Citizen Services

Strategic Plan

Analyst Presentation

March, 20th 2013

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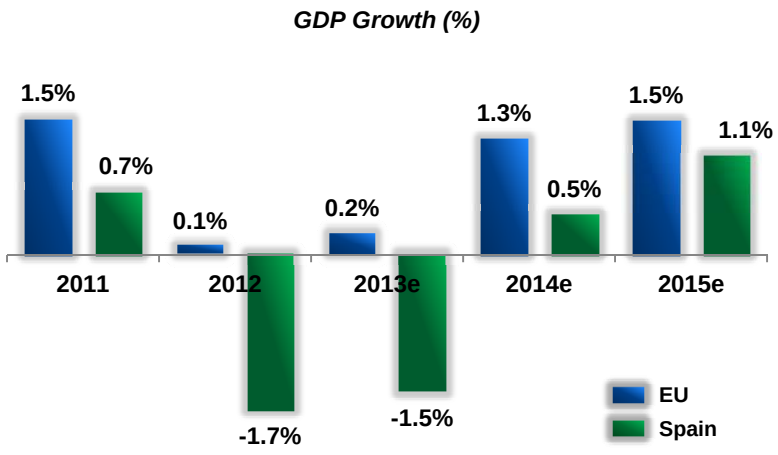
1

Context and Sector Performance

This Plan has been prepared considering a restrictive economic scenario, conditioned by a slow economic recovery and credit scarcity

Slow economic recovery in the EU, especially in Spain

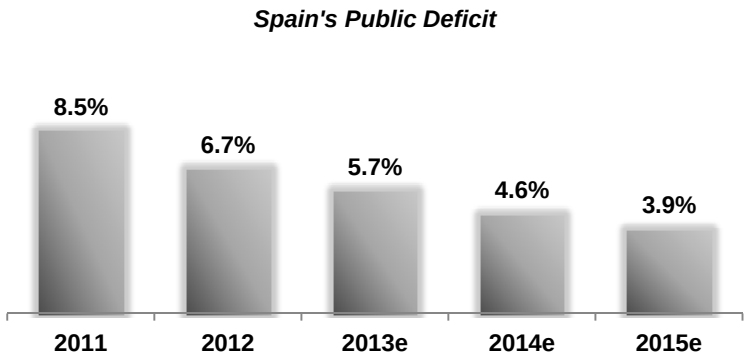
- Moderate recovery of economic activity in the European Union ...



- ... With some delay in Spain, where growth below 1.5% is expected

Environment marked by lack of funding and restricted access to capital markets

- European banking sector is currently cleaning up balance sheets, which causes more credit restrictions and increases funding spreads
- Public deficit target in Spain, implying a risk premium > 300 bps



Sources: Bloomberg Consensus, IMF and FCC estimates

In a difficult environment, the Service and Infrastructure development sectors present opportunities for FCC Group in the future

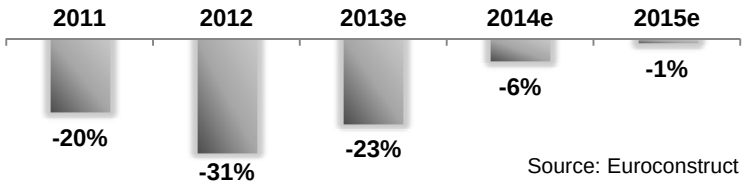
The outlook in the environmental services sector

- Restrictions on landfill in the EU (-65% in 2016 vs. 1995 - EU Landfill Directive)
- Need for infrastructure in the waste treatment industry
- Extension of payment periods by Spanish Public Administrations
- Growing demand for integrated water management in areas with water scarcity, especially in Latin America and MENA[1]
- Urban growth in emerging countries with need for significant investments in hydraulic infrastructure

The outlook in the construction and cement sectors

- Declining construction sector in Spain, with production of cement at historic lows since 1975 (10Mt estimated in 2013)

Output change (construction sector in Spain)



Source: Euroconstruct

- Emerging markets doubling construction volumes until 2020
- Plan for transport infrastructure renewal in the U.S. ($ 476 Bn investment in 2013 - 2019)
- Industrial construction investment programs, especially in Latin America, e.g. Brazil and Mexico

(1) Middle East and North Africa

2

FCC Group strengths and assets

FCC Group strengths and assets

The FCC Group boasts a leadership position in its strategic markets, has extensive international presence and significant recurrent revenues

Strengths of FCC

1 Leadership in domestic markets
Central position in Spain, Central Europe and the UK

2 International Presence
56% of revenue from international markets in 2012

3 Integral Environmental Services and Water offering
From waste treatment to end to end water management

4 Specific Know - how
Experience in complex infrastructure projects and environmental Services

5 Visibility of revenues
Backlog coverage of 3.5 years (6.5 Services and 1.4 Construction)

6 Recurrent business
65% of EBITDA of Group in 2011 supported by long term contracts

Services

• Backlog in 2012	€ 24,981 Mn
• Urban Sanitation coverage	+4,000 municipalities
• Water Customers worldwide	28 Mn
• % Market share of water in Spain	37%

Construction

• Backlog in 2012	€ 8,595 Mn
• % Backlog civil works	73%
• % Revenues outside Spain	69%
• Bridges (last 15 years)	+1 Mn m^2

3

FCC Group objectives and strategy

The FCC Group in the future will be characterized by:

Focus on strategic businesses:

- Engineering and execution of large infrastructure projects
- Management and treatment of urban waste
- End to end water management and hydraulic infrastructure

International presence in attractive and profitable geographies

Operational efficiency, with costs adapted to market conditions

Recurrent cash flow generation

Debt and Capital structure adequate to cash flow generation of business

...increasing cash flow generation and reducing debt to seize new growth opportunities that may arise in the future

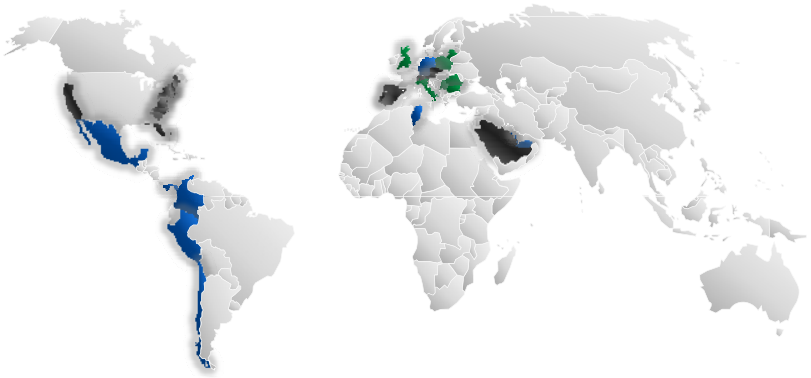
The strategy designed by the Group aims to reduce debt in € Mn 2,700, reach an EBITDA of 1,200 € Mn and generate annual Cash Flow from Activities of € 850 Mn

Key figures	Before		After	Transformation
	2011	2012		
• **Revenues**	**€ 11,897 Mn**	**€ 11,152 Mn**	**9,700 € Mn**	• … achieving a healthy turnover, under a conservative scenario
• **EBITDA**	**1256 € Mn**	**€ 753 Mn**	**€ 1,200 Mn(1)**	• …recovering EBITDA and adjusting costs to market conditions
• **Cash Flow from Activities(2)**	**€ 1,003Mn**	**€ 253 Mn**	**€ 850 Mn(3)**	• ... balancing cash flow generation and maintaining investment below depreciation
• **Net Debt (Including Energy)**	**€ 7,265 Mn**	**€ 7,881Mn**	**€ 5,200 Mn**	• ... reducing € 2,700 Mn debt in the period
• **Net Debt (Excluding energy)**	**€ 6,593 Mn**	**€ 7,088 Mn**	**€5,200 Mn**	• …reducing € 1,900 Mn debt in the period

(1) Includes €30 Mn costs from Corporation
(2) Cash Flow from Operating Activities = Operations + Investment Operations
(3) Referred to recurrent Cash Flow from Operating Activities

The FCC Group's performance will improve the balance of EBITDA contribution by business, with international presence in more attractive and profitable geographies

Contribution of revenue by geography

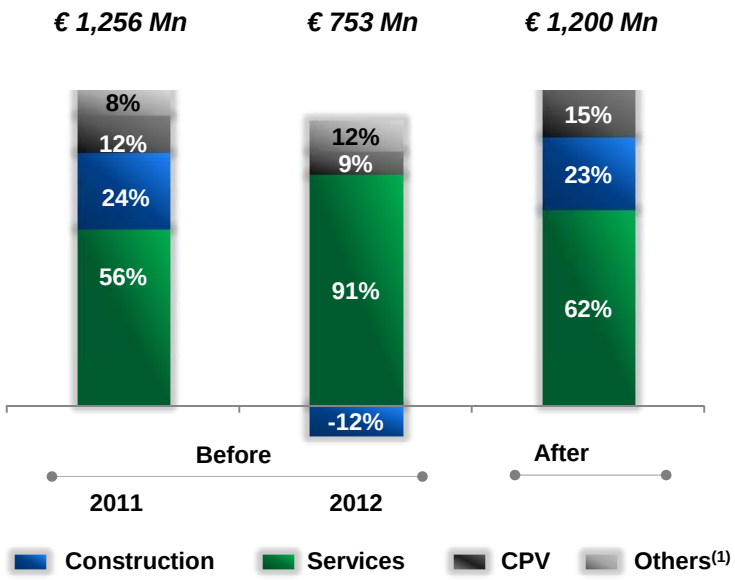


Construction Services Construction and Services

Revenues After	Construction	Services	Group
National	36%	58%	48%
International	64%	42%	52%

- The Group will reorganize its international operations to focus in its European domestic markets, and attaining a position in highly attractive geographies

EBITDA contribution by business



- A rebalancing of EBITDA contribution by business is expected due to the restructuring of Alpine and the growth of the International Construction business

(1) Versia and Corporation

A reduction of debt and improved profitability will be achieved by implementing five strategic initiatives

1 Asset divestments

- Implementing a € 2,200 Mn[1] non-strategic asset divestment program

2 Construction Business restructuring

- Adjustment of personnel and means of production in National Construction
- Retreat to domestic markets and efficiency improvements in Alpine
- Profitability boost in International Construction (excluding Alpine), focusing activity in more profitable projects and geographies

3 Adjustment of means of production and capacity in Cement

- Adaptation of headcount, means of production and structure to market conditions

