



2015

Annual Report



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The Success of Working Together

Dear Shareholder,

You are holding the annual report of our Company that contains the breakdown of everything done throughout 2015.

A very special and decisive year for the present and future of FCC. A year with important milestones like the second capital increase, supported by FCC's two largest shareholders, Carlos Slim and Grupo Carso, and my mother Esther Koplowitz, who thus confirm their support and commitment to the Company. In addition, the process of renegotiating the debt, especially the so-called Tranche B, was successfully completed, as you are aware, at the end of April last year.

Along with this, we have made a significant effort to improve cash generation, to advance the process of divestment in businesses that we do not see as strategic at the moment, to renew a large part of the contracts and promote actions aimed at finding new revenue. Operations which will strengthen the Group's capital and financial structures that will enable us to further reduce our debt and leverage resources for other strategic purposes.

After the arrival, last August, of Carlos Jarque as Group CEO, together with the significant efforts to be made in the area of finances, operations also came to the forefront of our priorities with a clear objective: achieving increased operational and technical efficiency. And that is what we have done, with the implementation of new organisational structures that increase the synergies between our businesses, thereby reducing overheads and operating leverage.

We have carried out all these tasks in our search to ensure that FCC fits in better with the conditions of the markets in which we operate, thereby creating improved conditions for the Company to take advantage of the opportunities we face in our businesses in order to continue advancing on the path to profitability that we have set. However, we still have a long way to go.

Dear shareholders, we live in new times, times that require new ways of addressing new and significant challenges. We take on these challenges with the certainty of having behind us an extraordinary team, the trust gained day-by-day from our customers and all your support.

Henry Ford said: "Coming together is a beginning. Keeping together is progress. Working together is success". At FCC, we have got to where we are together, we are continuing in the same way, and we are clear that only by working together and with a common spirit, we will be able to remain what we are, a world leader in the Water sector, Citizen' Services and Infrastructure. This has been, is, and shall be our strongest commitment.

Esther Alcocer Koplowitz
Chairwoman of FCC





A Year of Transformations

This is the first time I have the pleasure of addressing the shareholders of FCC as the Group CEO. When defining financial year 2015 I think the best way to do it is by highlighting the thorough transformation we have experienced in virtually every area of FCC Group. The financial, operating and governance areas (just to name the most important ones) have been modified substantially in order to face the future with greater guarantees.

One of the milestones in the year was the 709 million euro capital increase that was approved at the end of December. As you are aware, it is the second capital increase carried out recently by our Group after the one approved in late 2014, as a result of which Carso Group became a majority shareholder in FCC.

The new cash injection represents the definitive commitment of our foremost shareholder, Carlos Slim, with FCC. Our second largest majority shareholder, Esther Koplowitz, also took part in the increase, reasserting her historical links with the Group and with all the people it comprises. The support of the two most important shareholders of FCC by way of this new injection of funds will provide a sound growth platform, together with the possibility of attaining better credit terms for our debt.

The capital increase was undoubtedly a fundamental financial decision last year but it was not the only one. Directly in connection with this new cash injection, we embarked on a new renegotiation of our debt, especially focusing on the so-called Tranche B, with a goal of achieving a quitclaim of at least 15% from our creditors, and this was finally implemented at the end of the first four months of 2016. At the same time we have negotiated with the various financial entities in order to lower the interest rates on our financing, as well as extending the debt maturities in the areas of Water, Environmental Services and Energy, among others.

As I commented to the financial analysts who monitor our share on the stock exchange, "these operations will reinforce the Group's capital and financial structure and will also allow us to reduce our debt, strengthen Cementos Portland and channel funds towards other strategic corporate purposes."

The financial front was supplemented by a determined effort to improve cash generation, further progress in the process of divesting from businesses that no longer fit in the Group's future strategy and the renewal of contracts, aside from seeking new revenues. Accordingly, in the second half of last year there was an intensive debt collection and claims process. In the Construction activity alone over 250 million euros were recovered.





The major divestments were the sales of Globalvía and Cemusa. The sales transaction involving our urban furniture firm represents our exit from a non-strategic business for the Group. Meanwhile the sale of Globalvía will entail a cash injection that could reach 210 million euros in 2016 and 2017, part of which were already paid in the first four months of this year. Further in this respect, sales processes have commenced in the transportation area, which we expect to be completed this year, and the Group took part in the capital increase of Realía, where our stake amounts to 36.9%.

We must also underscore the fact that FCC has renewed a significant number of its contracts in the Water and Environmental Services areas, once again showing the service quality, experience and soundness of our business. These contracts represent solid revenues for the future.

All of these initiatives have strengthened our finances, reducing expenses and financial leverage.

