Glina WWTP extension (Romania) selected as one of the four best wastewater treatment plants in the world.
Global Water Awards 2024

1H2024 Earnings
Report

TABLE OF CONTENTS

1. SIGNIFICANT EVENTS

FCC Environment strengthens its presence in the United States, France and Spain

In late May, the subsidiary of the environmental area operating in the United States (FCC Environmental Services) acquired Gel Recycling Holdings, one of the largest recyclable materials management companies in Central Florida. The acquisition also includes the addition of three construction and demolition debris recycling facilities. In June, an exclusive agreement was reached to weigh up the merits of acquiring the operating subsidiaries of Europe Services Groupe (ESG) in France, which reported revenues of €98.7 million in 2023. The deal is subject to obtaining various necessary authorisations and meeting several customary conditions precedents, so it is estimated that the transaction will be completed in the third quarter of 2024. Meanwhile, the purchase of the Urbaser group's business in the United Kingdom, as agreed in December 2023, was completed in the second quarter of 2024. The enterprise value (including debt and equity) amounted to £398 million. The acquired business consists mainly of recycling and waste treatment activities.

New contracts awarded in the second quarter included projects in Spain and the United States. In Spain, highlights included:

- The management of the Badajoz municipal solid waste (MSW) treatment plant (composting and recovery) for 15 years and an associated backlog amounting to €94.5 million.
- the award, under a joint venture (JV), of the new waste collection and street cleaning contract for the coming 10 years by Palencia City Council. The contract represents a portfolio of around €74 million.
- New contract for waste collection, street cleaning and management of clean points in the city of Benalmádena, for a total of €82 million over the next 10 years.

Meanwhile, key projects in the United States in the first half of the year included:

- The award in Clay County (Florida) of the MSW collection service for a term of 10 years, plus two possible further extensions of five years each. The total amount of the awarded portfolio, including extensions, amounts to $421 million.
- In March, Sarasota County (Florida) awarded a new contract worth $750 million for MSW collection in the southern side of the county. The service has an initial term of seven years, with two possible further extensions of seven and six years, and will commence in the first quarter of 2025.
- In May, in Saint Paul, Minnesota's capital city, an MSW contract worth more than $115 million was awarded. It will have a duration of seven years, running from 1 November 2024.
- In Buncombe County (North Carolina), an MSW collection contract worth more than €100 million was secured. With an initial term of seven years and a further extension of one year possible, it will run from 1 January 2025.
- These contracts, together with the one previously awarded in Florida (St Johns, in late 2023), will increase the population served in Florida by a further 780,000 people, in Minnesota by 300,000 and in North Carolina by a further 175,000. They will also increase the population served globally by the Environment area to close to 71 million people. In several cases, the services will be provided by new vehicles that run on compressed natural gas (CNG), as well as other fully electric vehicles, thus demonstrating FCC's commitment to sustainability and the urban environment.

FCC Aqualia expands its international activity and seals its entry into the US market

Last December FCC Aqualia entered the US market with the purchase of MDS (Municipal District Services), a company based in Texas, for 81.9 million euros. MDS manages the comprehensive water cycle of more than 360,000 local residents, mostly in the outskirts of Houston, with nearly 140 service contracts in place with different district clients.

With regard to the contracts awarded in the first half of the year, the consortium in which Aqualia takes part was awarded the contract for the operation, maintenance and repair of the three desalination plants in Ibiza (Spain) over the next four years, which can be extended for a further year. The contract is worth a total of €14.2 million.

FCC Construcción secures the Oporto Metro contract (Portugal)

The consortium headed up by FCC Construcción (60%) was chosen to build the new Oporto metro line, known as Rubi (H), for an attributable amount of €227.7 million. The new line will add 6.3 kilometres to the city's existing metro network. Furthermore, the joint venture in Spain in which FCC Construction holds an interest was awarded the contract for the underground construction of line R2 in Montcada i Reixac (Barcelona), as well as the construction of the new station in this town, for an attributable amount of €148.9 million.

In June, the FCC AGM approved the partial financial spin-off of FCC to Inmocemento

On 16 May 2024, the Board of Directors of FCC S.A. announced the proposed partial financial spin-off of FCC, whereby it will transfer en bloc the Real Estate and Cement business units to Inmocemento (a company wholly owned by FCC), without this entailing any extinction of the existing companies or units. More precisely, all the shares of FCYC, S.A. owned by FCC, representing 80.03% of its share capital, and all the shares of Cementos Portland Valderrivas, S.A. owned by FCC, representing 99.028% of its share capital, will be transferred. As a result, Inmocemento will acquire, by universal succession, all the assets, liabilities, rights, obligations and other items inherent to the spun-off assets.

This proposal was approved at the Annual General Meeting held on 27 June, with 99.9% of the attending capital voting in favour. The whole process, which includes the admission to trading of Inmocemento's shares on the Spanish stock exchange, is expected to be completed in the fourth quarter of 2024.

NOTE: DISCONTINUED OPERATIONS

The assets and liabilities of the Real Estate and Cement activities have been classified as "discontinued" as of 1 May 2024, due to the partial financial spin-off process currently under way, as approved by the AGM in June 2024. Therefore, all its results since the beginning of the year are included in "*profit/(loss) from discontinued operations*" (see Note 4.5), as well as in the balance sheet under "Non-current assets held for sale" and "Liabilities related to non-current assets held for sale" (see Note 5.3).

In view of the changes, the income statement and the statement of cash flows for the year 2023 have been restated in the same way to ensure a more reliable comparison.

2. EXECUTIVE SUMMARY

KEY FIGURES

(Millions of euros)	**Jun. 24**	**Jun. 23**	**Chg. (%)**
Revenue	4,237.5	3,897.5	8.7%
Gross operating profit (EBITDA)	608.4	584.9	4.0%
EBITDA margin	*14.4%*	*15.0%*	*-0.6 p.p*
Net operating profit (EBIT)	355.1	324.4	9.5%
EBIT margin	*8.4%*	*8.3%*	*0.1 p.p*
Income attributable to the parent company	279.6	256.0	9.2%
	Jun. 24	**Dec. 23**	**Chg. (%)**
Equity	6,442.6	6,145.9	4.9%
Net financial debt	2,978.7	3,100.1	-3.9%
Backlog	43,139.5	41,485.0	4.0%

In the first half of 2024, the revenue recognised by the FCC Group was up 8.7% to €4,237.5 million. This was due to increased activity across all business areas, with the most significant growth rates and contributions coming from Construction, Concessions and Water, the latter supported by the entry of new contracts and in the US market.

Gross operating profit (EBITDA) increased to €608.4 million in the period, up 4%. This gentler increase when compared with that achieved in revenues is largely due to the effect of a provision made in relation to the waste treatment activity in the Environment segment, coupled with lower electricity sales prices at the waste recovery plants. The Group's gross operating margin was 14.4%.

In turn, attributable net profit increased by 9.2% to €279.6 million. The increase here outpaces the growth in EBITDA, due to the positive effect on "Other operating income" at Concessions, following the entry into global consolidation of the Parla Tramway concession in April. In addition, the increase in financial expenses, due to rising interest rates, was tempered by a higher contribution in earnings from equity-accounted affiliates.

Net financial debt closed on 30 June at €2,978.7 million, down 3.9% on December 2023, largely due to two factors in the period: Firstly, the increase in payments for investments to a total of €956.6 million, especially at Environment (with the consolidation of the debt arising from the acquisition and operation of UK Urbaser amounting to €535.1 million, and of GEL Reclying, for €29.5 million) and Water (in which the purchase in the United States of the company MDS for €81.9 million was a particular highlight). The exclusion of the financial debt pertaining to discontinued operations and those in the process of spin-off is reflected, together with the other asset and liability items for these activities, under the corresponding headings of the balance sheet at the end of the first half of the year.

Equity grew by 4.9% to €6,442.6 million, due to the increase in the Group's consolidated result to €351 million, of which €71.4 million related to minority shareholders, mainly located at Environment and Water.

