the payment periods of certain public administrations in Spain with the completion of the second phase of the Second Supplier Payment Fund, approved in July 2013. That fund was structured in two phases of payment: in the fourth quarter of 2013 and the first quarter of 2014; the company received 71 million euro.

This Plan, together with new laws passed in Spain on trade accounts payable and electronic invoicing in the Administration, aims to reduce the average period of payment by the public sector to its suppliers. Nevertheless, at 30 June, FCC had close to 400 million euro in past-due trade receivables from public administrations in Spain.

Award for FCC Environmental Services' electric vehicle

The Group's environmental services subsidiary received an innovation and sustainability award for proprietary technology that provides a competitive advantage over its rivals in public tenders with a cost-effective, low-energy, zero-emission alternative to conventional fuels in delivering municipal waste collection services.

2. EXECUTIVE SUMMARY

- ◊ Revenues declined (3.7%) to 2,966.2 million euro, due largely to the ongoing contraction in demand in Spain's construction sector.
- ◊ The recovery by the EBITDA margin accelerated in the first half, mainly in the Construction and Cement areas, to 12.9% in the period (9.4% one year ago).
- ◊ The company had a net attributable loss of -52.7 million euro, compared with -607.6 million euro in 1H13 (which included the impact of deconsolidating Alpine and of adjustments in divested assets).
- ◊ The backlog increased slightly in the first half (0.3% with respect to 31 December 2013), to 33,430.3 million euro, largely due to the Water business.
- ◊ Net interest-bearing debt amounted to 6,413.8 million euro at the end of June; that figure does not yet reflect asset sales under way or the fact that the habitual seasonal increase in working capital in the first half will be eliminated (in the second half of the year, in both cases).

NOTE: ASSETS HELD FOR SALE

The assets and liabilities in the residual Versia (Cemusa) business have been designated as "*available for sale*" since 30 June 2013 and are pending completion of the sale. The stakes in FCC Environmental (industrial waste in the US), GVI and Realia have been so classified since 31 December (Note 5.2). Accordingly, their earnings are recognised under "*results from discontinued operations*" (Note 4.5.2).

As a result of these changes, the income statement and cash flow statement for the first half of 2013 have been restated to enable comparison.

KEY FIGURES			
(million euro)	Jun. 14	Jun. 13	Chg. (%)
Net sales	2,966.2	3,080.3	-3.7%
EBITDA	381.6	288.6	32.2%
EBITDA margin	12.9%	9.4%	3.5 p.p.
EBIT	186.6	127.0	46.9%
EBIT margin	6.3%	4.1%	2.2 p.p.
Income attributable to equity holders of the parent company	(52.7)	(607.6)	-91.3%
Operating cash flow	(151.4)	(43.1)	N/A
Investing cash flow	4.9	(329.1)	-101.5%

(million euro)	Jun. 14	Dec. 13	Chg. (%)
Net equity	223.4	242.8	-8.0%
Net interest-bearing debt	6,413.8	5,963.8	7.5%
Backlog	33,430.3	33,344.9	0.3%

3. SUMMARY BY BUSINESS AREA

Area	Jun. 14	Jun. 13	Chg. (%)	% of 2014 total	% of 2013 total
<i>(million euro)</i>					
REVENUES BY BUSINESS AREA					
Environmental Services	1,355.8	1,335.4	1.5%	45.7%	43.4%
Water	447.0	449.4	-0.5%	15.1%	14.6%
Construction	934.9	1,093.2	-14.5%	31.5%	35.5%
Cement	259.9	270.2	-3.8%	8.8%	8.8%
Corp. services & adjust.	(31.5)	(67.9)	-53.6%	-1.1%	-2.2%
Total	2,966.2	3,080.3	-3.7%	100.0%	100.0%
REVENUES BY GEOGRAPHIC AREA					
Spain	1,702.4	1,797.0	-5.3%	57.4%	58.3%
Latin America	310.8	369.1	-15.8%	10.5%	12.0%
United Kingdom	419.2	385.3	8.8%	14.1%	12.5%
Central & Eastern Europe	251.7	259.4	-3.0%	8.5%	8.4%
MENA	134.0	85.6	56.6%	4.5%	2.8%
USA	81.5	86.1	-5.3%	2.7%	2.8%
Others	66.5	97.8	-32.0%	2.2%	3.2%
Total	2,966.2	3,080.3	-3.7%	100.0%	100.0%
EBITDA					
Environmental Services	200.7	199.7	0.5%	52.6%	69.2%
Water	96.8	84.7	14.3%	25.4%	29.4%
Construction	50.6	14.0	N/A	13.3%	4.9%
Cement	49.5	25.5	94.1%	13.0%	8.8%
Corp. services & adjust.	(16.0)	(35.3)	-54.7%	-4.2%	-12.2%
Total	381.6	288.6	32.2%	100.0%	100.0%
EBIT					
Environmental Services	94.8	93.1	1.8%	50.8%	73.3%
Water	55.9	46.7	19.7%	30.0%	36.8%
Construction	38.2	0.9	N/A	20.5%	0.7%
Cement	15.6	23.5	-33.6%	8.4%	18.5%
Corp. services & adjust.	(17.9)	(37.2)	-51.9%	-9.6%	-29.3%
Total	186.6	127.0	46.9%	100.0%	100.0%
Area	Jun. 14	Dec. 13	Chg. (%)	% of 2014 total	% of 2013 total
NET DEBT					
Environmental Services	2,260.4	2,220.0	1.8%	35.2%	37.2%
Water	393.2	395.1	-0.5%	6.1%	6.6%
Construction	90.5	(164.1)	-155.1%	1.4%	-2.8%
Cement	1,277.4	1,363.7	-6.3%	19.9%	22.9%
Corp. Services & adjust.	2,392.3	2,148.9	11.3%	37.3%	36.0%
Total	6,413.8	5,963.6	7.5%	100.0%	100.0%
BACKLOG					
Environmental Services	11,946.2	11,883.7	0.5%	35.7%	35.6%
Water	15,178.0	14,853.1	2.2%	45.4%	44.5%
Construction	6,306.1	6,608.1	-4.6%	18.9%	19.8%
Total	33,430.3	33,344.9	0.3%	100.0%	100.0%

4. INCOME STATEMENT

<i>(million euro)</i>	Jun. 14	Jun. 13 ⁽¹⁾	Chg. (%)
Net sales	2,966.2	3,080.3	-3.7%
EBITDA	381.6	288.6	32.2%
<i>EBITDA margin</i>	<i>12.9%</i>	<i>9.4%</i>	<i>3.5 p.p.</i>
Depreciation and amortisation	(200.2)	(207.6)	-3.6%
Other operating income	5.2	46.0	-88.7%
EBIT	186.6	127.0	46.9%
<i>EBIT margin</i>	<i>6.3%</i>	<i>4.1%</i>	<i>2.2 p.p.</i>
Financial income	(222.1)	(209.8)	5.9%
Other financial results	4.7	(6.8)	-169.1%
Equity-accounted affiliates	4.7	20.7	-77.3%
Earnings before taxes (EBT) from continuing activities	(26.1)	(68.9)	-62.1%
Corporate income tax expense	7.8	48.1	-83.8%
Income from continuing operations	(18.3)	(20.8)	-12.0%
Income from discontinued operations	(42.5)	(590.9)	-92.8%
Net profit	(60.9)	(611.7)	-90.0%
Non-controlling interests	8.2	4.1	100.0%
Income attributable to equity holders of the parent company	(52.7)	(607.6)	-91.3%

(1) Figures have been restated for the sole purpose of complying with IFRS 11, which requires that economic interest groups and joint arrangements be proportionately consolidated instead of equity accounted.

