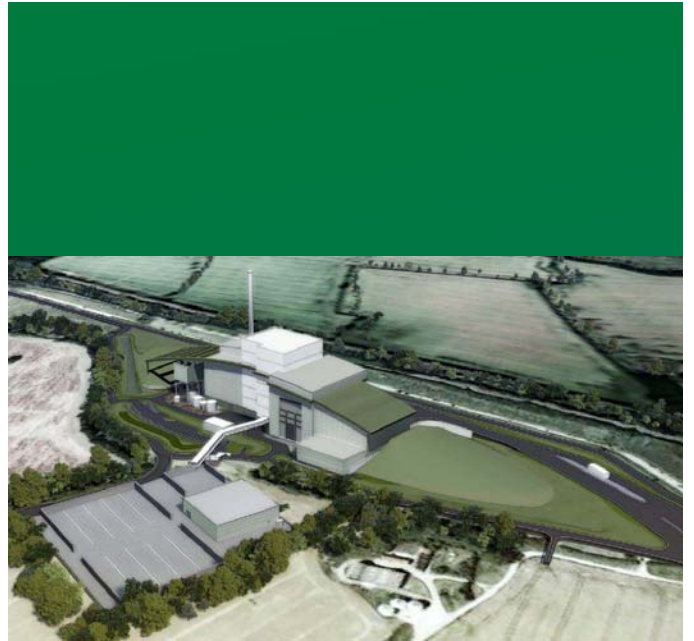




# 1H2015 EARNINGS REPORT



**Environmental  
Services**



**Water**



**Infrastructures**



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*FCC Construcción is awarded the construction of Line 2 of the Panama Metro*

## 1. HIGHLIGHTS

### Change of structure of the Board of Directors with the addition of a new shareholder at FCC

Last January, FCC completed the change of structure of its Board of Directors by appointing four co-opted board members for Control Empresarial de Capitales S.A. de C.V. (CEC), controlled by the Slim family: Inmobiliaria AEG SA de CV represented by Mr. Carlos Slim Helú; Inmuebles Inseo SA de CV represented by Messrs. Juan Rodríguez Torres, Alejandro Aboumrad González and Gerardo Kuri Kaufmann. Subsequently, in February, Messrs. Manuel Gil Madrigal, Henri Proglio and Álvaro Vázquez de Lapuerta were appointed as independent outside directors, replacing Messrs. Olivier Orsini, Gonzalo Rodríguez Mourullo and Gustavo Villalpos.

This completes the change in structure of the Board of Directors resulting from the capital increase carried out last December. Hence, the governing body is composed of a total of twelve members.

### FCC Construcción is awarded the construction of Line 2 of the Panama Metro for 1.65 billion euro

An FCC-led consortium has been awarded the design and construction of Line 2 of the Panama City Metro, worth a total of 1.65 billion euro. The project will consist of 16 stations and 21 kilometres of elevated railway lines in the eastern part of the country's capital. This contract for the execution of a major civil engineering railway and tunnel project comes alongside others, such as those already executed in Panama for the development of the first metro line, in operation since last year. Hence, the backlog at the end of the first half comes to 2.9 years.

Moreover, presence in Chile has been strengthened with new road infrastructure contracts coming to an aggregate sum of 98 million euro.

### New Urban Waste Management contracts in Spain for 670 million over the period

The Environmental Services area was awarded new contracts as well as contract extensions coming to 670 million euro in Spain throughout the first half of the year. This volume was obtained amidst new local governments, and bears testimony to the experience, robustness and quality of the services provided as part of the Group's main business. The main contracts worth highlighting relate to waste collection and sewage services in Vitoria and Barcelona.

### FCC Aqualia secures new contracts in Mexico and Chile worth 108 million euro

FCC Aqualia was awarded the Cutzamala project in Mexico, amounting to 66 million euro, which aims to expand the supply of drinking water to Mexico City's suburban area, the largest metropolitan area in Latin America. In addition, Pemex has awarded the works to modernise the water intake system of the Mezcalapa river, through which it supplies water to various processing centres. These works have a budget of 15 million euro and involve completion of a comprehensive modernisation project of its mechanical facilities.

Moreover, FCC Aqualia has also been selected by Codelco in Chile to be in charge of groundwater treatment using a nanofiltration plant in the Santiago metropolitan region. The contract is worth 12 million euro and the work will comprise engineering, construction and commissioning as well as operation and maintenance of the plant for a period of 12 years. In the Santiago de Chile metropolitan area, in Cadellada, FCC Aqualia is to build a new treatment plant, worth 15 million euro, to meet the needs of about 150,000 residents.

With these new contracts, FCC Aqualia consolidates its position in both countries, in which it has already carried out projects in recent years. These projects represent a step forward in its geographical diversification in the area and its ability to take on new challenges, relating to water services both for domestic and for industrial-sector use.

### Refinancing of the Water business in the Czech Republic for 200 million euro

SmVak, subsidiary of FCC Aqualia in the Czech Republic and one of the leading companies in water management and distribution in the country, has successfully completed a full refinancing deal in local currency, for a sum equivalent to 200 million euro, by issuing a 7-year corporate bond. Said sum will be allocated, among other purposes, to refinance the current loan maturing at the end of this year. The issue coupon has come to 2.6% compared to 5% in the current credit structure.

## 2. EXECUTIVE SUMMARY

- ◊ International revenues rose by 18.7%, with the leading of Water and Environmental Services areas, which comes alongside a gradual recovery of the Cement area in Spain and carrying a 6.5% increase in consolidated revenues.
- ◊ EBITDA reached 369.7 million euro, underpinned by the Water and Environmental Services areas, and similar to the one recorded in 2014, once the exceptional results recorded in the Cement area (CO2) last year are adjusted.
- ◊ The net financial expenses decreased by 21.6% due to the strengthening of the equity structure carried out in the last financial year.
- ◊ Net attributable income, with a negative balance of 11.9 million euro, compared to a loss of 52.7 million euro in 2014, shows the negative impact of discontinued operations (negative balance of 71.1 million euro). Excluding the contribution to the entities held for sale, it reaches 59.2 million euro.
- ◊ Financial debt increased by 15.8% due to a seasonal increase in working capital, the negative impact of the exchange rate and the long-term transfer of current financial assets.

### NOTE: ASSETS HELD FOR SALE

The residual assets and liabilities in the Versia business (Cemusa) have been designated as "held for sale" since 30 June 2013 and are pending completion of the sale. Those corresponding to the shares held in Globalvía (GVI) since 31 December 2013 have been registered with the same terms (Note 5.2). Accordingly, their earnings are recognised under "results from discontinued operations" (Note 4.5.2). Realía has also been reclassified as a continuing activity since 31 December 2014.

As a result of these changes, the income statement and cash flow statement for the first half of 2014 have been restated to enable comparison.

### KEY FIGURES

<i>(million euro)</i>	Jun. 15	Jun. 14	Chg. (%)
Net sales	3,161.7	2,969.5	6.5%
EBITDA	369.7	381.7	-3.1%
<i>EBITDA margin</i>	11.7%	12.9%	-1.2 p.p
EBIT	155.9	186.7	-16.5%
<i>Ebit margin</i>	4.9%	6.3%	-1.4 p.p
Income attributable to equity holders of the parent company	(11.9)	(52.7)	-77.4%
Operating cash flow	(131.1)	(151.5)	-13.5%
Investment cash flow	(171.0)	4.9	N/A

<i>(million euro)</i>	Jun.15	Dec. 14	Chg. (%)	Jun. 14	Chg. (%)
Net equity	513.1	495.4	3.6%	223.7	129.4%
Net financial debt	5,809.8	5,016.0	15.8%	6,414.9	-9.4%
Backlog	32,635.5	32,996.5	-1.1%	33,430.3	-2.4%