3. SUMMARY BY BUSINESS AREA

(Millions of euros)

Area	Jun. 24	Jun. 23	Chg. (%)	% of 24 total	% of 23 total
REVENUE BY BUSINESS AREA					
Environment	2,009.5	1,883.9	6.7%	47.4%	48.3%
Water	792.6	706.7	12.2%	18.7%	18.1%
Construction	1,406.9	1,282.3	9.7%	33.2%	32.9%
Concessions	36.5	29.3	24.6%	0.9%	0.8%
Corporate serv.	(8.0)	(4.7)	70.2%	-0.2%	-0.1%
Total	**4,237.5**	**3,897.5**	**8.7%**	**100.0%**	**100.0%**
REVENUE BY GEOGRAPHICAL AREA					
Spain	2,168.3	2,013.7	7.7%	51.2%	51.7%
Americas	552.4	605.5	-8.8%	13.0%	15.5%
Rest of Europe and other	550.4	441.1	24.8%	13.0%	11.3%
United Kingdom	525.6	490.8	7.1%	12.4%	12.6%
Middle East, Africa and Australia	229.9	142.6	61.2%	5.4%	3.7%
Czech Republic	210.9	203.8	3.5%	5.0%	5.2%
Total	**4,237.5**	**3,897.5**	**8.7%**	**100.0%**	**100.0%**
EBITDA*					
Environment	299.4	294.9	1.5%	49.2%	50.4%
Water	184.9	166.0	11.4%	30.4%	28.4%
Construction	82.0	76.9	6.6%	13.5%	13.1%
Concessions	24.8	22.1	12.2%	4.1%	3.8%
Corporate serv.	17.3	25.0	-30.8%	2.8%	4.3%
Total	**608.4**	**584.9**	**4.0%**	**100.0%**	**100.0%**
NET OPERATING PROFIT (EBIT)					
Environment	133.6	148.4	-10.0%	37.6%	45.7%
Water	95.9	86.1	11.4%	27.0%	26.5%
Construction	58.1	53.4	8.8%	16.4%	16.5%
Concessions	58.6	21.0	179.0%	16.5%	6.5%
Corporate serv.	8.9	15.5	-42.6%	2.5%	4.8%
Total	**355.1**	**324.4**	**9.5%**	**100.0%**	**100.0%**

	Jun. 24	Dec. 23	Chg. (%)	% of '24 total	% of '23 total
NET FINANCIAL DEBT*					
Corporate					
With recourse	(950.5)	(1,233.1)	-22.9%	-31.9%	-39.8%
Areas – Without recourse					
Environment	2,038.0	1,424.7	43.0%	68.4%	46.0%
Water	1,810.9	1,665.8	8.7%	60.8%	53.7%
Concessions	80.4	74.3	8.2%	2.7%	2.4%
Cement	-	131.4	N/A	N/A	4.2%
Real Estate	-	1,037.0	N/A	N/A	33.5%
Total	**2,978.7**	**3,100.1**	**-3.9%**	**100.0%**	**100.0%**
BACKLOG*					
Environment	14,499.2	13,328.4	8.8%	33.6%	32.1%
Water	22,230.5	21,730.7	2.3%	51.5%	52.4%
Construction	6,409.8	6,425.9	-0.3%	14.9%	15.5%
Total	**43,139.5**	**41,485.0**	**4.0%**	**100.0%**	**100.0%**

** See page 30 for a definition of the calculation in accordance with ESMA Guidelines (2015/1415en).*

4. INCOME STATEMENT

(Millions of euros)	**Jun. 24**	**Jun. 23**	**Chg. (%)**
Revenue	**4,237.5**	**3,897.5**	**8.7%**
Gross Operating Profit (EBITDA)	**608.4**	**584.9**	**4.0%**
EBITDA margin	***14.4%***	***15.0%***	***-0.6 p.p***
Provision for amortisation of fixed and non-current assets	(291.7)	(265.5)	9.9%
Other operating income	38.3	5.0	N/A
Net Operating Profit (EBIT)	**355.1**	**324.4**	**9.5%**
EBIT margin	***8.4%***	***8.3%***	***0.1 p.p***
Financial income/(expense)	(79.4)	(48.7)	63.0%
Other financial profit/(loss)	8.6	(0.8)	N/A
P/L of companies accounted for by the equity method	31.1	17.0	82.9%
Profit/(loss) before tax from continuing activities	**315.4**	**291.9**	**8.1%**
Company tax on profits	(57.5)	(68.1)	-15.6%
Income from continuing operations	**257.9**	**223.8**	**15.2%**
Profit/(loss) before tax from discontinued operations	93.2	92.4	0.9%
Net Income	**351.0**	**316.2**	**11.0%**
Non-controlling interests	(71.4)	(60.3)	18.4%
Income attributable to the parent company	**279.6**	**256.0**	**9.2%**

4.1 Net Revenue

Consolidated revenues grew by 8.7% compared to the previous year, reaching €4,237.5 million. The trend is one of sustained growth throughout the year, where the contribution rate at the Water and Concessions segments was a particular highlight, thanks to organic growth and acquisitions, both posting double digit growth.

The performance was as follows at each business area:

Environment reported an increase of 6.7%, following the entry into force of new contracts in Spain, both for waste treatment and collection and also street cleaning activities, with Central Europe and the United States also making a positive contribution, accompanied by a lower growth rate in the United Kingdom, largely due to a quieter levels of activity and revenue on account of the landfill tax on landfill operations.

Revenues at the Water area were up 12.2%, mainly due to the strong performance of integrated water cycle activity, supported by the entry into the perimeter of the new acquisition of the MDS group in Texas, together with the effect of certain tariff updates. Only the technology and networks activity —which tends to involve projects involving networks in integrated cycle operations— is separate from this growing trend.

At Construction, revenues were up 9.7%, thanks to a consistently good pace in executing new projects, especially in industrial Construction, coupled with a faster pace of execution of other projects in progress in various countries.

Last but not least, at the Concessions area —whose figures are presented differently from those included in previous reports under the “Corporate Services” heading— revenues were up 24.6% following an increase in road traffic coupled with the entry into full consolidation of the Parla Tramway concession last April.

Revenue breakdown by geographical area			
(Millions of euros)	**Jun. 24**	**Jun. 23**	**Chg. (%)**
Spain	2,168.3	2,013.7	7.7%
Americas	552.4	605.5	-8.8%
Rest of Europe and Others	550.4	441.1	24.8%
United Kingdom	525.6	490.8	7.1%
Middle East, Africa and Australia	229.9	142.6	61.2%
Czech Republic	210.9	203.8	3.5%
Total	**4,237.5**	**3,897.5**	**8.7%**

By geographic area and contribution, *Spain* saw an increase in its revenues of 7.7%, to €2,168.3 million. Highlights included the double-digit increase at Construction and Concessions, which gained 11.2% and 17.8% respectively. At the Construction area, due to the start of new contracts in industrial assets and at Concessions, because of the increase in projects in operation. At Environment, revenues rose by 8.4%, amid increased activity in waste treatment and collection together with street cleaning. Meanwhile, Water posted a 1% increase in revenues, thanks to a sustained increase in tariffs together with a moderate increase in consumption, concentrated in the non-residential market, which offset the slump in Technology and Networks activity, with lower works related to assets under management and integral cycle concession contracts.

Revenues in the *Americas* were down 8.8% to €552.4 million, following the termination of a relevant rail contract in Mexico at the Construction area, which was partially offset by new contracts started in the United States and Canada in the same area, as well as in Water, with operations also beginning in the United States, together with increased activity in Colombia in integrated cycle management. Environment continues to post sustained growth in municipal waste collection and treatment contracts in the United States.

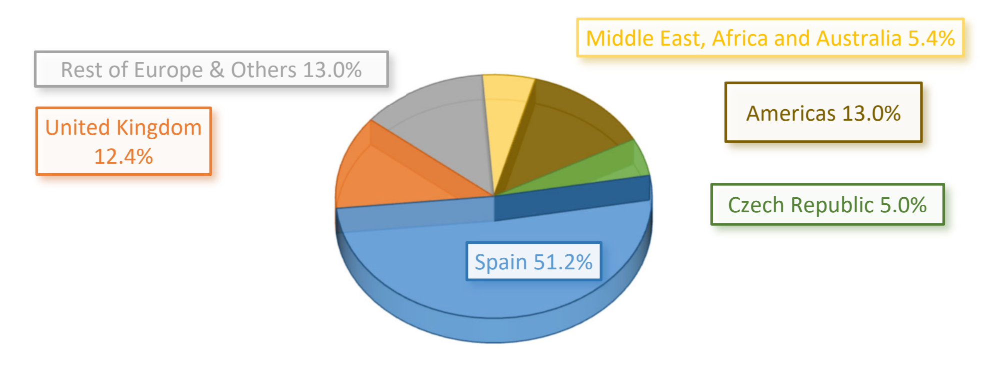
Rest of Europe and Other reported €550.4 million, showing remarkable growth of 24.8%, largely due to higher revenues from construction contracts in Germany, Norway and Portugal, together with increased activity in the integrated water cycle in Georgia and France and in all the European countries in which Environment operates.