Working as a Group

The operating area has also been one of my focal points since becoming the CEO of FCC last August. Besides dealing with financial leverage, we have focused on how we work as a Group with the goal of achieving synergies in strategic aspects, implementing new organisational structures and reducing overheads, the result of which is lower operating leverage.

The following lines of action are prominent:

- Synergies. The Group's intercompany work has become an unwavering line of action for all our business areas. FCC Industrial is a good example. Through measures such as the integration of affiliates (Matinsa) and the grouping of various maintenance activities (roads, railway infrastructures, electromechanical facilities, power efficiency projects, etc.), around 450 people were relocated in the second half of 2015.
- Reduction of expenses. Austerity and budget control remain as an unavoidable management approach. Throughout the year administration expenses were brought down by 8%. Wage restraint, the amortisation of vacancies wherever it is not essential to fill the position, the reduction of the budget for leases, sponsorships and lower travel expenses were some of the initiatives carried out to achieve this.
- Centralised purchases. A system of centralised purchases has been established for the entire Group. This new tool provides us with greater bargaining power with our suppliers. Just last year, centralised purchases allowed us to save 11.3% in items such as security services, 19.5% in IT, and 24% in earthwork, facilities and steel.
- New structures. Nearly all the Group areas have changed in terms of organisation. At FCC Aqualia, for instance, a single command was implemented in Spain and an International Department was established to improve communications with our clients abroad. FCC Construcción introduced a new managerial approach that was supplemented by staff restructuring, with a reduction of 610 employees in a new redundancy scheme that was negotiated with the trade unions and workers last April.

Corporate Governance

Besides these structural changes, there were other milestones in the field of governance last year, most importantly in the composition of the Board of Directors. Following the capital increase towards the end of 2014 in which Carso Group became a shareholder, on 14 January there were new appointments of proprietary directors by co-opting: Inmobiliaria AEG S.A. de C.V., represented by Carlos Slim Helú; Inmuebles Inseo S.A. de C.V., represented by Juan Rodríguez Torres, Alejandro Aboumrad González and Gerardo Kuri Kaufmann.

Also, the remodelling of the Board that had started a month and a half before was completed on 28 February, with the inclusion of the representatives of Control Empresarial de Capitales S.A. de C.V. Here it was a matter of independent directors, and Manuel Gil Madrigal, Henri Proglio and Álvaro Vázquez de la Puerta were designated members of the Board. The last change in the governance of FCC took place on 18 August, when Juan Béjar stepped down as CEO and I assumed that office.

All of these financial, operating and governance measures have consolidated FCC as a Group with greater operating and technical efficiency. I shall use a figure to illustrate this: Ebitda per employee rose by 13% in 2015 taking all of our activities in consideration.

In summary, these financial, operating and governance reorganisation tasks were done with the goal of adjusting to the conditions of all the markets in which we operate, to better respond to the opportunities we encounter in our Infrastructures, Environmental Services and Water activities and to advance along the path towards profits.



Symbolic Projects

These measures would be of no use if our businesses did not continue to advance towards achieving the goal of maintaining and extending their activity. 2015 was a year in which FCC again secured emblematic contracts through its various activities. This annual report includes in-depth information in this respect but I would like to highlight three in particular:

- FCC Aqualia secured its largest contract ever in Egypt (2.4 billion euros). Last August a consortium led by FCC Aqualia was awarded the Abu Rawash wastewater treatment plant in Cairo (Egypt). Once the plant is finished it will process 1.6 million cubic metres of water a day, servicing 5.5 million people, making it one of the largest plants in the world. Also in the same year, FCC Aqualia was awarded important international projects, which is one of the Group's strategic goals, particularly in Latin America (Mexico and Chile) and Saudi Arabia, for the installation of networks and the maintenance of wastewater treatment plants.
- FCC Medio Ambiente (the Environmental division) was awarded, in November, the construction and operation of a recyclable waste plant in Dallas, Texas (USA) for 15 years, extendable for another ten years, with associated revenues of approximately 270 million euros. This contract is added to the one secured in September for collecting urban solid waste in two zones of Orange County, Florida, likewise in USA, for 85 million euros, lasting ten years and serving a population of 400,000. On the other hand, in Spain the Environmental Services area contracted additional amounts of nearly 1.4 billion euros throughout the year.

- FCC Construcción leads the consortium that is building the Toyo tunnel in Colombia, worth 392 million euros. Last October we were awarded the construction project of the Toyo tunnel and a section of the adjacent motorway in Colombia. The award comprises the design, construction, operation and maintenance of the tunnel for ten years in total. Also, last May a consortium including FCC was awarded the design and construction of Line 2 of the Panama City metro, for an attributable amount of 663 million euros.