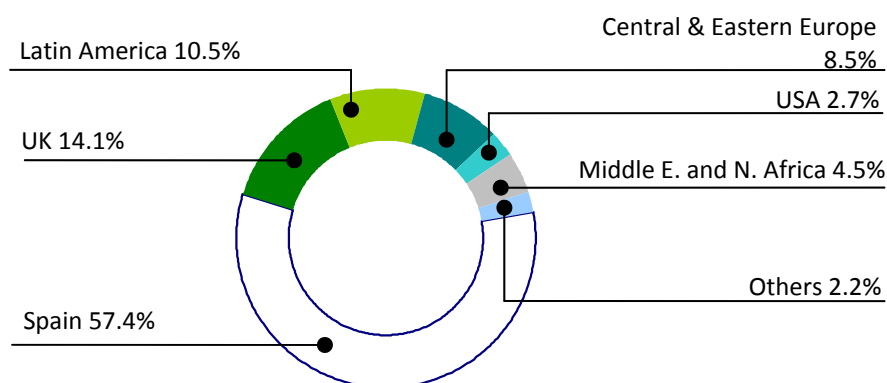
4.1 Revenues

Revenues totalled 2,966.2 million euro in 1H14, a decline of 3.7% year-on-year. This variation is due almost exclusively to the temporary 14.5% decline in Construction revenues, where international activities are expected to increase their contribution in the short term due to the start of large contracts in the second half. As a result, the 5.3% decline in Group activity in Spain during the period (attributable to the impact of curtailed public spending on infrastructure in the Construction and Cement areas) is expected to be gradually offset.

Revenue breakdown, by region			
<i>(million euro)</i>	Jun. 14	Jun. 13	Chg. (%)
Spain	1,702.4	1,797.0	-5.3%
Latin America	310.8	369.1	-15.8%
United Kingdom	419.2	385.3	8.8%
Central & Eastern Europe	251.7	259.4	-3.0%
Middle East & North Africa	134.0	85.6	56.6%
USA	81.5	86.1	-5.3%
Others	66.5	97.8	-32.0%
Total	2,966.2	3,080.3	-3.7%

Good performance by the Environmental Services and Water areas broadly cushioned the ongoing decline in construction in Spain, which is still lagging, while other activities are more advanced in the cycle. The sizeable order intake outside Spain is expected to begin yielding revenues in the second half, coupled with a gradual stabilisation of the construction cycle in Spain; as a result, revenues are expected to increase in the year as a whole.

% Revenues by region

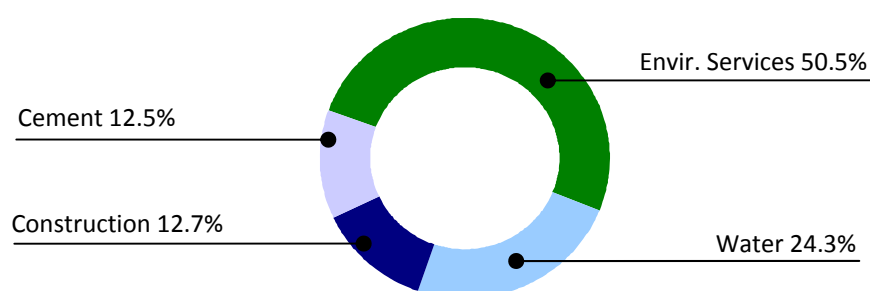


Revenues from the Middle East and North Africa continued to exhibit strong growth (+56.6%) due to the start of construction on Riyadh Metro. The 8.8% increase in the United Kingdom is due mainly to increased recycling activity in the Environment division and to the start of the Mersey Gateway contract in the Construction division. Revenues fell by 3% in Central and Eastern Europe due to the completion of a major construction project in Bulgaria and to the gradual implementation of a landfill tax in a number of Central European countries. In Latin America, lower revenues are attributable to the completion of various projects in Panama and Mexico, which have yet to be offset by the commencement of construction work on Lima metro and of the project to expand an airport in Colombia. In the US, revenues declined by 5.3% due to lower sales in the Cement area, which was affected by the especially harsh winter in the north-east.

4.2 EBITDA

EBITDA increased by 32.2% year-on-year, to 381.6 million euro. This was attributable to the increase in profitability and efficiency in almost all activities, especially in Construction and Cement, due to the effect of adjustments under way in Spain since 2013 and to the gradual increase in profitability outside Spain.

% EBITDA by Business Area*



**Adjusted for Corporate Services*

The EBITDA margin was 12.9%, compared with 9.4% in the same period of 2013. This performance reflects the impact of adapting the Construction production structure in Spain to the cycle, and to a more moderate increase in the Water division, along with stable performance in the Environmental Services area.

4.3 EBIT

The depreciation and amortisation charge in 1H14 decreased by 3.6% with respect to 1H13, to 200.2 million euro, due to changes in consolidation scope. That figure includes 30.1 million euro for assets that were stepped up on consolidation in the FCC Group (32.2 million euro in 1H13).

Other operating income amounted to 46 million euro in 1H13, including 104.8 million euro in capital gains on the asset swap and sale of a terminal in the Cement area, along with a provision of 60.8 million euro for asset impairments and restructuring costs in that area. Despite the net impact of that capital gain, EBIT expanded by 46.9%, to 186.6 million euro, compared with 127 million euro in the first half of 2013.

4.4 Earnings before taxes (EBT) from continuing activities

Earnings before taxes from continuing activities were negative in the amount of 26.1 million euro after incorporating the following to EBIT:

4.4.1 *Financial income*

Net financial expenses amounted to 222.1 million euro in the period, 5.9% more than in 1H13.

4.4.2 *Equity-accounted affiliates*

The contribution from equity-accounted affiliates amounted to 4.7 million euro in 1H14, compared with 20.7 million euro in 1H13. This variation is due to the sale in 1H13 of various concessions in which the Construction area had a stake, for 8.6 million euro.

4.5 Income attributable to the parent company

Net attributable income amounted to -52.7 million euro (compared with -607.6 million euro in 1H13), after including the following items in EBT:

4.5.1 *Income tax*

The corporate income tax item represents a tax credit of 7.8 million euro (48.1 million euro in 2013).

4.5.2 *Income from discontinued operations*

This item amounts to a loss of 42.5 million euro this year following the accounting adjustment upon completion of the sale of financial derivatives amounting to 41.4 million euro linked to assets transferred in the Energy area in the first six months. As a result, this item is much lower than the 590.9 million euro registered in 1H13, which was due mainly to writing off the investment in Alpine, including its results up to that date, amounting to 372.3 million euro. This item also includes impairments of renewable assets at FCC Energy (147.9 million euro) and Versia (50.1 million euro).