In the *United Kingdom*, revenues grew by 7.1% to €525.6 million, amid increased activity in the development of transport infrastructure concession contracts by the Construction area, accompanied, to a lesser extent, by increased activity at Environment, following the acquisition of business carried out and concentrated on recycling activities and waste recovery plants.

The Czech Republic grew by 3.5% to reach €210.9 million, with growth in both Water and Environment, despite the negative impact of the exchange rate of the Czech koruna (-5.3% in the period). At Water, the increase was explained to a large extent by the tariff updates. The Environment area followed a similar growth path, following an improvement in sales prices.

Last but not least, in the Middle East, Africa and Australia (the latter with hardly any contribution from a very early-stage contract at Construction), activity climbed 61.2% to €229.9 million, largely due to the higher contribution in Saudi Arabia, due to both the Neom construction project, and the increase in activity at Water in concessions and assets under management, accompanied by the other projects located in North Africa and the Arabian Peninsula.

% revenue by geographical area



4.2 Gross Operating Profit (EBITDA)

Gross operating profit amounted to €608.4 million, up 4% on the previous year. This amount represents a margin of 14.4%, down from 15% in the previous year. The performance is largely down to the effect on the Environment area of a provision of €10.9 million relating to a claim for landfill tax levied on behalf of the UK authorities, together with lower electricity sales prices in the UK market.

By business area, the most noteworthy developments have been:

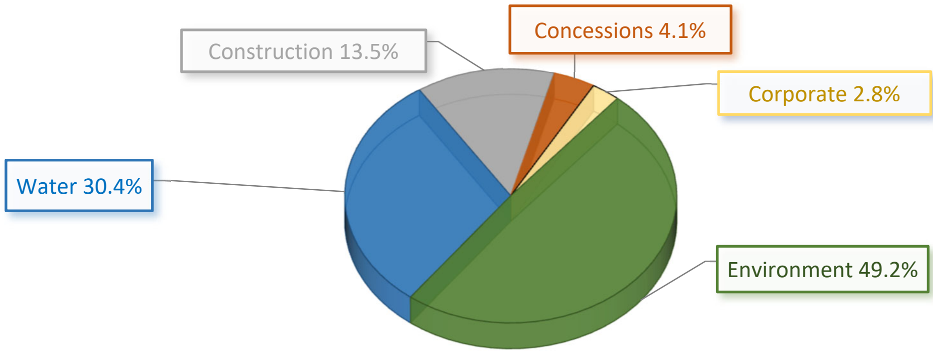
At Environment, earnings were up 1.5% to €299.4 million. This comes in response to an improved contribution from all geographies and activities, albeit with the exception of the United Kingdom, as just mentioned, due to the effect of the provision posted and lower energy sales prices at the recovery plants.

Water reported €184.9 million, up 11.4% on the previous year, due to the trend in revenues just mentioned, which includes in very similar proportions the increase in the contribution of the integrated cycle activity, together with the acquisition of MDS in the United States in January in relation to the same activity.

At the Construction area, gross operating result increased by 6.6% to €82 million. This improvement is due to an increase in revenues, with a higher contribution from the industrial and international area. The operating margin for the period was 5.8%, slightly lower than the previous year due to the higher relative weight of certain industrial construction projects.

Notably, Concessions shows the entry into operation of the Parla Tramway line as of 30 April 2024. As a result, its EBITDA for the period came to €24.8 million, up 12.2% on 2023, while the operating margin was 67.9%, compared to 75.4% the previous year, due to the relative change in the portfolio of concessions in operation following the new project added to the pipeline.

% EBITDA by Business Area



The utilities areas of Environment, Water and Concessions accounted for a highly significant 83.7% of total operating income in the first half of the year.

4.3 Net Operating Profit (EBIT)

Net operating profit amounted to €355.1 million, 9.5% more than in the previous year. This increase reflects, in addition to the trend in gross operating profit mentioned earlier, the effect in this period of the profit generated at the Concessions area following the inclusion of the Parla Tramway, amounting to €41.2 million.

4.4 Earnings before taxes (EBT) from continuing operations

Earnings before taxes from continuing operations came to €315.4 million, up 8.1% from the previous year. This improvement is attributable not only to the positive performance of operating revenues, but also the increase in the profit of companies consolidated using the equity method, which offset the increase in financial expenses.

Thus, the performance was as follows for the various components:

4.4.1 Financial income

Net financial income/(expense) came to €-79.4 million, compared to €-48.7 million in the previous year, with this increase coming in response to a higher average borrowing costs amid rising interest rates.

4.4.2 Other financial profit/(loss)

This heading includes a total of €8.6 million, versus €-0.8 million in 2023. The difference is largely due to the change in fair value of financial instruments, which had an impact of €10 million during this period, compared to €-0.3 million in the previous year.

4.4.3 Profits/(losses) of companies accounted for by the equity method

Investee companies contributed a combined total of €31.1 million, compared to €17 million in the previous year. The largest contribution was made by the Environment area, due to its stakes in various companies engaged in waste treatment activities.

4.5 Profit/(loss) from discontinued operations

This heading includes the earnings relating to the group of entities classified as such at 30 June and includes all of the results generated since the start of the year of:
The entire Real Estate area, whose subgroup parent is FCyC S.A., and which contributed €34.5 million in the period.
The entire Cement division, whose parent is CPV S.A., which contributed a net profit of €58.7 million.

Overall, profit from discontinued operations came to €93.2 million in the first half of the year, up 0.9% on the €92.4 million reported in 2023, due to the base effect at the Cement business, which last year included a positive contribution of €24.6 million to "Other operating results" due to the favourable outcome of a dispute over the amount to be paid for the expropriation of a plot of land.

4.6 Income attributable to the parent company

Attributable net profit at 30 June came to €279.6 million, up 9.2% year on year. This performance is largely due to what has already been discussed in relation to pre-tax profit. Aside from this, there was an increase in earnings attributable to non-controlling shareholders, mostly distributed between the Water and Environment areas, which amounted to €71.4 million compared to €60.3 million in the previous year.

4.7 Income statement figures on a pro rata basis

The most significant figures in the income statement, calculated on the basis of the percentage of effective shareholding in each of the subsidiaries, joint ventures and associates, are as follows:

	Jun. 24	Jun. 23	Chg. (%)
Revenue	**3,974.5**	**4,133.5**	**-3.8%**
Gross Operating Profit (EBITDA)	**598.1**	**637.7**	**-6.2%**
EBITDA margin	*15.0%*	*15.4%*	*-0.4 p.p*
Net Operating Profit (EBIT)	**410.4**	**407.8**	**0.6%**
EBIT margin	*10.3%*	*9.9%*	*0.4 p.p*
Income attributable to the parent company	**279.6**	**256.0**	**9.2%**

The decline in revenues and operating results in effective shareholding, in contrast to the growth recorded in the corresponding consolidated figures, can be explained by the effect of the sale, in the second half of last year, of 24.99% of the parent of the Environment area.

5. BALANCE SHEET

(Millions of euros)	**Jun. 24**	**Dec. 23**	**Chg. (€M)**
Intangible fixed and non-current assets	2,485.3	2,483.5	1.8
Property, plant and equipment	3,526.4	3,829.8	(303.4)
Real Estate investments	3.1	2,091.3	(2,088.2)
Investments accounted for using the equity method	487.2	1,034.3	(547.1)
Non-current financial assets	1,247.8	748.4	499.4
Deferred tax assets and other non-current assets	487.5	468.3	19.2
Non-current assets	**8,237.3**	**10,655.7**	**(2,418.4)**
Non-current assets held for sale	4,428.3	0.0	4,428.3
Inventory	441.5	1,234.3	(792.8)
Trade and other receivables	3,140.5	2,957.4	183.1
Other current financial assets	467.3	260.5	206.8
Cash and cash equivalents	1,318.4	1,609.7	(291.3)
Current assets	**9,796.0**	**6,062.0**	**3,734.0**
TOTAL ASSETS	**18,033.4**	**16,717.7**	**1,315.7**
Equity attributable to shareholders of the parent company	4,759.5	4,450.1	309.4
Non-controlling interests	1,683.1	1,695.9	(12.8)
Equity	**6,442.6**	**6,145.9**	**296.7**
Subsidies	240.2	226.6	13.6
Non-current provisions	1,124.3	1,230.6	(106.3)
Long-term financial debt	4,179.9	4,361.0	(181.1)
Other non-current financial liabilities	443.8	456.0	(12.2)
Deferred tax liabilities and other non-current liabilities	385.4	434.1	(48.7)
Non-current liabilities	**6,373.6**	**6,708.3**	**(334.7)**
Liabilities related to non-current assets held for sale	1,583.9	0.0	1,583.9
Current provisions	180.0	159.6	20.4
Short-term financial debt	562.8	604.1	(41.3)
Other current financial liabilities	261.9	322.7	(60.8)
Trade and other payables	2,628.5	2,777.0	(148.5)
Current liabilities	**5,217.1**	**3,863.4**	**1,353.7**
TOTAL LIABILITIES	**18,033.4**	**16,717.7**	**1,315.7**

5.1 Property, plant and equipment, intangible assets and real estate investments

Total operating fixed assets were down 28.4% to €6,014.8 million compared to the end of the previous year. The largest reduction relates to investment property and property, plant and equipment, due to the ongoing partial financial spin-off of the Real Estate and Cement divisions, which is recognised under "Non-current assets held for sale".

