



Presentation by
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Index

1. The Macroeconomic Environment in 2016
2. Important Milestones for FCC in 2016
3. Financial Results for 2016
4. Performance of the Share Price in 2016
5. New Projects and Contracts Won
6. Corporate Social Responsibility: Milestones of 2016
7. FCC's Strategic Courses of Action for Growth
8. Evolution in 2017
9. The Future: Challenges and Opportunities
10. Conclusion



1 The Macroeconomic Environment in 2016



2016 Macro Data:

Economic growth

GDP growth

	2016
Latin America and the Caribbean	-1.0%
USA	1.6%
Eurozone	1.7%
ROW	3.1%
Middle East and North Africa	3.8%

Sources: INE (Spain's National Statistics Institute), IMF

Uneven performance

Expansion in Spain for the third consecutive year.

Progress made in reducing imbalances.

Spain

2016

GDP growth

3.2%

Unemployment rate

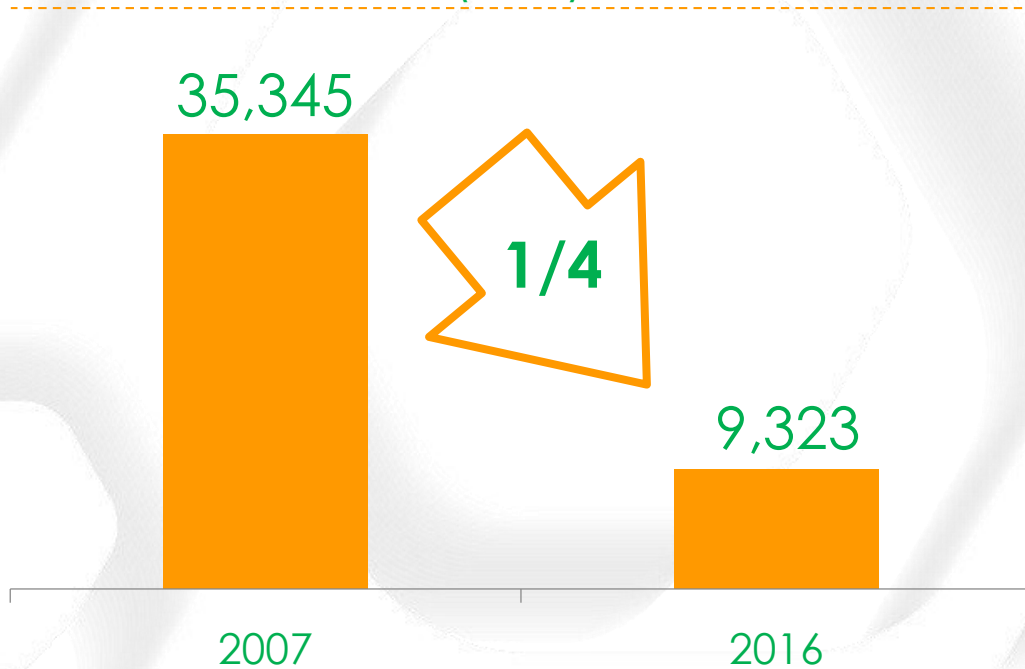
18.6%

Sources: INE (Spain's National Statistics Institute), IMF



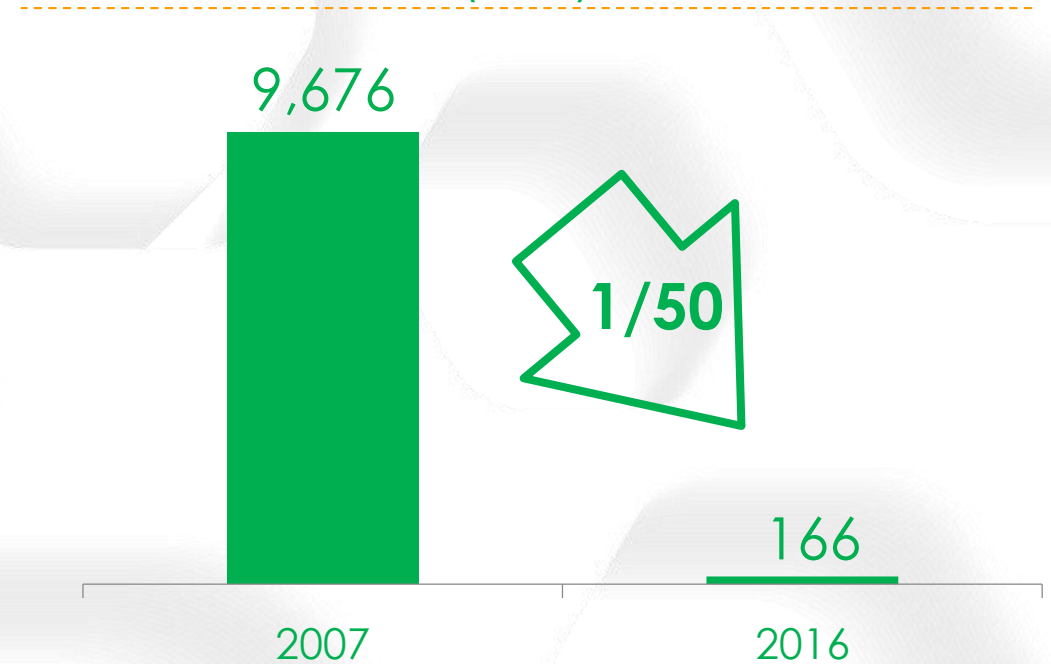
However, a recession continued in the development of infrastructure in Spain 2016.

Total public procurement tenders
(Mn€)



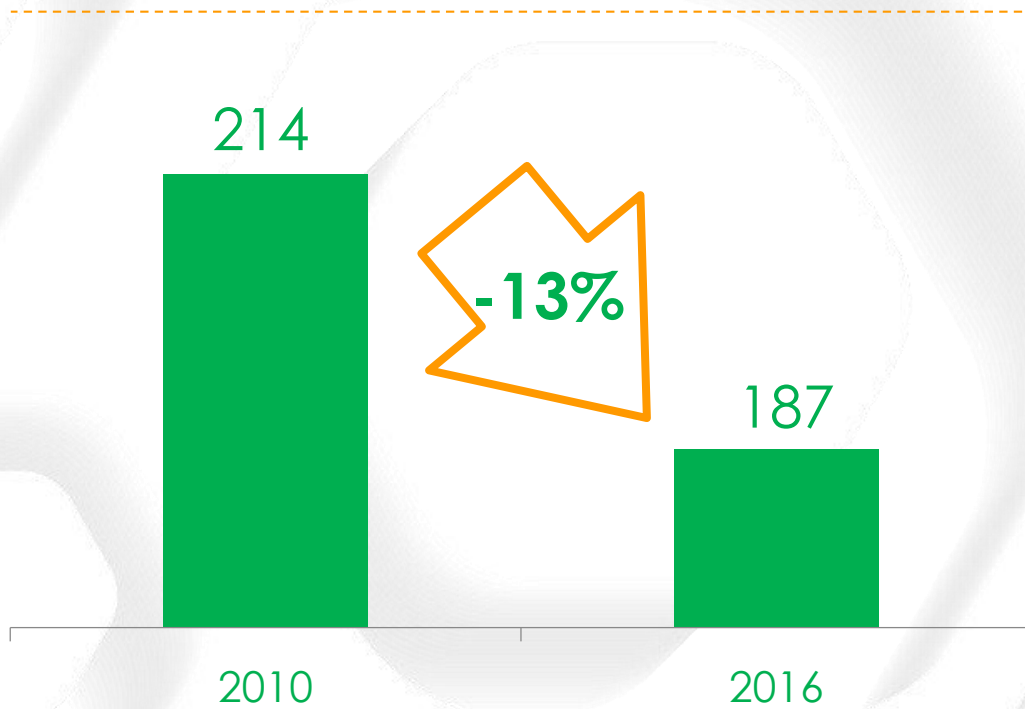
Source: Seopan

Tenders for concession contracts
(Mn€)



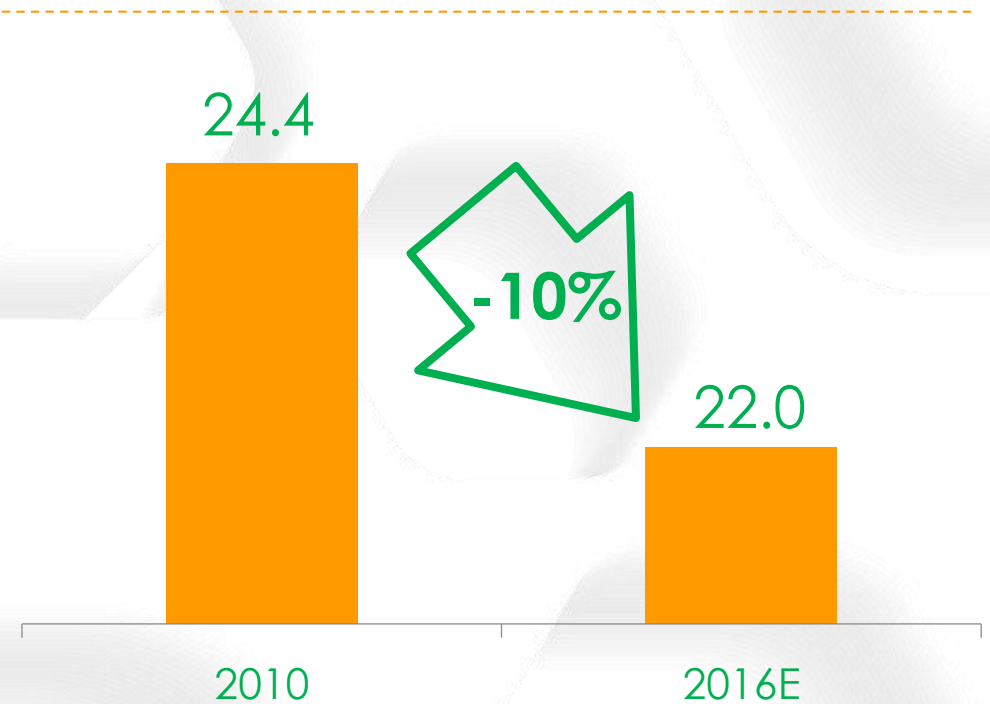
Source: Seopan

Water consumption (litres/inhabitant/day)



Source: Seopan

Urban waste collection (in thousands of tonnes)*



Source: INE (Spanish National Statistics Institute).
Estimated data for 2015 and 2016.
Most recent data published by the INE 2014

At the beginning of 2016:

Global: Uneven economic performance.

Local: Recession in the Infrastructure sector in Spain, alongside a drop in water consumption and waste collection.

Corporate: FCC still had a heavy cost structure, high financial gearing and persistent losses.

We had to take action to respond to global and local conditions and to address the situation of the company.

In 2016, **important changes** were made in FCC in terms of Governance, as well as in the Financial and Operational spheres.

2

Important Milestones for FCC in 2016



2

Important Milestones for FCC in 2016

- 2.1. Corporate Governance
- 2.2. Financial Matters
- 2.3. Operational Matters



2 Important Milestones for FCC in 2016

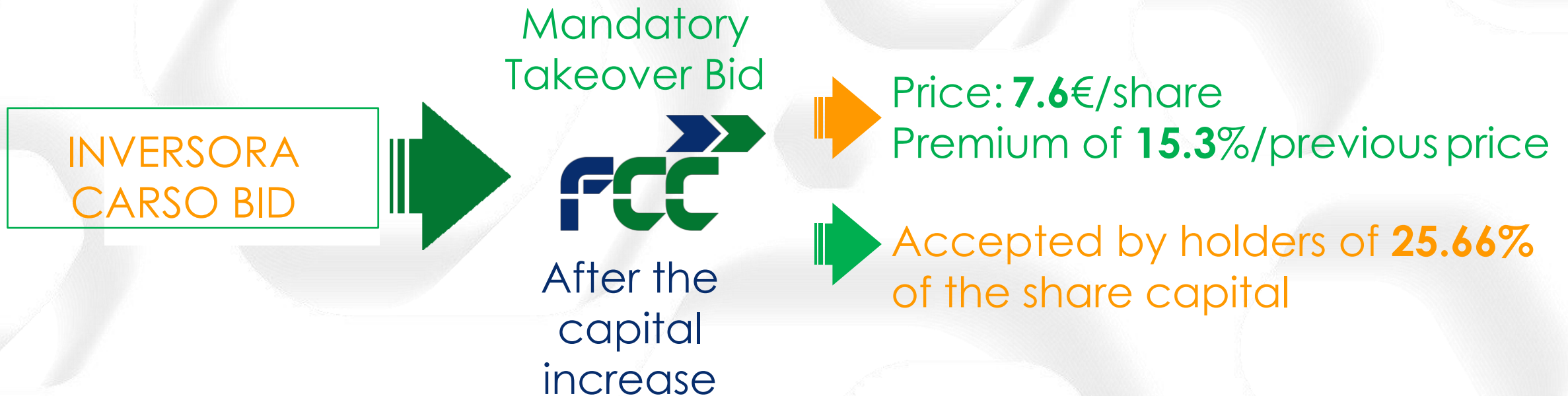
2.1. Corporate Governance



a) Takeover Bid for FCC

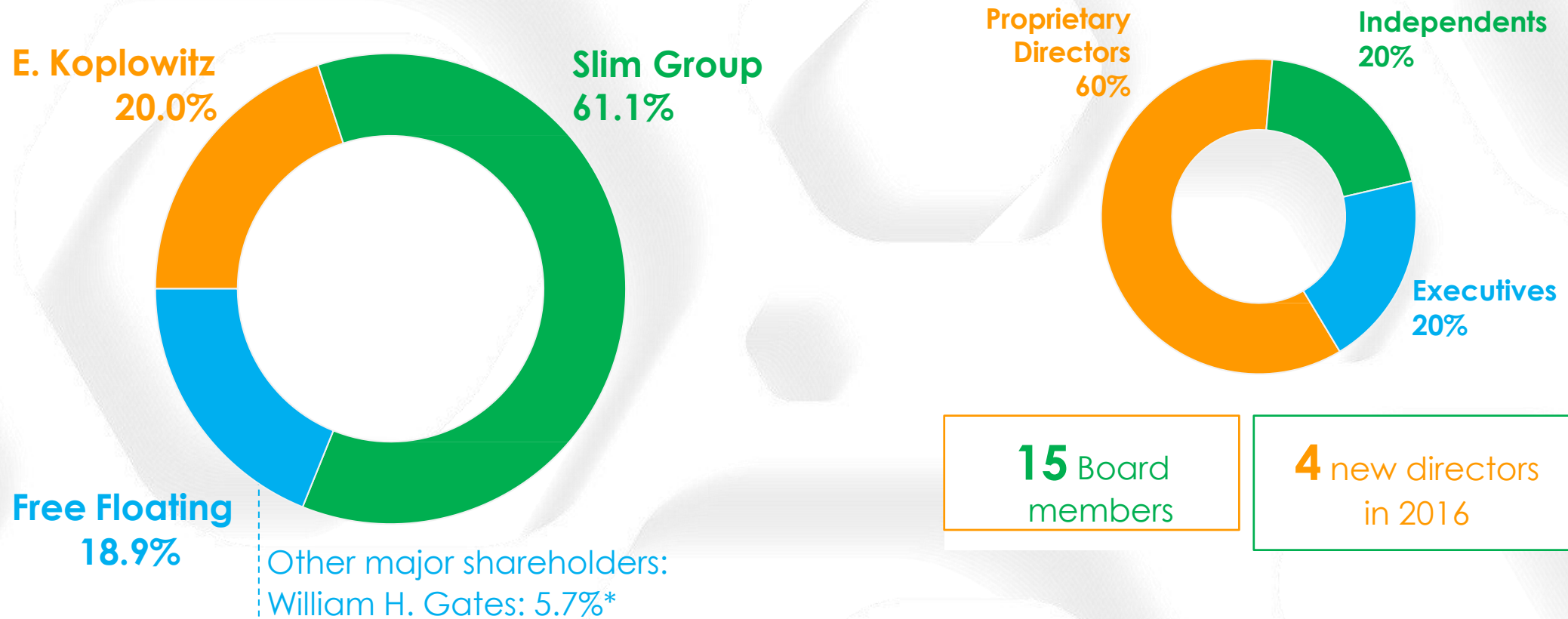
Inversora Carso secured voting rights of more than 30% of FCC's capital, which triggered a "Mandatory OPA".

The period of the takeover bid was from 1 to 15 July, 2016



Shareholding and Board Structure

After Inversora Carso's OPA, its stake increased to 61.1% of FCC's share capital.



* As per the most recent communication to the CNMV (National Securities Market Commission)

b) Takeover Bid to De-list CPV

Completed on 13 February this year and de-listed from the Spanish stock market on 24 February.



Takeover bid
to de-list



GRUPO
CEMENTOS
PORTLAND
VALDERRIVAS



Price: **6€/share**
Premium of **14.1%**/previous price



Accepted by holders of **18.07%**
of the share capital

FCC holds **96%** of the share capital

2 Important Milestones for FCC in 2016

2.1. Corporate Governance

2.2. Financial Matters



Milestones of 2016:

① Capital Increase

Capital contribution of €709.5 M completed in March 2016, for the purpose of reducing Group indebtedness.

Repaid via Dutch auction (Tranche B*)

328.4 Mn€

CPV capital increase
Support of FCC as principal shareholder

289.5 Mn€

Corporate uses and reduction of
additional gearing (Tranche A*)

91.6 Mn€

709.5 Mn€

* Tranches of the syndicated loan for FCC, S.A.