4.5.3 *Non-controlling interests*

Income attributable to non-controlling interests, mainly in the Cement area, amounted to a loss of 8.2 million euro, compared with 4.1 million euro in 1H13.

5. BALANCE SHEET

<i>(million euro)</i>	Jun. 14	Dec. 13 ⁽¹⁾	Change (M€)
Intangible assets	2,897.6	2,864.3	33.3
Property, plant and equipment	3,724.3	3,753.1	(28.8)
Equity-accounted affiliates	295.0	372.3	(77.3)
Non-current financial assets	401.5	386.8	14.7
Deferred tax assets and other non-current assets	1,107.2	1,082.0	25.2
Non-current assets	8,425.6	8,458.5	(32.9)
Non-current assets available for sale	1,174.0	2,172.5	(998.5)
Inventories	829.6	798.3	31.3
Trade and other accounts receivable	2,696.2	2,816.0	(119.8)
Other current financial assets	366.6	396.4	(29.8)
Cash and cash equivalents	1,004.5	987.2	17.3
Current assets	6,070.8	7,170.3	(1,099.5)
TOTAL ASSETS	14,496.4	15,628.8	(1,132.4)
Equity attributable to equity holders of parent company	4.3	3.2	1.1
Non-controlling interests	219.1	239.7	(20.6)
Net equity	223.4	242.9	(19.5)
Grants	237.3	228.7	8.6
Long-term provisions	1,049.1	1,092.4	(43.3)
Long-term interest-bearing debt	6,085.3	1,070.7	5,014.6
Other non-current financial liabilities	66.7	66.3	0.4
Deferred tax liabilities and other non-current liabilities	1,057.8	1,017.2	40.6
Non-current liabilities	8,496.2	3,475.3	5,020.9
Liabilities linked to non-current assets available for sale	763.3	1,729.2	(965.9)
Short-term provisions	286.3	341.4	(55.1)
Short-term interest-bearing debt	1,699.6	6,276.5	(4,576.9)
Other current financial liabilities	63.5	116.9	(53.4)
Trade and other accounts payable	2,964.0	3,446.7	(482.7)
Current liabilities	5,776.8	11,910.7	(6,133.9)
TOTAL LIABILITIES	14,496.4	15,628.8	(1,132.4)

(1) Figures have been restated for the sole purpose of complying with IFRS 11, which requires that economic interest groups and joint arrangements be proportionately consolidated instead of equity accounted. The net impact is 25.9 million euro.

5.1 Equity-accounted affiliates

The investment in equity-accounted companies (295 million euro) comprised the following at the end of June:

- 1) 83.8 million euro in Water concession companies.
- 2) 71.7 million euro in Environmental Services companies.
- 3) 24.1 million euro corresponding to concession companies in the Construction area not contributed to GVI.
- 4) 115.4 million euro corresponding to the other stakes in, and loans to, equity-accounted affiliates.

5.2 Non-current assets and liabilities available for sale

Of the 1.174 billion euro in non-current assets available for sale at 30 June 2014, 836.5 million euro correspond to Cemusa and FCC Environmental, and 337.5 million euro to the stakes in GVI and Realia. Cemusa has been so classified since 30 June 2013 and the others as since 31 December 2013.

Those assets had associated liabilities amounting to 763.3 million euro, all of which corresponds to non-financial liabilities at Cemusa and FCC Environmental.

5.3 Net equity

Net equity amounted to 223.4 million euro as of 30 June 2014. The change with respect to 31 December 2013 is mainly due to the inclusion of period income and foreign exchange differences, along with the effect of a loan capitalisation from the Cement area.

5.4 Net interest-bearing debt

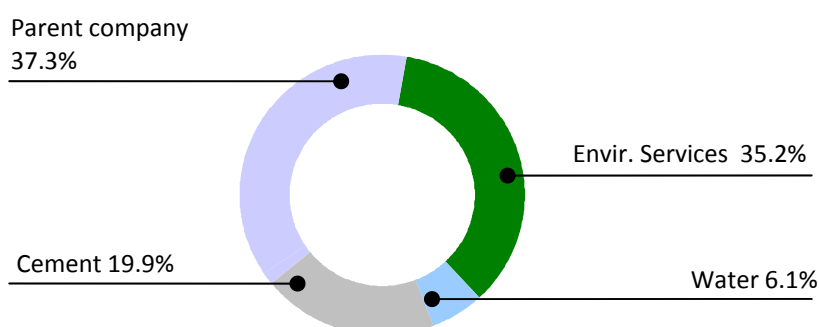
At 30 June 2014, net interest-bearing debt amounted to 6,413.8 million euro, i.e. an increase of 450.2 million euro compared with the end of 2013, due primarily to the seasonal increase in working capital in the first half of the year.

<i>(million euro)</i>	Jun. 14	Dec. 13	Change (M€)
Bank borrowings	6,690.3	6,227.2	463.1
Debt instruments and other loans	872.0	851.1	20.9
Accounts payable due to financial leases	43.8	48.3	(4.5)
Derivatives and other financial liabilities	178.8	220.6	(41.8)
Gross interest-bearing debt	7,784.9	7,347.2	437.7
Cash and other financial assets	(1,371.1)	(1,383.6)	12.5
Net interest-bearing debt	6,413.8	5,963.6	450.2
<i>With recourse</i>	<i>4,175.1</i>	<i>3,774.2</i>	<i>400.9</i>
<i>Without recourse</i>	<i>2,238.7</i>	<i>2,189.4</i>	<i>49.3</i>

The Group completed refinancing of all the parent company's debt in 2Q14. As a result, net interest-bearing debt maturities were greatly extended at the end of June 2014, and just 21.8% is classified as short term debt, which is concentrated in the Cement area, together with a number of project finance deals, all of which are without recourse. The 450 million euro convertible bond issued by FCC SA was classified as short-term debt at 30 June 2014; a 6-year (October 2020) novation of that bond was agreed upon in May, and it will be classified as long-term debt as soon as the novation is officially registered.

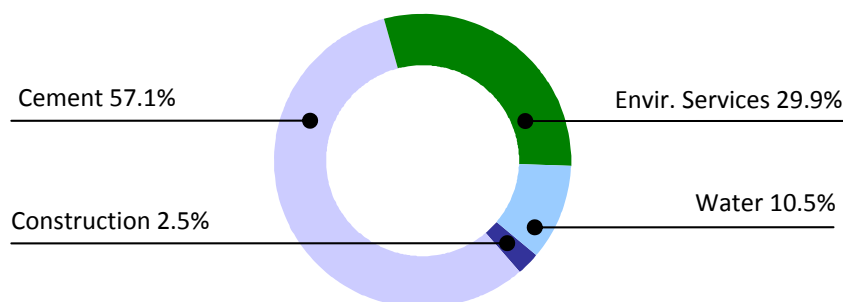
Environmental Services and Water accounted for 41.3% of net debt, connected to regulated long-term public service contracts; 19.9% of net debt corresponds to Cement, which represents a large proportion of fixed assets on the balance sheet. The remaining 37.3% corresponds to the parent company and includes the aforementioned 450 million euro convertible bond as well as acquisition debt in connection with operating companies in the business areas.