5.2 Investments accounted for using the equity method

Investments accounted for using the equity method amounted to €487.2 million, €547.1 million less than in December 2023. This reduction is due to the exclusion of the Real Estate and Cement areas following the aforementioned financial spin-off process. The breakdown of investments by area of activity as at June 2024 is as follows:

1) €251.1 million for the stake in companies in the Environment area (recycling and municipal services, mainly in Spain and the United Kingdom).
2) 133.6 million euros for the stake in transport and public infrastructure concessions, mainly in Spain, Peru and the United Kingdom.
3) 64.9 million euros for stakes held in companies in the Water area, largely concessionary companies that manage services abroad (North Africa, Spain and Mexico).
4) €37.6 million in investees at the Construction area, located abroad.

5.3 Non-current assets and liabilities held for sale

The amount of €4,428.3 million in non-current assets of activities held for sale at 30 June 2024 includes €3,385.4 million in assets of the Real Estate area and a further €1,042.9 million pertaining to the Cement area. This registration follows the partial financial spin-off process approved by the AGM last June, which is expected to be completed in the last quarter of the year.

These assets in turn have associated liabilities totalling €1,583.9 million, of which €1,280.3 million relates to the Real Estate area and €303.6 million to the Cement area.

5.4 Non-current financial assets

The balance of non-current financial assets climbed €499.4 million compared to the end of the previous year, to reach €1,247.8 million. This improvement is largely due to an increase in concession agreement receivables, following the acquisition and consolidation of Urbaser's UK business at the Environment area. This item also includes financial credits granted to third parties, deposits and guarantees provided on a long-term basis.

5.5 Cash and cash equivalents

Cash and cash equivalents amounted to €1,318.4 million at 30 June, compared with €1,609.7 million the previous year. This balance is distributed in such a way that:

1) In the perimeter with recourse, cash and equivalents totalled €607.2 million.
2) In the perimeter without recourse, cash and equivalents amounted to €711.2 million.

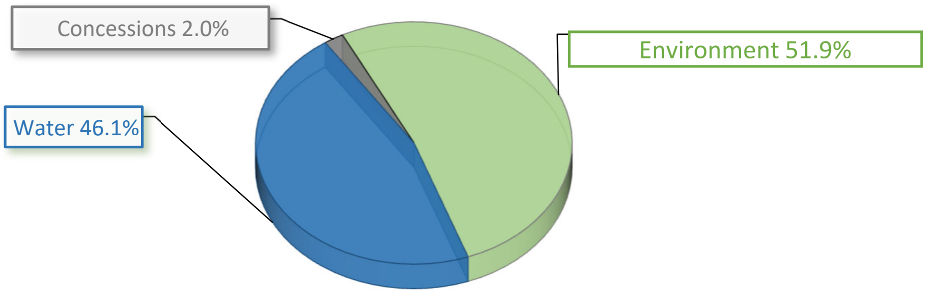
5.6 Financial debt

(Millions of euros)	**Jun. 24**	**Dec. 23**	**Chg. (€M)**
Bank borrowings	2,525.3	2,710.0	(184.7)
Debt instruments and other loans	2,060.5	2,107.0	(46.5)
Finance lease payables	13.1	14.0	(0.9)
Other financial liabilities	143.8	134.1	9.7
Gross Financial Debt	**4,742.7**	**4,965.1**	**(222.4)**
Treasury and other current financial assets	(1,764.0)	(1,865.0)	101.0
Net Financial Debt	**2,978.7**	**3,100.1**	**(121.4)**
Net financial debt with recourse	*(950.5)*	*(901.7)*	*(48.8)*
Net financial debt without recourse	*3,929.2*	*4,001.8*	*(72.6)*

By the end of the six-month period, the Group's gross financial debt had fallen by €222.4 million to reach €4,742.7 million. 88.1% has long-term maturity, for an amount of 4,179.9 million euros and a balanced distribution between bank debt and capital markets. The remaining 11.9% matures in the short term, equally distributed between bank borrowings and commercial paper in the Environment Area.

The balance of net financial debt was down compared to the previous December by €121.4 million to €2,978.7 million. The reasons for this reduction include the expansionary effect of the sizeable investments made in the period in both organic and inorganic growth, coupled with the exclusion of the net financial debt of the areas of activity within the context of the financial spin-off.

Breakdown of Net Financial Debt without recourse by Business Area



The total net financial debt is non-recourse and is entirely located at the Utilities areas of Water, Environment and Concessions. As a result, the Group's parent company had a net cash position with recourse of €950.5 million at the end of June.

Net financial debt without recourse to the Group's parent company is structured as follows:

(i) the Environment area added €2,038 million, including two bonds issued by the area's parent, for a joint nominal amount of €1,100 million and the other worth €606 million, relating to the activity carried out and acquisition made in the United Kingdom; (ii) the Water area added a total of €1,810.9 million, which mainly includes a long-term syndicated loan worth €1,100 million and a corporate bond at its parent presenting a balance of €650 million; and (iii) the Concessions area includes €65.3 million, consisting entirely of project finance related to a transport concession in operation.

5.7 Other current and non-current financial liabilities

Other current and non-current financial liabilities stood at €705.7 million at the end of the six-month period. The balance mainly includes the item suppliers of fixed and non-current assets for operating leases, amounting to 433.6 million euros. It also includes other liabilities that are not financial liabilities, such as those associated with hedging derivatives, suppliers of fixed and non-current assets, guarantees and deposits received.

6. CASH FLOW

(Millions of Euros)	**Jun. 24**	**Jun. 23**	**Chg. (%)**
Gross Operating Profit (EBITDA)	**608.4**	**584.9**	**4.0%**
(Increase)/decrease in working capital	(291.8)	(510.4)	-42.8%
Corporation tax (paid)/received	(69.1)	(47.8)	44.6%
Other operating cash flow	143.2	144.3	-0.8%
Operating cash flow	**390.7**	**171.0**	128.5%
Investment payments	(956.6)	(416.1)	129.9%
Divestment receipts	14.6	13.4	9.0%
Other investment cash flows	189.6	17.9	N/A
Investment cash flow	**(752.4)**	**(384.8)**	**95.5%**
Interest paid	(84.5)	(72.7)	16.2%
(Payment)/receipt of financial liabilities	306.4	157.8	94.2%
Other financing cash flow	(171.3)	(87.9)	94.9%
Financing cash flow	**50.6**	**(2.8)**	**N/A**
Exchange differences, change in consolidation scope, etc.	19.7	8.6	129.1%
Increase/(decrease) in cash and cash equivalents	**(291.3)**	**(208.1)**	**40.0%**

6.1 Operating cash flow

Operating cash flow generated in the first half of the year amounted to €390.7 million, up €219.7 million on the same period of the previous year. This change was largely due to the drop in investment in operating working capital, which entailed the use of funds totalling €291.8 million, compared with a total of €510.4 million used the previous year. This amount was concentrated at the Construction area, in projects with varying degrees of maturity, and to a lesser extent at the Water area.

The heading “Collections/(payment) of corporation tax” shows an outflow of €69.1 million, compared to €47.8 million euros in the previous year.

Meanwhile, “Other operating cash flows” remained at similar levels to the previous year, with an inflow of €143.2 million, reflecting the total operating cash generated in the period by the two areas of activity currently in the process of being spun off (Real Estate and Cement).

6.2 Investment cash flow

Investment cash flow shows a substantial increase €752.4 million, compared to €384.8 million in the previous year. “Investment payments” includes €956.6 million, compared to €416.1 million the previous year. The Environment area invested €547.2 million, including €265.1 million in acquiring Urbaser UK in June 2024, and a further €29.5 million in acquiring Gel Recycling in Florida (United States). Investment at Water amounted to €200.5 million, with the purchase of MDS in Texas being a particular highlight, at €81.9 million, as was the €18 million invested at Concessions to achieve a 100% stake in the Parla Tramway concession. In this period of 2024, no relevant divestments have been recorded.