A year of stability

As you are aware, this document has an extensive, detailed chapter dedicated to our earnings in financial year 2015. But I do not want to end my first letter to you without highlighting the most important aspects of our income statement for last year.

During FY 2015, due to the impact of discontinued operations, provisions set aside for write-offs and adjustment capacities in the Construction area, the Group had a net loss of 46.3 million euros, which is 93% less than a year before, when losses totalled 724.3 million euros. On the other hand, profits from continuing activities reached 35.1 million euros.

Income rose by 2.2%, reaching 6,476 million euros, mainly due to higher invoicing (up by 9.8%) in international markets. There is a salient circumstance: activities increased in all of our business areas, especially Water, which rose by 39.5%.

At the end of the year, Environmental Services and Comprehensive Water Management accounted for 80.1% of the Group's gross operating profit, while the remaining was from cyclical activities linked to the construction of infrastructure and building. Within the infrastructure area, Cementos Portland registered losses of 61,9 million euros. Its turnover increased by 6.9%, now above 580 million euros.

Net financial debt as of 31 December 2015 totalled 5,473.6 million euros, representing a reduction by 243.9 million from the previous September and an increase by 457.6 million euros in respect of year-end 2014. This increase is mainly the result of the reclassification under long-term of financial assets in the Construction area, the net effect of the exchange rate on debt denominated in foreign currencies and the reduction of the cash balance.

Regarding the business portfolio, at year-end 2015 it totalled 32,500 million euros, along the lines of the 32,996 million at year-end 2014. This means we remain at the historical highs of recent years. The Water business represents 44.4% of the total portfolio, Environmental Services accounts for 36.4% and Construction has the remaining 19.2%.



Road Map

To complete my first letter to the shareholders, I wish to explain concisely our road map towards greater efficiency and profits. In other words, these are our priorities for the coming months, which include the following items:

- 1) Strengthening our capital structure. Optimising financing by reducing debt, lowering costs and with maturity terms suited to corporate needs. All of this aims to balance borrowing with revenues, bringing down financial charges and enhancing liquidity generation.
- 2) Boosting profits. We shall insist on doing everything to benefit our business and to generate value for our shareholders. Cost reductions and centralised purchases are among these initiatives, which we expect to improve in the future.
- 3) Investing in strategic areas. We shall focus our efforts on optimising the use of our assets and increasing productivity.
- 4) Geographic concentration and risk control. We shall seek markets that are profitable for the Group in order to preserve business stability.
- 5) Maintaining our leadership in Environmental Services and Water. Our privileged position in these two areas is an incentive to continue to lead the sector by renewing existing contracts and seeking new profitable business. We guarantee that we shall use state-of-the-art technology to reassert FCC's strategic positioning.

- 6) Furthering synergies within the Group. The returns obtained in 2015 show how important it is to preserve and achieve new joint actions across our different activities. We shall work in line with to Corporate Social Responsibility (CSR) principles so that our administration can be competent, with efficient management as the inherent approach in all business areas.

I mentioned at the beginning of this letter that 2015 was a year of transformations for FCC. These transformations have laid the foundations for our path towards profits as an unwavering goal. But this transformation must also become a permanent element so that we may continue to be a world benchmark Group in Citizen Services in the fields of the Environment, Water and Infrastructures, with the best technical and professional qualifications. Many challenges lie ahead: we shall work enthusiastically to achieve the goals of this emblematic and strategic Group dedicated to Citizen Services.

Carlos M. Jarque
CEO of FCC



03

Governing Bodies

Park and garden maintenance in Cartagena (Spain).

Board of Directors

Esther Alcocer Koplowitz,

Representing Dominum Desga, S.A.
Chairwoman
Proprietary Director

Samede Inversiones 2010, S.L.

Represented by: Esther Koplowitz Romero de Juseu
First Vice Chairwoman
Proprietary Director

EAC Inversiones Corporativas, S.L.

Represented by: Alicia Alcocer Koplowitz
Proprietary Director

Dominum Dirección y Gestión, S.A.

Represented by: Carmen Alcocer Koplowitz
Proprietary Director

Inmobiliaria AEG, S.A. de C.V.

Represented by: Carlos Slim Helú
Proprietary Director

Juan Rodríguez Torres

Proprietary Director

Alejandro Aboumrad González

Proprietary Director

Gerardo Kuri Kaufmann

Proprietary Director

Manuel Gil Madrigal

Independent Director

Henri Proglio

Independent Director

Álvaro Vázquez de Lapuerta

Independent Director

Francisco Vicent Chuliá

Secretary (non-board member)

Felipe Bernabé García Pérez

Vice Secretary (non-board member)



Note: Information updated as of the date of publication of the Annual Report.



Executive Committee

Members

Esther Alcocer Koplowitz,
representing Dominum Desga, S.A.