4 Strengthening leadership in Services in Spain and repositioning in the UK

- Strengthening leadership in National Environmental Services and ASA (waste management in Central Europe)
- Repositioning of UK business to management and waste treatment activities
- Maintaining Aqualia's (Water) leadership in Spain and international development

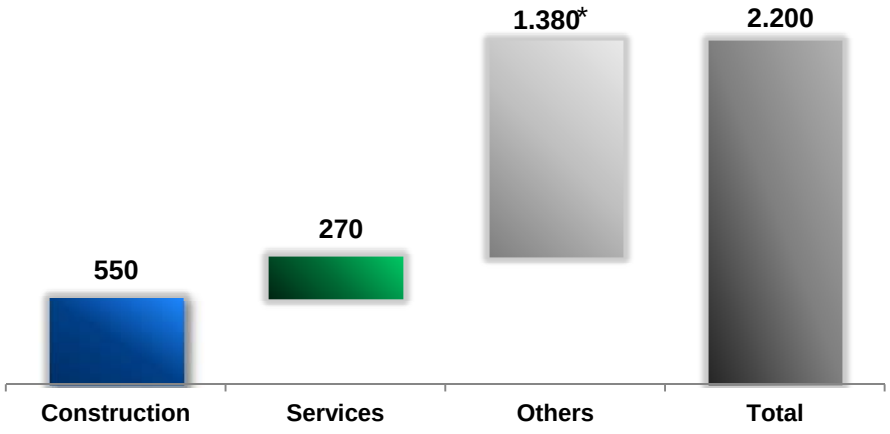
5 Overhead cost reduction

- Reduction of overheads in all areas, at both corporate and operational levels

(1) Including debt from FCC Energy

Prioritization of divestments in non-strategic assets to generate cash and focus on Environmental Services, Water and Construction

Divestments by area



Achievement of a more homogeneous group, focused in Environmental Services, Construction and Water

Prioritization criteria to divest assets

1. Non-strategic assets, preserving key Construction, Environmental Services and Water Management assets
2. Sale of minority stakes
3. Assets in which the Group does not have market leadership
4. Capital-intensive assets, which may require substantial cash contributions

Cash generation to reduce the Group's net debt

* Includes equity divestments and discontinued operations

Spanish Construction capacity adjustment, retreat of Alpine to its domestic markets and bolstering of International Construction in high growth potential geographies

Key Figures		Target
	• **EBITDA**	**€ 275 Mn**
	• **Margin%**	**5.6%**
	• **Accumulated investment**	**€ 190 Mn**

National Construction
Adjustment of production and capacity to market situation

- Personnel reduction in order to adapt to current market conditions
- Adjustment during 2013, avoiding profitability erosion
- Downscaling commercial structure, adapting it to the current market situation

Alpine
Retreat to domestic markets and efficiency improvement

- Retreat from markets with negative return
- Increased efficiency through better project selection and structure adjustment
- Optimization of working capital by reducing collection periods
- Asset divestments

International Construction
Profitability boost based on specific geographies

- Selective projects and market activity: specific geographies in Latin America and MENA(1), and selected projects in the USA
- Industrial business growth in certain Latin American geographies

(1) Middle East and North Africa

CPV will adjust its personnel, capacity and means of production, along with the development of drivers to increase efficiency in both Spain and the U.S. (New Giant)

		Target
Key Figures[1]	• **EBITDA**	**€ 165 Mn**
	• **Margin%**	**23%**
	• **Accumulated investment**	**€ 50 Mn**

Spain
Adjustment of personnel, means of production and structure, and efficiency improvement

- Adjustment of personnel, means of production and structure implying closure of an industrial plant
- Launch of measures to increase efficiency:
  - Procurement optimization
  - Plant efficiency
- Promotion of licenses and royalties

U.S.
Development of comprehensive optimization program

- Comprehensive program:
  - Variable cost reduction
  - Increased plant utilization
  - Optimization procurement:
    - Centralization of procurement
    - Reduction of specs
    - Consolidation of suppliers
- Cancellation of expendable external contracts

(1) Figures assume a restrictive economic scenario in accordance with the Plan´s general hypotheses. These figures are subject to review by CPV management team.

Strengthening of the position of Environmental Services in Spain, repositioning of the UK business and reinforcement of Aqualia's leadership and its international expansion

Key Figures		Target
	• **EBITDA**	**€ 750 Mn**
	• **Margin%**	**18%**
	• **Accumulated investment**	**€ 1,100 Mn**

National Environmental Services
Strengthening of leadership position

- Reinforcement of leadership by increasing contracts
- Improvements in efficiency by controlling costs and limiting to maintenance investments

Water
Leadership strengthening and international growth

- Maintenance of 30% Spanish market share
- International expansion through EPC models and the use of proprietary technology in the water cycle management

International Environmental Services
Repositioning Business in UK

- Boosting of the activity of waste treatment and management services in the UK
- Adjustment of landfill portfolio to current demand

Industrial waste
Recover volume and profitability

- Export proprietary technology to high potential markets (MENA[1])
- Increased specialization in sectors with high potential: hazardous waste, petroleum derivatives activity and chemical residues

(1) Middle East and North Africa

Implementation of overhead cost reduction measures in order to increase the Group's EBITDA in € 50 Mn

Action levers to obtain savings

1. Centralization of support structure, eliminating duplicities
2. Reduction of number of delegations, in order to create economies of scale
3. Focus of delegations on commercial activities and technical support
4. Simplification of administrative processes and support tasks