### 3. SUMMARY BY BUSINESS AREA

Area	Jun. 15	Jun. 14	Chg. (%)	% of 2015 total	% of 2014 total
<i>(million euro)</i>					
<b>REVENUES BY BUSINESS AREA</b>					
Environmental Services	1,420.6	1,355.8	4.8%	44.9%	45.7%
Water	502.2	450.2	11.6%	15.9%	15.2%
Construction	960.4	934.9	2.7%	30.4%	31.5%
Cement	289.2	259.9	11.3%	9.1%	8.8%
Corp. services & adjust.	(10.7)	(31.3)	-65.8%	-0.3%	-1.1%
<b>Total</b>	<b>3,161.7</b>	<b>2,969.5</b>	<b>6.5%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>REVENUES BY GEOGRAPHIC AREA</b>					
Spain	1,661.5	1,705.6	-2.6%	52.6%	57.4%
UK	509.5	419.2	21.5%	16.1%	14.1%
MENA	271.8	140.1	94.0%	8.6%	4.7%
Latin America	271.1	313.8	-13.6%	8.6%	10.6%
Central & Eastern Europe	252.7	250.8	0.8%	8.0%	8.4%
US & Canada	114.9	87.2	31.8%	3.6%	2.9%
Others	80.2	52.8	51.8%	2.5%	1.8%
<b>Total</b>	<b>3,161.7</b>	<b>2,969.5</b>	<b>6.5%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>EBITDA</b>					
Environmental Services	210.2	200.6	4.8%	56.9%	52.6%
Water	104.1	96.9	7.4%	28.2%	25.4%
Construction	29.0	50.6	-42.7%	7.8%	13.3%
Cement	37.4	49.5	-24.4%	10.1%	13.0%
Corp. services & adjust.	(11.0)	(15.9)	-30.8%	-3.0%	-4.2%
<b>Total</b>	<b>369.7</b>	<b>381.7</b>	<b>-3.1%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>EBIT</b>					
Environmental Services	106.4	94.8	12.2%	68.2%	50.8%
Water	62.1	56.0	10.9%	39.8%	30.0%
Construction	(5.3)	38.2	-113.9%	-3.4%	20.5%
Cement	5.2	15.6	-66.7%	3.3%	8.4%
Corp. services & adjust.	(12.5)	(17.9)	-30.2%	-8.0%	-9.6%
<b>Total</b>	<b>155.9</b>	<b>186.7</b>	<b>-16.5%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>NET DEBT</b>					
Environmental Services	1,843.5	1,764.4	4.5%	2,260.4	-18.4%
Water	331.8	326.8	1.5%	393.2	-15.6%
Construction	(34.7)	(212.3)	-83.7%	90.5	-138.3%
Cement	1,356.9	1,304.3	4.0%	1,277.4	6.2%
Corp. services & adjust.	2,312.3	1,832.8	26.2%	2,393.4	-3.4%
<b>Total</b>	<b>5,809.8</b>	<b>5,016.0</b>	<b>15.8%</b>	<b>6,414.9</b>	<b>-9.4%</b>
<b>BACKLOG</b>					
Environmental Services	12,083.6	11,669.7	3.5%	11,946.2	1.2%
Water	14,866.9	15,113.8	-1.6%	15,178.0	-2.0%
Construction	5,685.0	6,213.0	-8.5%	6,306.1	-9.8%
<b>Total</b>	<b>32,635.5</b>	<b>32,996.5</b>	<b>-1.1%</b>	<b>33,430.3</b>	<b>-2.4%</b>
<b>Area</b>					
	<b>Jun. 15</b>	<b>Dec. 14</b>	<b>Chg. (%)</b>	<b>Jun. 14</b>	<b>Chg. (%)</b>

#### 4. INCOME STATEMENT

<i>(million euro)</i>	Jun. 15	Jun. 14	Chg. (%)
<b>Net sales</b>	<b>3,161.7</b>	<b>2,969.5</b>	<b>6.5%</b>
<b>EBITDA</b>	<b>369.7</b>	<b>381.7</b>	<b>-3.1%</b>
<i>EBITDA margin</i>	<b>11.7%</b>	<b>12.9%</b>	<b>-1.2 p.p</b>
Amortisation of fixed assets	(196.7)	(200.2)	-1.7%
Other operating results	(17.1)	5.2	N/A
<b>EBIT</b>	<b>155.9</b>	<b>186.7</b>	<b>-16.5%</b>
<i>EBIT margin</i>	<b>4.9%</b>	<b>6.3%</b>	<b>-1.4 p.p</b>
Financial income	(174.1)	(222.2)	-21.6%
Other financial income	13.0	4.7	176.6%
Inc. Equity-accounted affiliates	24.4	(2.2)	N/A
<b>Earnings before taxes (EBT) from continuing activities</b>	<b>19.1</b>	<b>(33.0)</b>	<b>-157.9%</b>
Corporate income tax expense	33.5	7.7	N/A
<b>Income from continued operations</b>	<b>52.7</b>	<b>(25.2)</b>	<b>N/A</b>
Income from discontinued operations	(71.1)	(35.6)	99.7%
<b>Net income</b>	<b>(18.4)</b>	<b>(60.8)</b>	<b>-69.7%</b>
Minority interests	6.5	8.2	-20.7%
<b>Income attributable to equity holders of the parent company</b>	<b>(11.9)</b>	<b>(52.7)</b>	<b>-77.4%</b>

##### 4.1 Net Revenues

The Group's consolidated revenues increase a 6.5% in the first half of 2015, reaching 3,161.7 million euro, driven by a considerable growth of 18.7% in turnover in international markets, especially in the areas of End-to-End Water Management and Environmental Services.

Regarding the areas more exposed to the domestic cycle of infrastructure investment, such as the Construction and Cement areas, a combination of several effects can be observed. Cement sales in Spain continue to grow, after six years of continuous decline, with a year-over-year variation of 5.1% in the half. Conversely, revenues for the Construction area in Spain dropped by 9.5% on a year-over-year basis, both due to the level of public investment remaining low and to the implementation of a more selective business model.

Revenue breakdown by region			
<i>(million euro)</i>	Jun. 15	Jun. 14	Chg. (%)
Spain	1,661.5	1,705.6	-2.6%
UK	509.5	419.2	21.5%
Middle East & North Africa	271.8	140.1	94.0%
Latin America	271.1	313.8	-13.6%
Central & Eastern Europe	252.7	250.8	0.8%
US & Canada	114.9	87.2	31.8%
Others	80.2	52.8	51.8%
<b>Total</b>	<b>3,161.7</b>	<b>2,969.5</b>	<b>6.5%</b>

By geographic area, the growth of revenues in Middle East and North Africa, reaching 94%, is noteworthy. This is due to the gradual progress seen in major works carried out on the Doha Metro and the Riyadh Metro projects in the Construction area.

In the United Kingdom, revenues increased by 21.5% mainly due to the increase in turnover in municipal waste treatment and incineration activity in the Environmental Services area, and to the progress of the Mersey Gateway project, in the Construction area, in addition to the positive effect of the exchange rate on the pound sterling (12.2%).

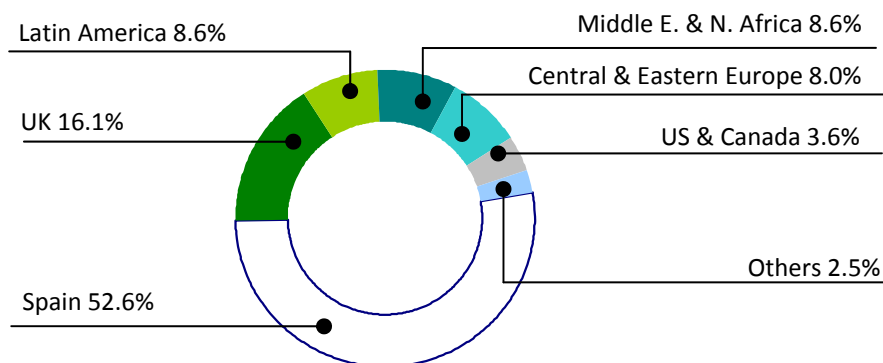
Revenues in the US and Canada increased by 31.8%, as a result of the favourable trends regarding the exchange rate with the dollar (22.8%) in the Cement area and to the performance of works on the Gerald Desmond Bridge in the Construction area.

Central and Eastern Europe revenues experienced a slight increase of 0.8%, as a result of the closing of some infrastructure projects in Poland and Romania which temporarily mitigates the considerable growth generated in waste management in the area.

Revenues in Latin America, however, decreased by 13.6% due to the fact that completion of large projects in the Construction area, such as the works on metro line 1 and road reorganisation in Panama City, was out of phase with commencement of other projects such as the Lima metro project or the recent awarding of line 2 in Panama city. This effect was offset by an increase in activity in design and construction of technology solutions for water treatment in the region, such as construction of a water supply system and a distribution line in Mexico.

Lastly, a 51.8% growth seen in other markets is primarily due to an increase in Industrial Waste management in Portugal and to the reviewing of the rates in the end-to-end water management contract in Italy.