The breakdown of net investments by business area, excluding other cash flows from investment activities, in terms of payments and collections, is as follows:

(Millions of Euros)	**Jun. 24**	**Jun. 23**	**Chg. (€M)**
Environment	(538.6)	(258.7)	(279.9)
Water	(196.0)	(114.2)	(81.8)
Construction	(25.0)	(20.7)	(4.3)
Concessions	(3.0)	(6.7)	3.7
Corporate serv., etc. & adjustments	(179.4)	(2.4)	(177.0)
Net investments *(Payments - Collections)*	**(942.0)**	**(402.7)**	**(539.3)**

Other investment flows grew in the period to reach €189.6 million, compared to €17.9 million in the previous year, revealing an increase in interest income to €30.6 million, and especially the entry into full consolidation of the cash from the acquisitions made in the period, mainly at Environment and Concessions.

6.3 Financing cash flow

The financing cash flow represented an inflow of €50.6 million, compared to an outflow of €2.8 million in the previous year. The interest payment heading includes an outflow of €84.5 million, mainly at Water and Environment.

The heading "Proceeds from/(payments on) for financial liabilities" shows an inflow of €306.4 million, compared with €157.8 million the previous year, with this increase largely relating to the operating debt incorporated following the acquisition made in the United Kingdom at Environment.

"Other financing flows" represents an outflow of €171.3 million, compared to the previous year's outflow of €87.9 million, due to the reduction generated by the activities subject to spin-off, with a combined negative contribution to this heading of €100.3 million. This had been cushioned by the increase in dividend payments to shareholders, mostly at the Water area, up to a total amount of €37.7 million.

6.4 Change in cash and cash equivalents

Due to the trend in the various cash flow components, the FCC Group's cash was down €291.3 million at 30 June 2024 to present a balance of €1,318.4 million.

7. ANALYSIS BY BUSINESS AREA

7.1. Environment

The Environment area contributed 49.2% of the Group's EBITDA in the first half of 2024. Around 82% of its activity focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 18% corresponded to other types of urban environmental activities, such as the conservation of green areas or sewage systems.

In Spain it provides services in more than 3,700 municipalities and serves a population of more than 33 million inhabitants. It is worth mentioning the important weight of the urban waste management and street cleaning services. In the UK, it focuses on urban waste treatment, recovery and disposal activities and serves more than 16 million people. In central Europe, mainly Austria and the Czech Republic, it is present throughout the entire waste management chain (collection, treatment and disposal). The activity in the US is carried out both in the collection and in the comprehensive recovery of urban waste and serves more than 11 million inhabitants. The FCC Group has been running its environmental business for more than 120 years, serving over 66 million people across 5,200 municipalities around the world.

7.1.1. Earnings

(Millions of euros)	**Jun. 24**	**Jun. 23**	**Chg. (%)**
Turnover	2,009.5	1,883.9	6.7%
Waste collection and street cleaning	*1,018.2*	*939.5*	*8.4%*
Waste treatment	*629.3*	*557.1*	*13.0%*
Other services	*362.0*	*387.3*	*-6.5%*
EBITDA	299.4	294.9	1.5%
EBITDA margin	*14.9%*	*15.7%*	*-0.8 p.p*
EBIT	133.6	148.4	-10.0%
EBIT margin	*6.6%*	*7.9%*	*-1.3 p.p*

Revenues at the Environment area were up 6.7% to reach €2,009.5 million in the first half of the year. The waste collection and street cleaning activity recorded €1,018.2 million, up 8.4% due to the higher contribution made by Spain, the United States and Central Europe as a whole. Waste treatment grew 13% up to €629.3 million, due to increase in activity in Spain, UK and Central Europe. Other services fell by 6.5% to €362 million.

Breakdown of revenue by geographical area			
(Millions of euros)	**Jun. 24**	**Jun. 23**	**Chg. (%)**
Spain	1,099.5	1,013.9	8.4%
United Kingdom	394.4	388.9	1.4%
Central Europe	317.5	296.6	7.0%
United States and other	198.1	184.5	7.4%
Total	**2,009.5**	**1,883.9**	**6.7%**

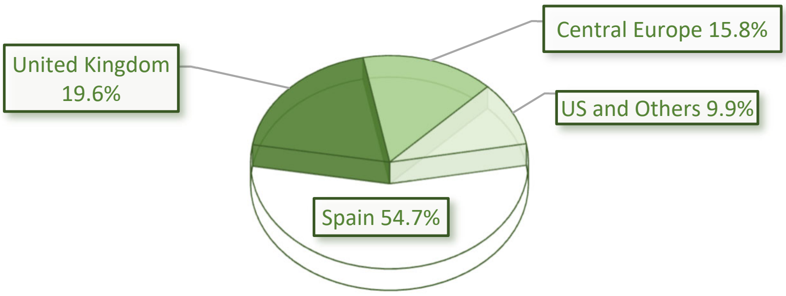
By geographical area, in Spain, revenue increased by 8.4% compared to the first half of 2024 to reach €1,099.5 million, on account of the strong performance of waste collection, street cleaning and waste treatment. Other services booked similar figures as those seen during the previous period.

In the United Kingdom, revenues were up 1.4% to €394.4 million, following the entry into consolidation of the UK Urbaser subgroup in June, which mitigated the reduction due to payment of the landfill tax and, to a lesser extent, a lower contribution from recovery activity, offset partially by increased recycling activity.

In Central Europe, revenues were up 7% to reach €317.5 million, following a strong performance across virtually all countries in which the area operates.

Last but not least, revenue in the United States and Other markets rose by 7.4% to €198.1 million, due to the contribution made by new contracts for collection and MSW activity, mainly in Florida and California.

Breakdown of revenue by geographical area



Gross operating profit (EBITDA) increased by just 1.5% to reach €299.4 million. This was largely due to the effect of a provision of €10.9 million relating to a landfill tax appeal collected on behalf of the public administration in the United Kingdom, along with a reduction in electricity selling prices. This brought the operating margin to 14.9%. However, adjusted for the aforementioned non-recurring factor, it would have been similar to the figure reported in the same period of the previous year.

Net operating result (EBIT) was down 10% compared to the previous year, to €133.6 million, following the trend seen in the various components of EBITDA and the increase in the provision for the depreciation of the largest items of PP&E in operation and linked to acquisitions made during the period.

Breakdown of backlog by geographical area

(Millions of euros)	**Jun. 24**	**Dec. 23**	**Chg. (%)**
Spain	8,342.3	8,390.6	-0.6%
International	6,156.9	4,937.8	24.7%
Total	**14,499.2**	**13,328.4**	**8.8%**

At the end of the first half of the year, the portfolio was up 8.8% compared to December of the previous year to reach €14,499.2 million. The international area posted an increase of 24.7% to €6,156.9 million, following the new contracts secured in the United States, such as the contract in Clay County (Florida) for the MSW collection service and the contract in Sarasota County (Florida), also for the collection of municipal solid waste. In Spain, the portfolio remained at almost the same levels as in December of the previous year.

7.1.2. Financial Debt

(Millions of euros)	**Jun. 24**	**Dec. 23**	**Chg. (€M)**
Net Financial Debt	2,038.0	1,424.7	613.3

Net financial debt was up €613.3 million on December 2023 to €2,038 million, largely due to an increase in investment in acquisitions and new contract wins, as discussed earlier.

7.2. Water

The Water area contributed 30.4% of the FCC Group's total EBITDA in the period. Of its total activity, 92.8% is focused on public service concession and asset management related to the integrated water cycle (collection, treatment, storage and distribution) and the operation of different types of water infrastructures; the remaining 7.2% relates to Technology and Networks, which is responsible for the design, engineering and equipment of hydraulic infrastructures, largely relating to the development of new concessions and maintenance and improvement works on operations.

In Spain, the area serves more than 13 million inhabitants. In Central and Eastern Europe, it is mainly present in the Czech Republic and Georgia, serving close to 3 million users across the two countries; in other EU countries, its presence in Italy, France and Portugal is worth particular mention. In Latin America, the Middle East, and Africa its activity centres on the design, equipping, and operation of hydraulic infrastructures and processing plants. Overall, the Water area provides supply and/or sanitation services to more than 45 million inhabitants.