Obtaining recurring savings through structure simplification

Expected savings

- **Annual recurring savings** € 50 Mn

Activities subject to savings generation

- Tendering and Technical Services
- Administration and Finance
- HR Management and Administration
- Information Technology
- Rentals
- Marketing and Sales

4

Objectives and Strategy by business

The development of the five initiatives is aligned with the strategy and lines of action of the businesses

Initiatives strategic	*Services*	*Construction*	*CPV*	*Corporation*
• Asset divestments	✓	✓		✓
• Restructuring of Construction Business		✓		
• Adjustment of capacity and means of production in Cement business			✓	
• Backing Service leadership in Spain and repositioning in United Kingdom	✓			
• Reduction of overhead costs	✓	✓	✓	✓

Services will strengthen its leadership in its domestic markets and enhance waste management and treatment activities in the UK

Services in the future will be characterized by:

- Focus on core businesses
  - Waste treatment and management
  - Comprehensive water cycle management
- Reinforcement of leadership in domestic markets
- UK Business repositioned in waste treatment and management activities
- International presence in profitable geographies
- Efficiency of operations and recurring cash generation

... allowing high profitability of operations

Key figures	Before 2011	Before 2012	After
• Backlog	€ 25,719 Mn	€ 24,981 Mn	€ 24,500 Mn
• Revenues	€ 3,735 Mn	€ 3,822 Mn	€ 4,100 Mn
• EBITDA	€ 698 Mn	€ 683 Mn	€ 750 Mn
• % EBITDA	18.7%	17.9%	18%
• Cash Flow from Activities(1)	€ 223 Mn	€ 539 Mn	€ 500 Mn

Investments and divestments during the period	
• Plan Investments	€ 1,100 Mn
• Plan Divestments	€ 270 Mn

(1) Cash flow at end of the period referred to the recurrent cash generated from operations and investment

Services will develop five strategic initiatives that will preserve high profitability of operations and boost cash generation

1 Reinforcement of leadership in National Environment, ASA and Industrial Waste

- Turnover stability and improved efficiency to increase operating margin
- Investments and amortization balance, limiting investments to maintenance CapEx

2 Strengthening of the waste treatment and management business in the UK

- Active management of landfill portfolio to adapt it to market context
- Increased relevance of waste treatment and management activities, providing a stable and recurrent cash flow

3 Reinforcement of Aqualia's leadership in Spain and profitable international growth

- Maintaining market share above 30% in Spain, with EBITDA> € 200 Mn
- International growth in profitable geographies using less capital-intensive models

4 Reduction of overhead costs

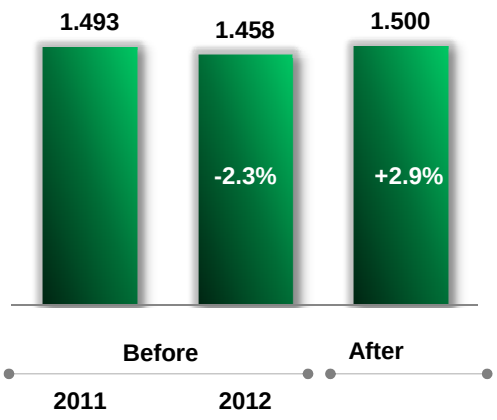
- Reduction of overhead costs, eliminating duplicities and improving efficiency

5 Asset divestment

- Execution of non-strategic assets divestments

Environment business in Spain will retain its position with an increase in contracts to offset the expected reduction in the scope of contracted services

Revenue Performance (€ Mn)

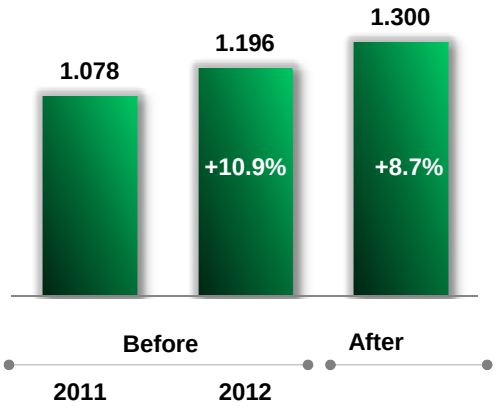


Strategy

1. Increase commercial efforts to minimize expected reduction of the scope of contracted services
2. Adjust investments to maintenance CapEx
3. Generate commercial and operational synergies by geographical integration of business
4. Reduce overheads, eliminating duplicities and improving efficiency of support operations

International Environment will continue its business repositioning in the UK to waste treatment activity, and strengthen its leadership in other geographies

Revenue Performance (€ Mn)



Strategy

1 Reposition the business carrying out investments in other areas of the value chain:

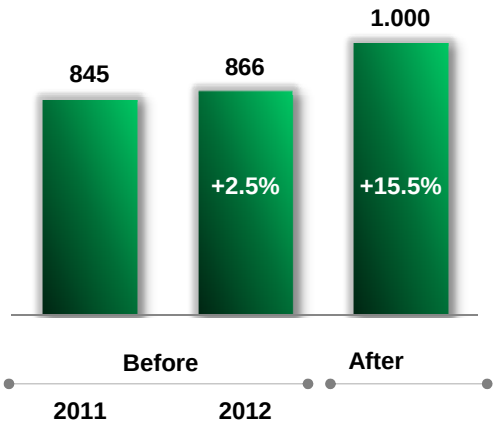
- Energy-from-waste (Public-private capital participation)
- Waste treatment plants
- Other (waste separation plant, chemicals, etc.)