Alicia Alcocer Koplowitz,
representing EAC Inversiones Corporativas, S.L.

Alejandro Aboumrad González

Gerardo Kuri Kaufmann
Secretary (non-member)

Francisco Vicent Chuliá
Vice Secretary (non-member)

Felipe Bernabé García Pérez

Audit And Control Committee

Chairman

Henri Proglio

Members

Alicia Alcocer Koplowitz,
representing EAC Inversiones Corporativas, S.L.

Juan Rodríguez Torres

Manuel Gil Madrigal

Álvaro Vázquez de Lapuerta
Secretary (non-member)

Felipe Bernabé García Pérez

Appointments and Remuneration Committee

Chairman

Álvaro Vázquez de Lapuerta

Members

Esther Alcocer Koplowitz,
representing Dominum Desga, S.A.

Juan Rodríguez Torres

Manuel Gil Madrigal
Secretary (non-member)

Felipe Bernabé García Pérez

04

Goals and Strategy

San José del Cabo-Cabo San Lucas (Mexico) motorway junctions.



FCC Group has a long track record in the market and has gone through many processes. It is a dynamic and experienced Company, with the capacity to adapt and react to the various scenarios lying ahead.

The recent developments in the Citizen Services Group show its versatility when it comes to achieving the goals it has set through the strategies it has designed and implemented. These have involved and have been reinforced following the incorporation of the new core shareholder who, considering the conditions and the natural life cycle of the Company, will strengthen the foundations so that it may not only continue in the market but also grow in a profitable, sustainable manner to the benefit of its collaborators, partners and investors.

2013 - 2014

- Expenditure reduction.*
- Sale and write-off of assets.*
- Expenditure reduction.
- Sale of assets.
- Renegotiation of debt.
- First capital increase.

2015 - 2016

- Expenditure reduction.
- Sale of non-strategy assets. Vision of opportunity rather than urgency.
- Second capital increase. Reinforcement of the Company's financial structure.
 - Debt reduction (with quitclaim).
 - Better credit conditions, lower finance costs.
- Synergies. Working together with clear goals, giving priority to intercompany sales.
- Collection of debt and sums claimed as a priority activity.
- Centralisation of strategic areas: duplicities are eliminated, reinforcing the negotiation position.

- Reduction of leverage.
- Reduction of finance costs.
- Cash flow generation.
- Profitable growth.
- Investment in strategic assets.
- Continuing the internationalisation process in a prudent and orderly manner.
- Keeping a position of leadership, actively participating in the market.
- Increasing synergies, productivity and competitive capacity.

* 2013 Strategy Plan, presented at the General Meeting of Shareholders of the same year. The renegotiation of debt was incorporated to the strategy in 2014. At the same time it was decided to carry out a capital increase.

05

Regulatory Disclosures Notified to the CNMV (Spanish National Securities Market Commission)

New Cairo Wastewater Treatment Plant (Egypt).

Regulatory Disclosures 2015

- | | | | |
|------------|---|------------|--|
| ○ 14/01/15 | The Company communicates changes in the composition of the Board of Directors. | ○ 30/06/15 | FCC Construcción enters into a Collaboration Agreement with Carso Infraestructuras y Construcción. |
| ○ 19/01/15 | The shareholders' agreements between Larranza and CaixaBank, on the one hand, and Dominum Dirección y Gestión, S.L., in relation to B-1998, communicated on 26/05/11 and 3/04/14, were rendered void on 15/01/15. | ○ 01/07/15 | FCC resolves to sell Globalvía to the Malaysian fund Khazanah Nasional Berhad for 210 million euros. |
| ○ 21/01/15 | The Company reports the resumption of the Liquidity Contract as from 22 January 2015. | ○ 13/07/15 | The Company reports the process of replacing the CEO. |
| ○ 05/02/15 | The Company reports on its holding in Realia. | ○ 12/08/15 | The Company submits a Relevant Fact regarding Globalvía. |
| ○ 06/02/15 | The Company reports on its holding in Realia. | ○ 18/08/15 | Appointment of the new CEO of FCC Group. |
| ○ 28/02/15 | The Company reports the remodelling of its Board of Directors and the appointment of its new Economic and Financial General Manager. | ○ 08/10/15 | The Company reports changes in its Board of Directors. |
| ○ 17/04/15 | The Company reports changes in the Board of Directors, in the Audit and Control Committee, and in the Appointment and Remuneration Committee. | ○ 09/10/15 | The Company reports changes in the Board committees. |
| ○ 30/04/15 | Esther Koplowitz secures the long-term refinancing of DDG, the holding company of the FCC shares. | ○ 06/11/15 | The Company submits a Relevant Fact clarifying news published in the press. |
| ○ 20/05/15 | The Company sends out the notice of the Annual General Meeting of Shareholders. | ○ 03/12/15 | The Company submits information requested from listed companies by the CNMV in relation to Compliance with certain aspects of the Capital Companies Act. |
| ○ 26/06/15 | Resolutions adopted at the Annual General Meeting held on 25 June 2015. | ○ 04/12/15 | Form for notifying the source Member State. |
| ○ 26/06/15 | Composition of the Board of Directors of FCC and of its Committees. | ○ 17/12/15 | The Company reports the resolution of the Board of Directors regarding a capital increase by an amount in excess of 700 million euros. |
| | | ○ 18/12/15 | The Company reports the temporary suspension of the Liquidity Contract. |