Net debt, by business area



Net interest-bearing debt without recourse to the Parent company amounted to 2,238.7 million euro at the end of June, accounting for 34.9% of the total. The breakdown by business area is as follows:

Net debt without recourse, by area



It's worth noting that almost all of the debt linked to the Cement area (1,277.4 million euro) is without recourse to FCC Group. The remaining debt without recourse corresponds mainly to the Environment division in the UK (544.5 million euro) along with other waste treatment plants (125.3 million euro) and to foreign borrowing and project finance in Water (235.5 million euro). Debt without recourse in the Construction division (56 million euro) is related to funding for two concessions.

5.5 Other current and non-current financial liabilities

The balance of other current and non-current financial liabilities amounted to 130.2 million euro and includes financial liabilities not classified as interest-bearing debt, such as those linked to suppliers of property, plant and equipment, and deposits and guarantees received.

6. CASH FLOW

<i>(million euro)</i>	Jun. 14	Jun. 13⁽¹⁾	Chg. (%)
Funds from operations	294.9	266.1	10.8%
(Increase)/decrease in working capital	(372.0)	(251.2)	48.1%
Income tax (paid)/received	(31.2)	(43.8)	-28.8%
Other operating cash flow	(43.1)	(14.2)	N/A
Operating cash flow	(151.4)	(43.1)	N/A
Investment payments	(165.1)	(243.4)	-32.2%
Divestment receipts	72.4	75.9	-4.6%
Other investing cash flow	97.6	(161.6)	-160.4%
Investing cash flow	4.9	(329.1)	-101.5%
Interest (paid)/received	(200.1)	(202.3)	-1.1%
(Repayment)/issuance of financial liabilities	357.5	310.6	15.1%
Other financing cash flow	(3.3)	341.3	-101.0%
Financing cash flow	159.0	120.5	32.0%
Exchange differences, change in consolidation scope, etc.	4.7	(170.1)	-102.8%
Increase/(decrease) in cash and cash equivalents	17.3	(421.8)	-104.1%

(2) Figures have been restated for the sole purpose of complying with IFRS 11, which requires that economic interest groups and joint arrangements be proportionately consolidated instead of equity accounted.

6.1 Operating cash flow

Operating cash flow totalled -151.4 million euro in 1H14, compared with -43.1 million euro in 1H13. That balance reflects a 10.8% increase in funds from operations, to 294.9 million euro, together with a 120.8 million euro increase in working capital with respect to the same period of 2013.

Working capital exhibited a seasonal increase, in line with expectations, concentrated in the Construction and Environment areas. This item also reflects the effect of the Second Supplier Payment Plan in Spain, under which the group received 71 million euro in February, along with the reduction in the balance of factoring by 114.4 million euro with respect to December 2013, to 176.1 million euro at 30 June 2014.

<i>(million euro)</i>	Jun. 14	Jun. 13	Change (M€)
Environmental Services	(118.0)	(36.6)	(81.4)
Water	(18.4)	(26.7)	8.3
Construction	(187.0)	(219.1)	32.1
Cement	(18.9)	(7.4)	(11.5)
Corporate services and adjustments	(29.7)	38.6	(68.3)
(Increase)/decrease in working capital	(372.0)	(251.2)	(120.8)

Past-due accounts receivable from government clients in Spain amounted to over 400 million euro at the end of June 2014. The Act to Control Trade Accounts Payable by the Public Sector and the Electronic Invoice Act, which were approved at the end of last year, seek to reduce the average payment period to suppliers of the public sector to 30 days by establishing an automatic progressive payment control system.

"Other operating cash flow" amounted to -43.1 million euro, including the application of 31.9 million euro in provisions for risks and expenses in the Construction area.

6.2 Investing cash flow

Consolidated investing cash flow amounted to 4.9 million euro in the first half, compared with 329.1 million euro in the same period of 2013.

This item includes net investments in operational income-generating assets and financial assets, the latter merely a variation in cash and cash equivalents amounting to 97.6 million euro in the period and classified under other investing cash flows (vs. Negative 161.6 million euro in the same period last year).

The breakdown of net investments, according to payments and collections by activity, is as follows:

<i>(million euro)</i>	Jun. 14	Jun. 13	Change (M€)
Environmental services	(74.9)	(47.0)	(27.9)
Water	(41.9)	(64.2)	22.3
Construction	(26.4)	(46.3)	19.9
Cement	6.8	(1.7)	8.5
Corporate services and adjustments	43.7	(8.3)	52.0
Net investments	(92.7)	(167.5)	74.8

During the period, 165.1 million euro was paid for investments in assets linked to the Group's ordinary activity. The group collected 72.4 million euro for various assets that were sold as part of the divestments under the Strategic Plan. A similar amount was collected in 2013, which included notably 22.1 million euro from the sale of a port terminal in the Cement area.

6.3 Financing cash flow

Consolidated financing cash flow increased by 159 million euro in 1H14, compared with the 120.5 million euro increase in 1H13. In addition to interest payments and other financing flows, this item includes a 357.5 million euro increase in gross interest-bearing debt in the first half of the year.

6.4 Others

The 4.7 million euro increase in this item reflects the effect of exchange differences on the cash balance. Last year's figure includes a 160.2 million euro reduction in the Construction area, attributable to the deconsolidation of Alpine.

The Group's liquidity position increased by 17.3 million euro in the first half of the year, to a total of 1,371.1 million euro in cash and cash equivalents at 30 June.

7. BUSINESS PERFORMANCE

7.1 Environmental Services

Note: The assets and liabilities corresponding to FCC Environmental (industrial waste management in the US) have been designated as "available for sale" since 31 December 2013 (Note 5.2). Its earnings are recognised under "results from discontinued operations" (Note 4.5.2). Accordingly, to enable comparison, the income statement and cash flow statement for 1H13 have been restated.

Environmental Services contributed 50.5% of the FCC Group's total EBITDA. A total of 96% of its activities involve municipal solid waste collection, treatment and disposal, along with other municipal services such as street cleaning and green area upkeep. The other 4% corresponds to industrial waste collection and management.

The business in Spain focuses on municipal waste management and street cleaning; in the UK, it is involved notably in municipal waste treatment and disposal; in Central and Eastern Europe, mainly Austria and the Czech Republic, it engages in end-to-end municipal waste management (collection, processing and disposal); and in Portugal and Italy it is involved in industrial waste management.

7.1.1 Results

(million euro)	Jun. 14	Jun. 13	Chg. (%)
Revenues	1,355.8	1,335.4	1.5%
<i>Environmental</i>	1,298.3	1,267.3	2.4%
<i>Industrial Waste</i>	57.5	68.1	-15.6%
EBITDA	200.7	199.7	0.5%
<i>EBITDA margin</i>	14.8%	15.0%	-0.2 p.p.
EBIT	94.8	93.1	1.8%
<i>EBIT margin</i>	7.0%	7.0%	0.0 p.p.

Revenues in the Environmental Services area totalled 1,355.8 million euro in the first half of 2014, 1.5% more than in the same period last year. The positive performance of the Environmental Services business in Spain and the increase in recycling in the UK offset the 15.6% decline in revenues in the Industrial Waste business.