2 Resize the landfill portfolio in the UK, matching capacity to demand and limiting the investments to maintenance CapEx

3 Maintain ASA's market share in Austria, Czech Republic, Slovakia and Hungary, growing organically in Poland, Bulgaria and Romania

Aqualia pursues a strengthening of its leadership position in Spain and an international expansion supported by less capital-intensive models

Revenue Performance (€ Mn)

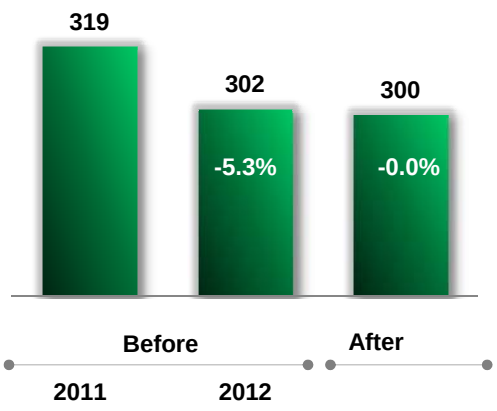


Strategy

1. Maintenance of current contracts in Spain, with operating margin improvement
2. International expansion in geographies with water scarcity supported by less capital-intensive models:
   - Middle East and North Africa (contract with limited risk)
   - Latin America
3. Enhancement of Aqualia's technical know-how through the sale of equipment, water treatment systems, and engineering services

Industrial Waste growth will be based on the expansion of its international activity and stability in Spain in a challenging environment

Revenue Performance (€ Mn)



Strategy

1. Increase specialization in segments with high growth potential:
   - Food industry waste
   - Melting slags
   - Petroleum activities' derivatives
2. Adapt the U.S. model to Group's waste management model in order to increase revenue
3. Expansion in Middle East[1] oriented to waste management from oil activity

(1) Middle East and North Africa

Construction will recover the profitability and cash generation of its domestic markets and focus the international business on more profitable geographies

Construction in the future will be characterized by:

- Concentration of business in key markets
  - Domestic markets of Spain and Central Europe (through Alpine)
  - Selective presence in Latin America, MENA[1] and U.S.
- Operational efficiency
- Recurring cash flow generation
- Overhead costs adapted to the market situation

… allowing recovery of profitability and cash generation

Key figures	Before 2011	Before 2012	After
• Backlog	€ 9,518 Mn	8,595 Mn€	€ 8,000 Mn
• Revenues	€ 6.686Mn	€ 6.148Mn	€ 4,900 Mn
• EBITDA	€ 304mn	-€ 91mn	€ 275 Mn
• % EBITDA	4.6%	-1.5%	5.6%
• Cash Flow from Activities[2]	€ -14mn	€-483 Mn	€ 220 Mn

Investments and divestments during the period	
• Plan Investments	€ 190 Mn
• Plan Divestments	€ 550 Mn

(1) Middle East and North Africa
(2) Cash flow at end of the period referred to the recurring cash generated from operations and investment

Construction will rely on the development of five strategic initiatives that will improve the profitability and cash generation in the area

1 Restructuring of National Construction

- Adaptation of personnel, means of production and capacity to the market situation
- Implementation of actions to optimize working capital

2 Transformation of Alpine

- Retreat to domestic markets, recovering an EBITDA margin above 5%
- Optimization of working capital investment, progressively reducing the collection cycle
- Implementation of the plan to divest non-strategic assets

3 Profitability enhancement in International Construction

- Implementation of new control and performance management measures to improve project profitability
- Develop international business in profitable geographies of Latin America, MENA(1) and U.S.

4 Reduction overhead costs

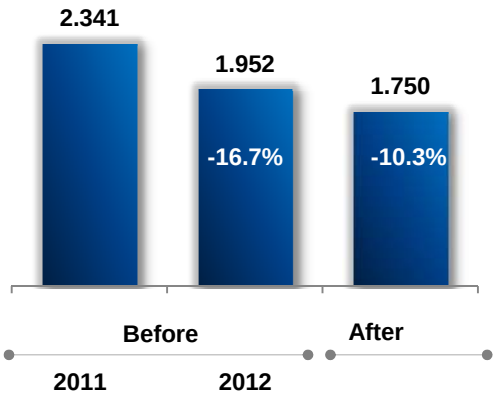
- Improvement of back office efficiency and adjustment of structure to expected activity levels

5 Concession and Real Estate asset divestment

(1) Middle East and North Africa

Spanish Construction will retain its market position, adjusting personnel capacity and means of production to expected activity levels

Revenue Performance (€ Mn)



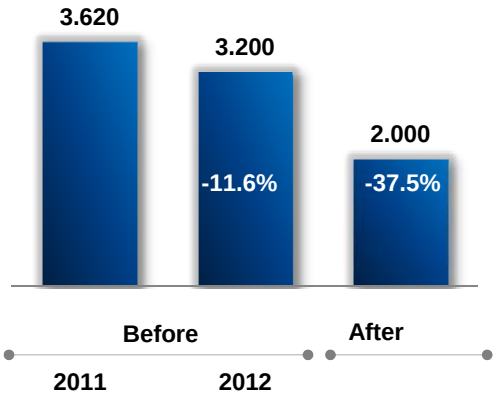
Strategy

1. Adaptation of capacity to current market conditions, reducing means of production in 2013
2. Reduction of the number of areas and delegations
3. Reduction of overheads costs
4. Optimize working capital, implementing reduction collection cycle policies
5. Strengthening of industrial construction capacities, to grow in sectors with potential: electricity, oil, etc..