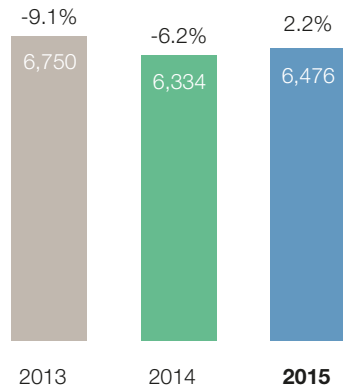
06

FCC in Figures

Conservation and maintenance of parks and gardens.

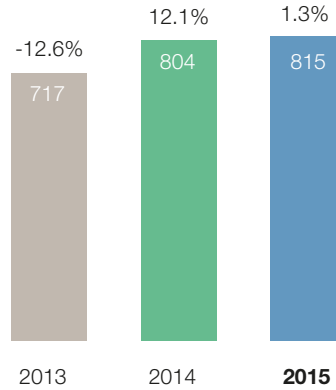
● Revenues

Million euro



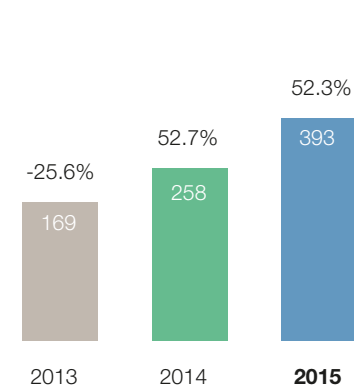
● Gross operating profit (Ebitda)