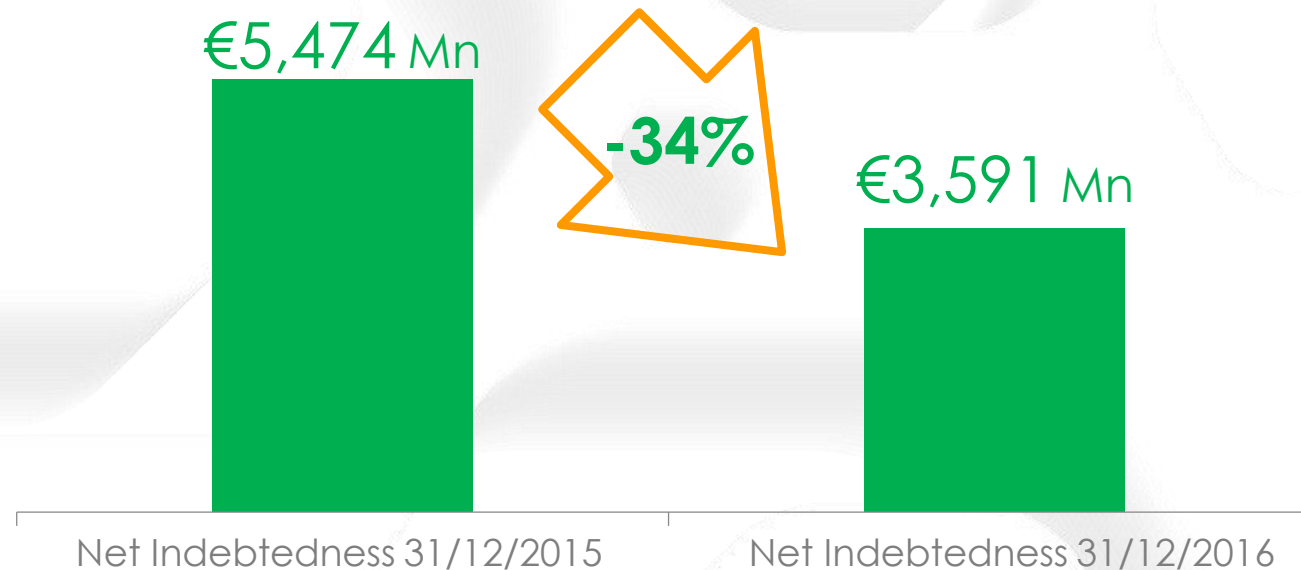
Milestones of 2016:

② Debt

We negotiated and obtained a **minimal acquittance of 15% of Tranche B.**

**Major reduction in the net financial debt in 2016:
-34.4% year on year by -€1.883 billion**

Financial Indebtedness

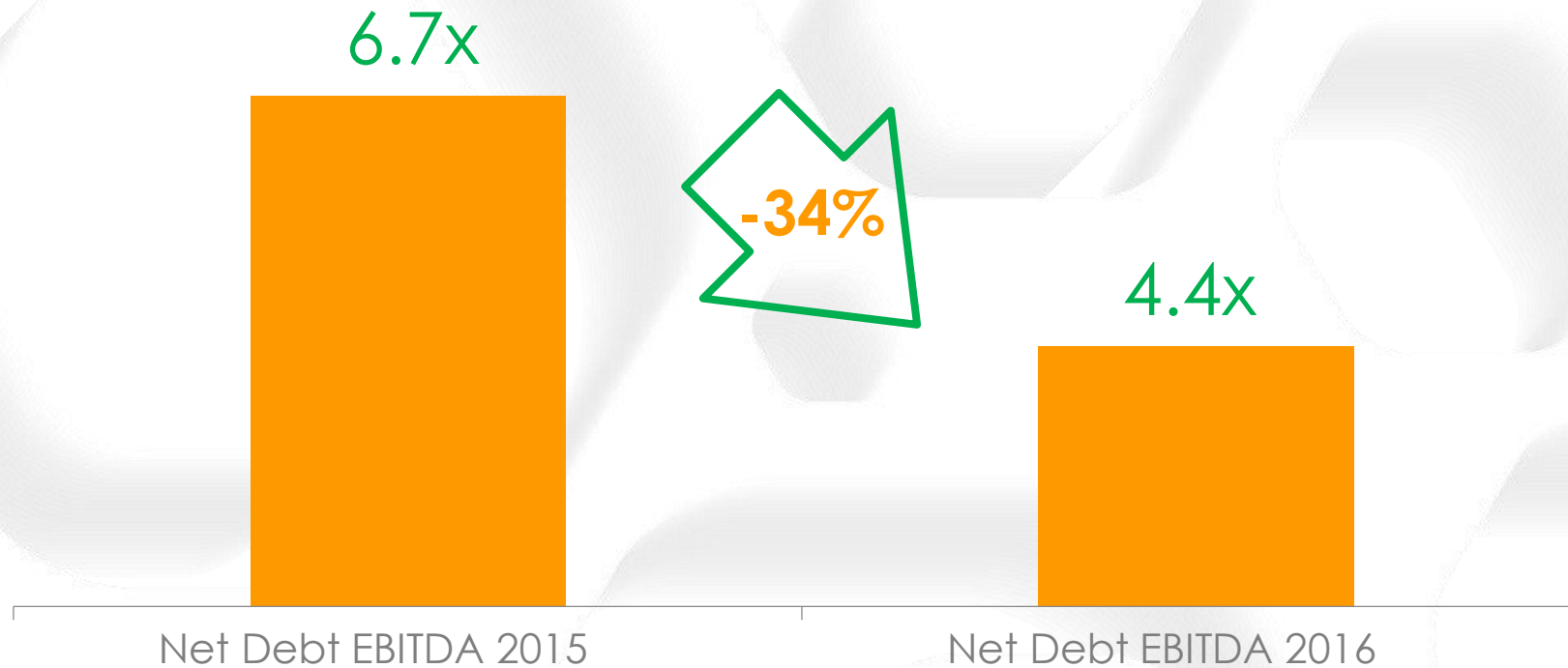


Milestones of 2016:

② Debt: Financial Leveraging

Substantial improvement in FCC Group's capital structure

Financial Indebtedness

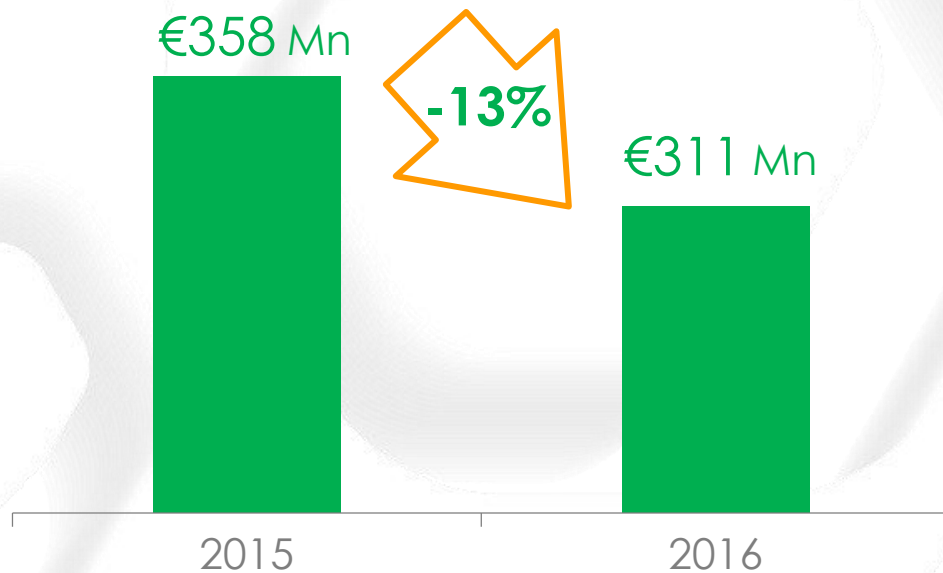


② Debt Costs of Financing

Reduction of €47M in the cost of financing

Cost: 4.7% in 2015 vs. 4.1% in December 2016.

Costs of Financing



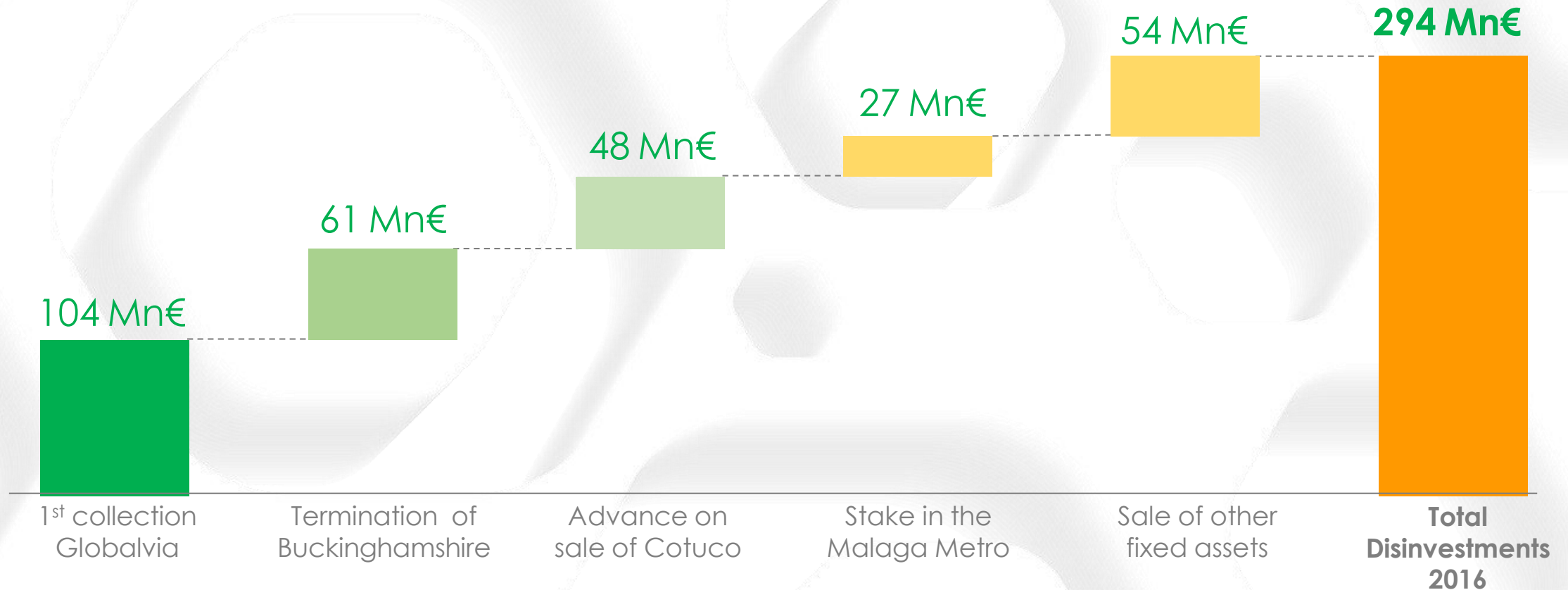
Actions to cut costs include:

- Repayment of 93% of FCC's Convertible Bond (€450 M) at a cost of 6.5%.
- Repayment of €386,4 M of Tranche B (with €58 M of remission) at 5%.
- Reduction of CPV's new debt (from 4.5% to 2.5%).
- De-consolidation of the financing debt of Giant Cement (€418 M) at 10% + 20% EBITDA.

Milestones of 2016:

③ Disinvestments

Realisation of the value of certain non-strategic assets.
These steps have strengthened the capital structure.



Milestones of 2016:

④ Debits and Claims

Important recovery in 2016 of €171 M.

Collections
2016

€171 M

By divisions:

Environment
€5.6 M

Corporation
and others
€2.4 M

Construction
€163 M

- The figure in Construction was €163M, 10% of its annual income.



Milestones of 2016:

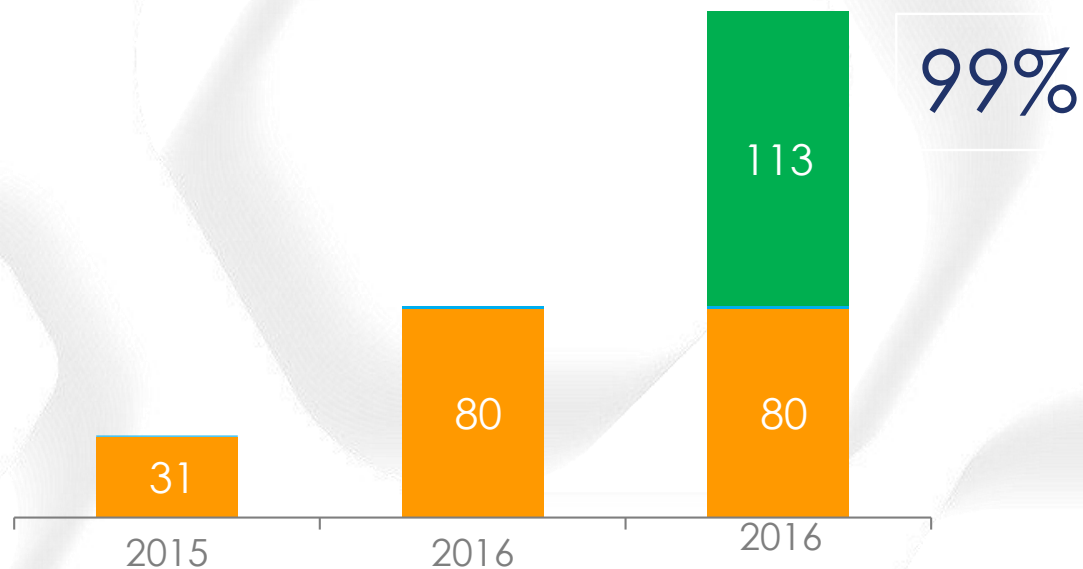
⑤ Renewal of Contracts

Very high level of renewal of contracts.

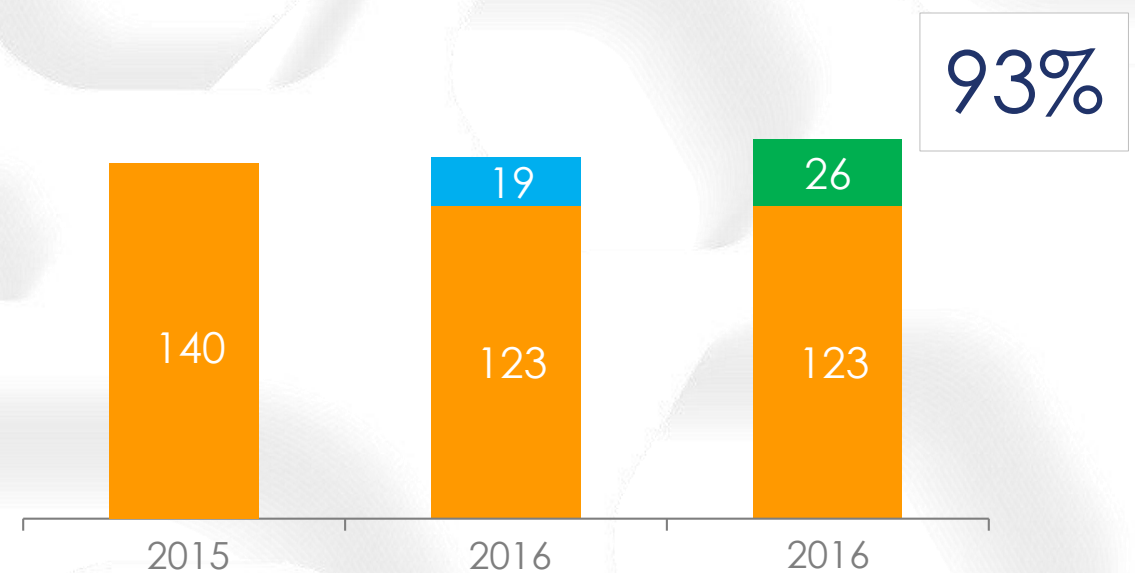
Maximum retention rates in Water and high retention in Environment.

Success rate in renewals*

Water (M€/year)



Environment: Spain (M€/year)



* Renewals include extensions

■ Contracts renewed

■ Contracts not renewed

■ Renewed / New contracts

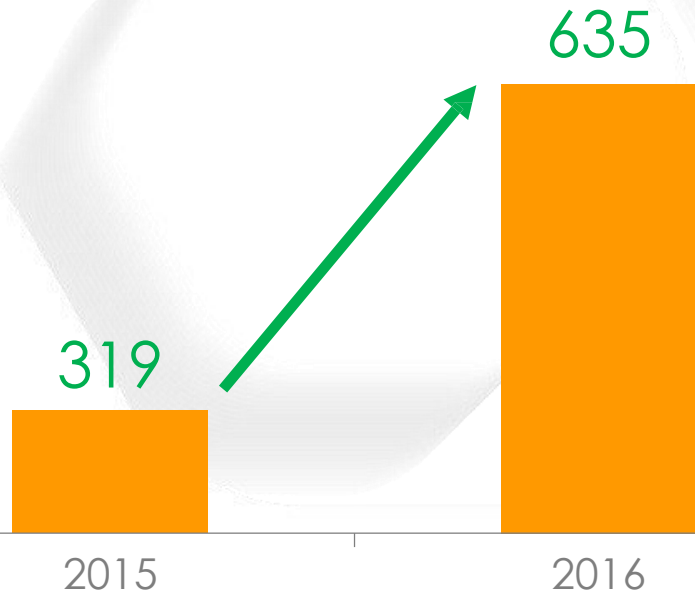
Milestones of 2016:

⑤ Contracts

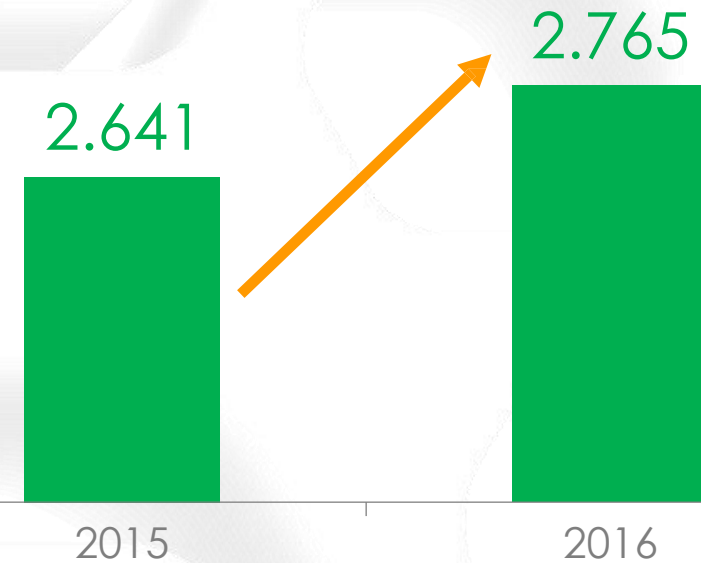
The high level of contracting in 2016 allowed us to **maintain projections of future income.**

Total Contracting

Water (M€/year)



Environment* (M€/year)



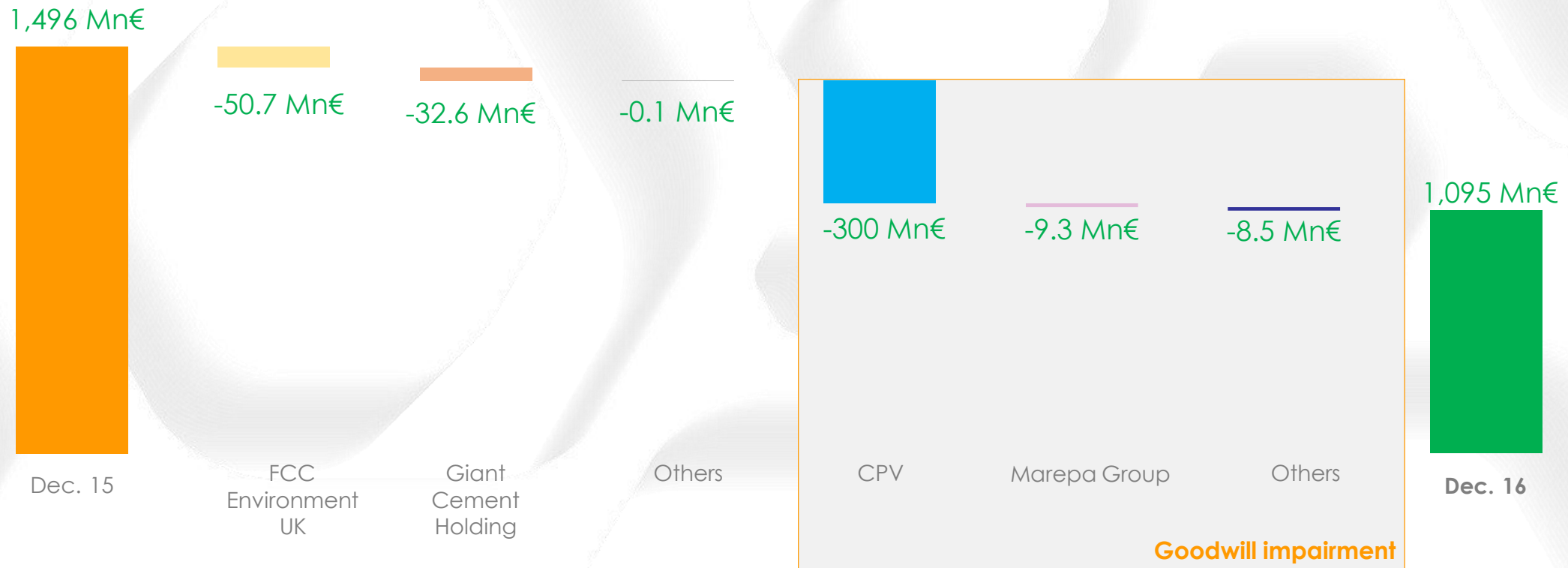
* Pound Sterling at constant exchange rate

Milestones of 2016:

⑥ Goodwill Adjustment

Major remediation (€401 M) of past acquisitions.

Adjustment of their value to the most demanding conditions of the market (especially in CPV with €300 M).



Milestones of 2016:

⑦ Capital Increases in Realia

We participated in two capital increases in Realia.

FCC maintained its **36.9% holding** in Realia.