7.2.1 Earnings

(Millions of euros)	**Jun. 24**	**Jun. 23**	**Chg. (%)**
Turnover	792.6	706.7	12.2%
Cycle Management and Services	*735.4*	*642.1*	14.5%
Technology and Networks	*57.2*	*64.6*	-11.5%
EBITDA	184.9	166.0	11.4%
EBITDA margin	*23.3%*	*23.5%*	*-0.2 p.p*
EBIT	95.9	86.1	11.4%
EBIT margin	*12.1%*	*12.2%*	*-0.1 p.p*

Turnover in the year to June was up 12.2%, to €792.6 million. This was largely due to an increased contribution from water cycle management activity, following the acquisition of the company Municipal District Services (MDS) in the United States, together with a major review of prices for operations in Georgia and the Czech Republic. Meanwhile, the technology and networks business was down 11.5%, amid lower activity in Spain and internationally.

Breakdown of revenue by geographical area			
(Millions of euros)	**Jun. 24**	**Jun. 23**	**Chg. (%)**
Spain	446.1	441.5	1.0%
Central and Eastern Europe	121.4	112.8	7.6%
Americas	93.6	35.4	164.4%
Middle East, Africa and Other	77.8	65.1	19.5%
Rest of Europe (France, Portugal and Italy)	53.7	51.9	3.5%
Total	**792.6**	**706.7**	**12.2%**

By geographical area, revenues in Spain increased by 1% to €446.1 million. The Concessions area delivered a positive performance, with tariff increases and growth in cubic metres billed, especially in the non-residential market. On the contrary, Technology and Networks activity decreased due to the lower execution of work in the investment plans associated with concession contracts.

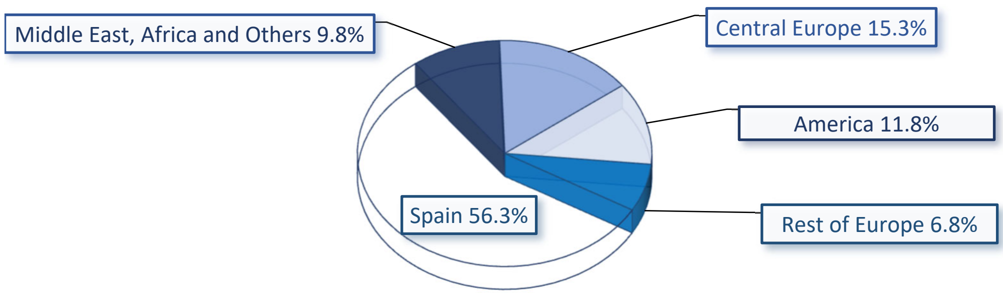
In Central and Eastern Europe, revenue was up by 7.6% to €121.4 million, mainly due to increased activity in management of the integral cycle, supported by two main geographies, the Czech Republic and Georgia. This is despite an unfavourable performance of the exchange rate of the Czech crown and the Georgian lari in the period (-5.3% and -4.5%, respectively).

Elsewhere in Europe, revenues increased by 3.5% to €53.7 million, supported by the growth reported in concession activity following new contracts in France, which offset the lower volume of actions in the infrastructures of the integral cycle concession operated in Italy.

In the Americas, revenue grew significantly, to reach €93.6 million, mainly due to the contribution made by the acquisition of MDS in Texas in January. Added to this is the greater contribution of full-cycle concession contracts in Colombia. Likewise, Technology and Networks activity registered an increase, thanks to the execution of investment plans associated with contracts in Colombia and those for hydraulic infrastructure in Mexico.

In the Middle East, Africa and Others, turnover increased by 19.5% to €77.8 million, due to busier levels of activity in Saudi Arabia, notably including the two regional contracts (“Cluster”), coupled with a bigger contribution from the Mostaganem plant in Algeria. In contrast, Technology and Networking activity declined due to lower activity in Egypt and Saudi Arabia.

Breakdown of revenue by geographical area



Gross operating profit (EBITDA) was up by 11.4% to €184.9 million, following an increase in income from tariff revenue and the addition of new contracts, as already mentioned, such as those associated with MDS in the United States and also in Colombia. In this way, the operating margin stood at 23.3%, at levels similar to the same period of the previous year.

EBIT increased by 11.4% to reach €95.9 million, due to the trend in gross operating profit mentioned earlier.

Breakdown of backlog by geographical area

(Millions of euros)	**Jun. 24**	**Dec. 23**	**Chg. (%)**
Spain	6,662.8	6,860.6	-2.9%
International	15,567.7	14,870.1	4.7%
Total	**22,230.5**	**21,730.7**	**2.3%**

The backlog at the end of June amounted to €22,230.5 million, up 2.3% on December 2023. The international backlog gained 4.7% to €15,567.7 million, following the incorporation of the portfolio of revenues associated with MDS in the United States, together with the consolidated tariff updates that took place during the year, which offset the slight decline in Spain.

7.2.2. Financial Debt

(Millions of euros)	**Jun. 24**	**Dec. 23**	**Chg. (€M)**
Net Financial Debt	1,810.9	1,665.8	145.1

Net financial debt was up €145.1 million on December of the previous year, to reach €1,810.9 million, due to higher payments on investments, mainly for the acquisition of Municipal District Services (MDS) in Texas.

7.3. Construction

The Construction area contributed 13.5% of the Group's EBITDA in the period. Its activity focuses on the design and construction of large civil, industrial and building works, with a selective presence in certain regions, currently comprising more than 15 countries. Highlights in the period included the business area's involvement in major works such as tunnels, bridges and motorways, which made up a major part of the project backlog.

(Millions of euros)	**Jun. 24**	**Jun. 23**	**Chg. (%)**
Turnover	1,406.9	1,282.3	9.7%
EBITDA	82.0	76.9	6.6%
EBITDA margin	*5.8%*	*6.0%*	*-0.2 p.p*
EBIT	58.1	53.4	8.8%
EBIT margin	*4.1%*	*4.2%*	*0.1 p.p*

The revenue in this area increased by 9.7% to €1,406.9 million, due to work commencing on new projects awarded during the last year, including industrial projects for development of renewable energy and gas, and some major international railway and highway infrastructure projects.

Breakdown of revenue by geographical area			
(Millions of euros)	**Jun. 24**	**Jun. 23**	**Chg. (%)**
Spain	595.5	535.5	11.2%
Rest of Europe	381.5	270.6	41.0%
Americas	277.8	396.9	-30.0%
Middle East, Africa, Australia and Others	152.1	79.3	91.8%
Total	**1,406.9**	**1,282.3**	**9.7%**

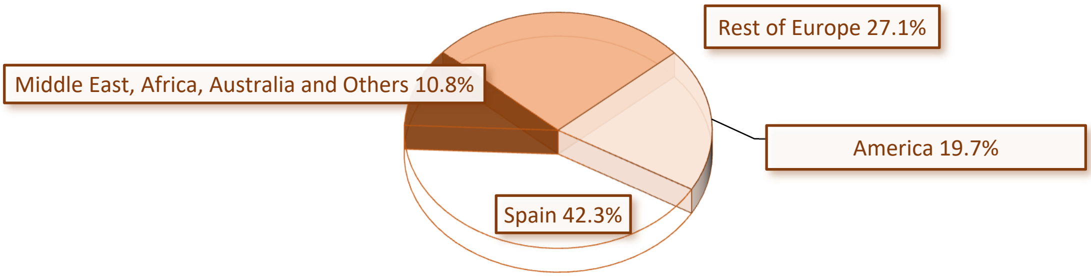
In terms of geographical areas, turnover in Spain increased by 11.2%, to €595.5 million, with good progress in all work in progress, particularly railways and the start-up of new projects, notably solar facilities at Guillena (Seville), which offset the reduction in turnover following completion of work on Madrid's Santiago Bernabéu Stadium.

In the Rest of Europe, turnover increased by 41% to €381.5 million, mainly due to the further progress made in building the A-465 road in the United Kingdom, the A-9 road in the Netherlands and a bridge in Norway.

In the Americas, turnover was down 30% on the previous year to reach €277.8 million, mainly due to completion of the Maya Train project in Mexico, which was not fully offset by the increasing contribution of railway works in Toronto (Canada) and Pennsylvania (United States).

The Middle East, Africa, Australia and Others area managed to increase its revenues by a remarkable 91.8% to €152.1 million, thanks to a higher contribution from, among others, the NEOM railway line construction work ongoing in Saudi Arabia.

Breakdown of revenue by geographical area



Gross operating profit reflected the increase in revenues to reach €82 million, up 6.6% on the same period of 2023. Its performance does not include appreciable changes in the contribution made by all works in progress, although the greater weight of industrial projects resulted in an operating margin of 5.8%, somewhat lower than that achieved in the same period of the previous year.