**% Revenues by region**



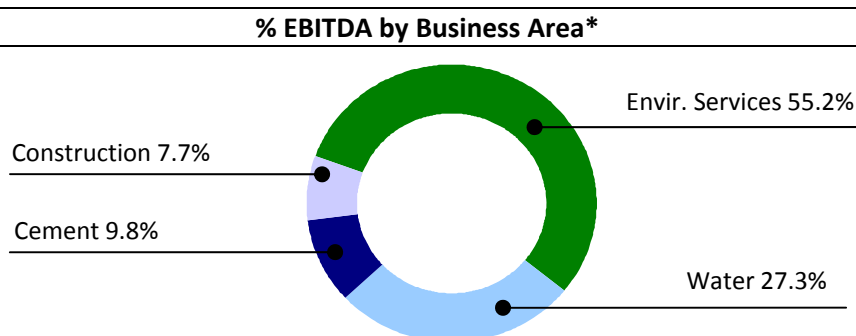
#### 4.2 EBITDA

EBITDA amounted to 369.7 million euro in the first half of the year. This represents a decrease of 3.1% over the same period in the previous year and includes, on the one hand, a sustained increase in the Environmental "utilities" activities compared to the combination of various factors that reduce the contribution of the Group's cyclical activities.

Among these factors, one that stands out as non-recurring is the sale of emission rights in the Cement area coming to 12.8 million euro in the first half of 2014 compared to only 2.2 million in 2015. Moreover, the shrinking of the Construction area groups several effects, such as a lower recognition of results in the first half within the project's annual schedule, which is expected to increase throughout the second half. This is in addition to the fact that completion and commencement of significant production projects are out of phase with each other, as is the case of the Riyadh metro and to a more restrictive approach towards selection of contracts and project types.

All in all, excluding revenues from the sale of CO<sub>2</sub> emission rights regarding the Cement area (2.2 million euros in the first half, compared to 12.9 million in the same period of 2014), EBITDA would have been similar to that of the same period in the previous year.

In addition, the operating margin during this period reached 11.7% compared to 12.9% from last year. This is explained by the factors discussed with regard to the Cement and Construction areas and also as a result of the sharp increase in the activity of Design and Construction of hydraulic infrastructure in the Water area, which increases their revenues and results although with a margin contribution lower than that of Concessions and Services.



\*Adjusted by Corporate Services

At the end of the period, the “utility” service areas (Environmental and Water Management) represent 82.5% of the Group's EBITDA compared to 17.5% corresponding to cyclical activities linked with the construction cycle.

#### 4.3 EBIT

EBIT records a year-over-year setback of 16.5%, reaching 155.9 million euro, due to the aforementioned effects affecting EBITDA. Additionally, other operating income includes a 13.8 million euro expense that has already been met in the period, which has enabled the completion, in the second quarter, of the overheads adjustment of the Construction area, applied over the last two years, along with 8.3 million euro that correspond to the Chief Executive Officer compensation resulting from his substitution process.

Furthermore, this section includes a lower allocation of fixed assets to depreciation and amortisation, similar to the reduction of the Group's assets base in the last 12 months.

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

The pre-tax result of continued activities recorded 19.1 million euro in this period compared to the negative balance of 33 million euro in 2014, after applying the following items to EBIT:

##### 4.4.1 Financial income

Net financial expenses fell by 21.6% on a year-over-year basis, reaching 174.1 million euro in the half, as a result of the debt reduction performed in the previous year. This amount includes 12.8 million in capitalised interest for Tranche B of the corporate syndicated loan, with no effect on the Group's cash flow.

The sum of 13 million euro for other financial results in this period is mainly due to exchange differences coming to 12.4 million euro, relating to the Construction area.



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

The companies accounted for using the equity method contribute 24.4 million euro and reflect the impact of a provision reversion for the stake in Realia following the decision made on 31 December last to reclassify it from discontinued to continued activity.

### **4.5 Income attributable to the parent company**

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Net attributable income for the period is -11.9 million euro, compared to a loss coming to 52.7 million euro in the first half of 2014, after including the following items in EBT:

#### **4.5.1 Income tax**

Corporate income tax included a tax credit of 33.5 million euro, compared to 7.7 million euro in the previous year.

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

Revenues from discontinued operations incurred a loss coming to 71.1 million euro, compared to a 35.6-million-euro loss in the same period of the previous year as a result of the Energy area sale disposal. These correspond almost entirely to Cemusa and contain its value impairment throughout this period. Its sale is estimated to be completed at some point throughout the second half of 2015.

#### **4.5.3 Minority interests**

The minority shareholders, mainly found in the Cement area, are attributed losses amounting to 6.5 million euro, compared to 8.2 million euro in 2014.

## 5. BALANCE SHEET

<i>(million euro)</i>	<b>Jun. 15</b>	<b>Dec. 14</b>	<b>Chg. (€ Mn.)</b>
Intangible fixed assets	3,041.6	2,967.5	74.1
Tangible assets	3,198.1	3,175.6	22.5
Investments accounted for under the equity method	452.5	239.8	212.7
Non-current financial assets	457.0	426.7	30.3
Deferred tax assets and other non-current assets	1,040.0	1,044.2	(4.2)
<b>Non-current assets</b>	<b>8,189.1</b>	<b>7,853.8</b>	<b>335.3</b>
Non-current assets held for sale	952.6	1,002.5	(49.9)
Inventories	754.3	760.6	(6.3)
Trade and other receivables	2,461.4	2,488.4	(27.0)
Other current financial assets	171.2	380.4	(209.2)
Cash and cash equivalents	960.8	1,537.2	(576.4)
<b>Current assets</b>	<b>5,300.1</b>	<b>6,169.1</b>	<b>(869.0)</b>
<b>TOTAL ASSETS</b>	<b>13,489.3</b>	<b>14,022.9</b>	<b>(533.6)</b>
Equity attributable to equity holders of parent company	296.0	271.7	24.3
Minority interests	217.0	223.7	(6.7)
<b>Net equity</b>	<b>513.1</b>	<b>495.4</b>	<b>17.7</b>
Grants	244.2	239.3	4.9
Non-current provisions	1,186.3	1,157.9	28.4
Long-term financial debt	5,424.1	5,615.7	(191.6)
Other financial non-current liabilities	65.7	66.5	(0.8)
Deferred tax liabilities and other non-current liabilities	644.6	754.6	(110.0)
<b>Non-current liabilities</b>	<b>7,564.9</b>	<b>7,834.0</b>	<b>(269.1)</b>
Liabilities linked to non-current assets held for sale	785.4	776.9	8.5
Current provisions	219.4	288.5	(69.1)
Short-term financial debt	1,517.8	1,317.9	199.9
Other current financial liabilities	55.7	63.2	(7.5)
Trade and other creditors	2,833.0	3,247.0	(414.0)
<b>Current liabilities</b>	<b>5,411.3</b>	<b>5,693.5</b>	<b>(282.2)</b>
<b>TOTAL LIABILITIES</b>	<b>13,489.3</b>	<b>14,022.9</b>	<b>(533.6)</b>

### 5.1 Equity-accounted affiliates

The balance of 452.5 million euro for investments in equity-accounted companies at the end of the first half contains:

- 1) 89.8 million euro for shares in companies in the Water area, comprising a large portion of water management concession companies abroad (Algeria, Mexico and Egypt).
- 2) 80.6 million euro for the shareholding in companies in the Environmental Services area engaging in waste management (recycling and municipal services).
- 3) 89.1 million euro corresponding to the 36.9% stake in Realia.
- 4) 193 million euro corresponding to the remaining shareholdings (infrastructure concessions, cement and renewable energy companies) and loans to investees.

The increase of 212.7 million euro in respect of the cumulative balance at 31 December 2014 responds primarily to the transfer under this item in the first quarter of 195.9 million euro in loans granted to joint ventures and associates in the Construction area and classified as current financial assets.

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

Of the balance of 952.6 million euro in non-current assets held for sale at 30 June, 732.6 million correspond to the assets linked to Cemusa and 220 million to the 50% shareholding in Globalvía.

These assets have, in turn, related liabilities for an aggregate amount coming to 785.4 million euro, which correspond essentially to payment obligations linked to long-term operation rights relating to Cemusa advertising.

### 5.3 Net equity

Cumulative net equity at the end of the half amounted to 513.1 million euro. This represented an increase of 17.7 million euro compared to the cumulative balance at year-end 2014, arising from the income for the period and other positive adjustments in the value of shareholders' equity.