The 2016 trend in the stock market value of Realia was attributable to FCC



Increase in Value in addition to the capital increase

- The two capital increases provided a total of €87.3 Mn

Financial Strength and Efficiency

Capital increase of €709 M

Debt reduced by €1.883 billion

Disinvestments of €294 M

Over €171 M recovered in receivables and claims

High rate of contract renewals

Remediation of the value of the assets (€300 M CPV)

Participation in capital increases of Realia (€87.3 M)

Intense Financial Agenda

2 Important Milestones for FCC in 2016

2.1. Corporate Governance

2.2. Financial Matters

2.3. Operational Matters

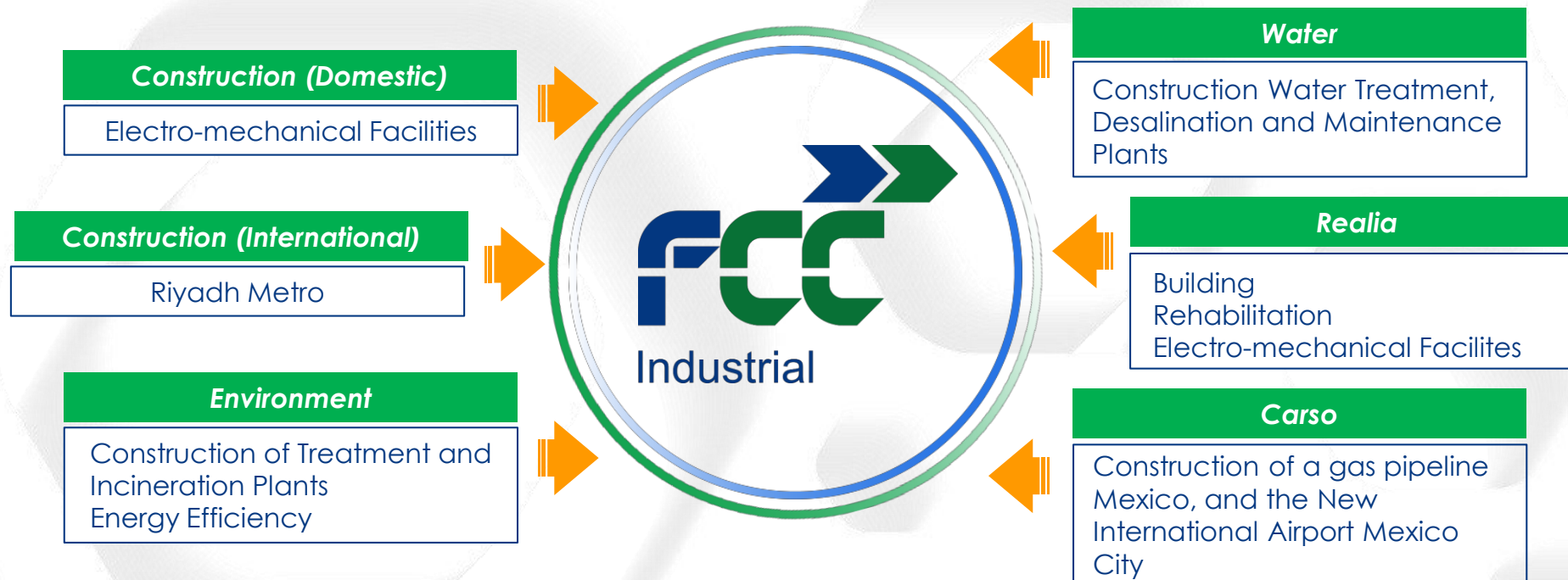


Milestones of 2016:

⑧ Synergies: Working as a “single enterprise”

Business has been stimulated throughout the Group.

For example towards FCC Industrial.



Synergies prevented mass redundancy proceedings that would have cost €30 M in FCC Industrial.

Milestones of 2016:

⑨ Reduction in Administration Costs

Culture of austerity in administration costs.

Administration Costs

329 Mn€



2015

287 Mn€



2016

-13%

External Consultancy

22 Mn€



2015

17 Mn€



2016

-23%

Personnel

217 Mn€



2015

185 Mn€



2016

-15%

Others

23 Mn€



2015

18 Mn€



2016

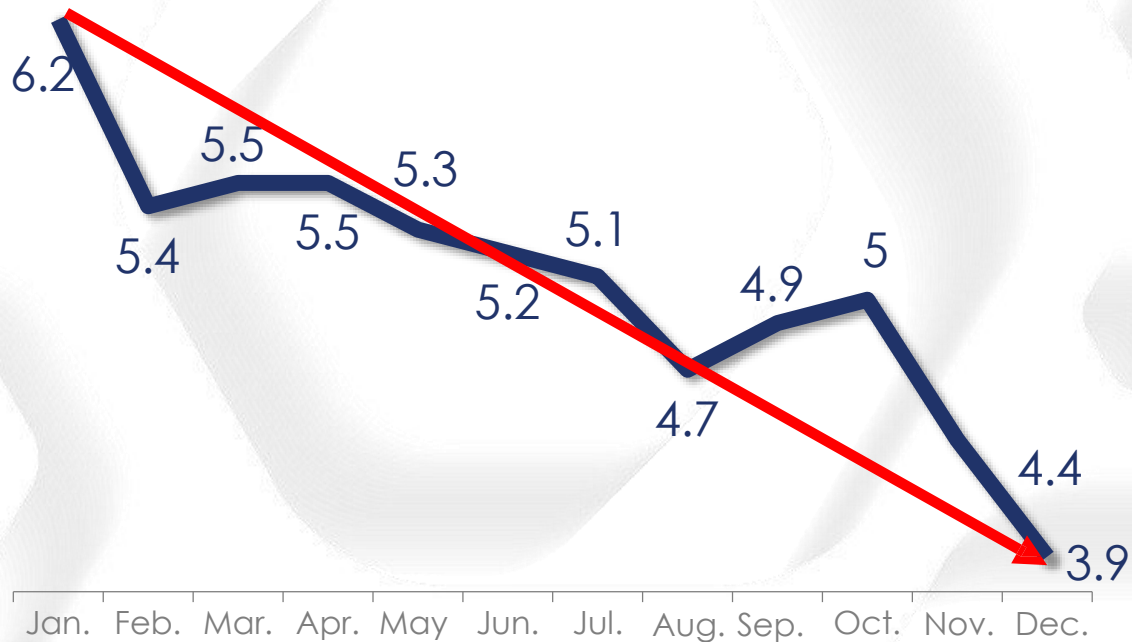
-22%

Milestones of 2016:

⑨ Reduction in Administration Costs

In 2016, **sustained reduction in administration and structural costs.**

Administration costs as % of income 2016



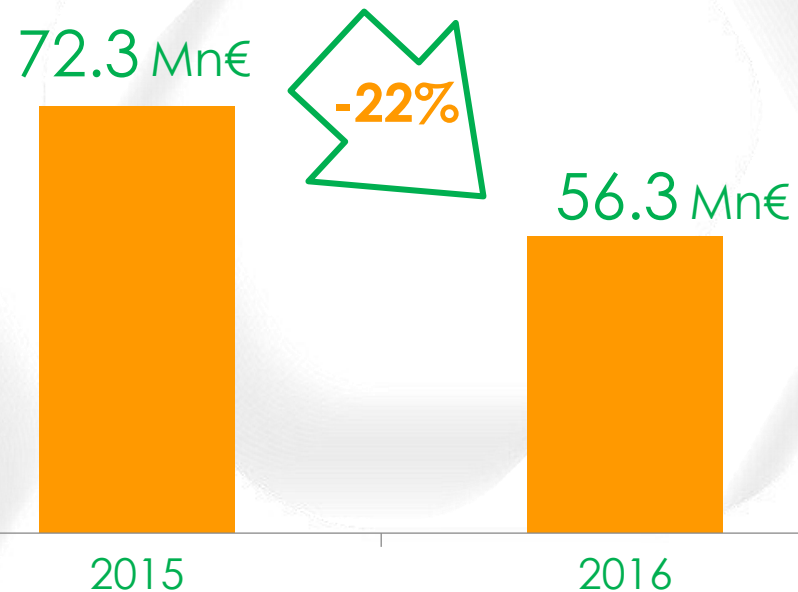
Operating profit and the generation of results both benefited.

Milestones of 2016:

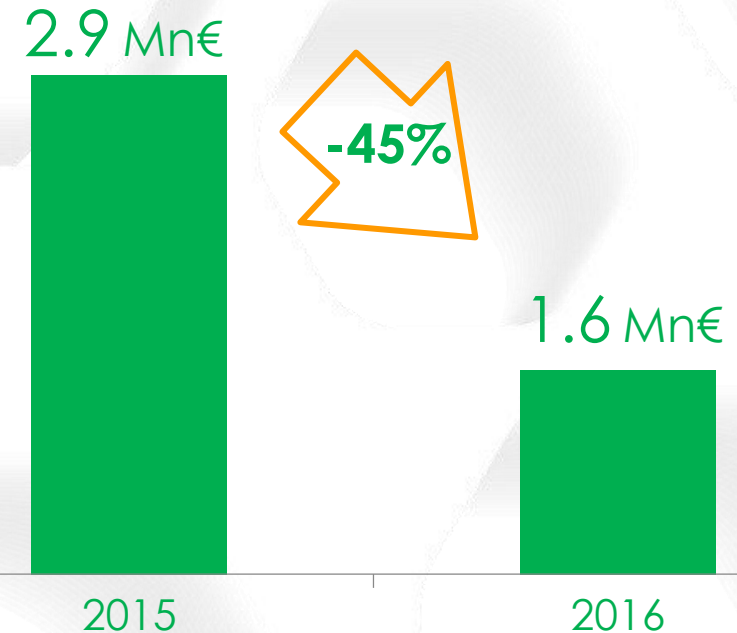
10 Centralised Purchasing

The **Centralised Purchasing Department** has achieved further **savings**.

Electrical energy and gas



Staffing



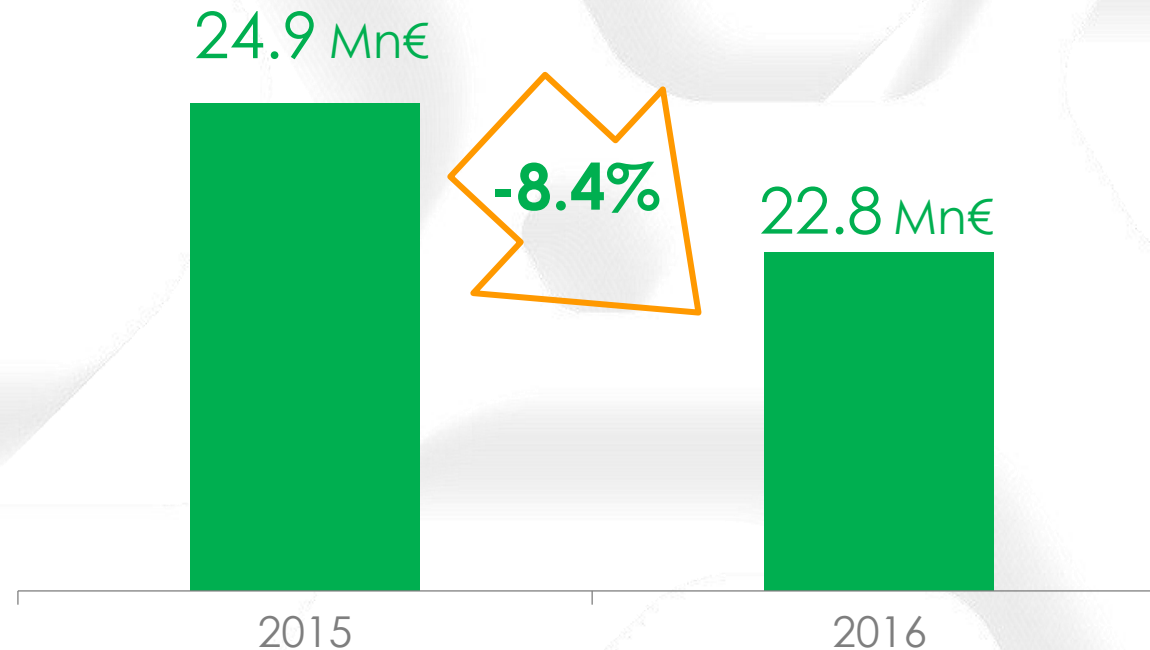
Milestones of 2016:

11 New Structures

Optimising the management of central and regional units.

For example, in FCC Aqualia a new structure was achieved with a reduction of 8.4% in expenditure and a redundancy proceeding was completed in Construction with 649 lay-offs in 2016, down-sizing the division.

Evolution of administration expenses Water Division



Milestones of 2016:

12 Other Productivity Measures

- Better use of space.

Communication systems and technologies

Others
€175,000

Digital transformation
€371,000

Optimisation of services:
€427,000



- Better use of time.

Training and skills development

+7.5% participants
(46,279 people)

436,787 hours of training



- Modernisation of information systems.

Average collection period

Average collection period
Aqualia went from over four months five years ago, to less than three months in 2016

> 4 months

2011



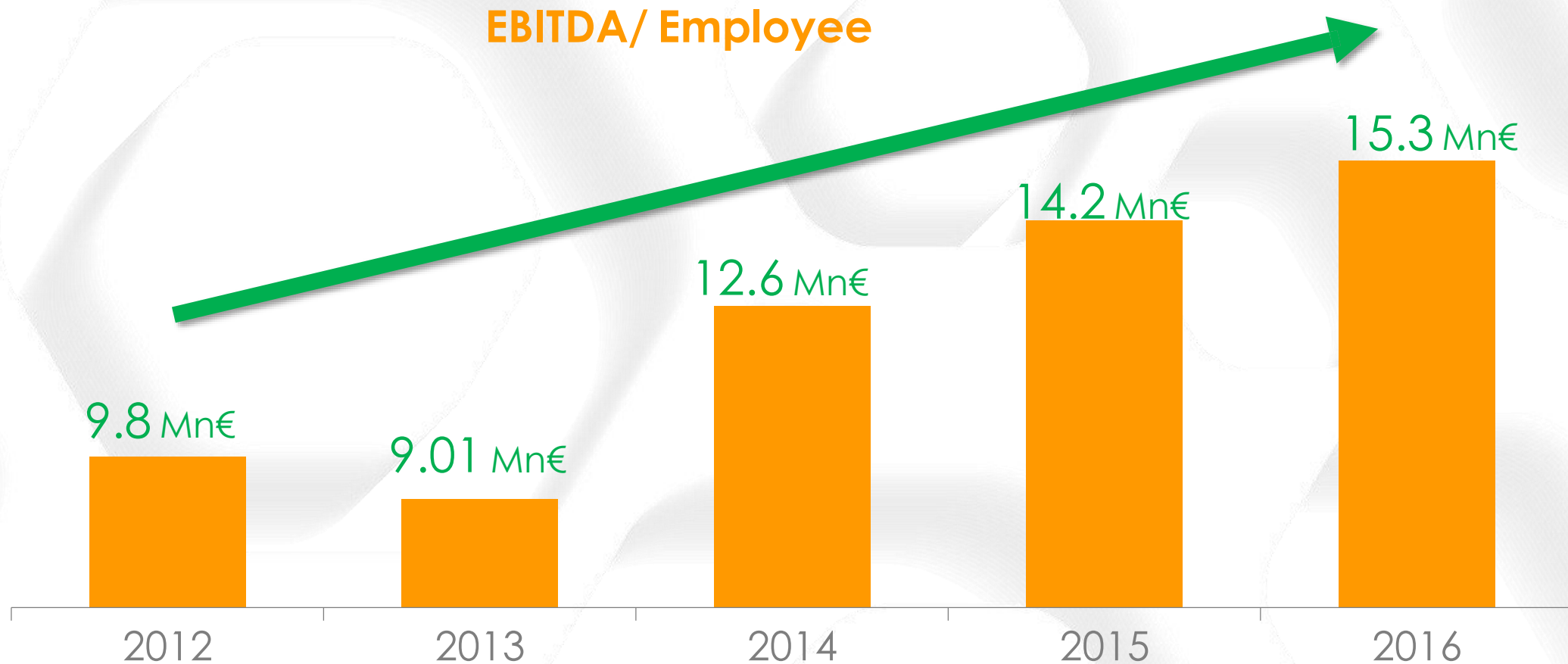
< 3 months

2016

Milestones of 2016:

⑫ Other Productivity Measures

In 2016, **operating profits increased by 8%** per employee.



Summary of Milestones FCC 2016: A Comprehensive Programme



3

Financial Results for 2016



2016 Results : A More Efficient Company

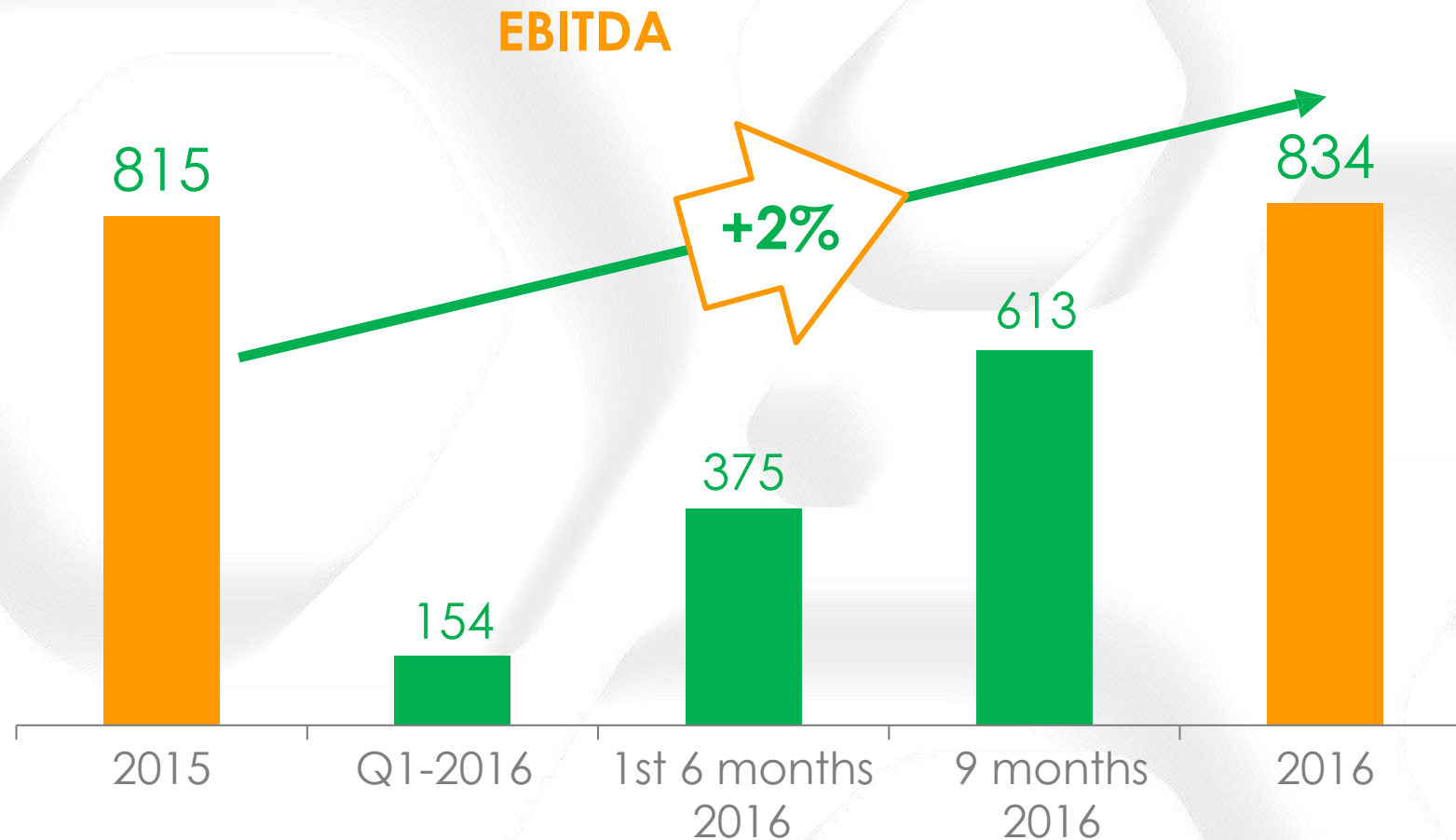
Increase in operating return, thanks to steps taken.