Meanwhile, net operating profit stood at €58.1 million, up 8.8% on the previous year, thanks to the performance of gross operating earnings, as mentioned earlier.

Breakdown of backlog by geographical area

(Millions of euros)	**Jun. 24**	**Dec. 23**	**Chg. (%)**
Spain	2,242.3	2,386.1	-6.0%
International	4,167.5	4,039.8	3.2%
Total	**6,409.8**	**6,425.9**	**-0.3%**

Revenues at the end of June were on a par with the level reported in December 2023, at €6,409.8 million. The International area reported a 3.2% increase to reach €4,167.5 million, including the contract for the Rubí line of the Porto Metro, the construction of a regasification terminal in Germany for Hanseatic Energy Hub, and phase one of project management of a future hospital nuclear reactor in the Netherlands. Elsewhere, the backlog in Spain dropped by 6% due to the completion of certain one-off projects.

Breakdown of the Backlog by Activity Segment

(Millions of euros)	**Jun. 24**	**Dec. 23**	**Chg. (%)**
Civil engineering works	4,794.8	5,112.4	-6.2%
Building	768.5	656.9	17.0%
Industrial Projects	846.5	656.6	28.9%
Total	**6,409.8**	**6,425.9**	**-0.3%**

By type of activity, civil engineering continued to dominate at the end of June, accounting for 74.8% of the total, mainly in the form of large public contracts in certain selective markets in Europe, America and the Middle East.

7.4. Concessions

The Concessions area accounted for 4.1% of the Group's total EBITDA for the first half of the year. Its activities focussed on the development, operation and maintenance of transport and non-residential infrastructures. At 30 June, the head of the area, FCC Concesiones, held a total of 14 concessions in varying degrees of participation (six under global consolidation).

7.4.1. Earnings

(Millions of euros)	**Jun. 24**	**June 2023**	**Chg. (%)**
Turnover	36.5	29.3	24.6%
EBITDA	24.8	22.1	12.2%
EBITDA margin	*67.9%*	*75.4%*	*-7.5 p.p*
EBIT	58.6	21.0	179.0%
EBIT margin	*160.5%*	*71.7%*	*88.9 p.p*

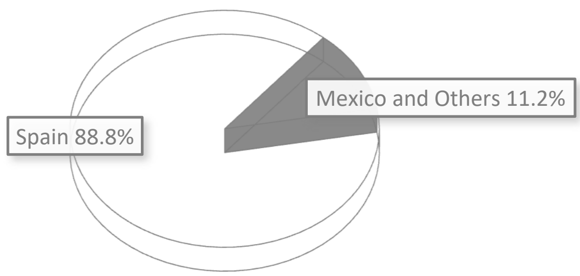
The area's revenues amounted to €36.5 million in the period, compared to €29.3 million in the first half of the previous year. This change comes in response to an increase in road traffic, as well as the entry into global consolidation of the Parla Tramway concession, after acquiring full control of its capital last April.

Breakdown of revenue by geographical area

(Millions of euros)	**Jun. 24**	**June 2023**	**Chg. (%)**
Spain	32.4	27.5	17.8%
Mexico and Others	4.1	1.8	127.8%
Total	**36.5**	**29.3**	**24.6%**

By geographical area, almost all revenue is concentrated in Spain, reaching €32.4 million, with 72.2% corresponding to the contribution made by the Conquense motorway and the Murcia tramway. The Coatzacoalcos Tunnel concession in Mexico remains practically unchanged compared to the previous business year, and its contribution reflects the appreciation effect of the Mexican peso during this period (6.1%). It also includes a new street furniture concession in Portugal.

Breakdown of revenue by geographical area



Gross operating profit amounted to €24.8 million, up 12.2% on the same period of the previous year. The operating margin stood at 67.9% in the period.

Net operating profit stood at €58.6 million, with an outstanding increase compared to same period last year due to two different effects. The effect of the generated turnover, in this period, of the Parla Tramway amounting to €41.2 million, and in the same period last year, a €5.8 million reversal of an impairment of intangible fixed assets.

7.4.2. Financial Debt

(Millions of euros)	**Jun. 24**	**Dec. 23**	**Chg. (€M)**
Net financial debt	80.4	74.3	6.1

Net financial debt, entirely without recourse to the Group's parent company, was up €6.1 million on December of the previous year to reach €80.4 million. It relates entirely to the project financing arranged by the Murcia Tramway concessionary company.

8. SHARE INFORMATION

8.1. Stock market performance

	Jan. – Jun. 2024	Jan. – Jun. 2023
Closing price (€)	13.90	11.82
Change in the period	*(4.5%)*	*34.0%*
High (€)	15.20	11.84
Low (€)	11.92	8.66
Average daily trading (no. of shares)	18,915	50,959
Average daily trading (million euros)	0.3	0.5
Capitalisation at end of period (million euros)	6,062	5,139
No. of shares circulating at 30 June	436,106,917	434,823,566

8.2. Dividends

The Company's Board of Directors, at its meeting held on 27 June 2024, agreed to implement the resolution on the distribution of the scrip dividend for the sum of €0.65/share, as passed at FCC's General Shareholders' Meeting held that same day (27 June 2024), under item five on the Agenda, all the foregoing in accordance with the terms and conditions agreed in that resolution passed by shareholders at the General Meeting. Subsequent to the end of the first half of the year, in July to be precise, the holders of 99% of the free allotment rights opted to receive new shares, a percentage similar to previous years. Therefore, the increase in paid-up capital amounted to 18,771,215 shares. Thus, total share capital, after filing the deed formalising the capital increase, amounted to 454,878,132 shares.

8.3. Treasury stock

The treasury stock position at the date of publication of this report amounts to 46,910 shares. This amount includes 1,953 shares assigned through the scrip dividend.

9. RISKS AND OUTLOOK – 2H 2024

The FCC Group operates in a variety of different environmental, socio-political and economic environments and regulatory frameworks. It is therefore exposed to the risks inherent in its activities, as well as those related to local and global environmental, social, geopolitical and economic developments. However, the FCC Group operates in sectors classed as essential, with growing global needs, such as environmental services, management of the integrated water cycle and infrastructure, and has shown, over the past 120 years or so, that it is resilient enough to overcome changing and complex events. This resilience is predicated on strategic and corporate stability, a sound risk management framework, and policies geared towards good corporate governance, sustainability and financial prudence, while the Group continues to focus on the challenges that lie in wait.

Global risks and outlook

The global outlook presents various challenges when it comes to growth. In this context, further price escalations stemming from geopolitical tensions, including the ongoing war in Ukraine and the conflict in Gaza and Israel, could, together with persistent core inflation in certain countries, keep interest rates high and asset prices low, thus slowing the economy more than expected. Given the high level of sovereign debt in many economies, further destabilisation stemming from tax hikes and spending cuts could also undermine economic activity and erode confidence and support for reforms and spending aimed at reducing climate change risks. These circumstances could potentially affect demand and projected levels of investment. Meanwhile, geo-economic fragmentation could intensify, leading to higher barriers to the flow of goods, capital and people, which would also imply a slowdown on the supply side. Moreover, as a result of the various electoral processes taking place in 2024 and in response to the political and economic backdrop, governments may be forced to change their fiscal, tax and labour policies, public-private partnership models or infrastructure investments, which could affect the business opportunities that lie ahead.

Meanwhile, the FCC Group must continue to manage the risks and opportunities arising from various global trends, such as climate change, water stress, urban development, sustainability and circular economy, the protection of biodiversity, the faster pace of digital transformation, the need for heightened cybersecurity and the rapid emergence of artificial intelligence. While these trends may affect its business model, they also open up new development opportunities and the chance to contribute value, with the development of competitive and technologically advanced solutions, in line with the Sustainable Development Goals (SDGs) and the 2030 Agenda, channelled through the specialisation of its business areas in the design, execution and management of infrastructure and services associated with the environment, water and mobility.