Revenue breakdown by region			
(million euro)	Jun. 14	Jun. 13	Chg. (%)
Spain	783.7	773.9	1.3%
United Kingdom	393.6	370.5	6.2%
Central and Eastern Europe	165.0	169.9	-2.9%
Others (Portugal, Italy, etc.)	13.5	21.1	-36.0%
Total	1,355.8	1,335.4	1.5%

Revenues increased by 1.3% in Spain, to 783.7 million euro, due to the positive performance of municipal waste management, offsetting the 6.1% contraction in industrial waste activity.

Growth of 6.2% in the UK is due mainly to variations in exchange rates (+3.5%) and to the notable increase in municipal waste treatment, recycling and incineration, which now accounts for more than 50% of the total volume of waste treated, comfortably offsetting the lower volume in landfills. Various treatment and recycling plants and the Lincolnshire incinerator became operational in 1H14. Construction continues on two waste treatment and incineration plants in Wrexham (expansion) and Buckinghamshire.

Revenues declined by 2.9% in Central and Eastern Europe due to the negative currency effect in the Czech Republic (-6.4%) and the effect of the gradual implementation of a landfill tax in several countries; however, this was largely offset by notable growth in the municipal solid waste collection business in Poland.

The 36% decline in revenues in other markets is due basically to the completion of a large sludge removal contract in Italy.

Revenue breakdown, by region



EBITDA increased slightly (0.5%), to 200.7 million euro, providing an EBITDA margin of 14.8%, compared with 15% in the first half of 2013. In Spain, this item was affected by the increase in Social Security contributions due to recent regulatory changes. The EBITDA margin in international markets reflects the construction of two waste treatment plants in the UK (with a much smaller margin) together with higher landfill taxes in several countries.

Backlog breakdown by region

<i>(million euro)</i>	Jun. 14	Dec. 13	Chg. (%)
Spain	7,274.3	7,436.2	-2.2%
International	4,671.9	4,447.5	5.0%
Total	11,946.2	11,883.7	0.5%

The area's backlog increased by 0.5% with respect to 2013 year-end, to 11,946 million euro.

7.1.2 Cash flow

<i>(million euro)</i>	Jun. 14	Jun. 13	Chg. (%)
Funds from operations	208.6	205.0	1.8%
(Increase)/decrease in working capital	(118.0)	(36.6)	222.4%
Income tax (paid)/received	(18.3)	(15.5)	18.1%
Other operating cash flow	(9.0)	(16.7)	-46.1%
Operating cash flow	63.3	136.2	-53.5%
Investment payments	(79.7)	(54.8)	45.4%
Divestment receipts	4.8	7.8	-38.5%
Other investing cash flow	41.0	(28.9)	-241.9%
Investing cash flow	(33.9)	(75.9)	-55.3%
Interest paid	(84.7)	(63.7)	33.0%
Issuance/(repayment) of financial liabilities	119.1	15.0	694.0%
Other financing cash flow	35.0	75.5	-53.6%
Financing cash flow	35.5	(49.1)	-172.3%
Exchange differences and others	5.5	(3.9)	-241.0%
Increase/(decrease) in cash and cash equivalents	70.4	7.2	877.8%

<i>(million euro)</i>	Jun. 14	Dec. 13	Change (M€)
Net interest-bearing debt	2,260.4	2,220.0	40.4
<i>With recourse</i>	<i>1,590.6</i>	<i>1,530.3</i>	<i>60.3</i>
<i>Without recourse</i>	<i>669.8</i>	<i>689.7</i>	<i>(19.9)</i>

Operating cash flow in the Environmental Services area totalled 63.3 million euro in 1H14, down 53.5% with respect to 1H13, due to the increase in working capital during that period. This is due mainly to the lower volume of factoring at the end of June, which is a non-recurring effect.

At 30 June, the average collection period in the Environment business in Spain was 4.9 months, compared with 5.0 months at 2013 year-end.

Net investments increased by 59.4% in the period, to 74.9 million euro, due to the development of new treatment plants in the UK. Other financing cash flow includes mainly loans to Group companies which are adjusted in the consolidated cash flow statement.

As a result, the area's net interest-bearing debt increased by 40.4 million euro in the first half, to 2,260.4 million euro. Net interest-bearing debt without recourse to the Group parent company includes acquisition debt in the UK amounting to 455.8 million euro and funding for various municipal waste treatment and abatement plants, mainly in the UK and Austria.

7.2 Water

The Water area accounts for 24.3% of FCC Group EBITDA. Public concessions and end-to-end water management operations (capture, distribution and treatment) account for 94% of total revenues, and water infrastructure design and construction for the other 6%.

FCC serves more than 13 million people in over 850 municipalities in Spain. In Eastern Europe, FCC serves 1.3 million users, mainly in the Czech Republic. It also has a strong presence in Italy and Portugal. In Latin America, the Middle East and North Africa, FCC is involved mainly in water infrastructure design, construction and management. FCC Aqualia provides water supply and/or sewage services to 23 million people worldwide.

7.2.1 Results

<i>(million euro)</i>	Jun. 14	Jun. 13	Chg. (%)
Revenues	447.0	449.4	-0.5%
<i>Concessions</i>	418.3	408.3	2.4%
<i>Water Infrastructure</i>	28.7	41.1	-30.0%
EBITDA	96.8	84.7	14.3%
<i>EBITDA margin</i>	21.7%	18.9%	2.8 p.p.
EBIT	55.9	46.7	19.7%
<i>EBIT margin</i>	12.5%	10.4%	2.1 p.p.

The area's revenues remained practically stable (-0.5%) with respect to the first half of 2013, amounting to 447 million euro, due to growth in concessions (2.4%); this enabled it to offset the slower pace of water infrastructure construction (-30%) in the period.

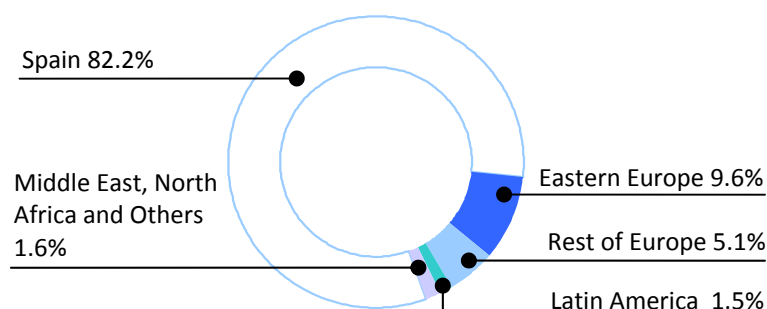
Revenue breakdown by region			
<i>(million euro)</i>	Jun. 14	Jun. 13	Chg. (%)
Spain	367.4	355.2	3.4%
Eastern Europe	43.1	48.3	-10.8%
Rest of Europe	22.8	20.5	11.6%
Latin America	6.6	19.0	-65.1%
Middle East, North Africa and Others	7.1	6.4	10.4%
Total	447.0	449.4	-0.5%

Revenues in Spain increased by 3.4% due to the commencement of new end-to-end water management contracts, notably in Jerez de la Frontera and Cartaya, and to the increased stake in the Alcalá de Henares contract.