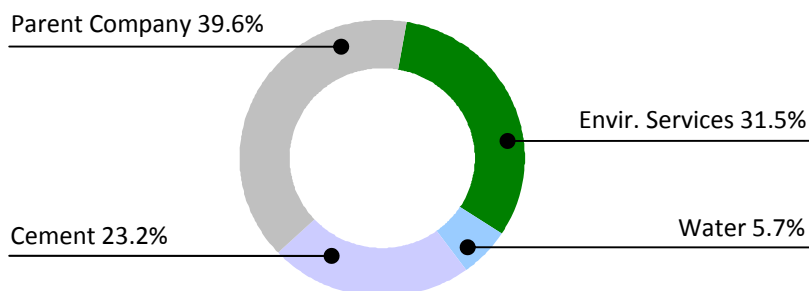
### 5.4 Financial debt

Net financial debt at 30 June last amounted to 5,809.8 million euro. This represented an increase of 793.8 million euro compared to year-end 2014, mainly due to the seasonal increase in working capital, the aforementioned long-term classification of current financial assets in the Construction area, and the negative impact of the exchange rate (72 million euro).

<i>(million euro)</i>	<b>Jun. 15</b>	<b>Dec. 14</b>	<b>Chg. (€ Mn.)</b>
Bank borrowings	5,705.8	5,756.4	(50.6)
Debt instruments and other loans	947.4	906.7	40.7
Accounts payable due to financial leases	51.4	53.6	(2.2)
Derivatives and other financial liabilities	237.3	216.9	20.4
<b>Gross financial debt</b>	<b>6,941.9</b>	<b>6,933.6</b>	<b>8.3</b>
Cash and other financial assets	(1,132.0)	(1,917.6)	785.6
<b>Net financial debt</b>	<b>5,809.8</b>	<b>5,016.0</b>	<b>793.8</b>
<i>With recourse</i>	<i>3,545.1</i>	<i>2,798.3</i>	<i>746.8</i>
<i>Without recourse</i>	<i>2,264.7</i>	<i>2,217.7</i>	<i>47.0</i>

The balance of gross financial debt, which is the basis of financial expense, remains practically unaltered, reaching 6,941.9 million euro. Meanwhile, the cash flow balance underwent a seasonal decrease by 576.4 million and the balance of current financial assets decreased by another 209.2 million primarily due to the above-mentioned reclassification.

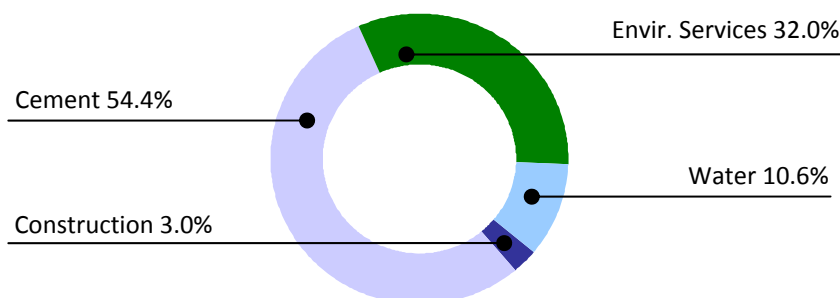
#### Net debt by Business Area\*



\*Adjusted according to net cash flow in Construction

The debt distribution structure is broken down by 39.6% in the parent company, which groups the debt for the acquisition of various operating companies in different business areas and a convertible bond issued for 450 million euro. By business unit, Environmental Services and Water accounted for 37.2%, related to public, regulated and long-term services; and the remaining 23.2% corresponded to the Cement area, which has a significant weight of fixed assets on the balance sheet.

#### Net debt without recourse by Business Area



The Group's financial net debt without recourse to the parent company, amounted to 2,264.7 million euro at the end of the period; representing 39% of the total. Most of the debt linked to the Cement area (1,356.9 million euro) is without recourse to the FCC Group. The remaining net debt without recourse corresponds mainly to the Environmental Services area, representing 725.4 million euro, of which 616 million correspond to the UK business; 79.3 million to the Central and Eastern Europe business; and the remaining amount to other waste treatment and recycling plants in Spain and Portugal. Net debt without recourse in the Water area amounts to 240.7 million euro, of which 163.2 million euro correspond to business in the Czech Republic and the remaining 77.5 million euro to various end-to-end water management concessions in Spain. Lastly, non-recourse debt in the Construction area (65.6 million euro) is related to funding for two transport concessions.

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

The balance of other current and non-current financial liabilities coming to 121.4 million euro encompassed financial liabilities not deemed to be financial debt based on their nature; such as those related to providers of fixed assets, guarantees and deposits received.

## 6. CASH FLOW

<i>(million euro)</i>	Jun. 15	Jun. 14	Chg. (%)
<b>EBITDA</b>	<b>369.7</b>	<b>381.7</b>	<b>-3.1%</b>
(Increase)/decrease in working capital	(405.7)	(371.9)	9.1%
Income tax (paid)/received	(39.6)	(31.2)	26.9%
Other operating cash flow	(55.5)	(130.1)	-57.3%
<b>Operating cash flow</b>	<b>(131.1)</b>	<b>(151.5)</b>	<b>-13.5%</b>
Investment payments	(209.6)	(164.8)	27.2%
Divestment receipts	23.8	72.4	-67.1%
Other investment cash flows	14.8	97.4	-84.8%
<b>Investment cash flow</b>	<b>(171.0)</b>	<b>4.9</b>	<b>N/A</b>
Interest paid	(162.9)	(200.1)	-18.6%
(Paid) / received from financial liabilities	(116.6)	357.8	-132.6%
Other financing cash flow	(20.2)	1.6	N/A
<b>Financing cash flow</b>	<b>(299.7)</b>	<b>159.3</b>	<b>N/A</b>
Exchange differences, change in consolidation scope, and others	25.4	4.7	N/A
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(576.3)</b>	<b>17.5</b>	<b>N/A</b>

### 6.1 Operating cash flow

Operating cash flow generated by the Group in the first half recorded a slight improvement, representing a negative variation of 131.1 million euro, compared to 151.5 million for the same period of 2014. This evolution was achieved despite the unique factors that affected the working capital trends which decreased the capacity to generate cash flows in 2015 and which, in turn, showed an improvement in the trends for the same period in 2014.

Thus, in the first half, the expected payment of 104.2 million euro for the deferral of taxes from previous years was made; in turn, the collection of 71 million euro was made in the first half of the previous year for the second supplier payment plan. Moreover, working capital usually undergoes a seasonal increase during the first half which concentrates on the Construction area.

<i>(million euro)</i>	Jun. 15	Jun. 14	Chg. (€ Mn.)
Environmental Services	(59.2)	(118.0)	58.8
Water	(42.9)	(18.3)	(24.6)
Construction	(280.2)	(187.0)	(93.2)
Cement	5.7	(18.9)	24.6
Corporate services and adjustments	(29.1)	(29.7)	0.6
<b>(Increase)/decrease in working capital</b>	<b>(405.7)</b>	<b>(371.9)</b>	<b>(33.8)</b>

The balance of accounts receivable from public-sector customers, due and payable, in Spain at the end of the half was around 250 million euro. The launch in February last of the new system of electronic invoicing for public customers has, so far, had a positive yet limited impact on the average collection period.

Finally, cash outflow, amounting to 55.5 million euro in the other operating cash flow heading, includes as its main component in the first half the application in provisions for risks and expenses in the Construction area related to the restructuring of the area.

### 6.2 Investment cash flow

Net investments amounted to 185.8 million euro in the period compared to 92.4 million in 2014 due to a higher volume of investment in treatment and incineration plants in the UK, in the Environmental Services area, on the one hand, and to the lower collection of assets held for sale in Central Services, on the other. All other investments correspond to regular maintenance and replacement of non-current assets.

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

<i>(million euro)</i>	<b>Jun. 15</b>	<b>Jun. 14</b>	<b>Chg. (€ Mn.)</b>
Environmental Services	(120.1)	(74.6)	(45.5)
Water	(28.5)	(41.9)	13.4
Construction	(21.3)	(26.4)	5.1
Cement	(6.2)	6.8	(13.0)
Corporate services and adjustments	(9.7)	43.7	(53.4)
<b>Net investments (Paid/Received)</b>	<b>(185.8)</b>	<b>(92.4)</b>	<b>(93.4)</b>

The other investment cash flows item of the first half of 2014, with a positive balance of 97.4 million euro, included the collection of current financial assets.