Million euro



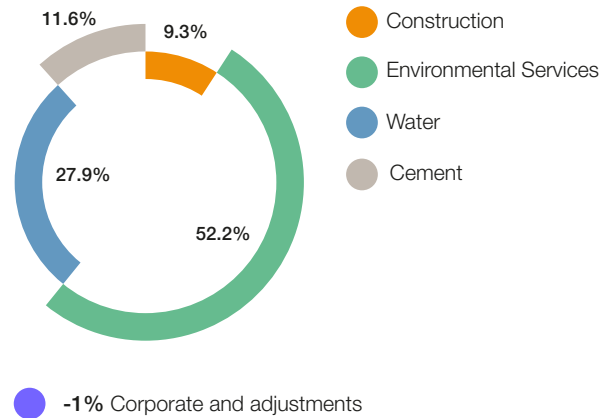
● Net investments

Million euro



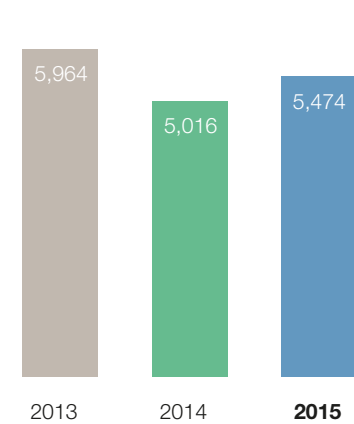
● Revenues

business activity



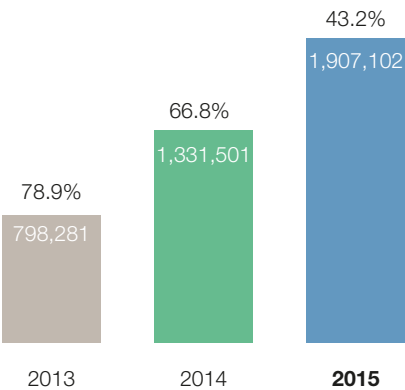
● Net financial debt

Million euro



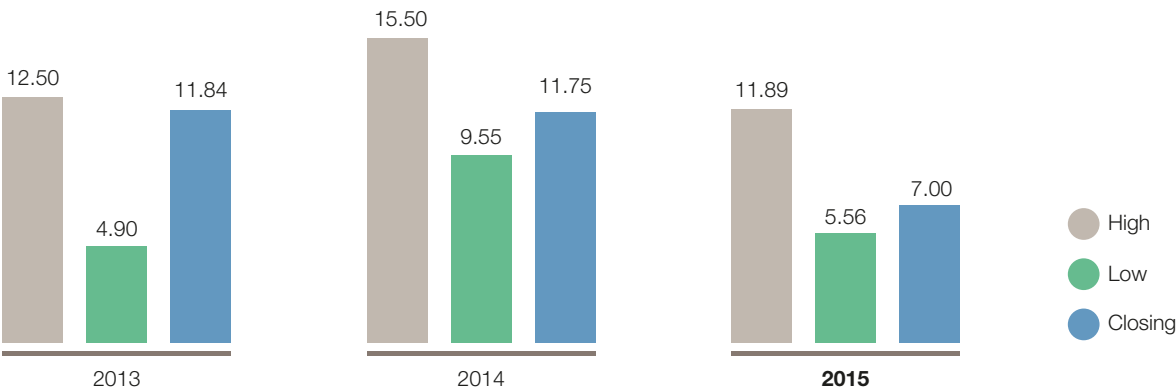
Trade volume

N° shares daily average



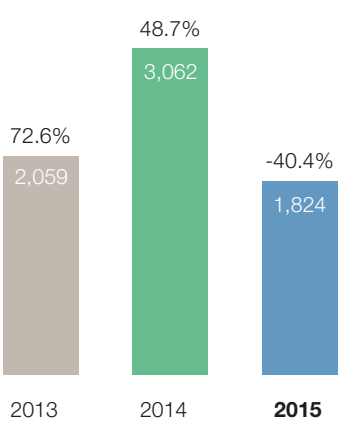
Share price: high, low and year-end

In euro



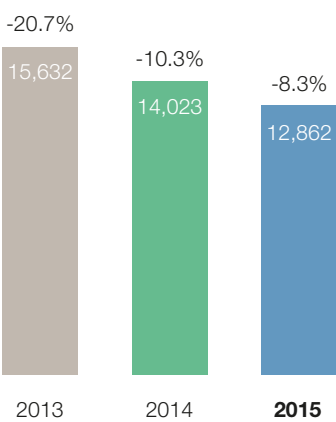
Market capitalisation

Million euro



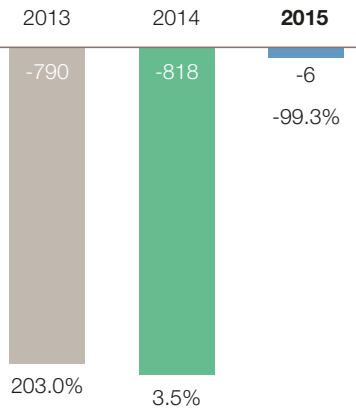
Total assets

Million euro



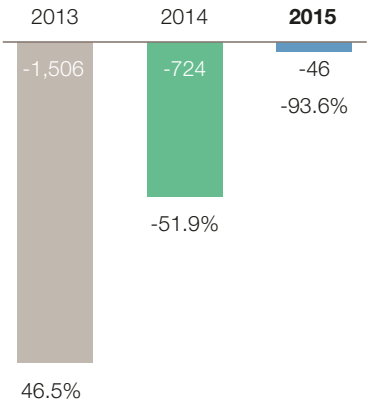
Earnings Before Taxes (EBT)

Million euro



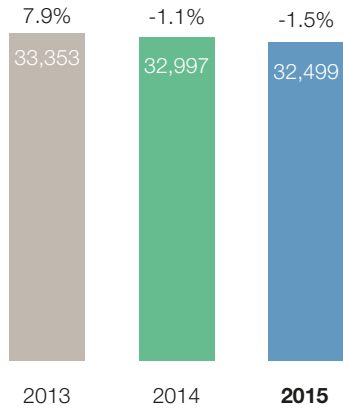
Profit attributed to parent company

Million euro



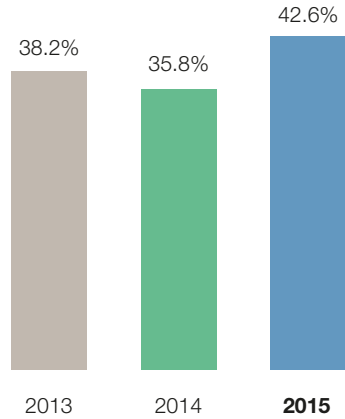
Backlog

Million euro



Financial leverage (pct.)