In Eastern Europe, revenues fell by 10.8% due to the completion of two waste water treatment plants in Romania and Montenegro and to the fact that another two plants in Central Europe are at the initial phase of construction. Revenues in the Czech Republic were 5% lower due to the negative impact of the currency effect (-6.4%). In the rest of Europe, revenues increased by 11.6% due mainly to the tariff revision in Italy.

The decline in revenues in Latin America is due to the completion of several treatment plants in Mexico and a desalination plant in Chile. In the second quarter of 2014, projects commenced to refurbish the water grid in Mexico and Uruguay, which will increase revenues in the second half of the year. Growth in other markets is due to the revision of operating fees for two desalination plants in Algeria.

Revenue breakdown, by region



EBITDA increased by 14.3%, to 96.8 million euro, and the EBITDA margin was 21.7%, compared with 18.9% in the first half of 2013, due to the implementation of various efficiency measures in Spain, the revision of tariffs in Italy and Algeria, and the lower weight of water infrastructure construction.

Backlog breakdown by region

<i>(million euro)</i>	Jun. 14	Dec. 13	Chg. (%)
Spain	10,600.8	10,646.5	-0.4%
International	4,577.2	4,206.6	8.8%
Total	15,178.0	14,853.1	2.2%

The area's backlog increased by 2.2% with respect to 2013 year-end, to 15,178 million euro. The 2013 backlog has been restated to include economic interest groupings which are now proportionately consolidated.

7.2.2 Cash flow

<i>(million euro)</i>	Jun. 14	Jun. 13	Chg. (%)
Funds from operations	104.4	92.8	12.5%
(Increase)/decrease in working capital	(18.4)	(26.7)	-31.1%
Income tax (paid)/received	(3.5)	3.0	N/A
Other operating cash flow	1.0	(1.5)	-166.7%
Operating cash flow	83.5	67.6	23.5%
Investment payments	(44.7)	(76.6)	-41.6%
Divestment receipts	2.8	12.4	-77.4%
Other investing cash flow	(74.9)	5.2	N/A
Investing cash flow	(116.8)	(59.0)	98.0%
Interest paid	(15.5)	(35.7)	-56.6%
Issuance/(repayment) of financial liabilities	75.1	21.5	N/A
Other financing cash flow	0.3	(0.2)	N/A
Financing cash flow	59.9	(14.4)	N/A
Exchange differences and others	(0.4)	0.1	N/A
Increase/(decrease) in cash and cash equivalents	26.2	(5.7)	N/A

<i>(million euro)</i>	Jun. 14	Dec. 13	Change (M€)
Net interest-bearing debt	393.2	395.1	(1.9)
<i>With recourse</i>	<i>157.7</i>	<i>192.7</i>	<i>(35.0)</i>
<i>Without recourse</i>	<i>235.5</i>	<i>202.4</i>	<i>33.1</i>

Operating cash flow in the Water area totalled 83.5 million euro in 1H14, up 23.5% with respect to 1H13, boosted by the increase in EBITDA and the improvement in working capital.

Net investments declined by 22.5%, to 41.9 million euro, attributable to the baseline effect, since the 2013 figure included the payment of a fee in connection with the 25-year end-to-end water management concession in Jerez, Spain. Other investing cash flow includes mainly loans to Group companies, which are adjusted in the consolidated cash flow statement.

Net interest-bearing debt remained practically stable with respect to 2013 year-end, amounting to 393.2 million euro. Net interest-bearing debt without recourse to the parent company amounted to 235.5 million euro, corresponding mainly to the Czech water subsidiary, Aqualia Czech (168 million euro) and funding for the end-to-end water contract in Jerez (58.9 million euro).

7.3 Construction

The Construction area accounts for 12.7% of FCC Group EBITDA. It is mainly involved in the design and construction of large civil engineering and industrial works and building in certain geographies. It operates in highly complex public works such as railways, tunnels and bridges, which, with industrial installation and maintenance projects, account for a large part of its activity.

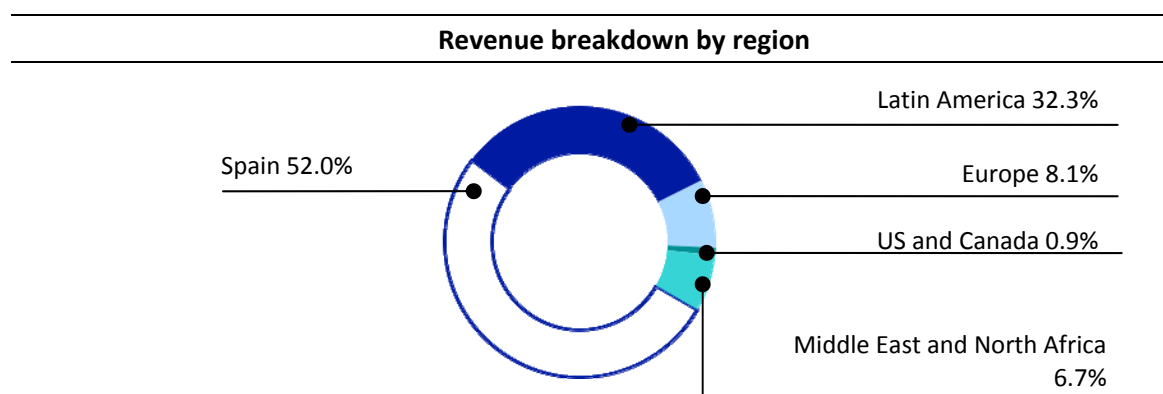
7.3.1 Results

<i>(million euro)</i>	Jun. 14	Jun. 13	Chg. (%)
Revenues	934.9	1,093.2	-14.5%
EBITDA	50.6	14.0	N/A
<i>EBITDA margin</i>	<i>5.4%</i>	<i>1.3%</i>	<i>4.1 p.p.</i>
EBIT	38.2	0.9	N/A
<i>EBIT margin</i>	<i>4.1%</i>	<i>0.1%</i>	<i>4.0 p.p.</i>

The area's revenues totalled 934.9 million euro in 1H14, i.e. a decline of 14.5% with respect to the same period of 2013 due to the sharp adjustment in public spending on infrastructure in Spain in the last few years.

Revenue breakdown by region			
<i>(million euro)</i>	Jun. 14	Jun. 13	Chg. (%)
Spain	486.1	623.6	-22.0%
Latin America	301.9	349.7	-13.7%
Europe	75.6	70.1	7.8%
Middle East, North Africa and Others	62.6	21.0	198.1%
US and Canada	8.7	28.8	-69.8%
Total	934.9	1,093.2	-14.5%

Revenues in international markets fell by 4.4% due to the completion of major projects, such as the metro and road reorganisation in Panama City and the Toronto subway, and to the fact that other projects—such as the Riyadh metro and Mersey Gateway (UK)—are still incipient. As a result, international revenues should recover in the second half.



EBITDA totalled 50.6 million euro in the first half of 2014, compared with 14 million euro in the first half of 2013. This notable recovery is due to the measures implemented to adapt the cost structure in Spain to current demand and to the improvement in the average profitability of international contracts.