(1) Includes Industrial business, real estate and concessions

Alpine is undergoing a deep restructuring of portfolio and balance sheet, focusing on its domestic markets, divesting non-strategic assets and generating operational improvements

Revenue Performance (€ Mn)

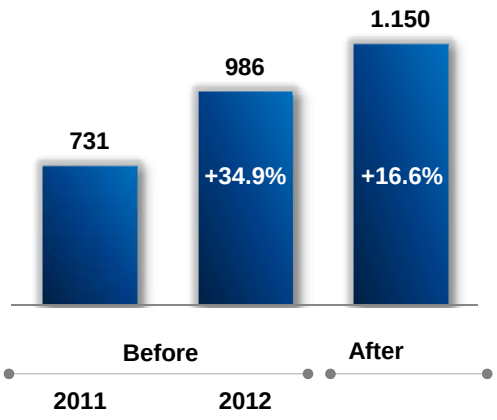


Strategy

1. Foreclosure of unprofitable delegations, withdrawing from 6 Southern and Eastern European markets
2. Focus in domestic markets
   - Improvement of efficiency in Austria
   - Prioritization of infrastructure and tunnel business
3. Working Capital optimization: reduced collection cycle and performance on default risk items
4. Improved organizational efficiency: reduction of number of entities, adjustment of structure and reduction of overhead costs
5. Divestments of non-core assets (Alpine Energie, Hazet and GPS)

International Construction will seek to increase the profitability of its operations through a rigorous selection of projects and geographies

Revenue Performance (€ Mn)



Strategy

1. Concentration of activity in profitable geographies of Latin America, MENA[1] and projects in the United States
2. Implementation of additional monitoring and control measures aimed at maximizing returns in on-going and contracted projects
3. Restrictive selection of projects, securing funding and positive cash flows throughout its execution

(1) Middle East and North Africa

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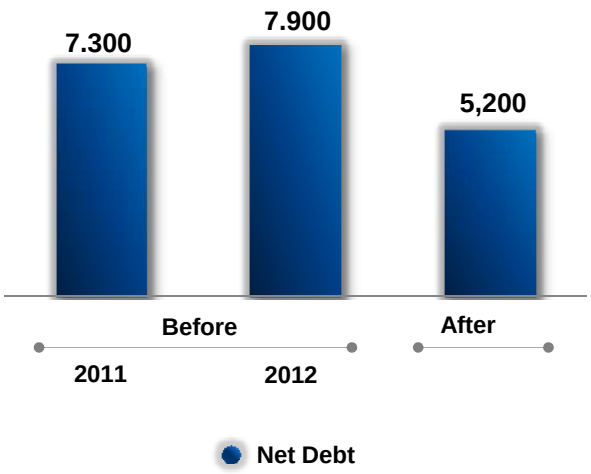
Financial Strategy

Financial strategy aims to strengthen the Group's balance sheet and reduce bank debt

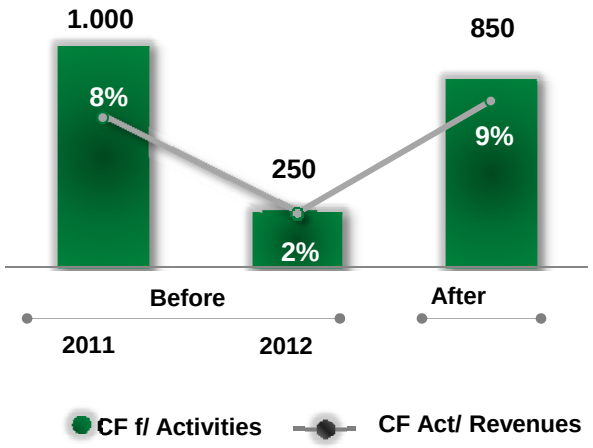
1 Financial Debt Reduction

Reduce net debt by € 2,700 Mn to € 5200 Mn



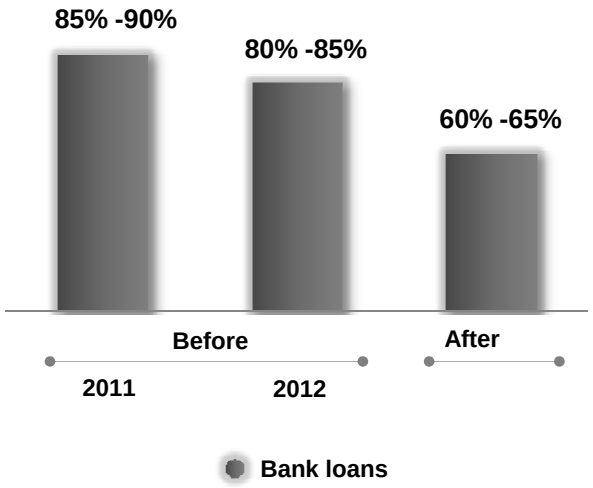
2 Cash Flow from Activities generation

Generate an annual Cash Flow from Activities[1] of € 850 Mn



3 Diversification of funding sources

Reduction of the weight of bank debt over total



(1) Cash flow at end of the period referred to the recurring cash generated from operations and investment