### 6.3 Financing cash flow

The consolidated financing cash flow for the half came down to 299.7 million euro, and includes the payment of interest coming to 162.9 million euro along with the net repayment of financial liabilities and other financial payments coming to 116.6 million euro.

### 6.4 Exchange differences, change in consolidation scope, and others

This heading, with a positive variation of 25.4 million euro during this half, includes the effect of exchange rate variations on the cash account, concentrated on the Environmental Services area (United Kingdom).

### 6.5 Variation in cash and cash equivalents

Combining the previous cash flows, the Group's cash position decreased by 576.3 million euro, reaching a balance of 960.8 million euro by the end of 30 June last.

## 7. BUSINESS PERFORMANCE

### 7.1 Environmental Services

The Environmental Services area accounts for 55.2% of the FCC Group's EBITDA in the first half of the year. A total of 95% 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 5% corresponds to industrial waste collection and management.

FCC's 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). FCC's Portuguese presence focuses on industrial waste management.

#### 7.1.1 Results

<i>(million euro)</i>	<b>Jun. 15</b>	<b>Jun. 14</b>	<b>Chg. (%)</b>
Revenues	1,420.6	1,355.8	4.8%
<i>Environmental</i>	<i>1,356.8</i>	<i>1,298.3</i>	<i>4.5%</i>
<i>Industrial Waste</i>	<i>63.8</i>	<i>57.5</i>	<i>11.0%</i>
EBITDA	210.2	200.6	4.8%
<i>EBITDA margin</i>	<i>14.8%</i>	<i>14.8%</i>	<i>0.0 p.p</i>
EBIT	106.4	94.8	12.2%
<i>EBIT margin</i>	<i>7.5%</i>	<i>7.0%</i>	<i>0.5 p.p</i>

Revenues in the Environmental Services area increased by a year-over-year rate of 4.8% in the first half, reaching 1,420.6 million euro, driven by a 16.9% growth in international markets.

<b>Revenue breakdown by region</b>			
<i>(million euro)</i>	<b>Jun. 15</b>	<b>Jun. 14</b>	<b>Chg. (%)</b>
Spain	751.9	783.7	-4.1%
UK	465.9	393.6	18.4%
Central & Eastern Europe	180.1	164.9	9.2%
Portugal & others	22.7	13.6	66.9%
<b>Total</b>	<b>1,420.6</b>	<b>1,355.8</b>	<b>4.8%</b>

In Spain, revenues reached 751.9 million euro. This represented a year-over-year decrease of 4.1% mainly due to the non-renewal of the contract for municipal waste collection in Madrid's suburban area.

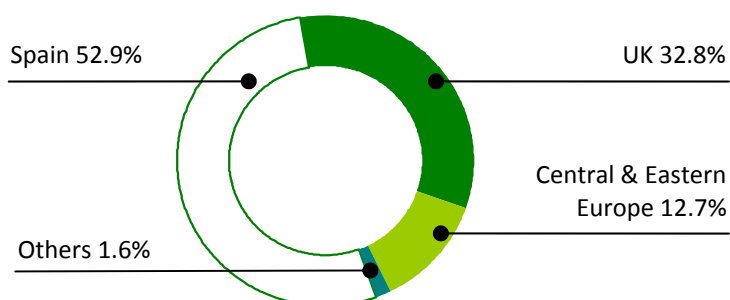
Revenues in the UK business increased by 18.4% on a year-over-year basis, reaching 465.9 million euro, driven by the increase in turnover in treatment and incineration of municipal waste, which represents about 50% of the total volume of managed waste and which offsets the early effect of the progressive closure of landfills. There are two treatment and incineration plants still under construction in the counties of Wrexham (extension) and Buckinghamshire, whose commissioning is envisaged for the end of 2015 and 2016 respectively. The effect of the exchange rate contributed with an average appreciation of 12.2% on the pound sterling against the euro.

In Central and Eastern Europe, revenues also underwent a year-over-year increase of 9.2%. This is due to the execution of a soil decontamination project in Slovakia and a greater business volume in the winter during the first few months of the year, along with the expansion of the waste collection business in Poland and

improved business in Austria. The exchange rate had a practically neutral effect, with an average depreciation of 0.1% on the Czech koruna against the euro.

Finally, the revenues in other markets grew by 66.9%, which relates primarily to a higher volume in Industrial Waste management activity in Portugal and the United States.

#### Revenue breakdown by region



EBITDA increased by 4.8% on a year-over-year basis, reaching 210.2 million euro. This represented a 14.8% operating margin, in line with that of the first half of 2014. It is worth noting the greater weight that the development of treatment plants has had on revenue creation in this period, which has a lower contribution than the one that will be generated from its operation once the construction phase is completed.

#### Backlog Breakdown by Region

<i>(million euro)</i>	Jun. 15	Dec. 14	Chg. (%)
Spain	7,095.6	7,070.9	0.3%
International	4,988.0	4,598.8	8.5%
<b>Total</b>	<b>12,083.6</b>	<b>11,669.7</b>	<b>3.5%</b>

Finally, the backlog of the area increased by 3.5% compared to the aggregate figure at year-end 2014, reaching 12,083.6 million euro, which is primarily due to the effect of the appreciation of the pound sterling against the euro. This figure covered more than 4 times last 12 months revenues.



### 7.1.2 Cash Flow

<i>(million euro)</i>	Jun. 15	Jun. 14	Chg. (%)
<b>EBITDA</b>	<b>210.2</b>	<b>200.6</b>	<b>4.8%</b>
(Increase)/decrease in working capital	(59.2)	(118.0)	-49.8%
Income tax (paid)/received	(4.8)	(4.2)	14.3%
Other operating cash flow	5.9	(1.1)	N/A
<b>Operating cash flow</b>	<b>152.1</b>	<b>77.3</b>	<b>96.8%</b>
Investment payments	(133.7)	(79.4)	68.4%
Divestment receipts	13.6	4.8	183.3%
Other investment cash flows	(9.2)	45.0	-120.4%
<b>Investment cash flow</b>	<b>(129.2)</b>	<b>(29.6)</b>	<b>N/A</b>
Interest paid	(52.7)	(84.7)	-37.8%
(Paid) / received from financial liabilities	(124.4)	105.0	-218.5%
Other financing cash flow	(0.6)	0.8	-175.0%
<b>Financing cash flow</b>	<b>(177.7)</b>	<b>21.1</b>	<b>N/A</b>
Exchange differences and others	17.5	5.5	218.2%
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(137.3)</b>	<b>74.4</b>	<b>N/A</b>

<i>(million euro)</i>	Jun. 15	Dec. 14	Chg.(€ Mn.)	Jun. 14	Chg.(€ Mn.)
<b>Net financial debt</b>	<b>1,843.5</b>	<b>1,764.4</b>	<b>79.1</b>	<b>2,260.4</b>	<b>(416.9)</b>
<i>With recourse</i>	<i>1,118.1</i>	<i>1,139.0</i>	<i>(20.9)</i>	<i>1,590.6</i>	<i>(472.5)</i>
<i>Without recourse</i>	<i>725.4</i>	<i>625.5</i>	<i>99.9</i>	<i>669.8</i>	<i>55.6</i>

Operating cash flow from the Environmental Services area practically doubled (96.8%) with regard to the first half of the previous year, reaching 152.1 million euro, as a result of improved working capital trends. This increased by 59.2 million euro with regard to the increase of 118 million euro in the same period of 2014, which also included the collection of 10 million euro outstanding from the second supplier payment plan.

Moreover, payments for investments amounted to 133.7 million euro, compared to 79.4 million in the first half of 2014, mainly due to the implementation of the incineration and treatment plant in Buckinghamshire, UK.

All in all, including the additional negative effect of the appreciation of the pound sterling on debt, financial debt in the area increased by 79.1 million euro, reaching 1,843.5 million at the end of the half.

Net debt without recourse amounts to 725.4 million euro, of which 616 million correspond to the UK business; 79.3 million to the Central and Eastern Europe business; and the remaining 30.1 million to other waste treatment and recycling plants in Spain.

## 7.2 End-to-End Water Management

The Water area accounts for 27.3% of the FCC Group's EBITDA in the first half of the year. Public concessions and end-to-end water management operations (intake, distribution and treatment) account for 84% of the business, whereas water treatment technology solutions design and construction account for the remaining 16%.