	2015 M€	2016 M€	Change 2015 (%)
Turnover	6,476.0	5,951.6	-8.1%
EBITDA	814.6	833.7	2.3%
Margin EBITDA	12.6%	14.0%	1.4 p.p.
Net Attributable Result	(46.3)	138.4*	N/A
Net Debt	5,473.6	3,590.9	-34.4%

*Adjusted for CPV Goodwill

2016 Results : A More Efficient Company

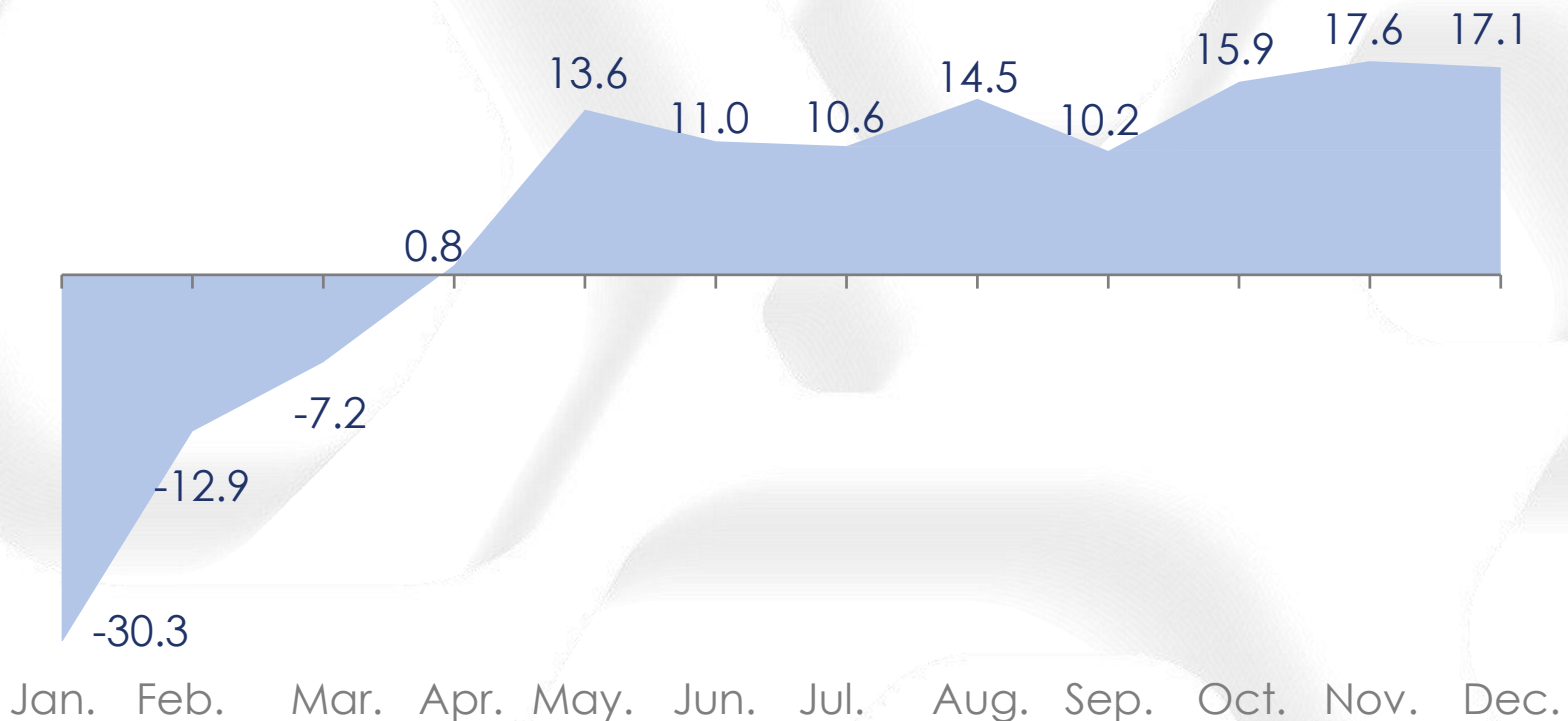
Consolidation of a major shift to a positive trend, even in conditions of limited demand.



2016 Results : A More Efficient Company

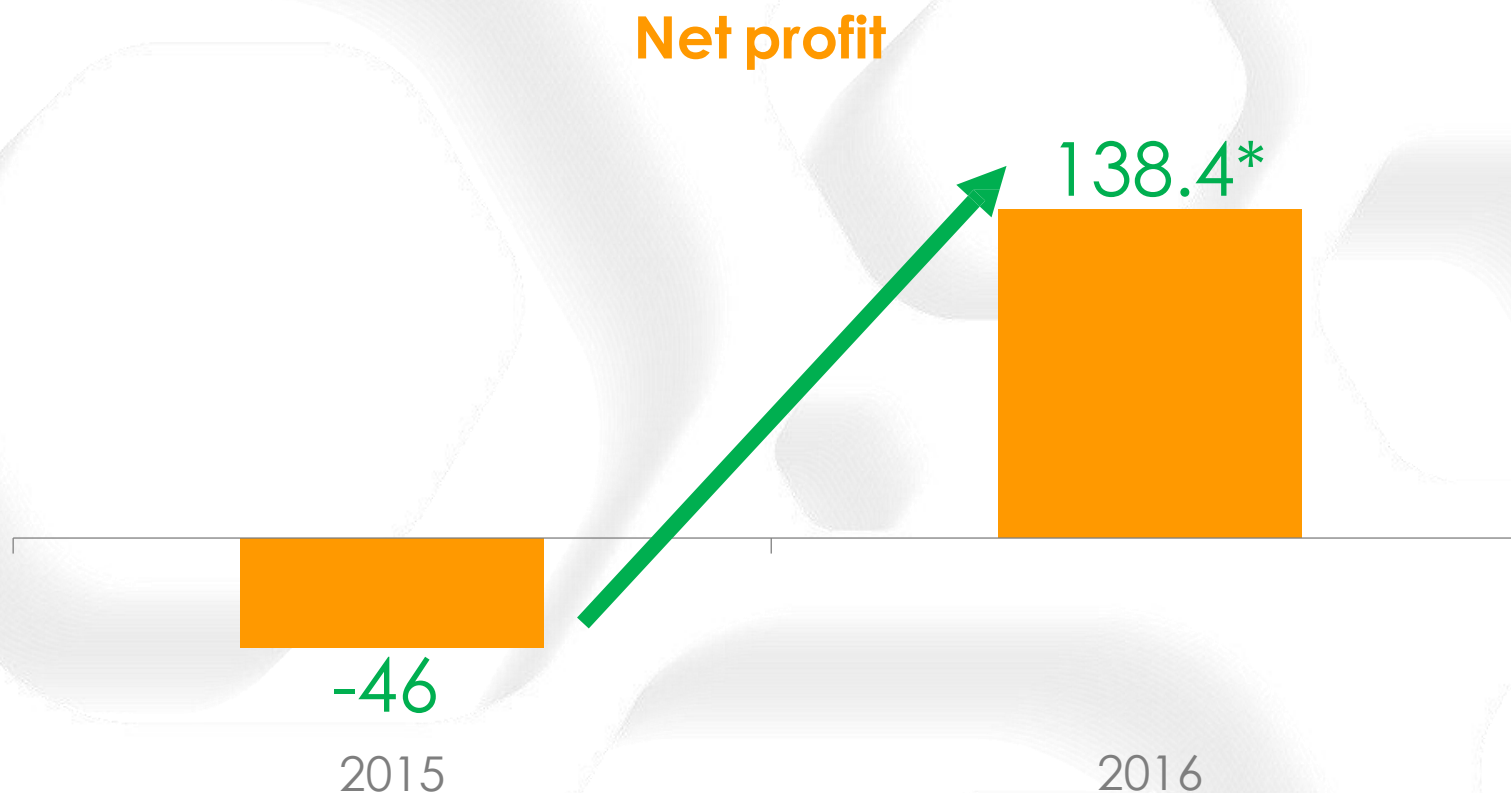
FCC Group entered positive results in a sustained manner from April 2016 and this trend is continuing.

Evolution of Net Recurring Profit (M€)



2016 Results : A More Efficient Company

**The net recurring profit reached a clear turning point,
of €138,4 M.**



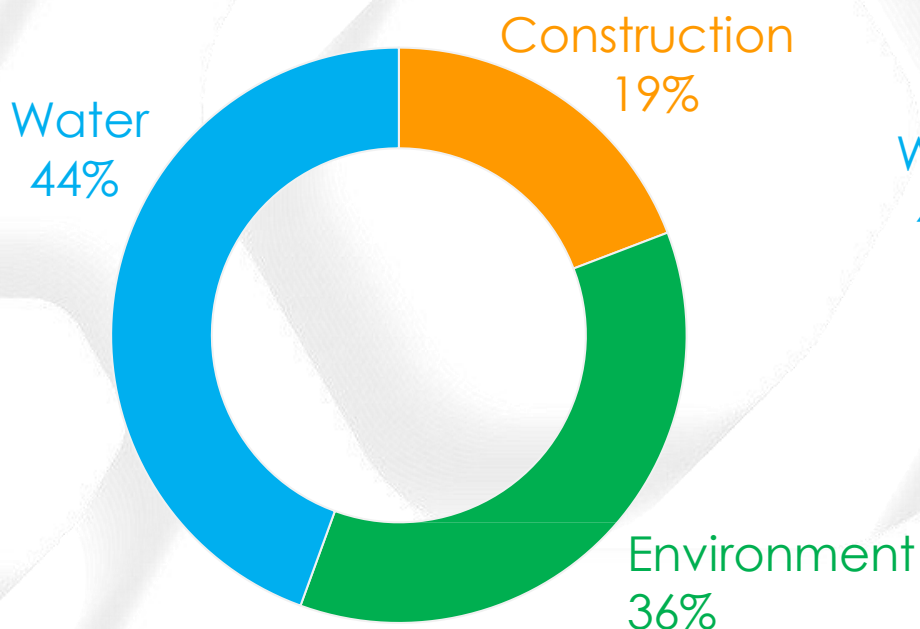
*Adjusted for CPV Goodwill

2016 Results : A More Efficient Company

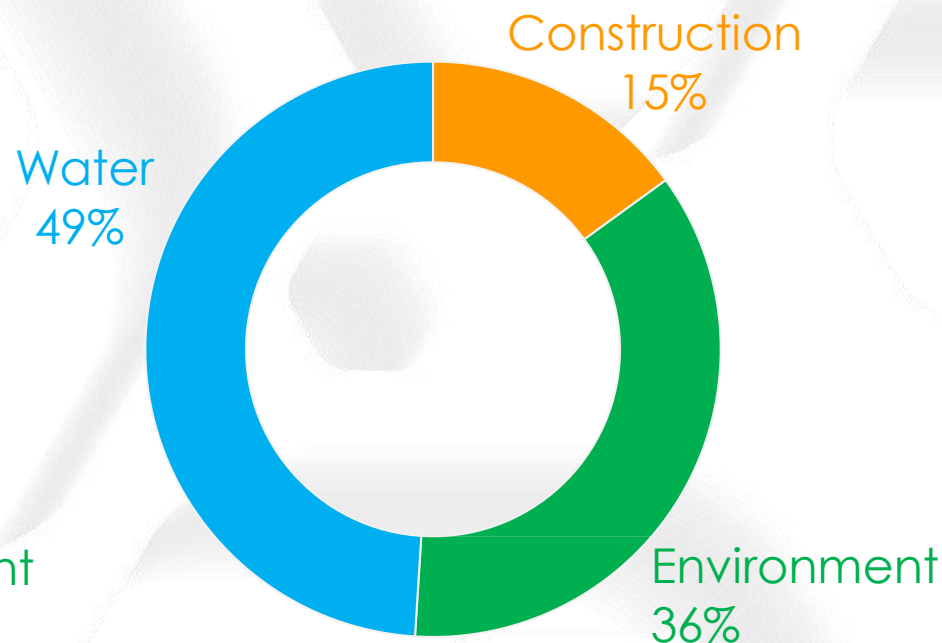
“Utilities” increased to 85% of the total portfolio.

Equivalent to **more than five years of consolidated income.**

2015



2016



30,590 Mn€

**5.1 x
Annual
income**

3

Financial Results for 2016

Business divisions:
plus operational return on
investment

Environment
Water
Construction
Cement



2016 Results :

Business Divisions: Environment

In 2016, it served 59 million people in more than 5,000 towns and cities in 13 countries

Managing 24 million tonnes of waste

It has 650 waste management facilities in operation

200 sites engaged in waste treatment and recycling

10 projects involving the monetisation of energy from waste

Used a capacity of 2.6 million tonnes and 300 Mw

Achieved more than 2 billion Euros of business globally

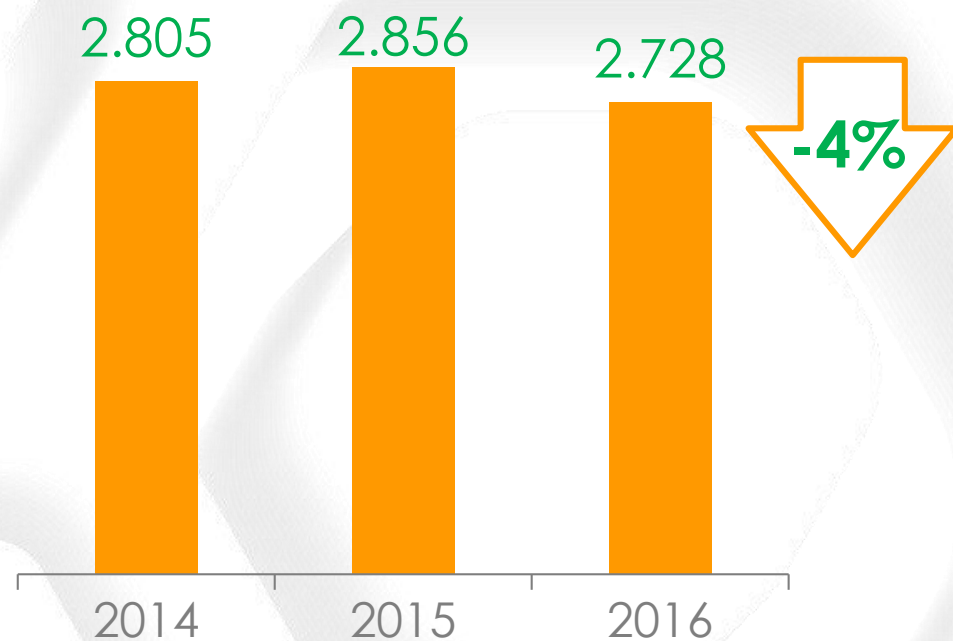
Number 1 in Spain and among the 7 most important in the world



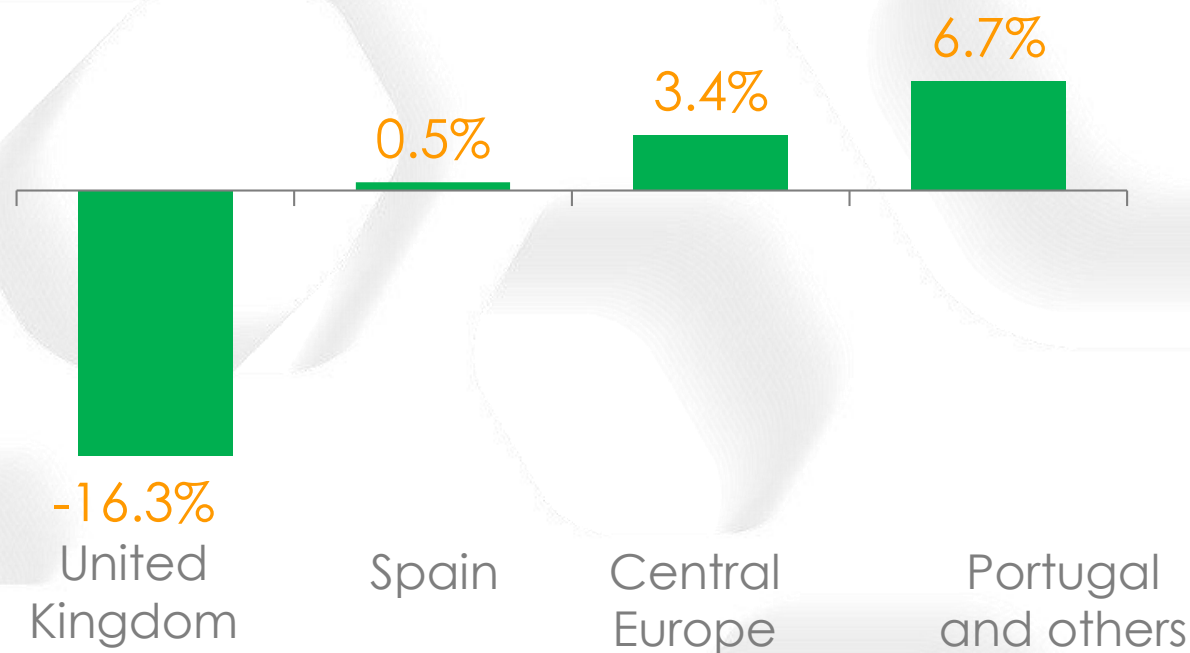
2016 Results :

Business Divisions: Environment

Income (M€)



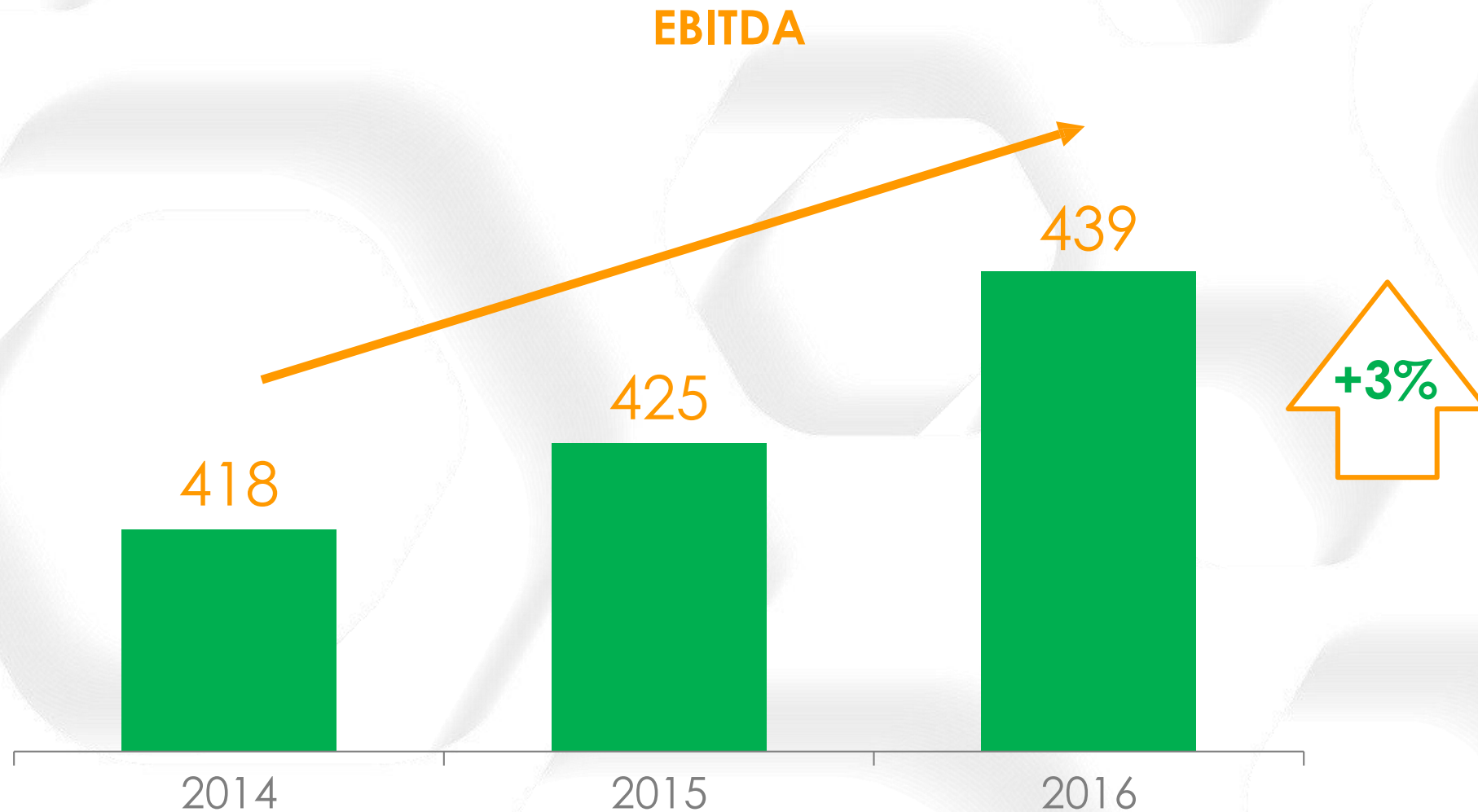
Income (% 2016 vs. 2015)



Influenced by the Pound Sterling exchange rate,
(which was devalued by 11.4%).