Backlog breakdown by region			
(million euro)	Jun. 14	Dec. 13	Chg. (%)
Spain	2,356.0	2,520.6	-6.5%
International	3,950.1	4,087.5	-3.4%
Total	6,306.1	6,608.1	-4.6%

The area's backlog decreased by 4.6% with respect to 2013 year-end, to 6,306.1 million euro. This balance does not yet include major contracts, such as the prison complex in Haren (Belgium) and the Doha and Lima metros, worth close to 1 billion euro.

Backlog breakdown, by business segment			
(million euro)	Jun. 14	Dec. 13	Chg. (%)
Civil engineering	4,822.5	5,095.3	-5.4%
Building	1,173.2	1,237.1	-5.2%
Industrial projects	310.4	275.7	12.6%
Total	6,306.1	6,608.1	-4.6%

Civil engineering and industrial projects continued to account for the bulk of the backlog, i.e. 81.4% of the total, while building (basically non-residential) accounted for the remaining 18.6%. At the end of 1H14, the backlog guaranteed over 30 months' work.

7.3.2 Cash flow

(million euro)	Jun. 14	Jun. 13	Chg. (%)
Funds from operations	(30.2)	(17.7)	70.6%
(Increase)/decrease in working capital	(187.0)	(219.1)	-14.7%
Income tax (paid)/received	(2.9)	(12.8)	-77.3%
Other operating cash flow	(31.4)	5.1	N/A
Operating cash flow	(251.5)	(244.5)	2.9%
Investment payments	(34.0)	(73.4)	-53.7%
Divestment receipts	7.6	27.1	-72.0%
Other investing cash flow	(11.2)	(152.5)	-92.7%
Investing cash flow	(37.6)	(198.8)	-81.1%
Interest paid	(22.3)	(36.0)	-38.1%
Issuance/(repayment) of financial liabilities	186.1	294.9	-36.9%
Other financing cash flow	1.2	0.0	N/A
Financing cash flow	165.0	258.9	-36.3%
Exchange differences and others	3.2	(160.2)	-102.0%
Increase/(decrease) in cash and cash equivalents	(120.9)	(344.6)	-64.9%

<i>(million euro)</i>	Jun. 14	Dec. 13	Change (M€)
Net interest-bearing debt	90.5	(164.1)	254.6
<i>With recourse</i>	<i>34.5</i>	<i>(205.9)</i>	<i>240.4</i>
<i>Without recourse</i>	<i>56.0</i>	<i>41.8</i>	<i>14.2</i>

Operating cash flow in the Construction area amounted to -251.5 million euro, due to the investment of 187 million euro in working capital as a result of the seasonal reduction in the balance of supplier accounts payable. Factoring declined by 33.4 million euro compared with December.

Overall, the area's net cash position declined by 254.6 million euro with respect to December 2013, resulting in net debt of 90.5 million euro at the end of June. The 56 million euro in net interest-bearing debt without recourse to the parent company corresponds to the concession companies for the Coatzacoalcos Tunnel (Mexico) and Conquense Highway (Spain).

7.4 Cement

The Cement area accounts for 12.5% of FCC Group EBITDA through the 77.9% stake in Cementos Portland Valderrivas. It focuses mainly on cement, concrete, aggregate and mortar production. That company has seven cement factories in Spain, three in the US and one in Tunisia.

7.4.1 Results

<i>(million euro)</i>	Jun. 14	Jun. 13	Chg. (%)
Revenues	259.9	270.2	-3.8%
<i>Cement</i>	218.6	205.4	6.4%
<i>Other</i>	41.4	64.8	-36.2%
EBITDA	49.5	25.5	94.1%
<i>EBITDA margin</i>	19.0%	9.4%	9.6 p.p.
EBIT	15.6	23.5	-33.6%
<i>EBIT margin</i>	6.0%	8.7%	-2.7 p.p.

Revenues in the area totalled 259.9 million euro in 1H14, down 3.8% year-on-year. This is due to the gradual abandonment of the less profitable concrete, mortar and aggregate businesses in Spain.

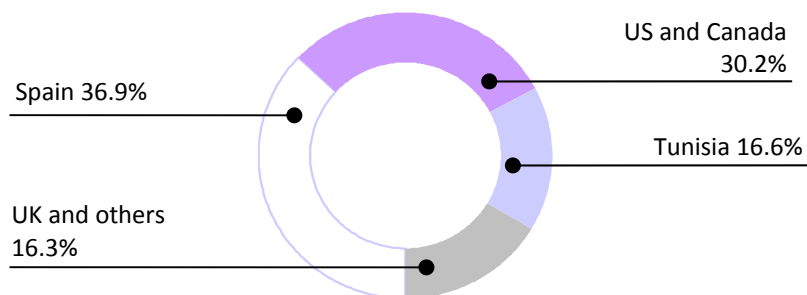
Revenue breakdown by region			
<i>(million euro)</i>	Jun. 14	Jun. 13	Chg. (%)
Spain	95.8	112.2	-14.6%
US and Canada	78.5	83.6	-6.1%
Tunisia	43.2	39.9	8.4%
UK and others	42.4	34.5	22.7%
Total	259.9	270.2	-3.8%

Revenues in Spain decreased by 14.6%, compared with the 3.2% reduction in cement consumption nationwide in the same period, due to the closure of less profitable plants in the concrete, mortar and aggregate business (whose revenues fell by 57.3%).

Revenues in the US and Canada were affected by especially adverse weather conditions in the first few months of the year. That, together with the negative impact of the exchange rate effect (-4.2%) led revenues to decline by 6.1% in the first six months.

In Tunisia, revenues increased by 8.4% despite the negative exchange rate effect (-5.2%), due to sustained sale volumes at higher prices. Revenues from exports to the UK and other markets rose a notable 22.7%.

Revenue breakdown by region



EBITDA totalled 49.5 million euro in the first six months of 2014, including 12.8 million euro from the sale of emission rights. Excluding those, the area's EBITDA expanded by 60.2% with respect to 1H13 due to cost saving measures implemented in Spain in previous quarters. In international markets, the improvement in EBITDA in Tunisia offsets the effects of adverse weather in the US during the first few months.

EBIT totalled 23.5 million euro in 1H13 and included capital gains on the asset sale and swap with CRH for 104.9 million euro and to writedowns of assets and restructuring costs amounting to 60.8 million euro. Adjusting for this effect, EBIT in 1H14 (15.6 million euro) would have increased by 36.2 million euro.