(Net debt/Total assets)



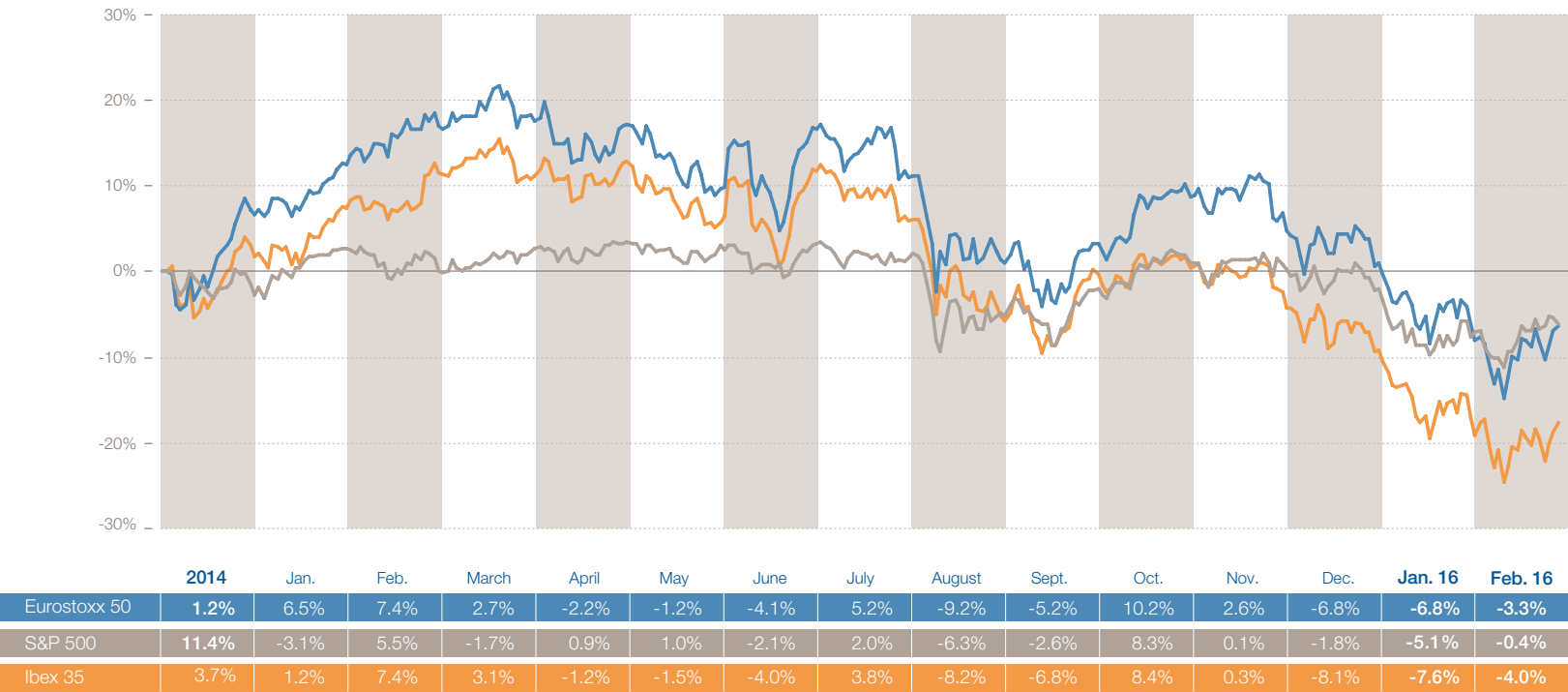
Market and Share Price Evolution

Volatility was ever present in the market in 2015. Investors had to face multiple uncertainties during the year which caused sharp oscillations in share prices. Issues in emerging markets, especially in Brazil, and their currencies; the slowdown of the Chinese economy, particularly in August; the Greek crisis;

the expected rate hike in USA, which finally took place in December, and the ECB policies to stimulate the economy, which were sometimes disappointing, weighed down on markets.

The Ibex ended the year with a loss of over 7% compared to a gain of nearly 4% in 2014. Political uncertainty in Spain in the home stretch of the year, following the outcome of the general election, burdened the Spanish blue chip index compared to other European markets.

Evolution of S&P500, IBEX35 & EUROSTOXX50 to February 2016





In 2015 the FCC share price fell 40.4%. It should be noted that on 17 December 2015, the Board of Directors resolved to increase the capital by the amount of 709.5 million euros. On the trading day following this announcement the share price gained 28.15%, a historical high as far as revaluations are concerned. FCC ended the year with a market capitalisation of 1,824 million euros.