The priority from a financial standpoint is to generate cash and deleverage, in order to adapt the level of debt to the Group's EBITDA

- **The Group's financial strategy is based on three key areas:**

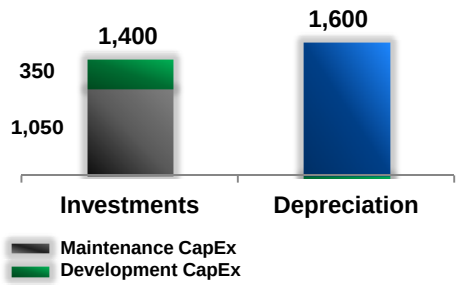
1 Asset divestments

- Asset divestment program accounting for € 2,200 Mn
- Divestments concentrated on non-core business

2 Contained investments

- Growth investments limited to international water business and environmental business (UK)
- Total investments below depreciation (€ 1,400 Mn, approximately 90% of depreciation)
- Growth is supported by less capital-intensive business

Figures in € Mn

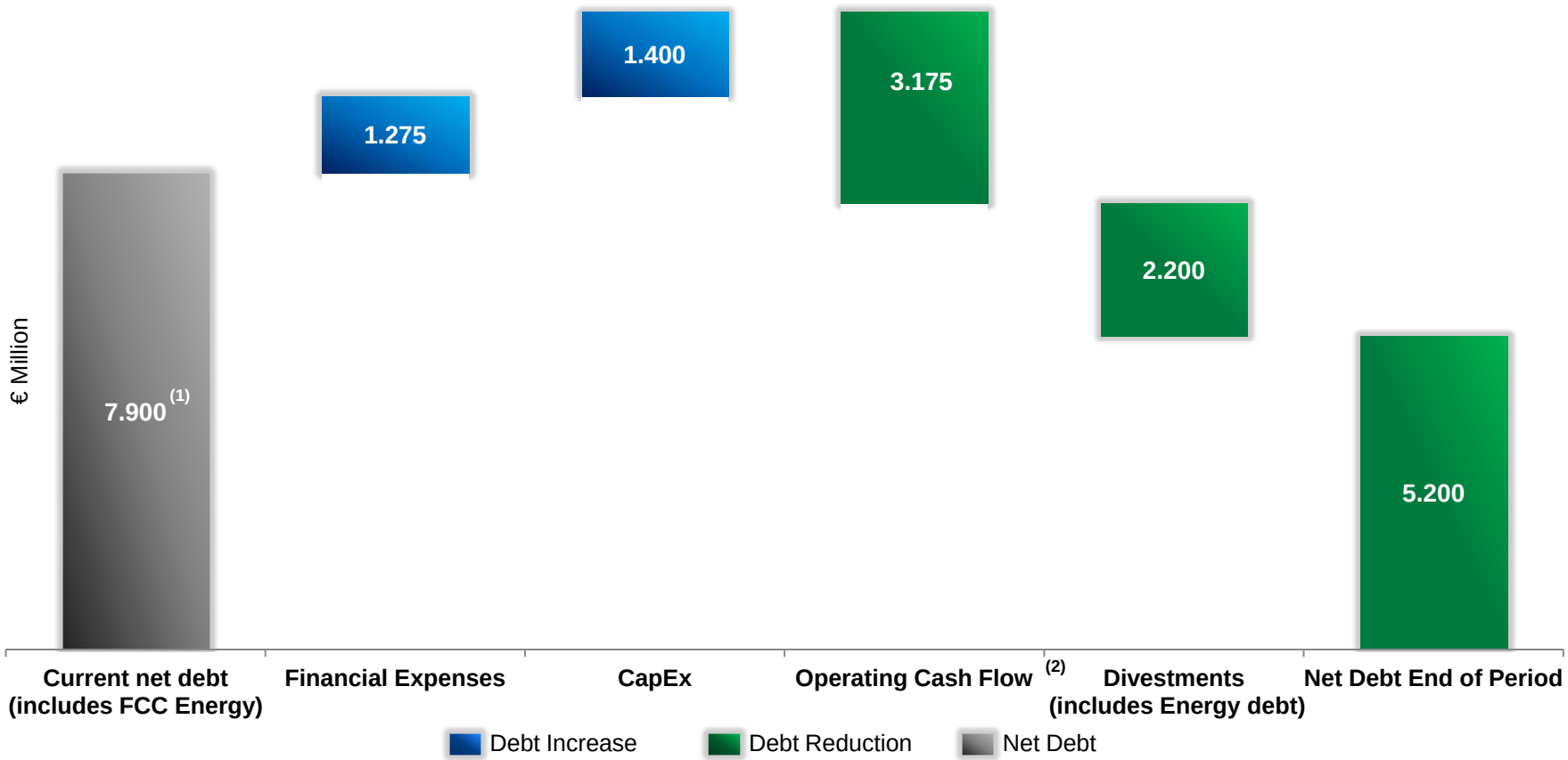


3 Working capital investment optimization

- Implementation of changes in project funding policy in Alpine
- Prioritization of projects and investment in countries with negative working capital
- Collection cycle reduction in National Environmental Services

The divestment program and the increase in cash from operations allow to address the investment plan and reduce debt in € 2,700 Mn