Risks and outlook by business area

The Environmental Services area is undergoing a transformation process brought about by various regulatory requirements in the environmental realm, mainly related to the circular economy and climate change. In this respect, the new opportunities mainly relate to energy efficiency, smart cities and urban mobility. The strategic objective of the area is to increase the quality and quantity of reusable raw inputs by investing in selective collection and automatic sorting facilities to meet regulatory objectives. In Spain, moderate growth is expected, as the Group strives to harness the potential opportunities generated by stricter regulations and new services, such as the development of smart cities, where the aim is to apply a circular model whereby waste is fed back into the production process, relying on innovative solutions. In the Czech Republic, Poland and Slovakia, the medium-term strategy may lead to a change of business model towards further processing and development of waste-to-energy technology, in response to new laws that will record and ban landfilling. In the United Kingdom, a slowdown of sorts is expected in 2024, amid short-term uncertainty resulting from delays in various environmental regulations, the packaging return system or the introduction of a tax in 2028 on emissions within the industry, despite the objectives announced by the UK Government. Moving across to the United States, further progress was made in 2023 towards various contracts and work continues on the expansion and modernisation of the first recycling centre in Placer County, California, with final delivery slated to take place in December 2024. The complex will be one of the largest of its kind, with a treatment capacity of 650,000 tonnes per year. In the United States, FCC ranks among the top 15 companies operating within the industry.

At the Water area, the aim is to maintain the competitive position in the markets in which it operates and to seize opportunities arising in the consolidated markets of integrated water cycle management, mainly in Europe. In other growth markets, the Group expects to see further expansion not only in integrated water cycle management, but also in BOT (Build-Operate-Transfer) and O&M (Operation & Maintenance) projects in North Africa, Latin America and the Middle East. Meanwhile, new opportunities will be explored in other markets such as the United States, as long as the social and political environments remain stable, thus allowing for the long-term development of the projects. In established markets, the Group expects to see a full recovery to pre-pandemic levels of activity in terms of non-residential consumption. This will be reinforced by the new contracts added in 2023 in Colombia, France and the United States. In Spain, where high water stress has been observed in some regions, electricity tariffs are expected to normalise, and the municipalities managed by Aqualia are expected to consider applying the accumulated CPI of the last two years. The process of awarding projects under the PERTE programmes to promote the digitalisation of the integrated water cycle is also expected to speed up.

At the Construction area, the international market focuses on countries and markets with a stable presence and absolute assurance of project financing. The area currently boasts a selective presence in more than 16 countries across Europe, MENA and the Americas. New contracts are always prospected through a strict risk management process to ensure the profitability and cash flow generation of
a curated portfolio of projects. Turnover is expected to increase slightly in 2024 compared to 2023, following the development of infrastructure projects in previous years in various markets (Americas, Middle East and Europe). Various key projects were secured in 2024, including the EPC (Engineering, Procurement and Construction) project for the liquefied natural gas (LNG) storage and regasification terminal in Stade (Hamburg), the construction of the Rubí line of the Porto Underground (Portugal), *Pape Tunnel and the Underground Station* in the Toronto subway (Canada) and the construction of a nuclear reactor in Petten (Netherlands).

Notably, the spin-off of the Cement and Real Estate segments is expected to be completed in the second half of 2024, whereupon they will be integrated into a new company known as Inmocemento, which will be listed on the stock exchange as a separate company.

Financial risks and outlook

The FCC Group's ability to obtain financing depends a variety of factors, some of which are beyond its control and could be affected by adverse factors including, without limitation, the armed conflicts currently raging, difficulties in bringing down inflation, high interest rates, the accumulated increase in the costs of public debt, the availability of funds from financial institutions, or the resulting economic situation in general. The FCC Group has continued to spare no efforts in the search for balanced sources of financing and undertake actions aimed at confronting these growing uncertainties from a position of stability and financial strength.

The FCC Group looks to the second half of 2024 with solid financial structures, with financing amounts, terms and costs that are appropriate to the nature of its different business areas. During this period, the departments responsible for each of the business units, in cooperation with the General Administration and Finance Division, will continue working on the management, assessment and mitigation of the different financial risks, on the management of decisions in relation to risk transfer mechanisms (insurance) and interest rate hedges and asset risk management.

Operational and compliance risks

The complexity and diversity of the projects in which the FCC Group participates requires a great effort in identifying and assessing operating risks from the study phase to completion, to enable contracts to be completed within the deadlines, scope and profitability targets. Among the potential operational risks that could affect the Group's operations during the second half of 2024 are:

- the termination or amendment of contracts and rescheduling of projects, requiring ongoing monitoring of project timelines and budgets, contractual contingencies and disputes, and the risk of lawsuits.
- deviations from planned production costs, difficulties in filling jobs and/or disruptions in the supply chain. The Group addresses these risks by implementing budgetary control and project planning systems, along with active policies in relation to human resources and procurement.
- cybersecurity attacks, with the FCC Group continuing to strengthen its protection and develop different action plans to protect the security of systems and assets.
- the FCC Group will continue to develop improvement plans and review its health and safety policies to guarantee the health and safety of people, allowing the group to monitor how FCC grows as a healthy company and applying a certified occupational hazard prevention system.

- the risks derived from quality assurance and ensuring respect for the environment of the activities and services they provide, for which FCC's Business Areas have certified quality assurance, environmental management systems, in accordance with international standards, and specifically, some of these are part of the EU's Eco-Management and Audit Scheme.
- vulnerability to natural disasters, during which, in addition to implementing different prevention methods, the FCC Group's policy sets to take out the necessary insurance policies to cover the possible risks to which the various elements of its property, plant and equipment and the activities carried out are subject.

Meanwhile, the FCC Group has a Compliance Model, structured around the Code of Ethics and Conduct and featuring numerous policies, procedures and internal controls, all of which are regularly reviewed and updated. The pillars of this Model are: transparent conduct, respect for the law and due diligence through effective governance, and accountability, and its purpose is to prevent and detect risks of non-compliance, including those linked to criminal offences, as well as minimising any potential negative impacts.

Explanatory note

EBITDA

We define EBITDA as earnings from continuing operations before tax, earnings of companies accounted for using the equity method, financial result, depreciation and amortisation charges, impairment, gains or losses on disposals of non-current assets, grants, net changes in provisions and other non-recurring revenues and expenses.

EBITDA Margin

Considered as EBITDA (or gross operating profit) divided by Net Turnover in each case.

EBIT

This corresponds to the operating profit/(loss) in the consolidated income statement presented in the accompanying consolidated financial statements.

BACKLOG

As at any given date, the backlog reflects pending production, that is, amounts under contracts or client orders, net of taxes on production, less any amounts under those contracts or orders that have already been recognised as revenue. We value pending production according to current prices as at the date of calculation. We include in backlog only amounts to which clients are obligated by a signed contract or firm order.

At the Environment division, we recognise the backlog for our waste management contracts only when the relevant contract grants us exclusivity in the geographical area where the plant, landfill or other facility is located.

In our Water business area, we calculate initial backlog on the basis of the same long-term volume estimates that serve as the basis for our contracts with clients and for the tariffs set in those contracts.

In our Construction business area, we recognise the backlog only when we have a signed contract with, or a firm order from, the end client. Once we have included a contract in our backlog, the value of pending production under that contract remains in backlog until fulfilled or cancelled. However, we do adjust the values of orders in the backlog as needed to reflect any price or schedule changes that may be agreed with the client. For example, after the date of calculation, a price may increase or decrease as a result of changes in contractual production due to additional works to be performed. Due to a number of possible factors, we could fail to realise as revenue part or all of our calculated backlog with regard to a given contract or order. Our backlog is subject to adjustments and project cancellations and is, therefore, an uncertain indicator of future earnings.

We do not calculate the Cement area's backlog due to the typically short-term nature of the order cycle.

In the Real Estate area, the real estate portfolio corresponds to the amount of the collection corresponding to the sales of properties pending formalisation at the end of the period in the Development activity. The GAV corresponds to the market value of the real estate assets as determined by independent experts and the occupancy rate at the occupied surface area of the portfolio of rental property assets divided by the portfolio's operating surface area.

GROSS FINANCIAL DEBT

Debts (current and non-current) with credit institutions, debt instruments and loans, financial lease payables and other financial borrowings from third parties, joint ventures and associates on the Liabilities side of the consolidated balance sheet.

NET FINANCIAL DEBT

Net financial debt is defined as total gross financial debt less current financial assets, cash and other cash equivalents.

WORKING CAPITAL

The part of Current Assets financed using long-term funds (Non-Current Liabilities and Net Equity). It is calculated as the sum of Current Assets minus the sum of Current Liabilities.

NET CASH WITH RECOURSE

It is defined as Cash and other equivalent liquid assets, plus short-term Financial Assets, minus the Gross Financial Debt, of the parent company and that of those subsidiary companies that are financially guaranteed with the equity of the parent company.

11. DISCLAIMER

The interim financial information contained in this document was obtained from the consolidated interim financial statements as at 30 June 2024, prepared in accordance with the International Financial Reporting Standards (IFRS) that had been adopted by the European Union at the end of the period, in compliance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002.

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

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