2016 Results :

Business Divisions: Environment



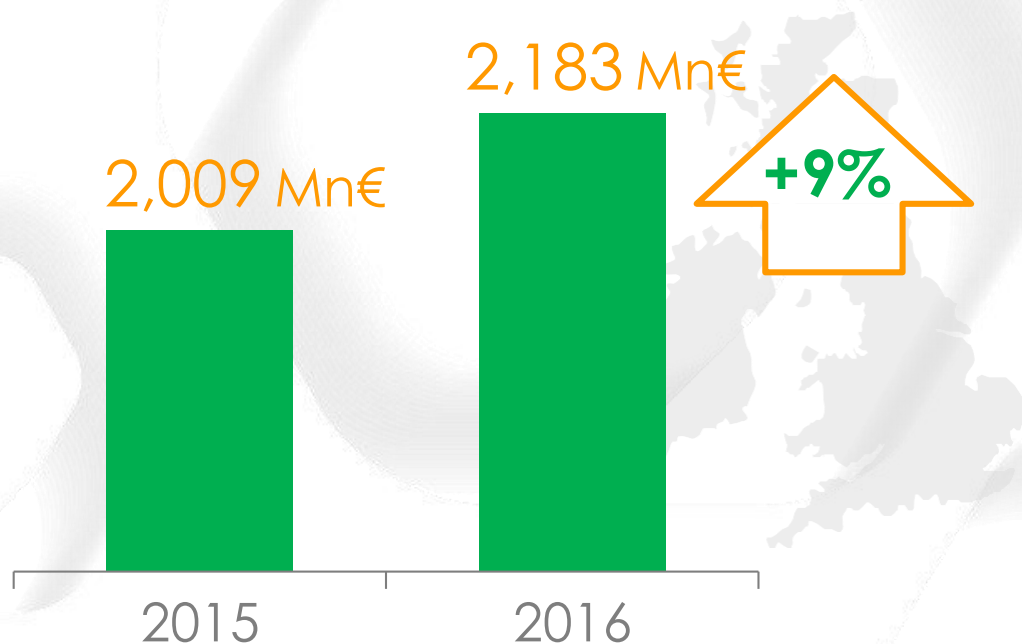
2016 Results :

Business Divisions: Environment

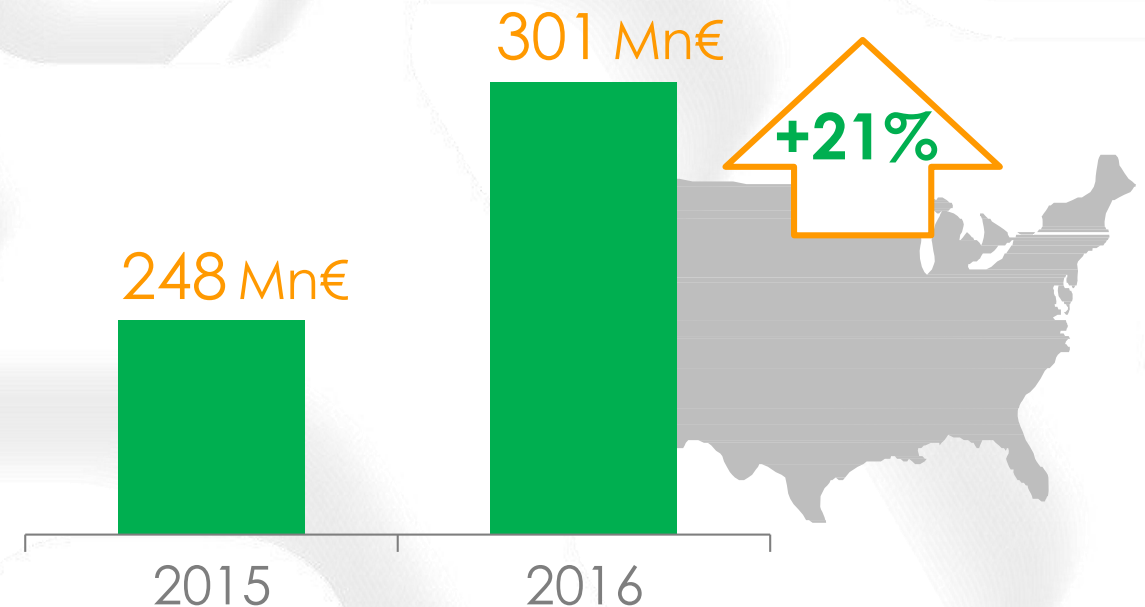
Maintained its market share.

Grew the recycling portfolio (EfW in the UK), and secured new markets (US).

United Kingdom Portfolio



US Portfolio



2016 Results :

Business Divisions: Water

In 2016, provided services in Spain to over 850 town and city councils

Carried out projects in Europe, Latin America, the Middle East and North Africa

Presence in 22 countries

Management of 66,400 km of distribution networks

2,709 water reservoirs

760 waste water treatment plants

209 drinking water purification plants

Long-term income stream

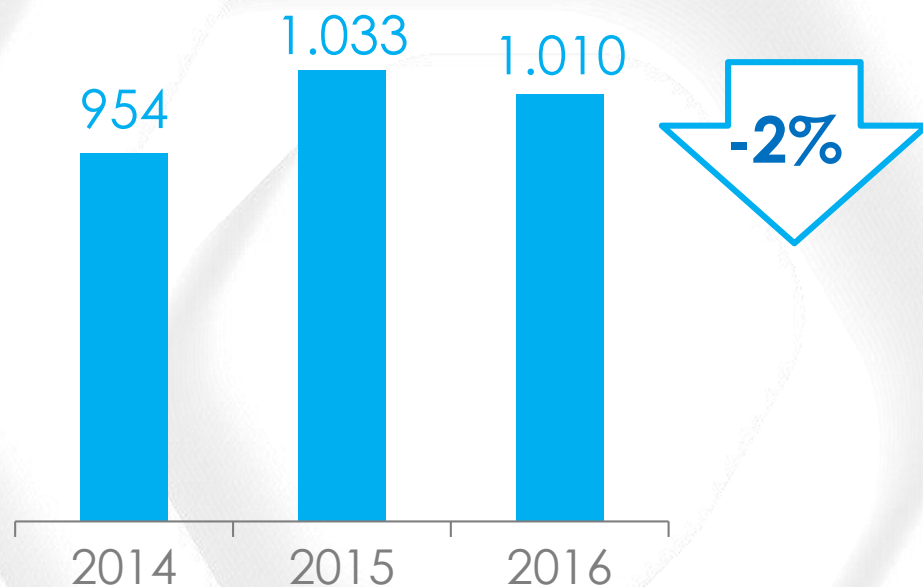
No. 1 private company in Spain in full-cycle water management,
No. 3 in Europe and No. 7 worldwide



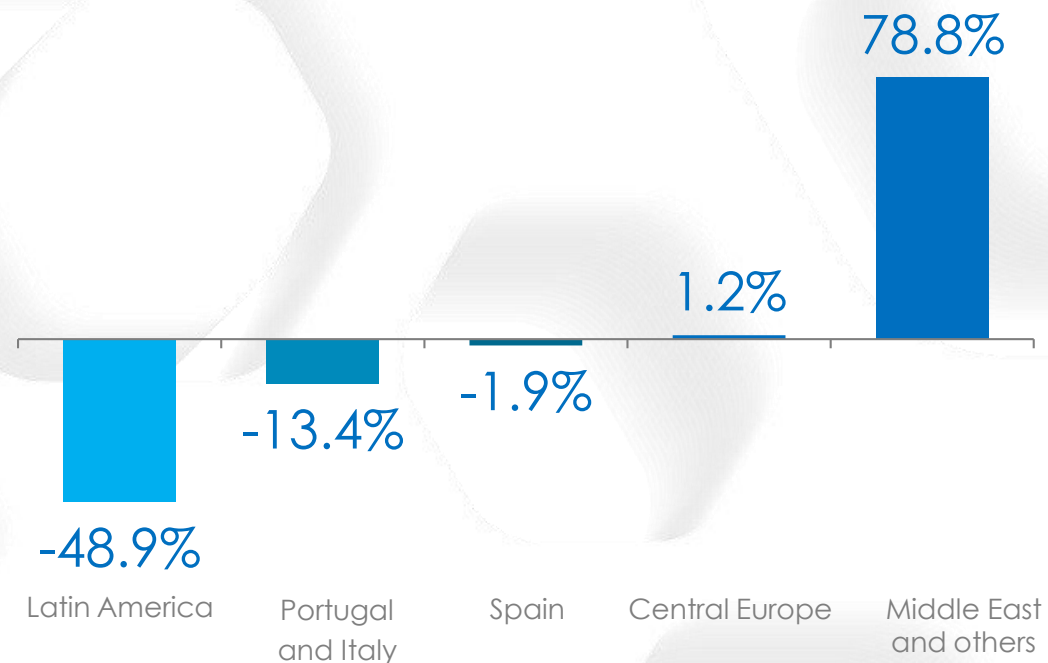
2016 Results :

Business Divisions: Water

Income (M€)



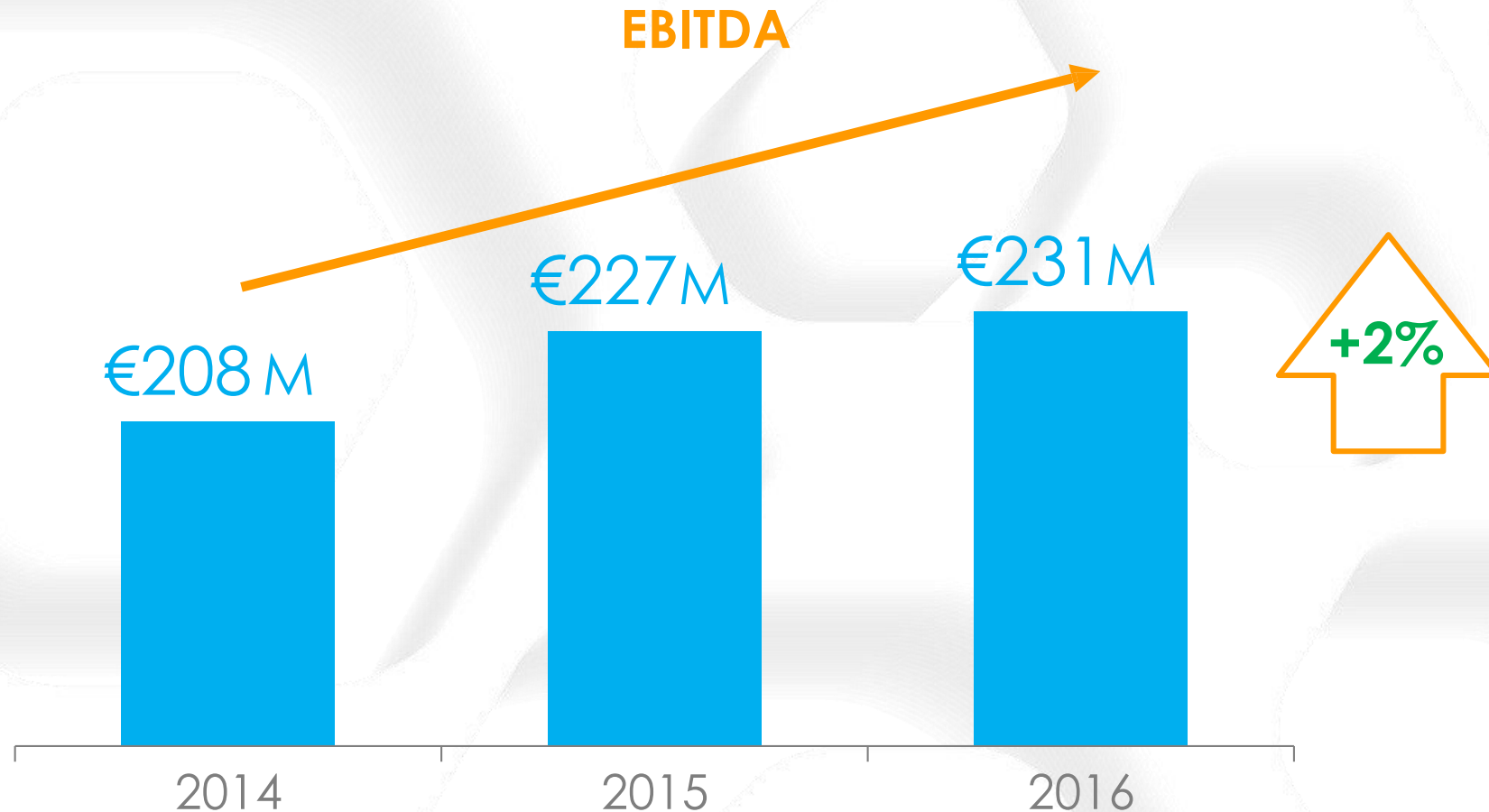
Income (% 2016 vs. 2015)



In Latin America, major contracts were signed for hydro projects in Mexico.

2016 Results : Business Divisions: Water

Greater profitability in the activity of the full cycle water management in long-duration concessions.



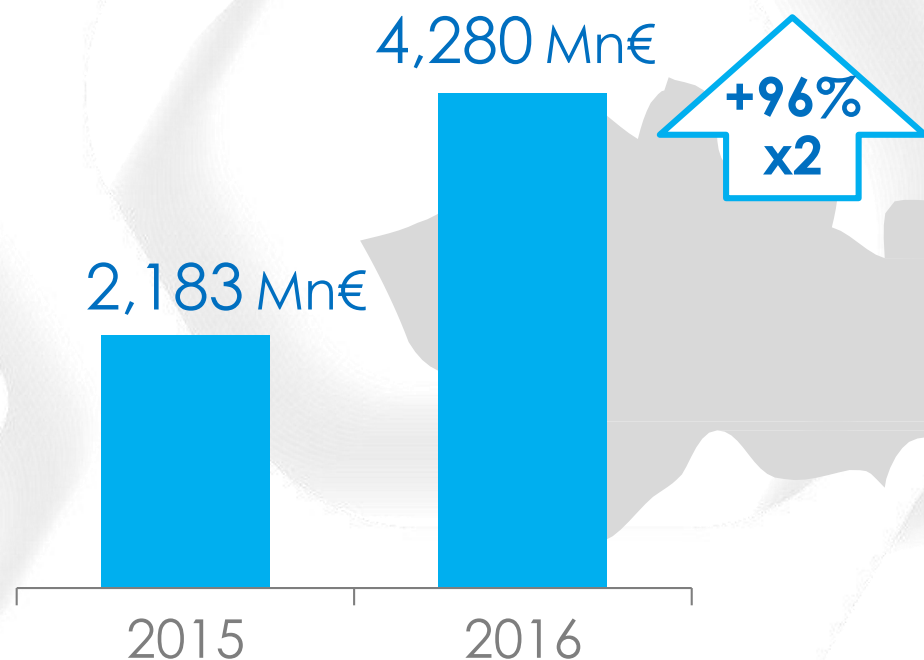
2016 Results :

Business Divisions: Water

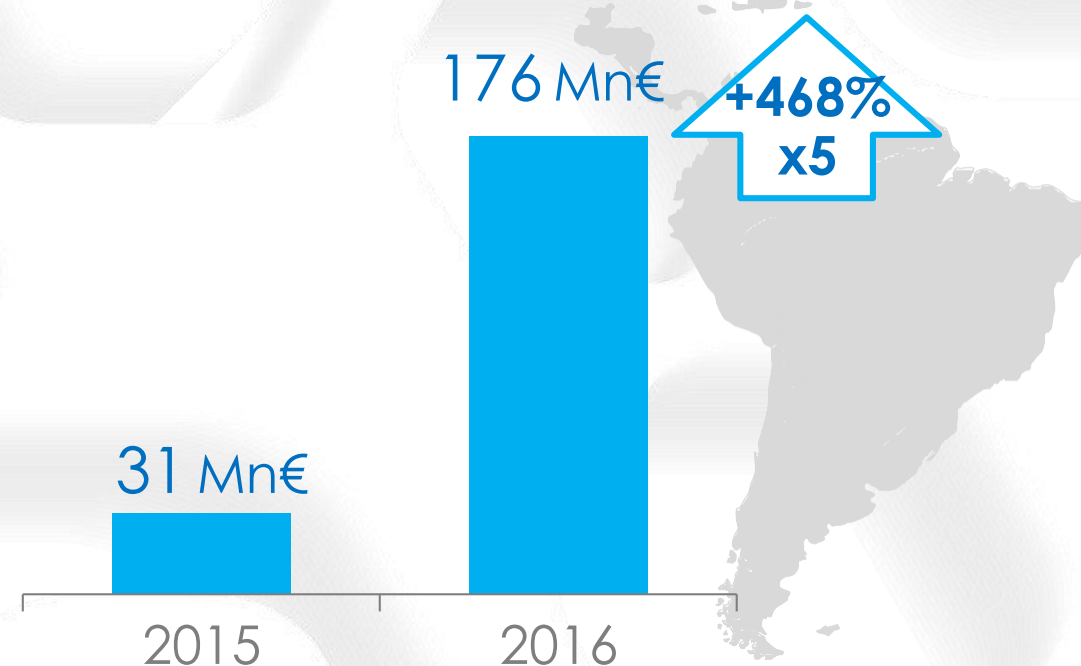
Increase in the international portfolio in areas with a strong demand.

BOT projects and PPP schemes in emerging economies.