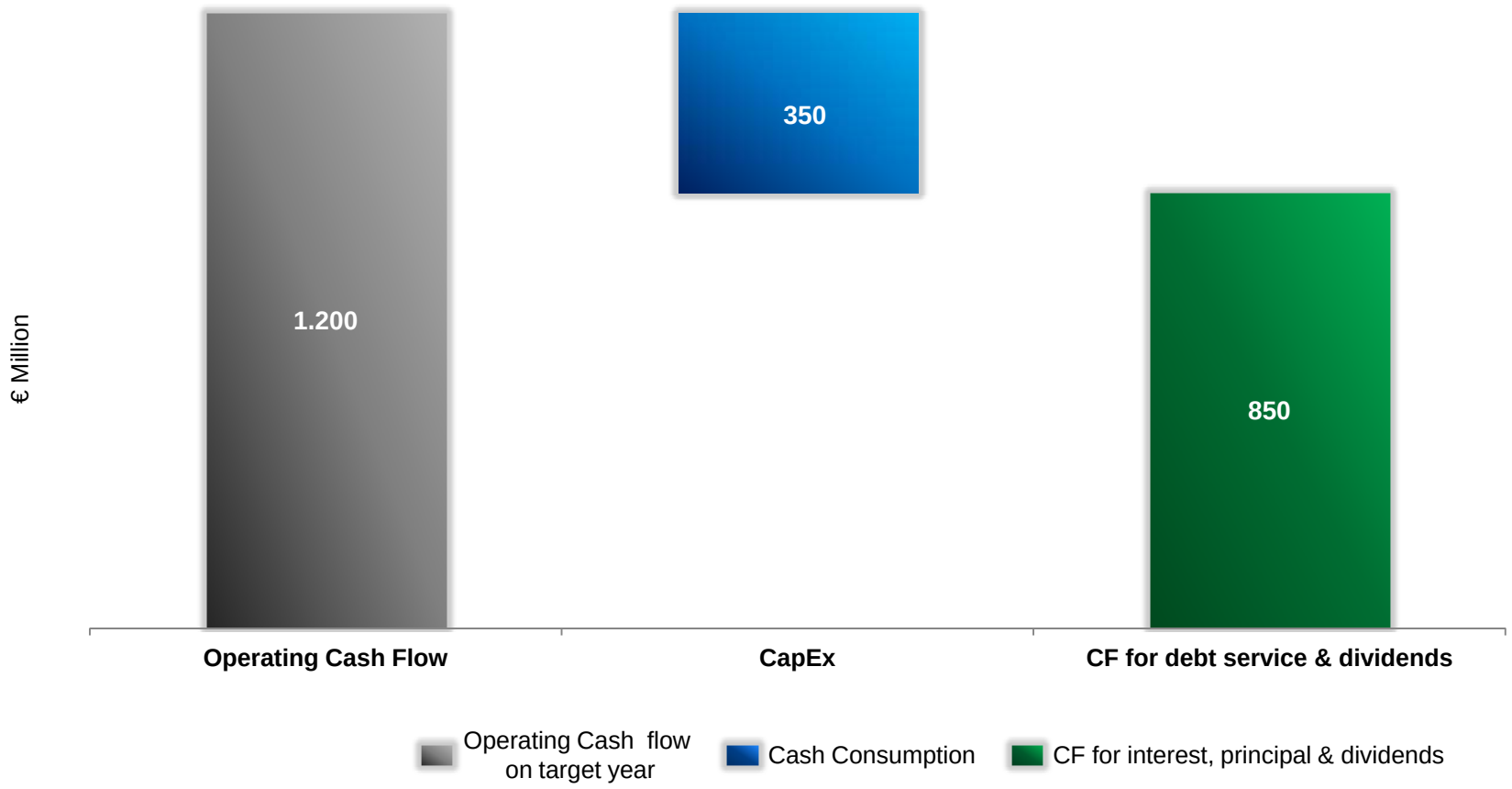
Net Debt Performance



(1) Energy-adjusted debt and intragroup debt Enerstar
(2) Resources generated after-tax operating includes WK variations

In a target year, the Group will generate an Operating Cash Flow of € 850 Mn, enough to pay interests and principal, and remunerate shareholders

Cash consumption in the target year scenario



6

Conclusion

Conclusion

In a restrictive economic and financial environment, FCC Group seeks to increase its cash generation capacity and reduce its debt

- Focus on core businesses: Environmental Services, Infrastructure and Water Management
- International presence in more profitable geographies and profitable markets
- Efficiency in operations: adapting to market conditions
- Aligned debt and cash generation

In order to achieve these objectives, FCC has the required strengths and assets to implement a strategy based on five initiatives:

- Divestment of non-strategic assets worth € 2,200 Mn (including debt of Energy)
- Restructuring of Construction Business
- Adjustment of personnel and means of production in CPV
- Strengthening Environmental Services leadership in Spain and repositioning in the United Kingdom
- Reduction overheads costs

FCC will reach a position ensuring its operational and financial sustainability so that it will:

- Generate € 1,200 Mn / year in recurrent EBITDA
- Generate € 850 Mn /year in cash (from operating activities and investment)
- Have reduced its debt level (including Energy) in € 2,700 Mn

FCC Group in the future will be in an ideal position to face the improvement in the business cycle in the markets where it operates and seize new growth opportunities