FCC serves more than 13 million people in over 850 municipalities across Spain. In Central and Eastern Europe, FCC serves 1.3 million users, mainly in the Czech Republic; while in the rest of the continent, it has a notable presence in Italy and Portugal. In Latin America, the Middle East and North Africa, FCC has a presence mainly in water treatment plant design, construction and operation. On a global scale, FCC Aqualia provides water supply and/or sanitation services to more than 23 million inhabitants.

### 7.2.1 Results

<i>(million euro)</i>	<b>Jun. 15</b>	<b>Jun. 14</b>	<b>Chg. (%)</b>
Revenues	502.2	450.2	11.6%
<i>Concessions and services</i>	419.5	420.0	-0.1%
<i>Design and construction</i>	82.7	30.2	173.8%
EBITDA	104.1	96.9	7.4%
<i>EBITDA margin</i>	20.7%	21.5%	-0.8 p.p
EBIT	62.1	56.0	10.9%
<i>EBIT margin</i>	12.4%	12.4%	-0.1 p.p

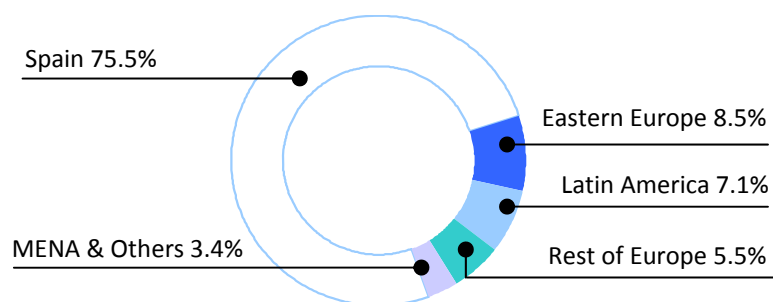
Revenues for the area grew at a remarkable year-over-year rate of 11.6% in the first half, reaching 502.2 million euro, driven by increased activity in design and construction of water treatment solutions, both in Spain and in international markets.

<b>Revenue breakdown by region</b>			
<i>(million euro)</i>	<b>Jun. 15</b>	<b>Jun. 14</b>	<b>Chg. (%)</b>
Spain	379.0	370.6	2.3%
Central & Eastern Europe	42.8	43.1	-0.6%
Latin America	35.5	6.7	432.7%
Rest of Europe (Portugal & Italy)	27.7	22.8	21.4%
Middle East, North Africa & Others	17.2	7.0	144.1%
<b>Total</b>	<b>502.2</b>	<b>450.2</b>	<b>11.6%</b>

In Spain, income rose by 2.3% on a year-over-year basis as a result of a larger volume of implementation of water treatment and distribution infrastructure. Meanwhile, at international level, it is worth highlighting the strong growth recorded for Latin America and other markets as a result of the implementation of various projects such as the construction of a water supply system and distribution line in Mexico, a treatment plant in Chile or a desalination plant in Tunisia.

In Central and Eastern Europe, revenues fell slightly (-0.6%); whereas in the rest of Europe, they rose by 21.4% due to the reviewing of the rates in the end-to-end water management contract in Italy.

### Revenue breakdown by region



EBITDA increased by 7.4% on a year-over-year basis, reaching 104.1 million euro. This represented a 20.7% operating margin, compared to 21.5% recorded in the first half of 2014, given the greater weight of design and construction of water treatment solutions.

### Backlog Breakdown by Region

(million euro)	Jun. 15	Dec. 14	Chg. (%)
Spain	10,306.3	10,575.1	-2.5%
International	4,560.6	4,538.7	0.5%
<b>Total</b>	<b>14,866.9</b>	<b>15,113.8</b>	<b>-1.6%</b>

Lastly, the backlog area dropped slightly (-1.6%) compared to that accumulated at year-end 2014, reaching 14,867 million euro, and covering over 15 times the revenues of the last 12 months.

### 7.2.2 Cash Flow

(million euro)	Jun. 15	Jun. 14	Chg. (%)
<b>EBITDA</b>	<b>104.1</b>	<b>96.9</b>	<b>7.4%</b>
(Increase)/decrease in working capital	(42.9)	(18.3)	134.4%
Income tax (paid)/received	(4.0)	(2.4)	66.7%
Other operating cash flow	7.9	8.3	-4.8%
<b>Operating cash flow</b>	<b>65.1</b>	<b>84.5</b>	<b>-23.0%</b>
Investment payments	(34.7)	(44.7)	-22.4%
Divestment receipts	6.2	2.8	121.4%
Other investment cash flows	(10.5)	(74.8)	-86.0%
<b>Investment cash flow</b>	<b>(38.9)</b>	<b>(116.8)</b>	<b>-66.7%</b>
Interest paid	(18.8)	(15.5)	21.3%
(Paid) / received from financial liabilities	(15.5)	74.0	-120.9%
Other financing cash flow	(24.8)	0.6	N/A
<b>Financing cash flow</b>	<b>(59.1)</b>	<b>59.1</b>	<b>-200.0%</b>
Exchange differences and others	0.4	(0.4)	-200.0%
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(32.5)</b>	<b>26.4</b>	<b>-223.1%</b>

<i>(million euro)</i>	<b>Jun. 15</b>	<b>Dec. 14</b>	<b>Chg. (€ Mn.)</b>	<b>Jun. 14</b>	<b>Chg. (€ Mn.)</b>
<b>Net financial debt</b>	<b>331.8</b>	<b>326.8</b>	<b>5.0</b>	<b>393.2</b>	<b>(61.4)</b>
<i>With recourse</i>	91.1	86.6	4.5	157.7	(66.6)
<i>Without recourse</i>	240.7	240.2	0.5	235.5	5.2

Operating cash flow generated by area went down to 65.1 million euro in the half, compared to 84.5 million earned in the same period of 2014, despite the increase in funds generated as a result of unique factors in the variation in working capital. Hence, this increased by 42.9 million euro throughout the half, including the return to Government of 9.2 million deferred from previous years. Meanwhile, in the first half of 2014, 16 million euro outstanding from the second supplier payment plan were collected.

Investment payments come to 34.7 million euro in the half, which is 22.4% lower than the figure for the same period in 2014. The other investment cash flows item includes mainly loans granted to and collected from Group companies, which are adjusted in the consolidated cash flow statement.

All in all, net financial debt in the area slightly unaltered, with a 5.0 million euro increase in the period, reaching 331.8 million euro. Net debt without recourse to the parent company amounts to 240.7 million euro, of which 163.2 million euro correspond to business in the Czech Republic and the remaining 77.5 million euro to various end-to-end water management concessions in Spain.

### 7.3 Construction

The Construction area accounts for 7.7% of the FCC Group's EBITDA in the first half of the year. It is mainly involved in the design and construction of large civil engineering and industrial works and building in certain geographic areas. 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>	<b>Jun. 15</b>	<b>Jun. 14</b>	<b>Chg. (%)</b>
Revenues	960.4	934.9	2.7%
EBITDA	29.0	50.6	-42.7%
<i>EBITDA margin</i>	<i>3.0%</i>	<i>5.4%</i>	<i>-2.4 p.p</i>
EBIT	(5.3)	38.2	-113.9%
<i>EBIT margin</i>	<i>-0.6%</i>	<i>4.1%</i>	<i>-4.6 p.p</i>

Revenues in the area reached 960.4 million euro for the half. This represented a year-over-year increase of 2.7% due to the execution of major projects in the Middle East, which offset the lower business volume in Spain, along with the fact that completion and commencement of significant projects in Latin America are out of phase with each other.

<b>Revenue breakdown by region</b>			
<i>(million euro)</i>	<b>Jun. 15</b>	<b>Jun. 14</b>	<b>Chg. (%)</b>
Spain	440.0	486.1	-9.5%
Latin America	231.8	302.0	-23.2%
Middle East, North Africa	181.7	62.1	192.6%
Europe, United States & Others	106.9	84.7	26.2%
<b>Total</b>	<b>960.4</b>	<b>934.9</b>	<b>2.7%</b>

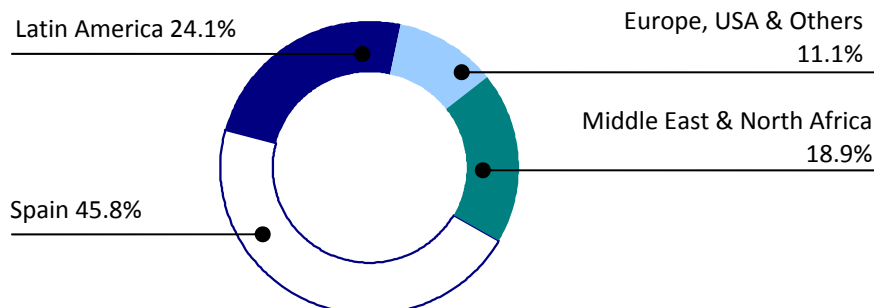
Revenues in Spain, displaying a year-over-year decline of 9.5% for the half, show, on the one hand, the adaptation of the business to the current level of infrastructure demand, and, on the other, the application of more restrictive bidding criteria.