Czech Republic portfolio



Latin American portfolio



2016 Results :

Business Divisions: Construction

World leader in the delivery of large-scale civil engineering works

With the track laid in 2016, total high-speed rail lines delivered by FCC in Spain reached 900km

More than 600 km of tunnels

One of the world's top 100 construction firms



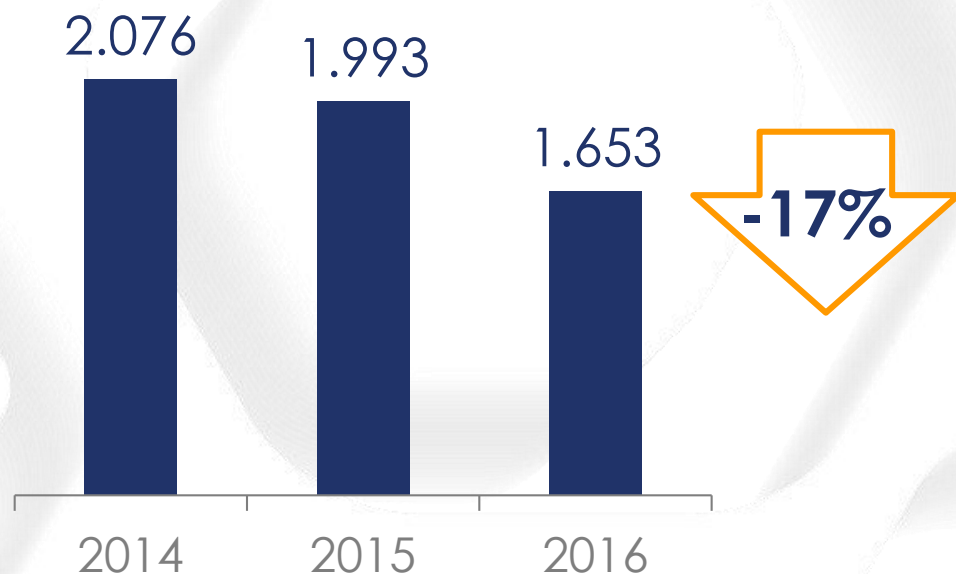
2016 Results :

Business Divisions: Construction

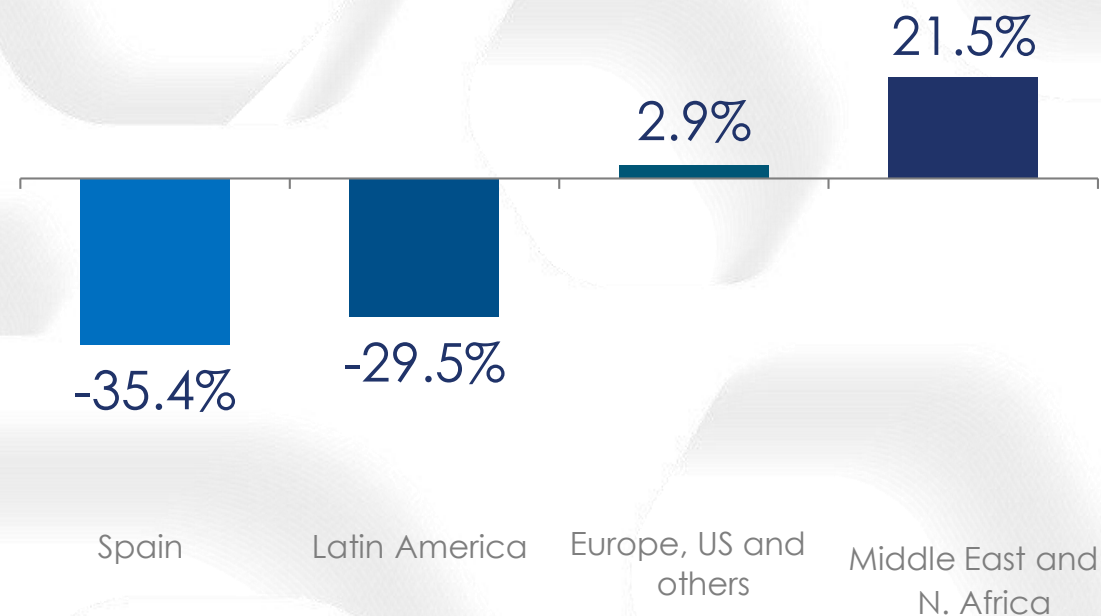
Reduction in income due to downturn of the Spanish market and completion of projects in Latin America.

Positive effect on industrial activity.

Income (M€)



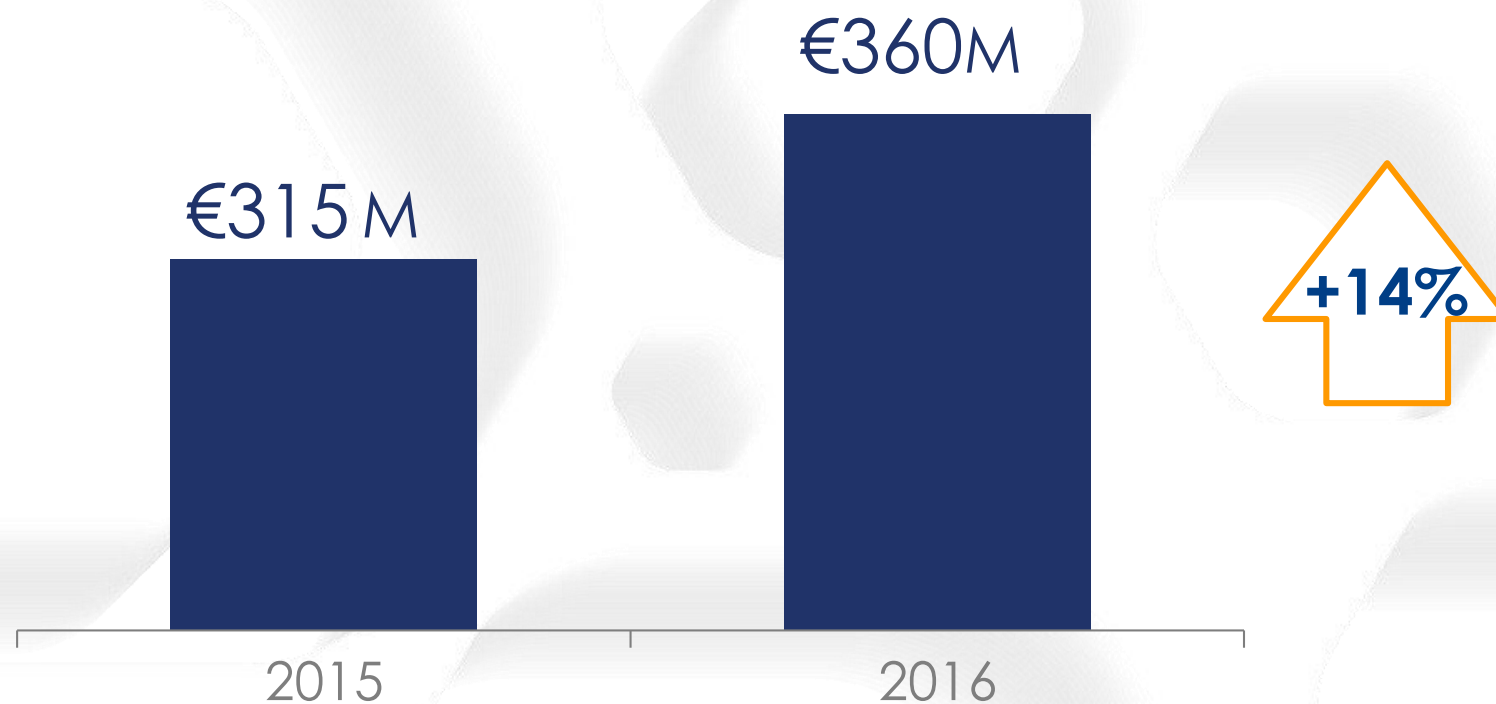
Income (% 2016 vs. 2015)



2016 Results :

Business Divisions: Construction

Portfolio (FCC Industrial)



2016 Results :

Business Divisions: Cement

Presence in three continents

Productive capacity of 15.6 Mn tonnes
of cement

No. 1 producer in Spain



2016 Results :

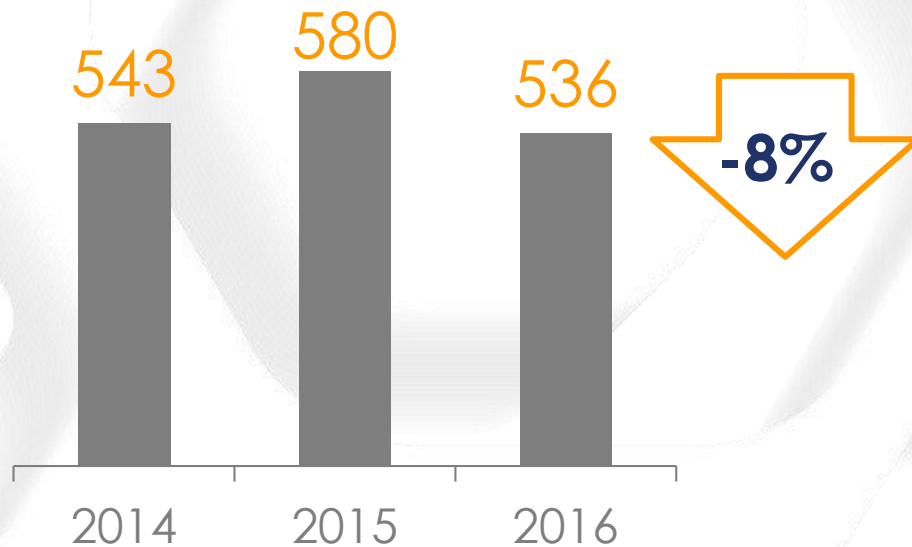
Business Divisions: Cement

Effect of devaluation of the Tunisian Dinar by -11.5%

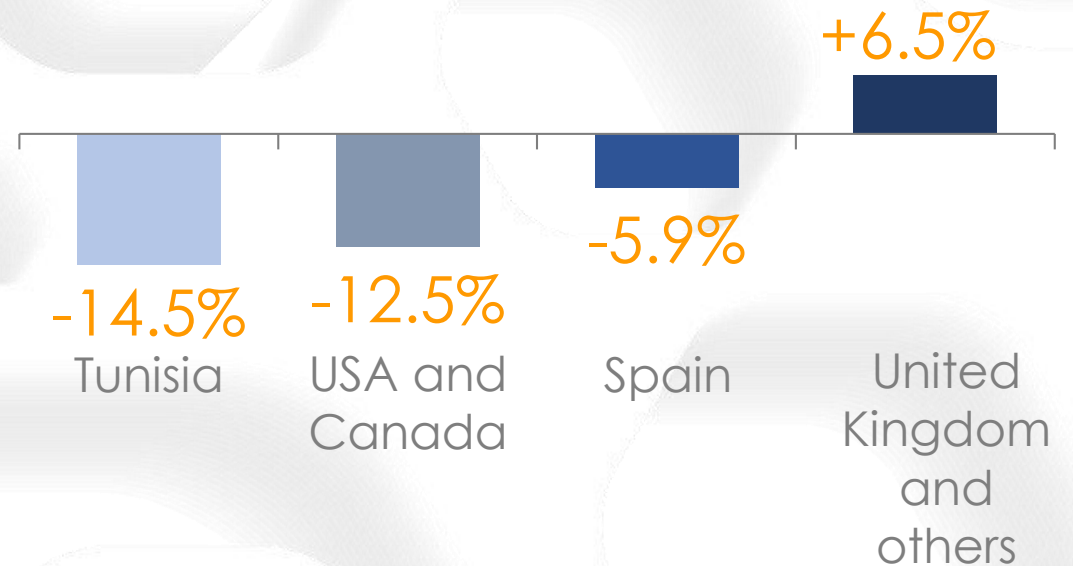
Impact of Giant Cement (USA) deconsolidation

Delayed recovery in Spain

Income (M€)



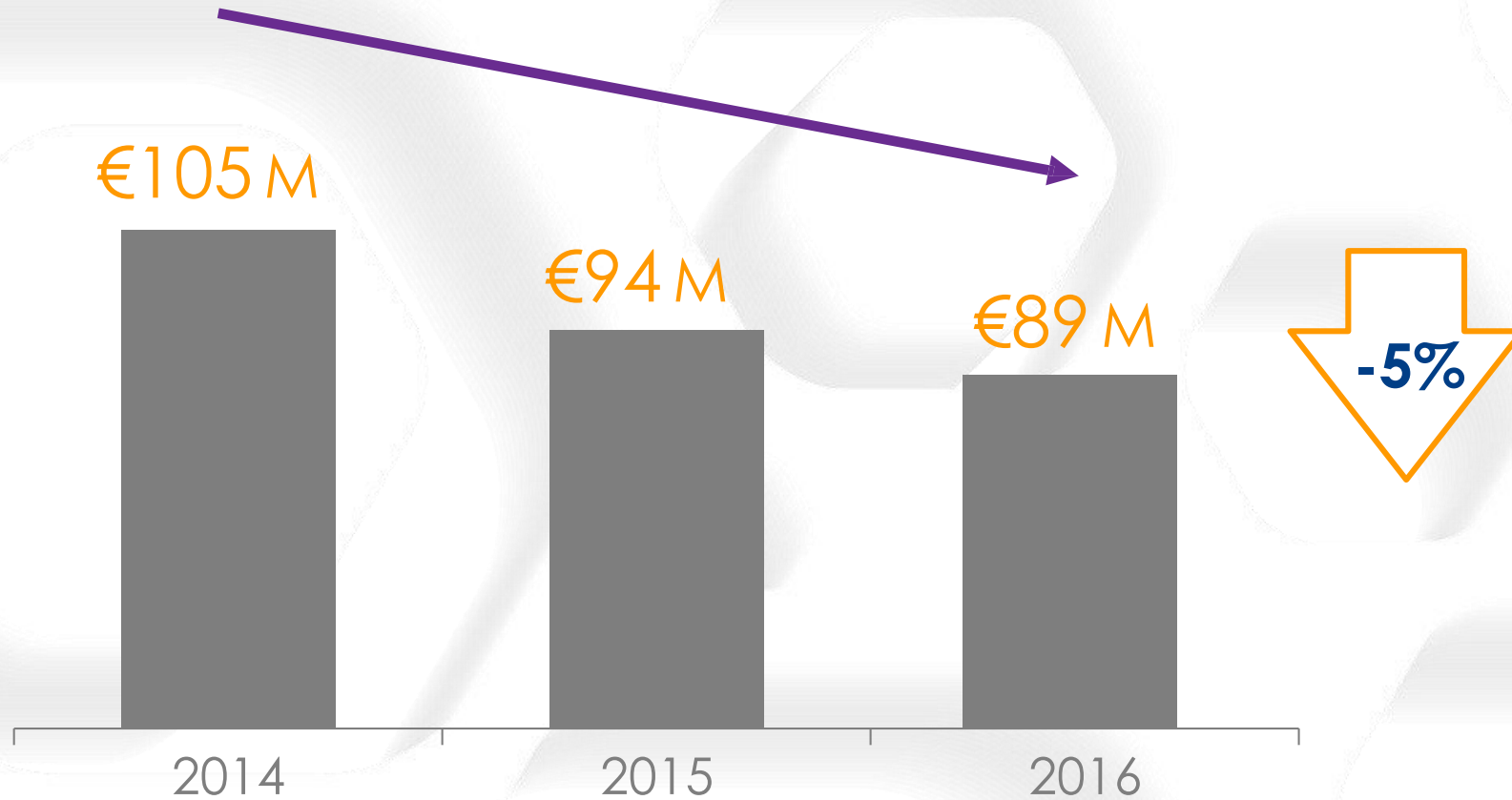
Income (% 2016 vs. 2015)



2016 Results :

Business Divisions: Cement

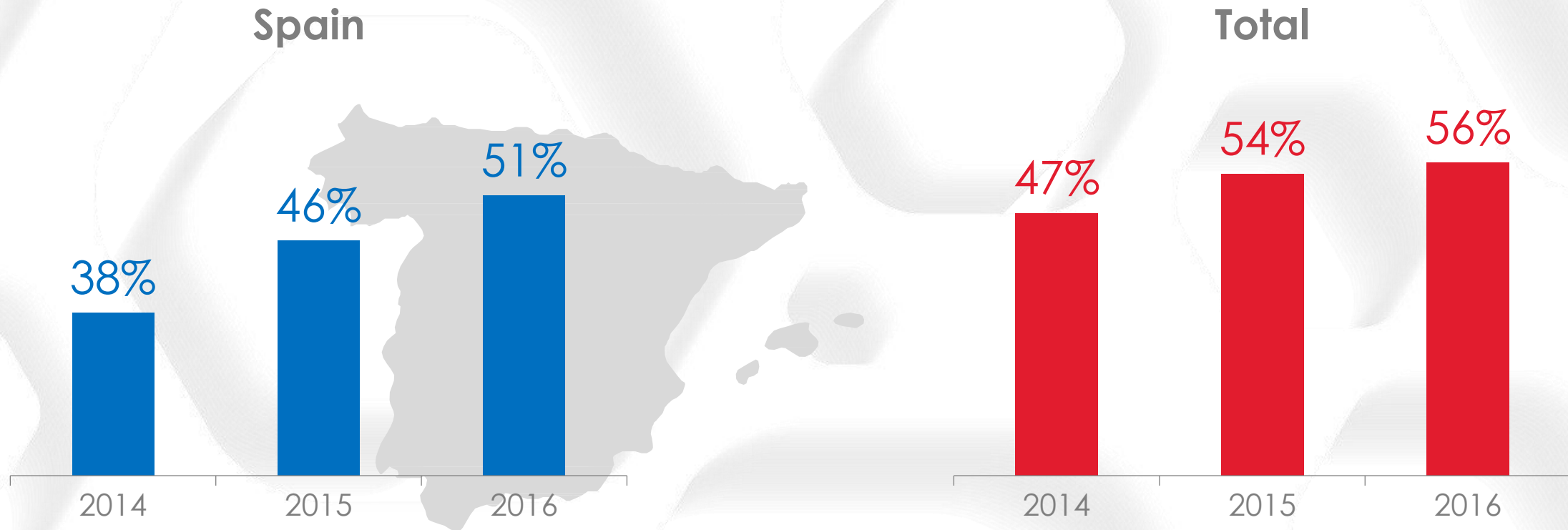
EBITDA



Excluding Giant and impact of CO₂
EBITDA increased by 9.1% in 2016

2016 Results : Business Divisions: Cement

Use of the capacity; sustained growth through increased exports, with increased profitability.



International Sales were 65% of Total Billing

2016 Results : Improvement in Operating Capacity

Increase in operating profit (+1.4 p.p. up to 14%)

Major reduction in the Group's operating costs

Austerity, with a major reduction in operating costs

Increase in productivity

Emphasis on fostering synergies between divisions of the Group

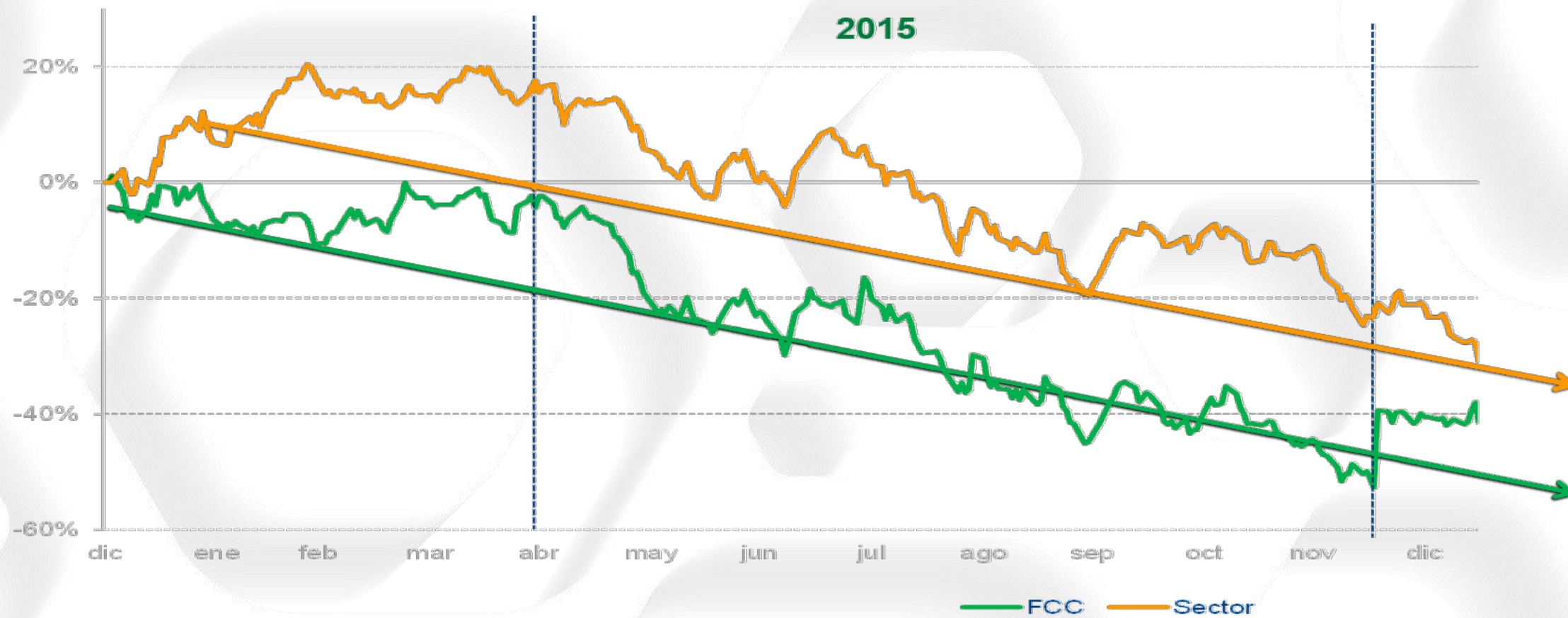
Consolidation of a new culture of working as a single enterprise

4

Performance of the Share Price



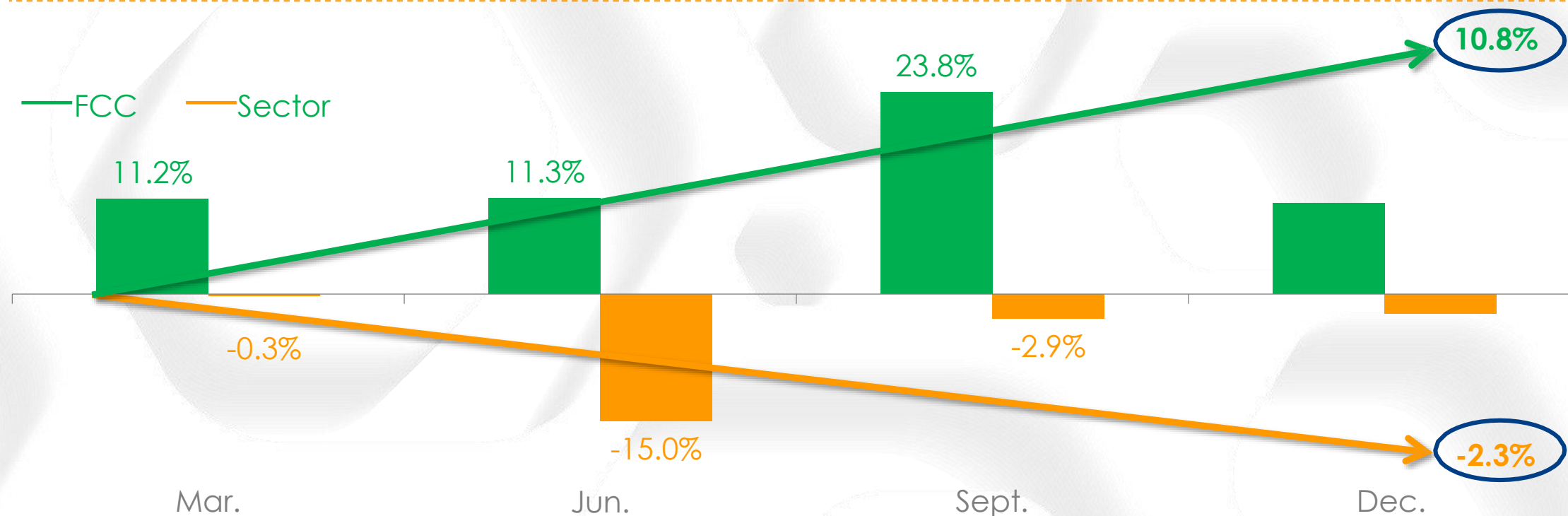
Performance of the Share Price 2015 (“Coupling”)



Performance of the Share Price 2016 (“Decoupling”)

The mandatory takeover bid of Inversora Carso altered the trend of the share price in the first six months of the year

In the second half of the year subsequent stabilisation permitted substantial improvement of the sector in the year as a whole.



5

**New Projects
and Contracts Won**



Featured Contracts:

① Environment

ENVIRONMENT



Recycling and energy
recovery centre Edinburgh &
Midlothian (Scotland)

€511M



UWC contract Madrid
€227.5 M



UWC contract in the state of
Florida (Polk, US)

102 M USD

Portfolio of €11,152 M = 4.1 x annual income

Featured Contracts:

② Water

WATER



Adeje Integrated
Management
(Tenerife)

€110.1 M



El Salitre WWTW
(Colombia)

€130.5 M



Desalination Plant in
El-Alamein (Egypt)

€114.6 M

Portfolio of €14,956 M = 14.8 x years' income

Featured contracts:

③ Construction

CONSTRUCTION



FCC
Citizen Services



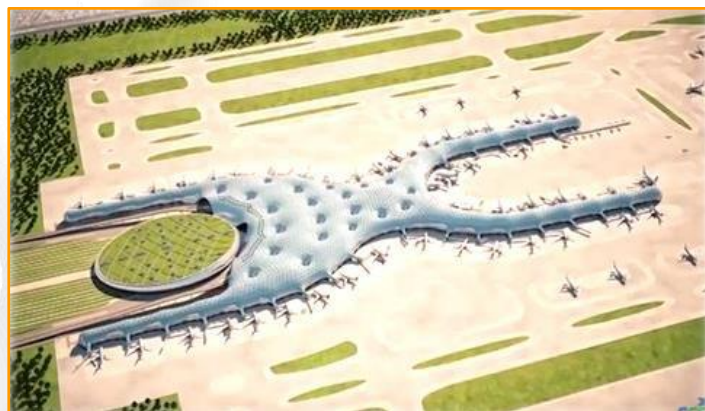
Electro-mechanical installations on lines 4,5 and 6 Riyadh Metro: €179 M



Dublin Airport installations: €33 M



Carso-FCC Gas pipeline Mexico: €225 M



Mexico City Airport: €3.9 billion



Rail lines in Romania €1.634 billion

Portfolio of
€4.482 billion = 2.7 x
Annual income*

Featured Contracts:

④ Cement

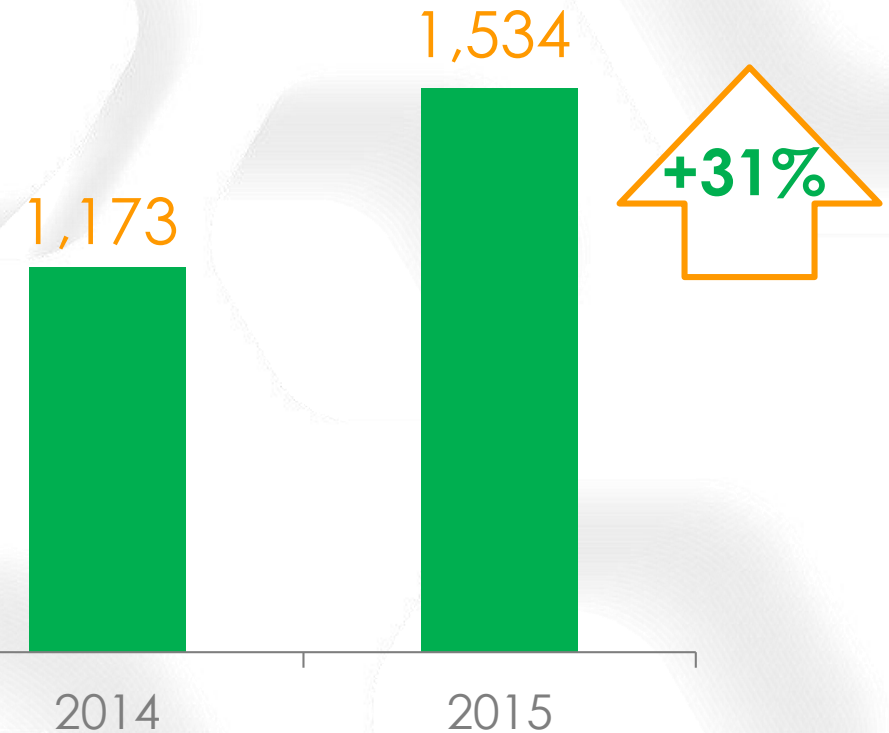
CEMENT



+ Export markets

	France		Algeria
	Portugal		Libya
	United Kingdom		Guinea
	Ghana		Mauritania
	Guatemala		Cameroon
	Liberia		Puerto Rico
	Sierra Leone		Dominican Rep.

In thousands of tonnes



6

Corporate Social Responsibility: Milestones of 2016



New CSR policy: Approved in July 2016

- In line with the principles of the CNMV's Good Governance Code
- Positioning of FCC in the Agenda for Development

New structure:

- **Corporate Responsibility Management is integrated into the General Secretary's Office**

New tracking and follow-up approach:

- Supervision of the CSR policy is entrusted to the **Board's Executive Committee**

Training and talent in FCC:

46,000
participants

436,000
hours of training

↑ **+7.5%**
vs. 2015

Actions to promote equality and diversity in the workforce:

● Equality plans

27% of the
**Board of
Directors are
women**

21% of **Senior
Management**
are women

22%
of the **workforce**
are women

Health & Safety of our workers:

● Health & Safety
ratio:

↓ **5.1%** of the
incidence rate

FCC's strategy is aligned with the **objectives of COP21:**

- FCC Medio Ambiente, FCC Aqualia and FCC Construcción filed their respective **carbon footprints** with the **Registry of the Spanish Climate Change Office** (OECC)

Efficient use of water resources: **↓ 8%** water consumption

Contribution to the **development** of the communities where FCC is present

- More than 14 million euros committed to nearly 300 social projects in 2016:
 - **“WREN Foundation”**: projects and in communities near landfill sites
 - **“Facilitate access to water”**: FCC Aqualia Vigo does not cut off water to families with limited means.
 - **“Environmental workshops”**: Classes to raise environmental awareness from primary to secondary level
 - **“Promotion of local employment”**: + 50 per cent employed in the building of the Panama City Metro come from the communities affected. Saving of 1 to 2 hours’ travel time for 500,000 Panamanians
 - **“Abacus Furniture”**: social integration of inmates in HM Prison Rochester (UK)
 - **“FCC with higher education”**: collaboration with 50 universities across the world to spread knowledge

7

FCC's Strategic Courses of Action for Growth



FCC's strategy is based on these fundamental principles

VALUES that define our behaviour:

- More than 115 years experience
- Connected with citizens
- Professionalism and quality: talent and diversity
- Health & safety of employees
- Financial strength and operational effectiveness
- Commitment to Corporate Social Responsibility
- Long-term shareholder commitment to FCC

STRATEGIES to achieve the objectives:

- Working as a single enterprise
- Appropriate completion of projects in progress
- Profitable business in tune with risk control and positive cash flows
- High-profile projects
- Innovation and application of cutting-edge technology
- Making the most of the new era of technology (the digital world): digital culture, digitisation of processes and sensors and M2M
- Targeting familiar markets
- Synergies and strategic alliances in FCC Americas
- Smart globalisation We will not be spreading ourselves too thinly

8

Evolution in
2017



Evolution in 2017

In 2016, the financial debt was reduced by 34% and associated costs by 13%.

We can already add what has been achieved in 2017 to this.

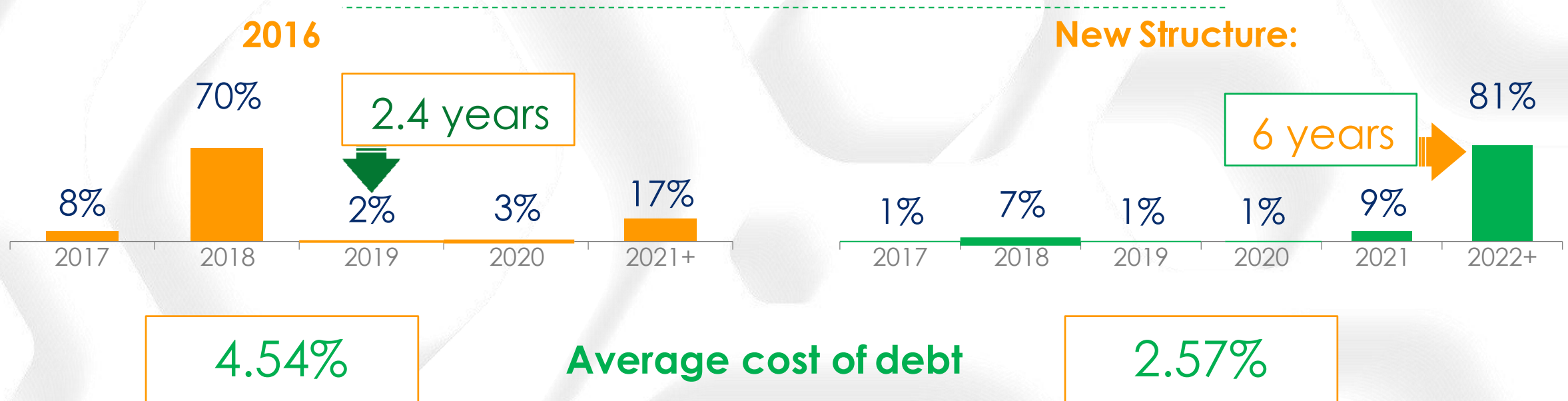
In June 2017, FCC Aqualia issued two bonds for a total amount of €1.350 billion.

Amount	Maturity	Interest rate
€700 M	2022	1.41%
€650 M	2027	2.62%

Evolution in 2017

Also, in June 2017 negotiations were completed for a new debt structure for FCC Group that is more appropriate in terms of the duration (more than twice as long) and the financial costs involved (almost half).

Debt Maturity



The benefits for FCC will be very clear from July 2017 onwards

Evolution in 2017

First Quarter, 2017

EBITDA grew **12.7%**

EBITDA margin increased by **1.8%**

Attributable Net Result **+€21.4 M** profit in 2017
(compared with a loss of -€16,7 M in 1Q 2016)

In Construction: Majority Shareholders Net Result + €45 M

Although challenges remain, at the start of 2017 EBITDA has grown, there is more margin, less debt, new and important projects and financial optimisation.

Results from the start of 2017 confirm there has been a change of cycle

We will continue with the firmest conviction to carry out the actions we have been implementing and make the necessary adjustments

FCC will continue along the path of growth

All of these actions were set out to
generate added value for the shareholder

From January to May 2017 the share price increased by 30%

9

The Future: a Scenario of Challenges and Opportunities



9 The Future: a Scenario of Challenges and Opportunities

9.1. Challenges

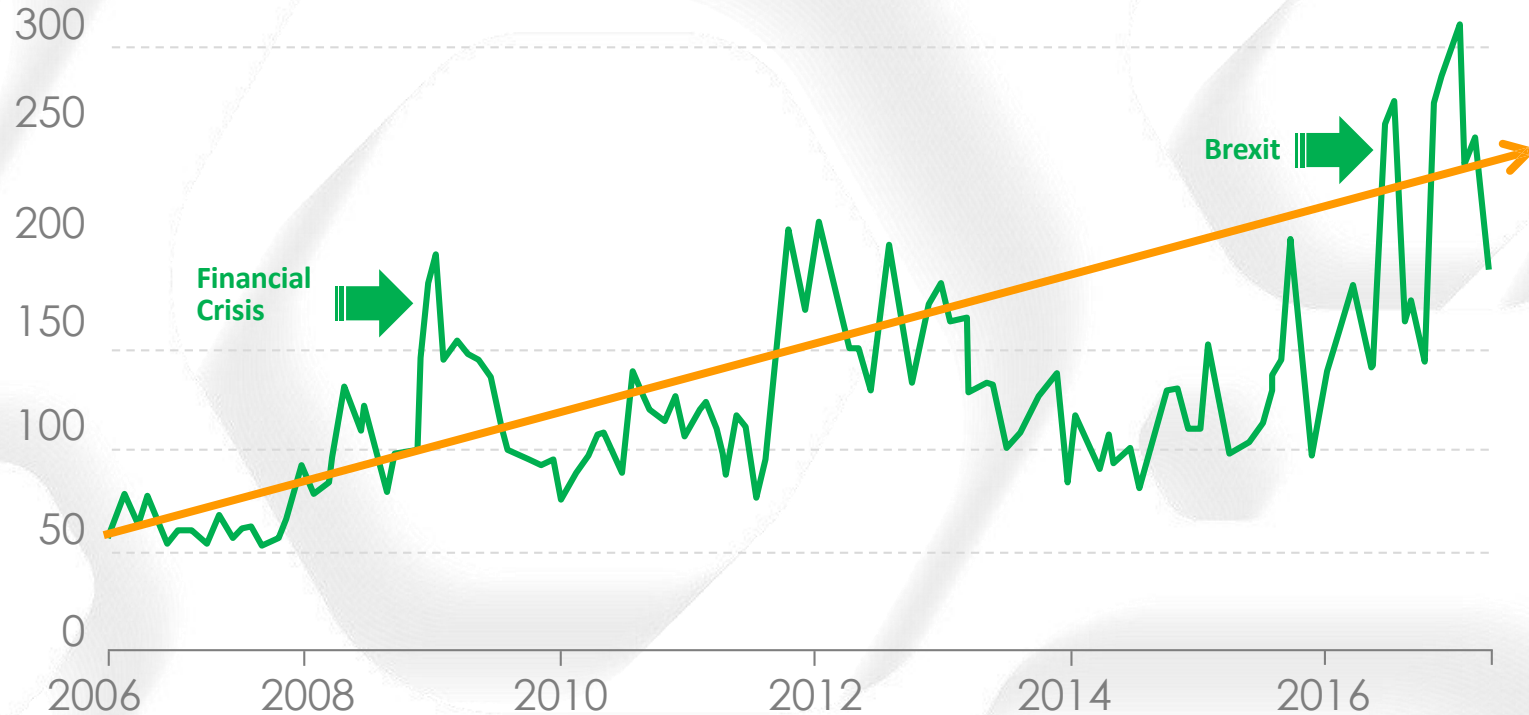


The Future

① Challenges

An uncertain political environment

Global Uncertainty Index on economic policy



The challenge of
smart
internationalisation:
risk management

(Risk Maps and controls
to Mitigate Risks)

9 The Future: a Scenario of Challenges and Opportunities

9.1. Challenges

9.2. Opportunities

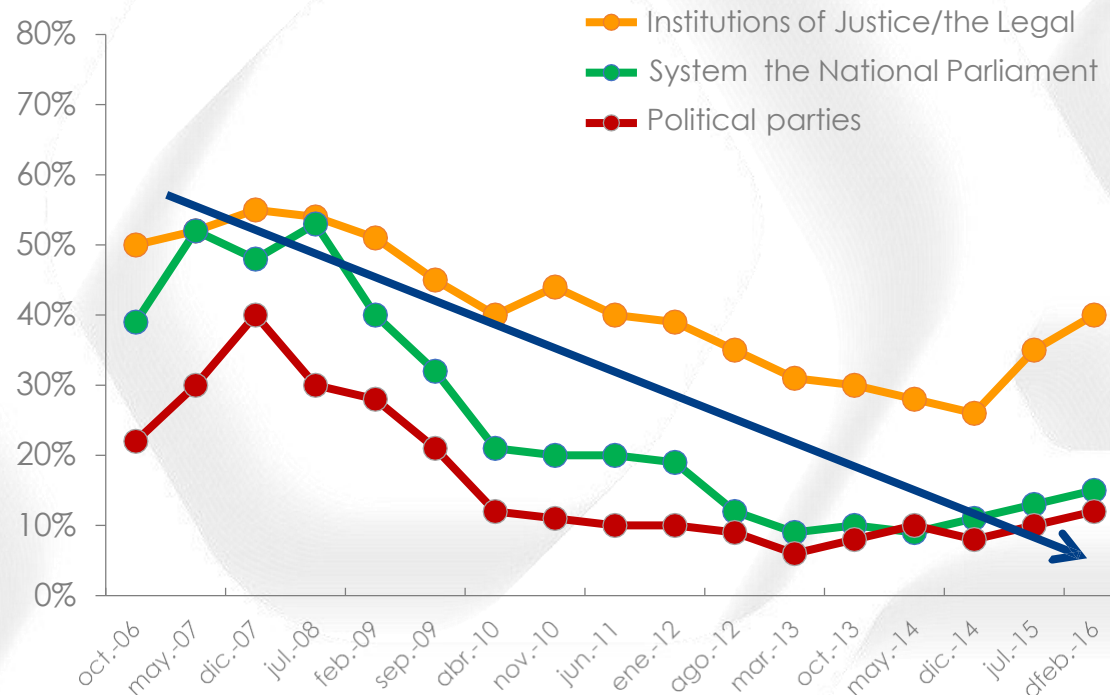


The Future

② Opportunities

Low confidence in governments:

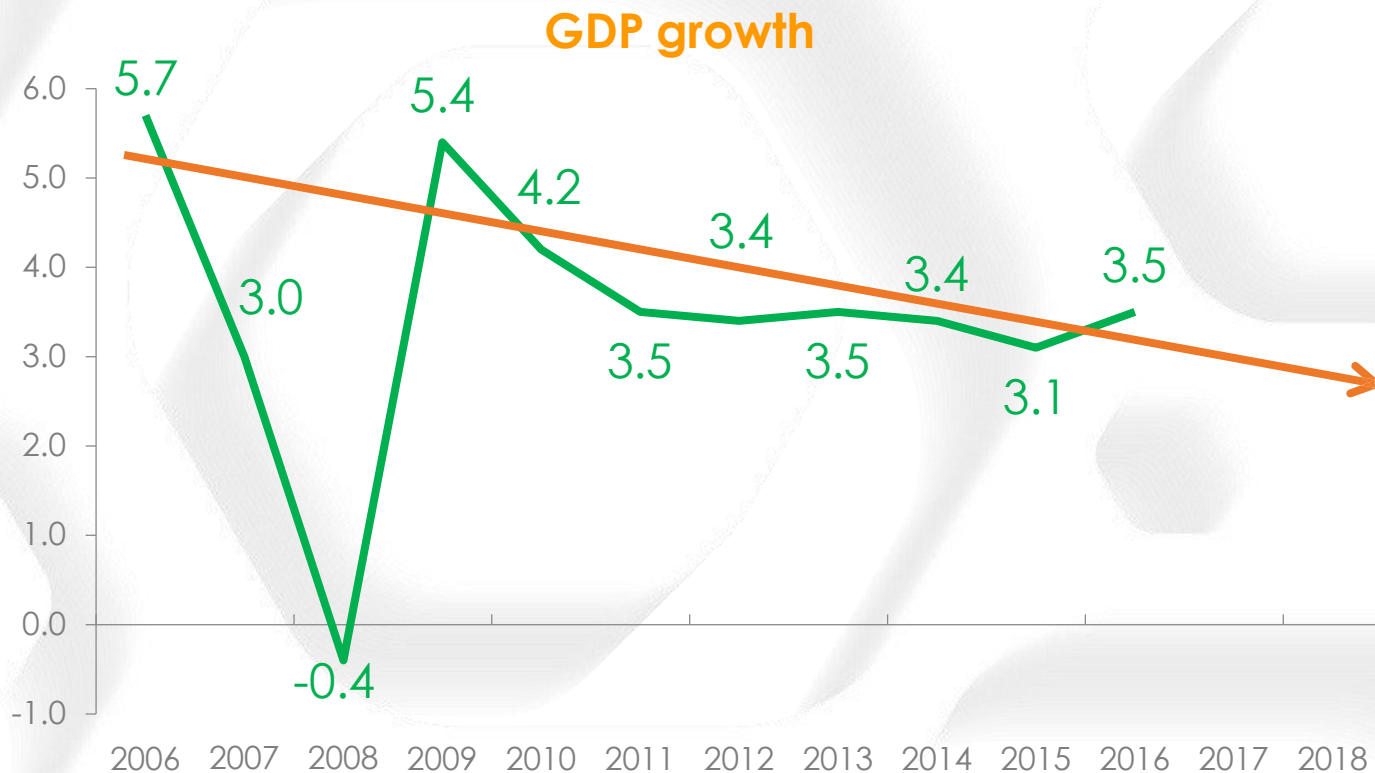
Evolution of confidence in institutions 2007-2016
(percentage of the population that trusts the institution)



Opportunity for PPPs
and concession
contracts

New markets for
FCC

GDP growth trend has reduced:
importance of infrastructures for competitiveness.



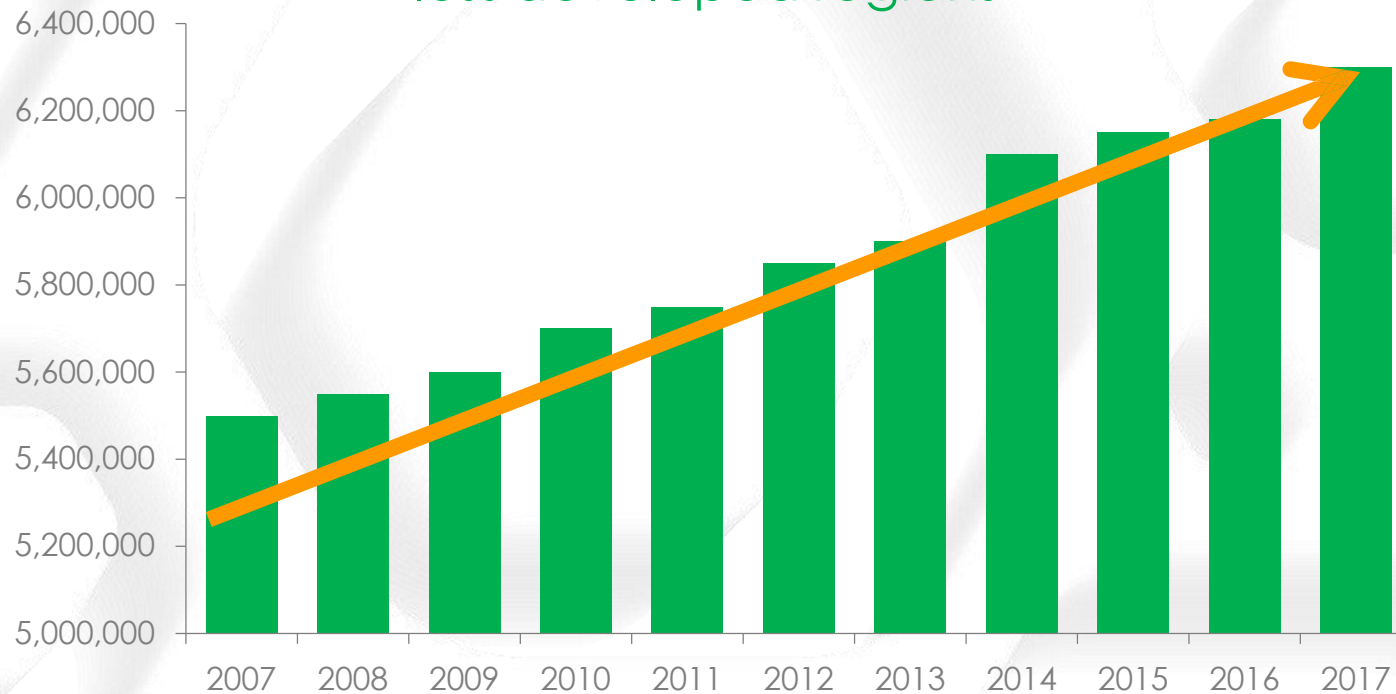
Infrastructure investment of 3.3 billion USD due to demographic growth and competitiveness.

Spain in second-last position in the EU investor ranking.
Smaller coefficient of State Investment to GDP in the last 22 years.

Business opportunities for FCC Construcción.

Population imbalance

Population growth in
less developed regions

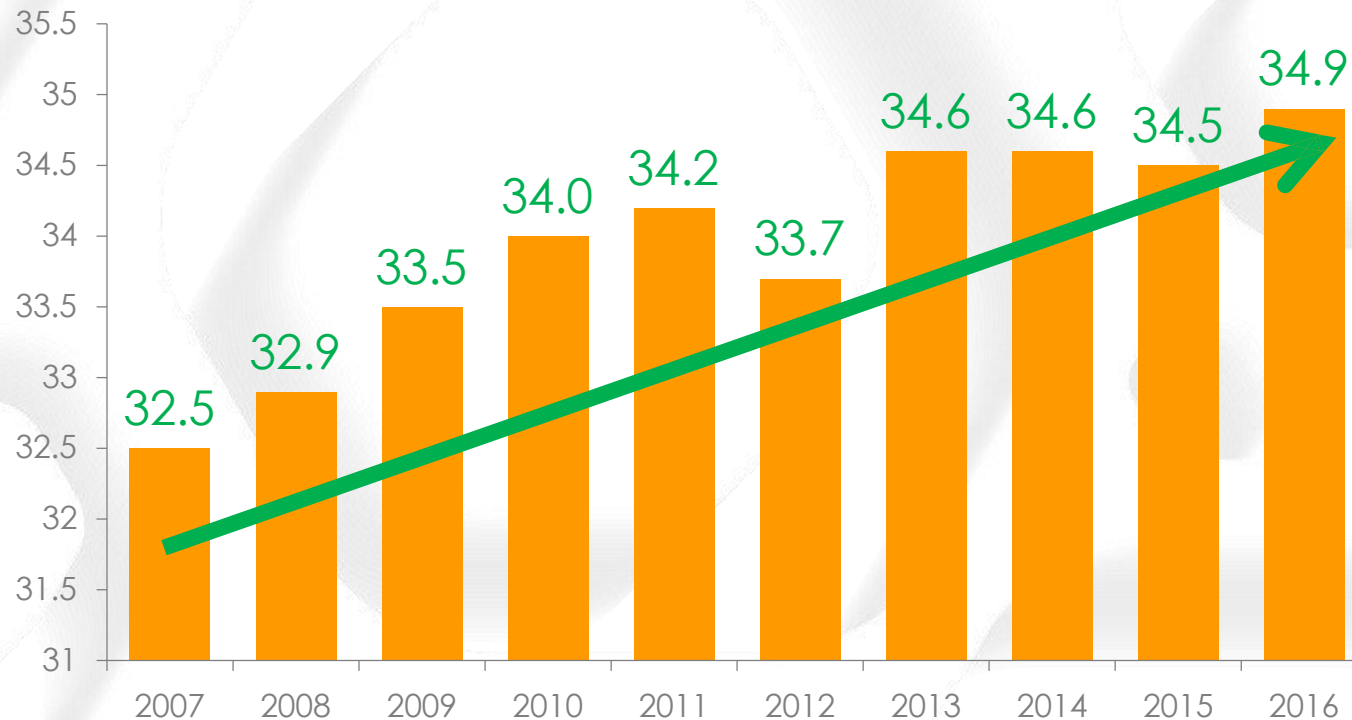


In 2025, 1.8 billion people will suffer from lack of water and two thirds of the world's population will live with water stress

Business opportunities for FCC Aqualia

Inequality increased: Importance of providing services to the deprived

Gini Index 2007-2016



Priority for the less well-off:
Sustainable Development Goals
(e.g.: Water 2030)

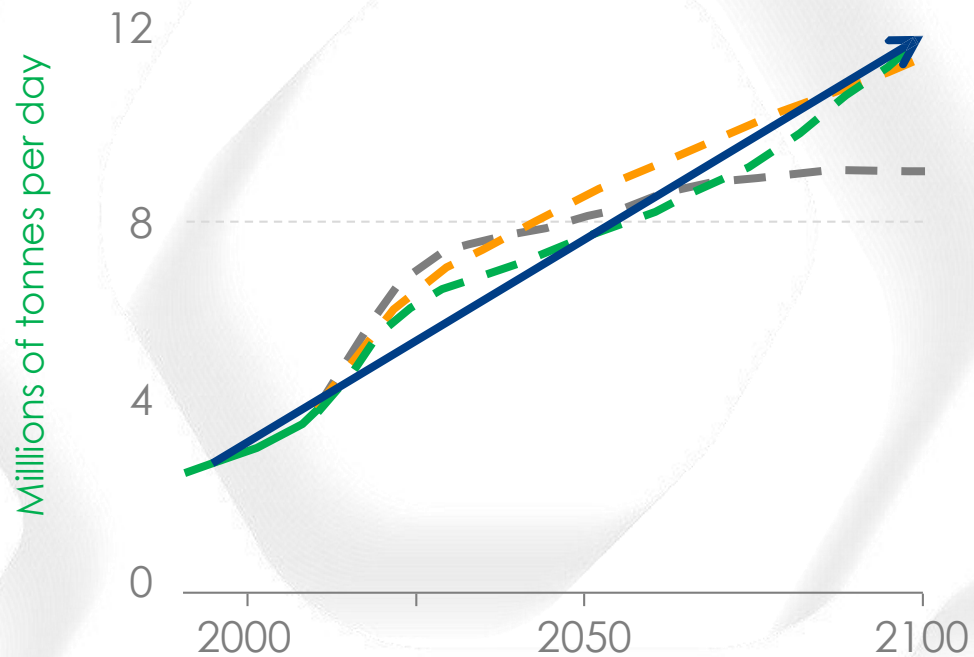
748M people without access to
sources of drinking water

2,500M people with
no sanitation

Opportunity for FCC Construcción
and FCC Aqualia

Generation of tons of refuse

Refuse generation on a global scale



A new model of sustainable energy is emerging

Priority: efficient biomass management

Opportunity: treatment and recycling for FCC Medio Ambiente and FCC Energía



The linear production model that we have followed for centuries is now reaching its limits; smart growth will be based on **the circular economy**



The European Commission implemented measures to promote the circular economy. Other institutions are following suit

Opportunity for FCC: **to lead the circular economy** (innovation, recycling and reuse of waste, water and natural resources).

FCC Transition to a **circular model of production**

310,000

tn of CO₂ emissions prevented thanks to the recovery of materials in waste treatment plants

44,000

GJ of energy consumed from the energy monetisation of biogas.

51%

raw materials from source recycled.

The Future

The internet of Things

5 billion people have cell phones;

In 2020 this figure will increase by one billion

Advances in the process of providing universal access to the Internet

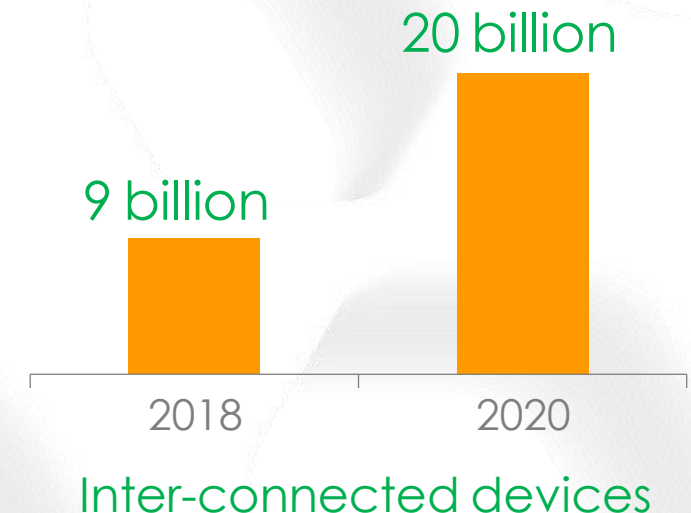
2018 number of inter-connected devices will reach nine billion; the figure will reach 20 billion in 2020, exponential growth in "Machine to Machine" (M2M) connections

New ways of using this infrastructure (in energy, vehicles, health, education, monitoring of homes and businesses, supervision of roads, services, citizens, etc.)

FCC is already using M2M in the spirit of Smart Cities. (e.g. Drones in Sewage Networks)

The Digital Revolution: an opportunity for FCC to stay at the forefront of Smart Services.

We are doing it.





10

Conclusion



FCC has undertaken **far-reaching transformations**

2016: a year realignment and change of cycle

A year of **take-over bids, capital increases, a new governance structure, strengthening austerity and debt restructuring.**

The **ongoing task** (continuing to integrate the team, driving down debt, growing with profitable projects)

Conclusion

Although there are still challenges ahead, **2016 was a year of profits, of bigger margins and greater EBITDA, lower costs** (operating, administrative, and financial) **it also saw a reduction in debt**

A year in which **major iconic projects** were secured

It was a year in which progress was made in the **financial restructuring of FCC**, which has concluded with **1.350 billion Euros in bonds of Aqualia at 2%** and **bank loans refinanced at 2.3%**, replacing debt that was costing more than 4% per annum

It was a year of positive results **and we are going to achieve more**

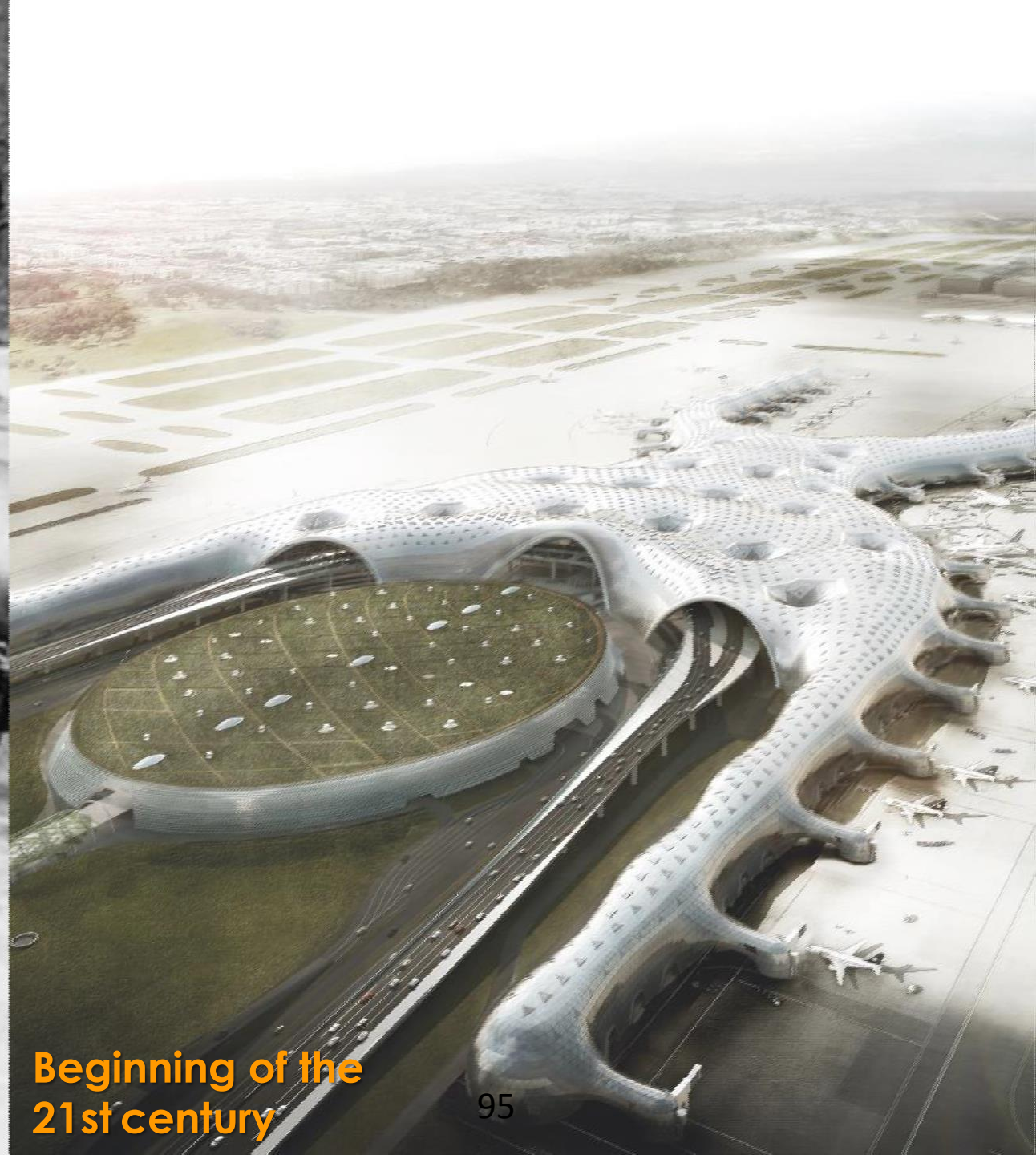
FCC is now in a better position to:

- 1. Help our customers** to achieve their goals.
 - 2. Support the global agreement** which is embodied in the **Sustainable Development Goals**.
-

FCC is positioned in strategic sectors of growing demand.



**Beginning of the
20th century**



**Beginning of the
21st century**

Thank you very much