7.4.2 Cash flow

<i>(million euro)</i>	Jun. 14	Jun. 13	Chg. (%)
Funds from operations	46.2	21.5	114.9%
(Increase)/decrease in working capital	(18.9)	(7.4)	155.4%
Income tax (paid)/received	(2.8)	(0.7)	N/A
Other operating cash flow	(3.4)	(0.9)	N/A
Operating cash flow	21.1	12.5	68.8%
Investment payments	(4.9)	(27.5)	-82.2%
Divestment receipts	11.7	25.8	-54.7%
Other investing cash flow	0.2	0.2	0.0%
Investing cash flow	7.1	(1.5)	N/A
Interest paid	(30.6)	(38.9)	-21.3%
Issuance/(repayment) of financial liabilities	5.7	(21.4)	-126.6%
Other financing cash flow	(1.3)	13.6	-109.6%
Financing cash flow	(26.2)	(46.7)	-43.9%
Exchange differences and others	0.6	0.7	-14.3%
Increase/(decrease) in cash and cash equivalents	2.6	(34.9)	-107.4%

<i>(million euro)</i>	Jun. 14	Dec. 13	Change (M€)
Net interest-bearing debt	1,277.4	1,363.7	(86.3)
<i>With recourse</i>	<i>0.0</i>	<i>108.2</i>	<i>(108.2)</i>
<i>Without recourse</i>	<i>1,277.4</i>	<i>1,255.5</i>	<i>21.9</i>

The Cement area's operating cash flow amounted to 21.1 million euro in the first half, an increase of 68.8% million euro with respect to 1H13, in line with the improvement in EBITDA.

Investing cash flow totalled 7.1 million euro due to the divestment of property, plant and equipment and to the restrictions on new investments. The figure in the first half of 2013 included the collection of 22.1 million euro from the sale of a terminal in the UK.

Net interest-bearing debt declined by 86.3 million euro with respect to December 2013, to 1,277.4 million euro, due to the capitalisation of a 110.8 million euro subordinated loan granted to the area by FCC Group's parent company.

8. SHARE DATA

8.1 Share performance

	Jan. – Jun. 2014	Jan. – Jun. 2013
Closing price (euro)	17.03	7.16
<i>Appreciation</i>	5.3%	(23.6%)
High (euro)	21.16	11.50
Low (euro)	14.52	6.69
Average daily trading (shares)	1,436,588	596,843
Average daily trading (million euro)	24.2	5.0
Market capitalisation at end of period (million euro)	2,168	912
No. of shares outstanding	127,303,296	127,303,296

8.2 Dividends

In December 2012, applying the principle of prudence and in the best interests of all the shareholders, the Board of Directors of FCC decided not to distribute the customary dividend, with the result that no dividends have been paid since then.

8.3 Own shares

As of 30 June 2014, the FCC Group held a total of 236,415 own shares directly and indirectly (0.185% of the company's capital).

9. OUTLOOK AND RISKS FOR 2H2014

The FCC Group operates in a range of geographies, activities and legal environments which give rise to different levels of risk inherent to the businesses in which it operates. As a result, it has an integrated risk management model, which is steadily being implemented in the various areas and which enables it to adopt an appropriate approach to the risks which affect its activities. The model in place enables the company to develop a high level risk map, using the Enterprise Risk Management methodology (COSO II), which provides management with information and contributes to the definition of the Group's strategy.

As part of this model, that Group periodically holds risk committee meetings to analyse and evaluate the various business areas' risks and monitor how those risks are being managed, including those related to financial information and its preparation, the definition and assignment of the related management responsibilities, and the drafting of procedures and methodologies, which include:

- The identification of key risks for FCC Group, addressing potential threats to the achievement of the organization's objectives.
- Risk assessment. Risk assessment scales are defined as a function of their potential impact in the event that they occur and their probability of occurring.

- Additionally, for those risks that exceed the accepted risk for each sector of activity, the necessary plans of action are established including corrective measures to ensure that their criticality is kept within the accepted bounds.
- Risk committee meetings are held periodically in the various business areas to analyse and monitor identified risks.
- Mechanisms for regularly reporting risk assessment and monitoring outcomes.
- Implementation of specific procedures to document risk management in business decision-making.

The various types of risk have been categorised as: Strategic, Operational, Compliance and Financial.

Those risks, and the systems for monitoring them, are covered in detail in the 2013 consolidated financial statements, in section D of the Corporate Governance report, and in the annex with additional information on internal control over financial reporting (ICFR) systems for 2013.

In addition to the risks inherent in the businesses in which FCC operates, the group is exposed to a range of financial risks, including notably:

- Capital risk
- Solvency risk
- Liquidity risk
- Concentration risk
- Customer credit risk
- Interest rate risk
- Exchange rate risk
- Financial derivative risk

The plans for monitoring financial risks in the second half of the year do not differ from the control systems described in detail in the FCC Group's consolidated financial statements for 2013, which have been operational during the first half of 2014.

Notable risks existing in 2013 which materialised and were monitored in the first half of 2014 include the following:

FCC Group was involved in intense negotiations with financiers in 2013 and the first quarter 2014, resulting in an agreement which allows it to attain the objectives set out in its Strategic Plan.

Adapting FCC group resources to its current business needs enables it to mitigate the risk of excessive costs; to this end, in 2013 and 2014, the company has been adjusting its structure to the current conditions of market demand through a number of personnel restructuring measures, with the result that it has appropriately tailored its workforce to projected production levels.

Operating risk in connection with cutbacks in investment by the Public Administrations still persists, especially in infrastructure construction in Spain. This situation is being offset by selectively increasing exposure to other countries. A restructuring plan in the cement area that commenced in 2013 is successfully adjusting operating and production capacity. The delay in investments by the government has also led to various projects being rescheduled, with the consequent effect on results, given the clients' failure to honour its commitments despite the FCC Group's continuing efforts to fulfill its own commitments. In view of this situation, FCC Group took a number of steps to optimise costs and adapt to new deadlines; it has also filed claims with each of those clients.

Moreover, instability in certain geographies where FCC operates has forced the company to continuously reorganize its projects outside Spain. For this reason, FCC Group has been implementing a sweeping strategic, operational and financial reorganisation to mitigate those risks, selectively increasing its exposure to specific geographies outside Spain and to complex value-added civil engineering projects.

10. DISCLAIMER

The interim financial information contained in this document was obtained from the consolidated interim financial statements as of 30 June 2014, prepared in accordance with the International Financial Reporting Standards (IFRSs) that had been adopted by the European Union at the end of the period, in conformity with Regulation (EC) no 1606/2002 of the European Parliament and of the Council of 19 July 2002, which were been reviewed in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the International Federation of Accountants (IFAC).

No liability whatsoever is assumed by the Company, its advisors or representatives, whether for negligence or otherwise, with respect to any loss or damage arising from any use whatsoever of this document or its contents.

This document does not constitute an offering or an invitation to acquire or subscribe shares in accordance with Act 24/1988, of 28 July, on the Securities Market, Royal Decree-Act 5/2005, of 11 March, and/or Royal Decree 1310/2005, of 4 November, and their implementing regulations.

Additionally, this document is neither an offer to buy nor a solicitation to purchase, sell or exchange shares, nor is it a request for any kind of vote or approval in any other jurisdiction.

Neither this document nor any part of it is contractually binding and may not be used or construed as constituting a contract or any other type of commitment.

11. CONTACT DETAILS

FINANCE DEPARTMENT	
DEPARTMENT OF INVESTOR RELATIONS	
> Address:	Avda. Camino de Santiago, 40 Edificio 2, Planta 2 - 28050- Madrid. Spain.
> Telephone:	902 109 845
> Web site:	www.fcc.es
> E-mail:	ir@fcc.es