Concerning international markets, it is worth highlighting the strong revenue growth in the Middle East and North Africa mainly due to the implementation of works on the Riyadh metro and the start of construction works on the Doha metro towards the end of the third quarter of 2014.

In Latin America, revenues yielded 23.2% given the completion of major projects, such as the works on Line 1 of the metro and road reorganisation in Panama City, while the works on the Lima metro began at the end of the first quarter.

Lastly, the 26.2% rise in revenues in Europe, the United States and other markets is due primarily to the start of the Mersey Gateway project in the UK, during the second quarter of 2014. In US, the Gerald Desmond bridge, in Los Angeles, is under construction.

### Revenue breakdown by region



EBITDA decreased by 42.7%, coming down to 29.0 million euro, due to various factors, such as a lower recognition of results in the period within the project's annual schedule, which is expected to increase throughout the second half. This is in addition to the fact that completion and commencement of significant production projects are out of phase with each other, as is the case of the Riyadh metro. Lastly, another factor is a more restrictive approach towards selection of contracts and project types. Hence, the operating margin is set at 3% for the half, compared to 5.4% in the first half of 2014.

In terms of EBIT, the loss of 5.3 million euro in the half includes 13.8 million euro for expenses incurred due to the workforce restructuring initiated in 2013.

### Backlog breakdown by region

(million euro)	Jun. 15	Dec.14	Chg. (%)
Spain	1,666.0	2,019.7	-17.5%
International	4,019.0	4,193.3	-4.2%
<b>Total</b>	<b>5,685.0</b>	<b>6,213.0</b>	<b>-8.5%</b>

The area's backlog fell by 8.5% compared to that accumulated at the end of 2014, reaching 5,685 million euro, due to a drop in contracting in Spain. Nevertheless, this balance makes it possible to guarantee more than 32 months of business and does not yet include major awards in international markets such as Line 2 of the Panama Metro which comes to 660 million euro.

### Backlog Breakdown by Business Segment

(million euro)	Jun. 15	Dec.14	Chg. (%)
Civil engineering	4,490.0	5,002.2	-10.2%
Building	833.0	886.5	-6.0%
Industrial projects	362.0	324.3	11.6%
<b>Total</b>	<b>5,685.0</b>	<b>6,213.0</b>	<b>-8.5%</b>

By business segment, civil engineering and industrial projects represented 85.3% of the total, whereas the remaining 14.7% accounted for the building segment, mainly non-residential.

### 7.3.2 Cash Flow

<i>(million euro)</i>	Jun. 15	Jun. 14	Chg. (%)
<b>EBITDA</b>	<b>29.0</b>	<b>50.6</b>	<b>-42.7%</b>
(Increase)/decrease in working capital	(280.2)	(187.0)	49.8%
Income tax (paid)/received	(11.8)	(2.9)	N/A
Other operating cash flow	(55.9)	(112.2)	-50.2%
<b>Operating cash flow</b>	<b>(318.9)</b>	<b>(251.5)</b>	<b>26.8%</b>
Investment payments	(29.5)	(34.0)	-13.2%
Divestment receipts	8.2	7.6	7.9%
Other investment cash flows	130.0	(11.2)	N/A
<b>Investment cash flow</b>	<b>108.7</b>	<b>(37.6)</b>	<b>N/A</b>
Interest paid	(8.9)	(22.3)	-60.1%
(Paid) / received from financial liabilities	36.6	186.1	-80.3%
Other financing cash flow	0.0	1.2	-100.0%
<b>Financing cash flow</b>	<b>27.7</b>	<b>165.0</b>	<b>-83.2%</b>
Exchange differences and others	4.3	3.2	34.4%
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(178.2)</b>	<b>(120.9)</b>	<b>47.4%</b>

<i>(million euro)</i>	Jun. 15	Dic. 14	Chg. (€ Mn.)	Jun. 14	Chg. (€ Mn.)
<b>Net financial debt</b>	<b>(34.7)</b>	<b>(212.3)</b>	<b>177.6</b>	<b>90.5</b>	<b>(125.2)</b>
<i>With recourse</i>	<i>(100.3)</i>	<i>(280.3)</i>	<i>180.0</i>	<i>34.5</i>	<i>(134.8)</i>
<i>Without recourse</i>	<i>65.6</i>	<i>68.0</i>	<i>(2.4)</i>	<i>56.0</i>	<i>9.6</i>

Operating cash flow in the area resulted in a negative balance of 318.9 million euro for the half, as a result of a seasonal increase in working capital. It increased by 280.2 million euro, compared to an increase of 187 million during the first half of 2014. This variation included, in the first half of the year, a return to Government coming to 21.7 million euro deferred from previous periods, compared to 44 million euro received during the first half of 2014, related to the second supplier payment plan.

Investment cash flow showed a positive balance of 108.7 million euro as a result of the recovery of loans granted to the parent company, included under other investment flows and without impact on the Group's debt variation.

All in all, the area's net cash position decreased by 177.6 million euro in the half, with a balance of 34.7 million euro at 30 June. The 65.6 million euro in financial 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 9.8% of the FCC Group's EBITDA for the first half of the year, through its 77.9% stake in Cementos Portland Valderrivas (CPV). It focuses mainly on cement production, and that company has seven cement factories in Spain, three in the US and one in Tunisia.

### 7.4.1 Results

<i>(million euro)</i>	<b>Jun. 15</b>	<b>Jun. 14</b>	<b>Chg. (%)</b>
Revenues	289.2	259.9	11.3%
<i>Cement</i>	255.6	218.5	17.0%
<i>Other</i>	33.6	41.4	-18.8%
EBITDA	37.4	49.5	-24.4%
<i>EBITDA margin</i>	12.9%	19.0%	-6.1 p.p
EBIT	5.2	15.6	-66.7%
<i>EBIT margin</i>	1.8%	6.0%	-4.2 p.p

Revenues in the area increased on a year-over-year basis by 11.3% in the first half, reaching 289.2 million euro, driven by the strong growth of 17% in turnover in the cement business. This was partially offset by the effect of closing the least profitable plants in the concrete, mortar and aggregates businesses in Spain during 2014.

#### Revenue breakdown by region

<i>(million euro)</i>	<b>Jun. 15</b>	<b>Jun. 14</b>	<b>Chg. (%)</b>
Spain	100.7	95.8	5.1%
US & Canada	98.8	78.5	25.9%
Tunisia	41.6	43.2	-3.8%
UK, Algeria & Others	48.1	42.4	13.4%
<b>Total</b>	<b>289.2</b>	<b>259.9</b>	<b>11.3%</b>

Revenues in Spain continue recovering after six consecutive years of decline, with an increase of 5.1% in the half. Cement sales increased by 12.3% with regard to a year-over-year increase in consumption in Spain of 8.6%. However, the revenues of the other activities are still shrinking by 27.2% due to the aforementioned effect of closing the least profitable concrete, mortar and aggregates plants throughout the previous period.

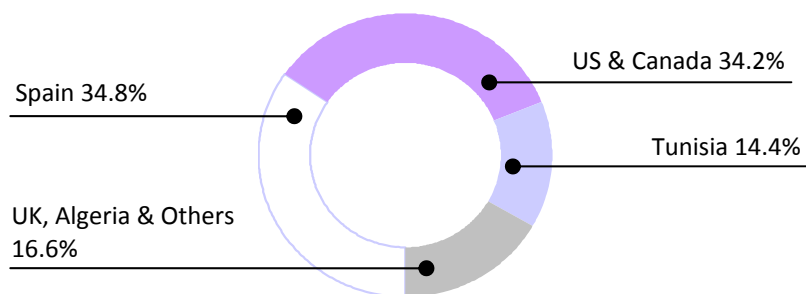
Revenues in the US and Canada increased by 25.9% as a result of favourable trends regarding the exchange rate, with an average appreciation of the dollar of 22.8% with regard to the euro during the period.

In Tunisia, by contrast, revenues fell by 3.8% due to lower local consumption of cement compared to the peak levels achieved in the first half of 2014. The variation in the exchange rate had a positive impact of 2.2%.

Finally, revenues from exports to the United Kingdom, Algeria and other markets increased by 13.4% boosted by the more favourable exchange rates in the United Kingdom.



### Revenue breakdown by region



Despite the increase in revenues, EBITDA stood at 37.4 million euro, compared to 49.5 million euro recorded in the first half of 2014. This is due entirely to two unique non recurrent factors. On the one hand, the lower income obtained from the sale of CO<sub>2</sub> emission rights (2.2 million euro in the first half, compared to 12.8 million euro over the same period of 2014); and, on the other, the change in accounting of annual expenditure for maintenance of cement plants, which previously accrued over 12 monthly instalments and which led to higher expenses coming to 3.2 million euro with regard to the first half of 2014.

Excluding these two comparative effects, the underlying EBITDA for the first quarter underwent a year-over-year increase of 5% compared to the same period of 2014.

#### 7.4.2 Cash Flow

<i>(million euro)</i>	Jun. 15	Jun. 14	Chg. (%)
<b>EBITDA</b>	<b>37.4</b>	<b>49.5</b>	<b>-24.4%</b>
(Increase)/decrease in working capital	5.7	(18.9)	-130.2%
Income tax (paid)/received	(3.1)	(2.8)	10.7%
Other operating cash flow	(3.8)	(6.7)	-43.3%
<b>Operating cash flow</b>	<b>36.2</b>	<b>21.1</b>	<b>71.6%</b>
Investment payments	(8.7)	(4.9)	77.6%
Divestment receipts	2.5	11.7	-78.6%
Other investment cash flows	0.5	0.2	150.0%
<b>Investment cash flow</b>	<b>(5.7)</b>	<b>7.1</b>	<b>-180.3%</b>
Interest paid	(53.6)	(30.6)	75.2%
Issuance/(repayment) of financial liabilities	8.1	5.7	42.1%
Other financing cash flow	(2.0)	(1.3)	53.8%
<b>Financing cash flow</b>	<b>(47.5)</b>	<b>(26.2)</b>	<b>81.3%</b>
Exchange differences and others	3.3	0.6	N/A
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(13.8)</b>	<b>2.6</b>	<b>N/A</b>

<i>(million euro)</i>	Jun. 15	Dec.14	Chg. (€ Mn.)	Jun.14	Chg. (€ Mn.)
<b>Net financial debt</b>	<b>1,356.9</b>	<b>1,304.3</b>	<b>52.6</b>	<b>1,277.4</b>	<b>79.5</b>
<i>With recourse</i>	<i>124.0</i>	<i>20.4</i>	<i>103.6</i>	<i>0.0</i>	<i>124.0</i>
<i>Without recourse</i>	<i>1,232.9</i>	<i>1,283.9</i>	<i>(51.0)</i>	<i>1,277.4</i>	<i>(44.5)</i>

Despite the lower funds generated from transactions in the area during this half of the year, operating cash flow reached 36.2 million euro, compared to 21.1 million in the first half of 2014, as a result of an increase in working capital.

Payments for investments were adjusted primarily with regard to maintenance services with 8.7 million euro, yet higher than those recorded in the same period of 2014; while divestment receipts decreased due to lower sales of non-operating assets. Overall, application of investment cash flow amounted only to 5.7 million euro in the half.

Payment of financial interest is set at 53.6 million euro for the half compared to just 30.6 million euro over the same period of the previous year, due to a calendar effect with a higher payment accumulated in the second half of 2014.

All in all, the balance of cash and cash equivalents decreased by 13.8 million euro in the half, while net financial debt for the area increased by 52.6 million, reaching 1,356.9 million euro, given the additional effect of the exchange rate on debt, representing 33 million euro worth of higher debt.

A great part of the area's net debt is without recourse to FCC. The increase of 103.6 million euro in debt with recourse corresponds to the subordinated loan granted in the first quarter by the parent company of the Group for the repayment of CPV's bank debt, under the agreement to provide contingent support to the subsidiary coming to a maximum of 200 million euro.

## 8. SHARE DATA

### 8.1 Share performance

	Jan. – Jun. 2015	Jan. –Jun. 2014
Closing price (euro) <sup>(1)</sup>	9.127	12.47
Appreciation	(23.21%)	4.51%
High (euro) <sup>(1)</sup>	11.88	15.49
Low (euro) <sup>(1)</sup>	8.70	10.63
Average daily trading (shares)	2,283,887	1,436,588
Average daily trading (million euro)	24.2	24.2
Market cap. at end of period (million euro)	2,378	2,168
No. of shares outstanding at close	260,572,379	127,303,296

(1) Adjusted data according to the capital increase carried out in 2014 for 133.26 million shares.

### 8.2 Dividends

FCC has not distributed a dividend since December 2012, meaning that since that time no payment of dividends has taken place.

### 8.3 Treasury stock

As of 30 June 2015, the FCC Group held a total of 471,867 company shares directly and indirectly (0.18% of the company's capital)

## 9. OUTLOOK AND RISKS FOR 2H2015

The FCC Group operates in a range of geographic scopes, activities and legal environments which give rise to different levels of risk inherent to the businesses in which it engages. At present, the implementation of its Integrated Risk Management Model is in full swing, expanding progressively, and is aimed to contribute, in the near future, toward achieving a significant improvement when mitigating any impact that may arise from deviations regarding or non-compliance with its financial and business strategy. The model partially implemented so far enables the company to develop a high level risk map, using the Enterprise Risk Management methodology (COSO III), which provides management with information and contributes to the definition of the Group's strategy.

As part of this model, Risk Committee meetings are embedded into the Committee meetings held for each of the areas of the business, and it is envisaged that they will be fully operational by the time the implementation of the Integrated Risk Management Model is complete.

Through this model, Risk Management is partially carried out in each of the areas of the business via the following actions:

- Identification of key risks for the FCC Group, addressing potential threats to the achievement of the organisation's objectives, within each of the areas of the business.
- Risk assessment. Risk assessment scales are defined according to their potential impact in the event that they occur and their probability of occurring.
- Mechanisms for regularly reporting risk assessment and monitoring outcomes.
- Implementation of specific procedures to document risk management in business decision-making.
- Identification of controls and procedures to offset both the economic impact and the probability of occurrence of these.
- Identification of ownership for each of the risks identified, to assign the main party in charge of maintaining appropriate Internal Control levels.

During the second half of 2015, and at an advanced stage of the Model implementation process, for any risks that exceed the Accepted Risk for each sector of activity, the necessary action plans will be established including possible corrective measures to ensure that their criticality is kept within the Accepted Risk bounds. These action plans will include the necessary measures to strengthen the existing controls and may even incorporate new controls.

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

Those risks, and the systems for monitoring them, are covered in detail in the 2014 consolidated financial statements, in section E of the Corporate Governance annual report, and in the annexe with additional information on internal control over financial reporting (ICFR) systems for the previous period.

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

- 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 2014, which have been operational during the first half of 2015.

Notable risks existing in 2014, which materialised and were monitored in the first half of 2015, include the following:

Adapting the FCC group resources and funds to its current business needs enables it to mitigate the risk of excessive costs; to this end, since early 2013, 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 presence in other countries. The delay in investments by the government has also led to various projects being rescheduled, with the consequent effect on revenues, given the clients' failure to honour their commitments despite the FCC Group's continuing efforts to fulfil its own commitments. In view of this situation, the FCC Group has taken a number of steps to optimise costs and adapt to new deadlines; it has also filed claims with regard to each of those clients.

The FCC Group carries out its business in competitive markets, on which the current financial and economic crisis has had an impact, causing a decline in economic activity and equally affecting all the other market operators, meaning that market share in the sectors in which it operates has not gone down.

Moreover, instability in certain geographic markets where the FCC Group operated has forced the company to continuously reorganise its projects outside Spain. For this reason, the FCC Group has, since 2013, been implementing a sweeping strategic, operational and financial reorganisation to mitigate those risks, selectively increasing its presence in specific geographic areas outside Spain and its exposure to complex value-added civil engineering projects.

The consolidated financial statements for the first half include provisions that the management considers adequate to cover actual identified risks. Nevertheless, given the nature of the activities developed by the Grupo, new risks could arise and be identified, which could require additional provisions.

## 10. DISCLAIMER

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The interim financial information contained in this document was obtained from the half-yearly consolidated interim financial statements as of 30 June 2015, 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 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).

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## 11. CONTACT DETAILS

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### INVESTOR RELATIONS DEPARTMENT

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