Trading Volume

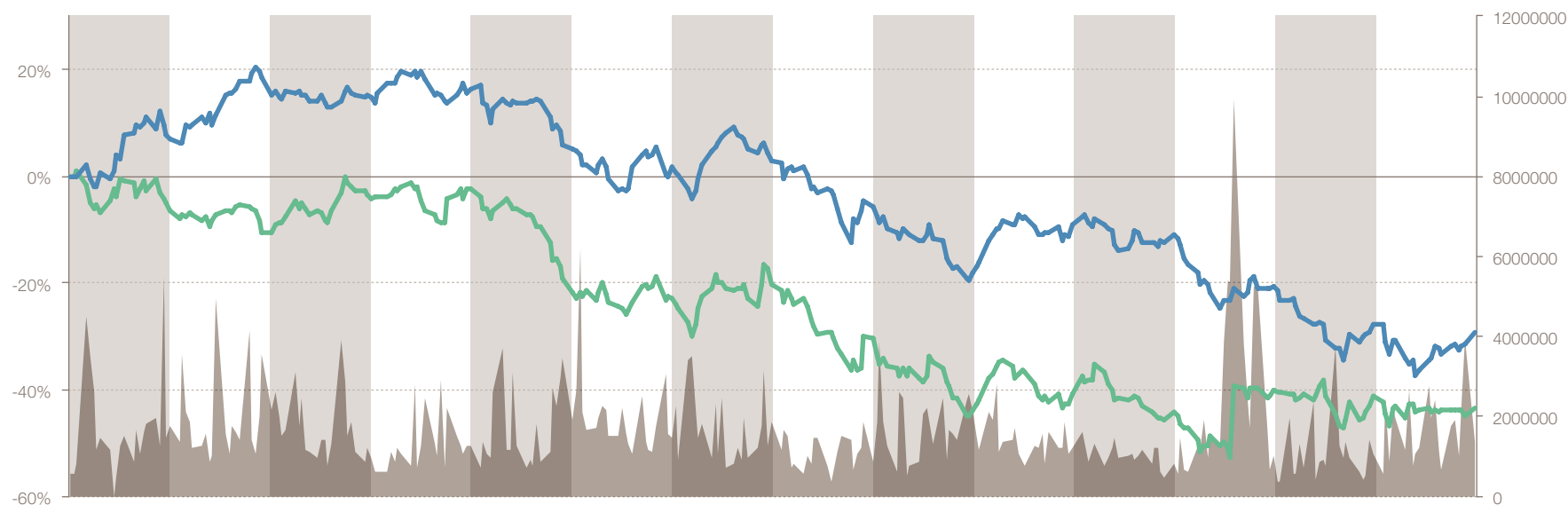
The total trading volume during the year was in excess of 488 million shares, with a daily average of 1,907,102 shares changing hands, which is 43.2% higher than the daily average in 2014. Throughout the year the share capital of FCC was turned over 1.87 times.

Dividends

Since 2013 FCC's Board of Directors follows a policy of not paying out a dividend.

This decision, which remained in place in 2015, is part of the restructuring process embarked on since 2013, which aims to increase the operating efficiency and strengthen the balance sheet, and will have to be ratified by the General Meeting of Shareholders that will take place in the first semester of 2016.

Annual evolution of the FCC share price



	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	Jan. 16	Feb. 16
% Var. FCC	-6.5%	-4.5%	8.2%	1.0%	-17.0%	-4.1%	2.9%	-12.8%	-19.2%	5.0%	-5.6%	6.9%	-1.1%	-3.6%
% Var. Sector	6.4%	7.7%	2.0%	0.3%	-6.1%	-2.4%	9.1%	-5.4%	-5.8%	11.6%	-11.0%	-9.2%	-6.8%	-5.0%

Treasury Shares

FCC Group does not carry out transactions with own shares other than those included in the CNMV Framework Agreement on Liquidity Agreements, which seeks to provide liquidity and depth to the share price according to the regulations in force. Said liquidity agreement was suspended on 18 December 2015 following the resolution to increase the capital approved in December and was finalised in March 2016.

No impact whatsoever is estimated in the returns for shareholders from the Liquidity Agreement involving treasury shares, because its nature and goal are contrary to its existence. Neither is any impact expected on the FCC Group’s earnings per share.

All in all, as of 31 December 2015 FCC Group held, whether directly or indirectly, a total of 415,500 own shares, representing a mere 0.159% of the share capital.

Shareholder Structure

The shares of FCC, S.A. are represented by book entries and are listed on the four Spanish stock exchanges (Madrid, Barcelona, Valencia and Bilbao). According to the data in the records of the CNMV, at the end of the financial year the Company’s relevant shareholders were the following:

Main Shareholders	No. of Shares	Pct. of Share Capital
Inmobiliaria Carso, S.A. de C.V.	68,091,956	26.13%
Dominum Dirección y Gestión, S.A.	58,454,939	22.43%
William H. Gates III	—	5.73%

FCC’s floating capital at year end was 45%. It is distributed approximately as follows: Spanish minority shareholders hold 11%, Spanish institutional investors hold 6.5% and the remaining 27.5% is in the hands of foreign institutional investors.

The composition of the floating capital (in percentage terms), according to the origin of the shareholders, is the following:

