

Aqualia acquires GGU – a company that owns and operates the end-to-end water cycle infrastructure in the Georgian capital, Tbilisi, and other cities, serving 1.4 million inhabitants – from Georgia Capital Tbilisi, Georgia.

Report Earnings 2021



TABLE OF CONTENTS

1) SIGNIFICANT EVENTS	2
2) EXECUTIVE SUMMARY	3
3) SUMMARY BY BUSINESS AREA	4
4) INCOME STATEMENT	5
5) BALANCE SHEET	10
6) CASH FLOW	14
7) ANALYSIS BY BUSINESS AREA	16
8) SHARE INFORMATION	26
9) DISCLAIMER	27
10) CONTACT DETAILS	28

1. SIGNIFICANT EVENTS

FCC Inmobiliaria increases in size and strengthens its competitive position

On 8 October, FCC Inmobiliaria, parent company of the real-estate area of FCC Group, reached an agreement with Control Empresarial de Capitales (CEC) to acquire 13.12% of the capital stock of Realia for an amount of 83.9 million euros, whereby FCC Inmobiliaria now holds a majority share (50.1%) and, as a result, has achieved its global consolidation within the FCC Group. In addition, it acquired the capital stock of Jezzine, an asset holding company 100% owned by Soinmob, a subsidiary of CEC. As a result of this operation, control of FCC Inmobiliaria is retained, with 80.03% of the capital of the head subsidiary company of the strengthened Real Estate area of the FCC Group, leading to significant strengthening of its competitive position, operating synergies, and presence in the rental property business.

Subsequently, last December, Realia, through Realia Patrimonio, acquired 37.11% of its subsidiary company Hermanos Revilla, S.A. for a price of 189 million euros. After this purchase, the Realia Group's direct and indirect stake in the company has risen to 87.76% of its share capital and it now controls 100% of the company.

FCC Aqualia agrees to purchase 80% of GGU's water business for USD 180 million

Last December FCC Aqualia agreed to acquire 80% of the water business of Georgia Global Utilities (GGU) for USD 180 million. The purchase process with GGU, the proprietor of water utility and power generation assets, will be carried out in two phases: (i) a first phase, which has been completed, where FCC Aqualia has acquired 65% of the current GGU, which includes water and renewable energy assets, for a price of USD 180 million. (ii) a second phase, in which GGU will spin off the renewable energy assets, leaving in the perimeter of GGU only the water assets (with four hydroelectric plants associated with the water cycle), with FCC Aqualia then holding 80% of GGU and its former sole shareholder holding the remaining 20%.

FCC Medio Ambiente expands its presence in the USA and Central Europe

Last December, FCC Environmental Services made its first acquisition in the USA with the purchase of Premier Waste Services in Dallas (Texas), a company specialising in tertiary waste collection in that area, for USD 34 million. This operation enhances the service offering and increases operational efficiency in the existing collection and treatment activities in the state of Texas. In addition, the city of Wellington (Florida) awarded the municipal solid waste collection service for ten years (with a possible extension for another five years), with a portfolio of more than 110 million euros. This was in addition to the residential and commercial solid waste collection contract in Hillsborough County, also in Florida, awarded for eight years (with a possible extension for four years) with a portfolio of 230 million euros.

FCC Environment Austria was awarded with the municipal waste treatment and transport contract of the West Tyrol Waste Treatment Association, which will begin in January 2022, with a 5-year duration, extendable for another 5 years and with a backlog worth 33 million euros.

FCC Aqualia is awarded three contracts in France

Last November, FCC Aqualia, through its subsidiary SEFO, was awarded the water supply management of 16 municipalities around Mantes-la-Ville in the Yvelines department located in the Île-de-France region, very close to Paris. This award consists of the concession of the drinking water supply for a period of six years for around 30 million euros. As a result, the portfolio of future revenues of the comprehensive water management area exceeds 15,000 million euros, an increase of 2.2% at the end of the business year.

FCC Medio Ambiente increases its contracting and boosts its backlog by 17% in the business year

The volume of future revenues secured by the FCC Medio Ambiente area grew by 17% at year-end, after increasing revenues by 12.4% in the year, thanks to the incorporation of important contracts in Spain and, to a lesser extent, those mentioned previously in the USA. Among others, the contract for street collection in Barcelona stands out, and in the fourth quarter the awarding of two street cleaning contracts in Madrid, as well as another two for the comprehensive management of green areas and two for the maintenance of urban furniture. This group of contracts contributed a combined contract amount of 1,585 million euros for the year.

Lastly, in terms of treatment and recycling activity, the joint venture led by FCC Medio Ambiente won the contract for the design, development, and operation of the Valladolid Household Waste Treatment and Disposal Centre. It has a duration of 11 years and a portfolio of more than 110 million euros. Also in the recovery activity, the new contract for the selective collection and temporary storage of glass packaging waste for ECOVIDRIO in various regions of Spain, with a portfolio of 13.5 million euros and a duration of 8 years, stands out.

2. EXECUTIVE SUMMARY

KEY FIGURES			
(Millions of euros)	Dec. 21	Dec. 20	Chg. (%)
Net turnover (NT)	6,659.3	6,158.0	8.1%
Gross Operating Profit (EBITDA)	1,126.6	1,047.5	7.6%
<i>EBITDA Margin</i>	16.9%	17.0%	-0.1 p.p
Net Operating Profit (EBIT)	802.2	572.7	40.1%
<i>EBIT Margin</i>	12.0%	9.3%	2.7 p.p
Income attributable to the parent company	580.1	262.2	121.2%
Equity	4,440.7	2,908.7	52.7%
Net financial debt	3,225.7	2,797.8	15.3%
Backlog	30,196.9	29,411.7	2.7%

In the 2021 business year, the FCC Group increased its revenues to 6,659.3 million euros, 8.1% higher than in 2020. It is worth highlighting the positive development of most of the business activities, which equalled or exceeded the revenue levels recorded in 2019 (prior to the pandemic), with a notable contribution by the Environment area with a 12.4% increase.

Gross operating profit (EBITDA) grew 7.6%, to reach 1,126.6 million euros. This can be explained by a number of factors. Operating margins rose in most business areas, particularly in Construction. Cement was impacted by high CO₂ sales in 2020, 51.1 million euros more than in 2021 and, lastly, the effects of consolidation, with the exit of the concession subgroup Cedinsa from April 2021, in contrast to the entry into full consolidation, in the Real Estate area, of Realia and Jezzine, from 1 November last year. Adjusted for the impact of CO₂ and changes in the scope of consolidation, EBITDA grew 17.9% in the business year.

Operating profit (Ebit) includes the described development of Ebitda together with the accounting impact of Realia's full consolidation, by raising the previous level of recorded value of its rental property assets by 241.7 million euros. This is mitigated by the adjustment of 136.0 million euros in the value of property, plant and equipment and goodwill linked to various assets in the Cement area. This together allowed Ebit to increase by 40.1% in the business year.

Attributable net income reached 580.1 million euros, more than twice as much as last year's figures. This increase largely represents operational developments together with a positive performance of the financial result, which includes a reduction in net financial expenses of 43.5 million euros in the year together with a positive impact of 24.5 million euros from exchange differences recorded, compared to a negative contribution of 51.3 million euros in 2020.

Net financial debt amounted to 3,225.7 million euros at the end of the business year, 427.9 million euros more than in 2020. This increase is due to the consolidation of the financing of Realia's and Jezzine's rental assets in the Real Estate area, with a combined amount of 889.7 million euros at year-end. Meanwhile, the performance of all the operating and investment activities accounts for the rest of the financial debt amount.

Equity rose considerably at year-end, with a figure of 4,440.7 million euros, 52.7% higher than at the end of 2020, explained by the substantial increase achieved by the net profit for the year and the effect of the full consolidation of Realia and Jezzine.

The FCC Group's revenues stood at 30,196.9 million euros as at 31 December 2021, up 2.7% on the balance at year-end 2020, with the new contracts of the Environmental area being a particular highlight.

3. SUMMARY BY BUSINESS AREA

(Millions of euros)

Area	Dec. 21	Dec. 20	Chg. (%)	% of 2021 total	% of 2020 total
REVENUE BY BUSINESS AREA					
Environment	3,244.9	2,888.2	12.4%	48.7%	46.9%
Water	1,169.5	1,188.3	-1.6%	17.6%	19.3%
Construction	1,659.6	1,611.0	3.0%	24.9%	26.2%
Cement	433.8	382.6	13.4%	6.5%	6.2%
Real Estate*	147.9	34.8	N/A	2.2%	0.6%
Corporate serv. and others	3.6	53.1	-93.2%	0.1%	0.9%
Total	6,659.3	6,158.0	8.1%	100.0%	100.0%
REVENUE BY GEOGRAPHICAL AREA					
Spain	3,943.8	3,672.3	7.4%	59.2%	59.6%
United Kingdom	855.6	668.6	28.0%	12.8%	10.9%
Rest of Europe and Others	811.5	803.0	1.1%	12.2%	13.0%
Latin America and the US A	376.0	261.5	43.8%	5.6%	4.2%
Czech Republic	346.6	285.2	21.5%	5.2%	4.6%
Middle East & Africa	325.8	467.4	-30.3%	4.9%	7.6%
Total	6,659.3	6,158.0	8.1%	100.0%	100.0%
EBITDA**					
Environment	535.1	450.9	18.7%	47.5%	43.0%
Water	298.9	282.9	5.7%	26.5%	27.0%
Construction	102.6	53.6	91.5%	9.1%	5.1%
Cement	76.1	139.9	-45.6%	6.8%	13.4%
Real Estate*	40.0	-3.8	N/A	3.6%	-0.4%
Corporate serv. and others	73.9	124.0	-40.4%	6.6%	11.8%
Total	1,126.6	1,047.5	7.6%	100.0%	100.0%
OPERATING PROFIT/(LOSS)					
Environment	285.4	215.7	32.3%	35.6%	37.7%
Water	181.3	167.4	8.3%	22.6%	29.2%
Construction	71.1	20.9	N/A	8.9%	3.6%
Cement	(90.3)	106.8	-184.6%	-11.3%	18.6%
Real Estate*	298.3	(3.8)	N/A	37.2%	-0.7%
Corporate serv. and others	56.4	65.7	-14.2%	7.0%	11.5%
Total	802.2	572.7	40.1%	100.0%	100.0%
NET FINANCIAL DEBT**					
Corporate					
With recourse	(326.0)	101.6	N/A	-10.1%	3.6%
Without recourse	0.5	14.7	-96.6%	0.0%	0.5%
Areas					
Environment	1,289.7	1,330.2	-3.0%	40.0%	47.5%
Water	1,247.6	1,177.6	5.9%	38.7%	42.1%
Cement	124.4	173.7	-28.4%	3.9%	6.2%
Real Estate*	889.7	0.0	N/A	27.6%	0.0%
Total	3,225.7	2,797.8	15.3%	100.0%	100.0%
BACKLOG**					
Environment	10,746.4	9,184.3	17.0%	35.6%	31.2%
Water	15,361.1	15,025.9	2.2%	50.9%	51.1%
Construction	3,981.3	5,155.8	-22.8%	13.2%	17.5%
Real Estate*	108.1	45.7	N/A	0.4%	0.2%
Total	30,196.9	29,411.7	2.7%	100.0%	100.0%

*Real Estate presents its consolidated key figures for both business years separately.

** See page 27 for a definition of the calculation in accordance with ESMA rules (2015/1415en).

4. INCOME STATEMENT

<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (%)
Net turnover (NT)	6,659.3	6,158.0	8.1%
Gross Operating Profit (EBITDA)	1,126.6	1,047.5	7.6%
<i>EBITDA Margin</i>	16.9%	17.0%	-0.1 p.p
Provision for amortisation of fixed and non-current assets	(452.3)	(488.9)	-7.5%
Other operating income	127.9	14.1	N/A
Net Operating Profit (EBIT)	802.2	572.7	40.1%
<i>EBIT margin</i>	12.0%	9.3%	2.7 p.p
Financial income	(110.5)	(154.0)	-28.2%
Miscellaneous financial results	57.5	(51.1)	N/A
P/L Entities accounted for using the equity method	58.2	62.1	-6.3%
Profit/(loss) before tax from continuing activities	807.5	429.9	87.8%
Company tax on profits	(130.2)	(86.3)	50.9%
Income from continuing operations	677.3	343.6	97.1%
Net Income	677.3	343.6	97.1%
Non-controlling interests	(97.1)	(81.4)	19.3%
Income attributable to the parent company	580.1	262.2	121.2%

4.1 Net Revenue

Consolidated revenues grew to 6,659.3 million euros in the business year, up 8.1% on the previous year. The development reflects the gradual strengthening of the recovery of the different activities after the distortions and impacts caused by the healthcare crisis in 2020. The strength and competitive position of the business areas has therefore enabled the revenue levels recorded in 2019 to be surpassed by over 6%.

By business area, Environment recorded an increase of 12.4%, thanks to the general recovery in its various operating platforms, mainly due to the combination of the entry into service of new treatment contracts and street cleaning activity in Spain and collection in the USA, together with the increase in revenues in Central Europe and the UK, especially linked to waste treatment and recovery activities.

Revenues in the Water area declined by 1.6%, but this was entirely due to the lower contribution expected in the year from the Technology and Networks business, due to the entry into the completion phase of some one-off international projects. Moreover, the main concessions activity maintained a sustained increase of 3.6%, while the area's revenues grew by 3.1% during the period without a reduction in T&N.

In Construction, revenues were 3% higher than in 2020, with a significant increase in Europe (mainly the UK and the Netherlands), together with various contracts in different Latin American countries, which was mitigated by other contracts that were completed or nearing completion, especially in the Middle East, including Saudi Arabia.

In the Cement area, revenues had double-digit growth of 13.4% for the year, due both to the increase in sales in Spain and the rise in exports, which was more pronounced in the first half of the year.

The Real Estate area, which is presented separately, experienced a notable increase in revenues to 147.9 million euros, compared to 34.8 million euros in the previous year. This is due both to the entry into full consolidation of Realia and Jezzine since last November, and to the increase in revenues from the development and sale of properties. Without this consolidation, revenues for the year would have risen significantly to 102.4 million euros.

Revenue breakdown by geographical area			
(Millions of euros)	Dec. 21	Dec. 20	Chg. (%)
Spain	3,943.8	3,672.3	7.4%
United Kingdom	855.6	668.6	28.0%
Rest of Europe and Others	811.5	803.0	1.1%
Latin America and the US A	376.0	261.5	43.8%
Czech Republic	346.6	285.2	21.5%
Middle East & Africa	325.8	467.4	-30.3%
Total	6,659.3	6,158.0	8.1%

In terms of the geographical areas, *Spain's* contribution stood at 59.2% of revenues, totalling 3,943.8 million euros, an increase of 7.4%. With regards to the different areas of activity, the Environmental area's revenues rose by 7.1% due to the increase in all main activities of the waste management chain, especially collection and street cleaning. The Water area's revenues rose by 3.8%, due to a progressive recovery in the volumes invoiced in end-to-end cycle concessions and water network actions. The Construction area's revenues increased by 4.3%, with the development of projects in progress being somewhat higher than the expected execution rates planned for the period. The demand increased moderately in the Cement area when compared to the figures of 2020; there was more prominent growth in the first half of the year, with revenues up by 10.5%. The Real Estate activity, which is concentrated entirely in Spain, has seen its revenues increase substantially (by 113.1 million euros), due both to the aforementioned integration of the Realia and Jezzine groups within its parent company, FCC Inmobiliaria, and to its increased activity in the sale of properties this business year. Lastly, it is worth mentioning that the Concessions area (included in the *Corporate Services and Others heading*, after completing the sale of some of its most significant concessions at the end of March 2021) reduces its contribution to only the first quarter of this business year, with 52.7 million euros in revenues this year, compared to 121.5 million euros the previous business year.

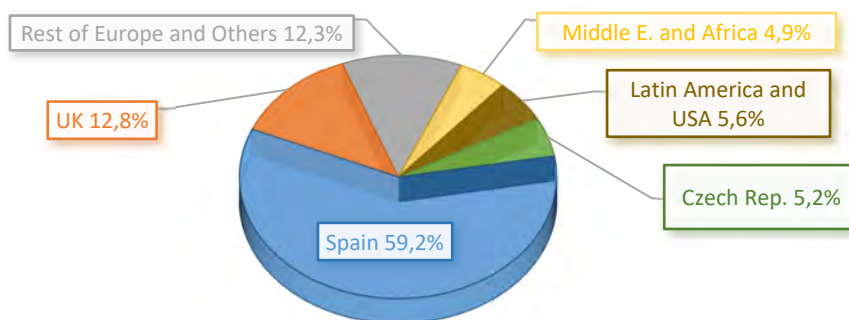
Moreover, revenues in the *United Kingdom* were up by 28% to 855.6 million euros, largely due to the recovery of the municipal waste treatment plant activity and the start of several contracts of the Construction area.

In the EU area, a 1.1% increase was recorded in the area of *Rest of Europe and Others*, amounting to 811.5 million euros. This is largely due to an increase in revenues linked to treatment activity in Central Europe. In Construction, the level of activity increased, thanks to a higher contribution, especially in the Netherlands, which compensated for the completion and progress of other projects (Ireland and Romania). Developments in the *Czech Republic*, which is of particular relative importance within the EU, increased substantially by 21.5% to 346.6 million euros, with a larger increase in waste management services in the Environment area and a more moderate increase in the end-to-end water cycle activity in the Water area.

Revenues in *Latin America and the USA* increased significantly by 43.8% to 376 million euros, largely due to the faster pace of project performance in the Construction area, especially in Mexico, Chile, and Colombia. In the USA, revenues concentrated in the Environment area in municipal waste collection services such as recycling increased significantly (38.2%), thanks to a new contract coming into force in Nebraska and other contracts in Florida for municipal waste collection and green space services.

Lastly, in the Middle East and Africa, activity fell by 30.3%, due to the very high level of progress and reduced contribution from some very significant contracts in Saudi Arabia in the Construction area and for the same reason, although with less of an impact, in the Water area, especially due to the termination of a Technology and Networks activity contract on the north coast of Egypt.

% revenue by geographical area



4.2 Gross Operating Profit (EBITDA)

The Gross Operating Profit for the business year amounted to 1,126.6 million euros, an increase of 7.6% compared to the previous year. It should be noted that this amount represents a 16.9% margin over income, almost identical to the 17.0% achieved in 2020, but with three significant key components: (i) the sale of a large amount of CO2 rights in the cement area in 2020, with a lower contribution of 51.1 million euros this year, (ii) the deconsolidation, by sale, of certain transport concession assets at 31 March 2021, which has led to a lower contribution of 55.1 million euros and (iii) the entry into consolidation of the Realia and Jezzine group assets from 1 November 2021, with a contribution of 16.7 million euros in the business year. Adjusted for these three components, those exceptional in nature and the change in scope, EBITDA in 2021 would have grown by 17.9%. Similarly, with both business years being adjusted for the aforementioned effects, the gross operating margin would have increased significantly to 16.8% in 2021 compared to 15.3% in the previous year.

By business area, the most noteworthy developments have been:

The Environment area reached 535.1 million euros, a 18.7% increase, which is higher than the revenues distributed across all activities of the value chain. The operating margin was 16.5%, compared to 15.6% the previous business year, thanks to the impact of higher treatment/recycling activity volumes and the increase in related prices, in particular, in the UK and Central Europe.

The Water area reported 298.9 million euros, up by 5.7% when compared to last year's figures, supported by an increased contribution from concessions and services in all the jurisdictions where it is present, and which offset the lower contribution made by the Technology and Networks segments internationally. The margin therefore grew to 25.6% compared to 23.8% in 2020.

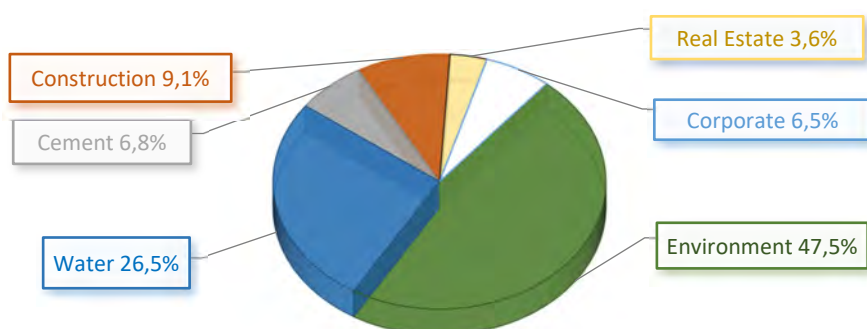
Moreover, the Construction area reported 102.6 million euros, a significant increase of 91.5% when compared to 2020, in line with the scheduled projects and with a substantial improvement in the recovery of the development pace compared to the downtime in 2020 and concentrated in the first half of the last business year in international projects. This allowed operating profit to increase to 6.2% compared to 3.3% in the previous year.

In the Cement area, it reached 76.1 million euros, a substantial reduction of 45.6% compared to 139.9 million euros in the previous year. This mainly reflects the aforementioned effect of lower revenues from CO2 sales of 51.1 million euros this year, together with a more moderate increase in demand in the local and export markets in the second half of the year and increases in energy prices in the same period.

Real Estate activity recorded a notable increase to 40 million euros, compared to a negative figure of 3.8 million euros in 2020, due to the contribution of Realia and Jezzine (16.7 million euros) since last November, as well as the higher profitability generated by the sale of properties by the head of the area, FCC Inmobiliaria.

It should be noted that the Corporate Services and Others heading includes the Infrastructure Concessions activity, to which the Cedinsa subgroup's activity contributed until the end of the first quarter of this business year.

% EBITDA by Business Area



The performance of the utilities areas of Environment and Water maintained their high contribution to operating profit of 74% for the year as a whole.

4.3 Net Operating Profit (EBIT)

Net operating profit amounted to 802.2 million euros, 40.1% more than in the previous year. This increase reflects, in addition to the changes in gross operating profit, two other significant factors in Other Operating Income/(Losses), namely: (i) the accounting impact of the full consolidation of Realia, by raising the previously recorded level of the value of its rental real estate assets, with a positive result of 241.7 million euros and (ii) the negative adjustment of 136 million euros in the value of property, plant and equipment and goodwill in the Cement area.

4.4 Earnings before Taxes (EBT) from continuing operations

Profit before tax from continuing operations amounted to 807.5 million euros, up significantly from 429.9 million euros in 2020. This was due to the combined good performance of operating activities and a positive impact from financial results.

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

4.4.1 Financial income

The net financial result amounted to -110.5 million euros, compared to -154 million euros the previous year, a reduction of 28.2%. This reflects the effect of the contraction in the average volume of financial debt recorded during the year, as well as reduction in its cost, and the elimination of the sale of collection rights without recourse.

4.4.2 Miscellaneous financial results

This heading, which has no impact on cash flow, amounted to 57.5 million euros during the business year, compared to -51.1 million euros last year. This is mainly due to the differential behaviour of the exchange rate of certain currencies, representing a positive impact of 24.5 million euros this year, compared to the negative impact of 51.3 million euros during the same period of 2020. A positive effect of 26.6 million euros is added to this, resulting from the sale of various concession and Construction area investees.

4.4.3 Profit/(loss) of equity-accounted investees

The contribution from investee companies amounted to 58.2 million euros, similar to figure from the previous business year of 62.1 million euros. In addition to the increase in the contribution from various investees in the different operating areas of the business, this slight reduction was the result of a contrasting number of factors compared to the previous year, the most significant of which were on the positive side of the balance sheet: (i) the 45 million euro profit from the sale of most of the energy assets in which the Group has an interest, which

includes both the gain up to the time of sale and the gain on disposal, (ii) the 17.6 million euro effect of the closing of the sale of the Ceal 9 and Urbicsa transport concessions and, also, (iii) the 46.7 million euro adjustment for the acquisition of control of Realia and its change of consolidation from the equity method to the full consolidation method.

4.5 Income attributable to the parent company

Attributable net income for the business year 2021 amounts to 580.1 million euros, a significant increase compared to 262.2 million euros in the previous business year. This performance is down to the increase in pre-tax profit described above. A corporation tax expense of 130.2 million euros was also recorded, in line with the pre-tax profit obtained, together with profit attributable to non-controlling interests of 97.1 million euros, compared to 81.4 million euros in the previous year, reflecting the increase in the Group's consolidated profit attributable to those interests, mainly in the Water area and to a lesser extent in the Real Estate area.

4.6 Profit and loss 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.

	Dec. 21	Dec. 20	Chg. (%)
Net turnover (NT)	6,475.4	6,132.6	5.6%
Gross Operating Profit (EBITDA)	1.066.0	1.032.7	3.2%
<i>EBITDA Margin</i>	<i>16.5%</i>	<i>16.8%</i>	<i>-0.4 p.p</i>
Net Operating Profit (EBIT)	775.9	567.7	36.7%
<i>EBIT margin</i>	<i>12.0%</i>	<i>9.3%</i>	<i>2.7 p.p</i>
Income attributable to the parent company	580.1	262.2	121.2%

5. BALANCE SHEET

<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (€M)
Intangible fixed and non-current assets	2,445.2	2,437.9	7.3
Property, Plant and Equipment and Real Estate Investments	4,931.7	2,810.2	2,121.5
Equity-accounted affiliates	533.8	722.8	(189.0)
Non-current financial assets	604.0	580.9	23.1
Deferred tax assets and other non-current assets	559.2	578.7	(19.5)
Non-current assets	9,074.1	7,130.4	1,943.7
Non-current assets held for sale	0.0	1,392.3	(1,392.3)
Inventory	1,107.3	765.6	341.7
Trade and other receivables	2,340.9	2,095.6	245.3
Other current financial assets	184.4	228.7	(44.3)
Cash and cash equivalents	1,535.5	1,222.1	313.4
Current assets	5,168.1	5,704.2	(536.1)
TOTAL ASSETS	14,242.2	12,834.6	1,407.6
Equity attributable to shareholders of the parent company	3,007.1	2,288.3	718.8
Non-controlling interests	1,433.6	620.4	813.2
Equity	4,440.7	2,908.7	1,532.0
Subsidies	192.2	193.0	(0.8)
Non-current provisions	1,167.3	1,064.4	102.9
Long-term financial debt	3,294.3	3,543.3	(249.0)
Other non-current financial liabilities	438.7	434.0	4.7
Deferred tax liabilities and other non-current liabilities	473.4	296.7	176.7
Non-current liabilities	5,565.9	5,531.3	34.6
Liabilities relating to non-current assets held for sale	0.0	1,051.3	(1,051.3)
Current provisions	147.9	195.2	(47.3)
Short-term financial debt	1,651.2	705.2	946.0
Other current financial liabilities	169.0	169.2	(0.2)
Trade and other payables	2,267.5	2,273.7	(6.2)
Current liabilities	4,235.6	4,394.6	(159.0)
TOTAL LIABILITIES	14,242.2	12,834.6	1,407.6

5.1 Property, Plant and Equipment and Real Estate Investments

Property, Plant and Equipment and Real Estate Investments reached 4,931.7 million euros at the end of the year, with a 2,121.5 million euros increase. This increase is mainly explained by the increase in Real Estate investments, with 1,470.5 million euro from the rental assets incorporated after taking control of Realia, and the ones from Jezzine, amounting to 600.4 million euros.

5.2 Investments accounted for using the equity method

The epigraph entitled investments accounted for using the equity method amounted to 533.8 million euros at the end of the year, with the following breakdown of the most significant investments in equity:

- 1) 108.3 million euros for the stake in companies in the Environment area (recycling and municipal services, mainly in Spain and the UK).
- 2) 83.8 million euros for the stakes held in various transport infrastructure and equipment concessions.
- 3) 38.7 million euros for stakes held in companies in the Water area, largely concessionary companies that manage services abroad (North Africa and Spain).
- 4) 42.0 million euros from the subsidiaries of the parent company in the Cement area.
- 5) 38.4 million euros from investee companies in the Real Estate area.

The reduction in the balance of this heading during the year is mainly due to the change in Realia's consolidation method, following its takeover in the last quarter of the year.

This epigraph also includes a further 222.6 million euros for the remaining investments in own funds for other participations together with loans granted to subsidiaries.

5.3 Assets held for sale

This heading reduces its balance to zero compared to the 1,392.3 million euros recorded at the end of 2020. Its complete reduction is due to the disposal of certain infrastructure concessions located in Spain, following their sale at the end of the first quarter of the business year.

5.4 Cash and cash equivalents

The balance of the Cash and cash equivalents heading amounts to 1,535.5 million euros at the end of the business year, 313.4 million euros more than the figure at the end of last year, distributed as follows:

- 1) In the perimeter with recourse, cash and equivalents totalled 414.8 million euros.
- 2) In the perimeter without recourse, cash and equivalents amounted to 1,120.7 million euros.

5.5 Equity

Equity at the end of the period amounted to 4,440.7 million euros, compared to 2,908.7 million euros at the end of 2020. The notable increase of 52.7% is mainly due to the contribution of the net profit achieved in the period of 677.3 million euros and the effect of the increase in non-controlling interests due to the full consolidation of Realia.

5.6 Financial debt

<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (€M)
Bank borrowings	1,742.6	820.0	922.6
Debt instruments and other loans	3,031.5	3,230.3	(198.8)
Payables due to financial leases	37.3	50.2	(12.9)
Other financial liabilities	134.1	148.0	(13.9)

Gross Financial Debt	4,945.5	4,248.5	697.0
Treasury and other current financial assets	(1,719.8)	(1,450.7)	(269.1)
Net Financial Debt	3,225.7	2,797.8	427.9
<i>Net financial debt with recourse</i>	<i>(326.0)</i>	<i>101.6</i>	<i>(427.6)</i>
<i>Net financial debt without recourse</i>	<i>3,551.7</i>	<i>2,696.2</i>	<i>855.5</i>

At year-end, gross financial debt increased by 16.4% to 697 million euros.

This increase is largely due to the entry into consolidation in the fourth quarter of the Realia Group and Jezzine in the Real Estate area, with an overall balance of 966.6 million euros at the end of the year.

Regarding its temporary structure, it should be noted that 33.4% has a short-term maturity, worth 1,651.2 million euros. Most of this corresponds to the principal amount of the bonds issued for 700 million euros by the head of the Water Area and another 217.2 million euros by its subsidiary in the Czech Republic, maturing in June and July 2022, respectively. Another 210.5 million of short-term debt correspond to marketable securities, largely commercial paper issued on the Irish Stock Exchange by the Group's parent company and that of the Environment area.

The balance of net financial debt increased by 15.3% in the period to 3,225.7 million euros. This is largely explained by the aforementioned increase in the Real Estate area, which generated a balance of 889.7 million euros at year-end. This effect was mitigated by the greater contribution of cash generated by the Group's operations, which includes the effect of the reduction of 109.1 million euros in non-recourse credit assignments in the year, mainly in the Water area, which meant their complete elimination at the end of the first half of the year for the consolidated Group as a whole.

All of the net financial debt is without recourse and is mostly allocated to the Water Utilities and Environment areas (its Market debt is rated as "Investment Grade") and in the recurrent activity of rental property in Real Estate. As a result, the Group's parent company had a net cash position of 326.0 million euros at the end of the year.

Breakdown of Net Financial Debt without recourse by Business Area



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

(i) The Water area accounts for 1,247.6 million euros, of which, in addition to the financing of corporate bonds at the parent company, another 203.2 million euros correspond to the business in the Czech Republic and the rest to various concessions of the end-to-end water cycle; (ii) the Environment area accounts for 1,289.7 million euros, most of which corresponds to long-term bonds issued at the end of 2019 by the area's parent company, another 143.9 million euros to the activity in the UK, and the rest mainly to the project financing of three waste treatment and recycling plants in Spain (iii) the Real Estate area has 889.7 million euros, concentrated in its rental property activity; (iv) the Cement area accounted for 124.4 million euros; (iv) and a remaining 0.5 million euros associated with the concessions activity.

5.7 Other current and non-current financial liabilities

The epigraph of other current and non-current financial liabilities totals 607.7 million euros at the end of the period. The balance mainly includes the item suppliers of fixed and non-current assets for operating leases, amounting to 395.5 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

<i>(Millions of Euros)</i>	Dec. 21	Dec. 20	Chg. (%)
Gross Operating Profit (EBITDA)	1,126.6	1,047.5	7.6%
(Increase)/decrease in working capital	(167.9)	(302.1)	-44.4%
Corporation tax (paid)/received	(135.6)	(96.7)	40.2%
Other operating cash flow	(76.9)	(43.6)	76.4%
Operating cash flow	746.2	605.1	23.3%
Investment payments	(557.9)	(541.2)	3.1%
Divestment receipts	568.6	75.9	N/A
Other investing cash flows	182.4	63.8	185.9%
Investing cash flow	193.1	(401.5)	-148.1%
Interest paid	(99.1)	(151.4)	-34.5%
(Payment)/receipt of financial liabilities	(269.3)	(137.7)	95.6%
Other financing cash flow	(259.3)	150.7	N/A
Financing cash flow	(627.7)	(138.4)	N/A
Exchange differences, change in consolidation scope, etc.	1.8	(61.5)	-102.9%
Increase/(decrease) in cash and cash equivalents	313.4	3.6	N/A

6.1 Operating cash flow

The operating cash flow generated in the year business amounted to 746.2 million euros, 23.3% more than in the previous year. It is noteworthy that this figure is obtained even though the current operating working capital was up 167.9 million euros, which includes in this year the elimination of the balance of non-recourse loan assignments for 109.1 million euros, most of them in the Water area, as was done in the Environment area in the previous year, with the common aim of optimising and reducing the Group's financial costs.

The heading collections/(payment) of corporation tax shows an outflow of 135.6 million euros compared to 96.7 million euros in 2020, a variation that is explained by the increase in net income during this business year and in line with the accounting basis affecting the accrual of taxes.

The heading other operating cash flow includes an outflow of 76.9 million euros compared to 43.6 million euros the previous business year, due to the application of provisions mainly in the Construction and Environment area.

6.2 Investing cash flow

The investment cash flow represents a generation of 193.1 million euros compared to an application of 401.5 million euros in the previous business year.

The most significant item of this first period corresponds to earnings for transport concession divestment transactions, for a cash entry of 377.1 million euros, so proceeds from disposals amounted to 568.6 million euros, when compared to 75.9 million euros of the last business year. In addition, last July, 93 million euros were collected from the sale of various energy assets, together with others distributed among other areas, such as Construction and Real Estate, which added the remaining 98.5 million euros.

With regards to payments for investments totalling 557.9 million euros, these are similar to those during the last year. By business area, the Environment area's investments represented 299.4 million euros, highlighting the investment required for the construction and expansion of the Loeches and Campello treatment plants, for a combined amount of 42.8 million euros. In the UK, among the most significant investments is the one made in the

progress of the development of the Lostock energy recovery plant for 28.6 million euros, as well as the investment of 30 million euros in the USA, out of a total of 69.6 million euros invested in the country, for the purchase of an urban waste collection company in the state of Texas last December.

In the Water area, payments for investments amounted to 107.1 million euros, of which 24.3 million euros are for new contracts, among which Mexico, Colombia, and Spain stand out, distributed among different concession contracts for the operation of hydraulic plants and the end-to-end cycle.

Lastly, included in the Real Estate heading is 83.9 million euros invested in the acquisition of an additional 13.12% of the Realia Group's capital by the parent company in the Real Estate area, FCC Inmobiliaria, which allowed it to gain control and full consolidation.

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

<i>(Millions of Euros)</i>	Dec. 21	Dec. 20	Chg. (€M)
Environment	(291.8)	(283.1)	(8.7)
Water	(86.8)	(134.1)	47.3
Construction	0.5	(7.6)	8.1
Cement	(10.9)	(10.4)	(0.5)
Real Estate	(64.9)	0.0	(64.9)
Corporate serv. etc. & adjustments	464.6	(30.1)	494.7
Net investments (Payments - Collections)	10.7	(465.3)	476.0

Other investment flows amounted to 182.4 million euros, of which 116.4 million euros came from the Real Estate area, largely due to the entry of the balance of cash and cash equivalents from the consolidation of the Realia Group and Jezzine, as well as a further 36.9 million euros in Water from the cancellation and recovery of deposits and cash linked to various projects.

6.3 Financing cash flow

The consolidated cash flow from financing in the year represents an application of 627.7 million euros compared to 138.4 million euros in the previous business year. Interest payments amounted to 99.1 million euros, mainly in the Water and Environment areas, with a substantial reduction compared to the previous year, in line with the reduction in the average balance of financial debt this year.

The heading "Proceeds from/(payments on) financial liabilities" includes an application of the financing flows, with a net reduction worth 269.3 million euros in the business year, extending and increasing the 137.7 million euros recorded in the previous year. In addition, the heading other financing flows includes an application of 259.3 million euros, which essentially includes the payment of 189 million euros for the acquisition of non-controlling interests in companies in the real estate area (Hnos. Revilla in Realia) and the payment of dividends to shareholders of the parent company and minority shareholders of the rest of the consolidated group for a total amount of 63.1 million euros.

6.4 Change in cash and cash equivalents

As a result of the performance of the different cash flow components, the FCC Group's cash position increased by 313.4 million euros since December 2020, with a balance of 1,535.5 million euros at the close of the business year.

7. ANALYSIS BY BUSINESS AREA

7.1. Environment

The Environment division contributed 47,5% of the Group's EBITDA in the 2021 business year. Some 80.7% of its activity is focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 19.3% corresponds 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 3,500 municipalities and serves a population of more than 31 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 22 million people. In Central Europe, mainly Austria and the Czech Republic, FCC is present across the entire waste management chain (collection, treatment and disposal). FCC's activities in the US include both the collection and end-to-end retrieval of municipal waste.

7.1.1. Earnings

<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (%)
Turnover	3.244.9	2.888.2	12.4%
<i>Waste collection and street cleaning</i>	1.550.0	1.428.6	8.5%
<i>Waste processing</i>	1.067.5	879.0	21.4%
<i>Other services</i>	627.4	580.6	8.1%
EBITDA	535.1	450.9	18.7%
<i>EBITDA Margin</i>	16.5%	15.6%	0.9 p.p
EBIT	285.4	215.7	32.3%
<i>EBIT margin</i>	8.8%	7.5%	1.3 p.p

Revenues at the Environment area were up 12.4% to reach 3,244.9 million euros at the end of the business year. The waste collection and street cleaning activity's revenues rose by 8.5% to 1.550 million euros, thanks to the new contracts, especially in Spain and the US, as well as the greater contribution in the activity of street cleaning and other similar services in Spain. Waste treatment activity was up 21.4% to 1,067.5 million euros, largely due to the recovery of the activities in the UK and the increase in activity in Central Europe, alongside the activity of a new plant in the USA.

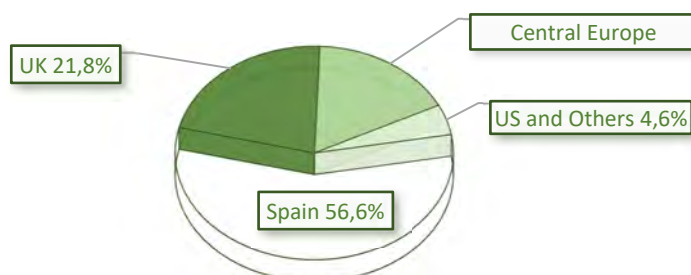
Breakdown of revenue by geographical area			
<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (%)
Spain	1.837.2	1.715.8	7.1%
United Kingdom	708.3	605.3	17.0%
Central Europe	550.7	464.6	18.5%
US and others	148.7	102.5	45.1%
Total	3.244.9	2.888.2	12.4%

By geographical area, revenues in Spain were up 7.1% compared to the previous year to reach 1,837.2 million euros, due to an increased contribution from the Campello treatment plant, plus the contribution made by the new street cleaning and waste collection contracts. Also significant has been the increased activity in cleaning and green areas due to a return to normal after the partial disruptions suffered in certain periods of last year. In the UK, turnover increased by 17% to 708.3 million euros, mainly due to the recovery in the recycling and reduction of urban waste, after stoppages and lower volumes treated in the previous year.

In central Europe, revenues grew by 18.5% to 550.7 million euros due to the higher volume of activity in almost all countries in which the company operates, mainly the Czech Republic, Slovakia, and Poland, in urban collection and treatment, as well as due to the general increase in the price of recycled by-products.

Last but not least, turnover in the USA and other markets increased by 45.1% to 148.7 million euros, mainly due to the contribution from new urban collection contracts in Omaha (Nebraska) and Volusia (Florida), as well as the treatment and recovery plants in Texas.

Breakdown of Revenue by geographical area



The gross operating profit (EBITDA) increased by a remarkable 18.7% to 535.1 million euros due to the aforementioned development of revenues and the improvement in volumes treated and prices in the treatment and recovery activities. This has allowed the operating margin to recover by 0.9 per cent and to reach 16.5%, close to pre-pandemic profitability levels.

The net operating profit (EBIT) increased by 32.3% over the previous year to 285.4 million euros, thanks to the development of the different components mentioned in the Ebitda.

Breakdown of backlog by geographical area

(Millions of euros)	Dec. 21	Dec. 20	Chg. (%)
Spain	6,300.6	4,872.2	29.3%
International	4,445.8	4,312.1	3.1%
Total	10,746.4	9,184.3	17.0%

At the end of last December, the area's backlog increased by 17% to 10,746.4 million euros. In Spain, it amounts to 6,300.6 million euros, where the contribution of street collection and cleaning in Barcelona stands out with 903.2 million euros, as well as other contracts in the city of Madrid, for a total amount of 682.6 million euros. In the rest of the territorial areas as a whole, the portfolio of services also increased by 3.1% to 4,445.8 million euros, highlighting the new contracts secured in the UK and the USA.

7.1.2. Financial Debt

(Millions of euros)	Dec. 21	Dec. 20	Chg. (€M)
Net Financial Debt	1,289.7	1,330.2	(40.5)

Financial debt decreased slightly in the year to 1,289.7 million euros. Its main balance corresponds to the issuance of two green bonds and a smaller amount of euro commercial paper, with a total accounting balance exceeding 70% of the total at year-end. The remainder mainly finances activity in the UK and is linked to project financing of waste treatment and recycling plants.

7.2. Water

The Water area contributed 26.5% of FCC Group EBITDA in the period. 90.1% of its activity is focused on public service concession management related to the end-to-end water cycle (collection, treatment, storage and distribution) and the operation of different types of water infrastructures; the remaining 9.9% corresponds to Technology and Networks, which is responsible for the design, engineering and equipment of hydraulic infrastructures, related to a great extent to the development of new concessions and ancillary works for operations.

In Spain the area serves over 13 million inhabitants in more than 1,100 municipalities. In Central Europe, it serves 1.3 million users, mainly in the Czech Republic, while in the rest of the continent it is present in Italy, Portugal and France. In Latin America, the Middle East, and Africa its activity centres on the design, equipping, and operation of processing plants. Overall, the Water area provides supply and/or sanitation services to more than 29 million inhabitants.

7.2.1 Earnings

<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (%)
Turnover	1,169.5	1,188.3	-1.6%
<i>Concessions and services</i>	1,053.3	1,016.6	3.6%
<i>Technology and networks</i>	116.2	171.7	-32.3%
EBITDA	298.9	282.9	5.7%
<i>EBITDA Margin</i>	25.6%	23.8%	1.8 p.p
EBIT	181.3	167.4	8.3%
<i>EBIT margin</i>	15.5%	14.1%	1.4 p.p

Revenues fell slightly in the year to 1,169.5 million euros, due to decreased activity in the development of hydraulic assets. Revenues of the concessions and services and core business activity were up by 3.6% to 1,053.3 million euros, due to the higher volume of activity in Spain and abroad. Moreover, the activity of the Technology and Networks are dropped by 32.3%, due to the entry into the completion phase of a number of one-off international projects, which was partially offset by the growth of this activity in Spain.

Breakdown of revenue by geographical area			
<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (%)
Spain	814.2	784.3	3.8%
Central Europe	113.6	105.0	8.2%
Middle East, Africa and Others	112.4	163.1	-31.1%
Rest of Europe (France, Portugal and Italy)	80.8	78.5	2.9%
Latin America	48.5	57.4	-15.5%
Total	1,169.5	1,188.3	-1.6%

By geographical area, revenues in Spain increased by 3.8% to 814.2 million euros. This growth has occurred in each and every one of the activities, with Technology and Networks standing out due to both the contracts linked to one-off projects and the implementation of the investment plans of the concession contracts. Regarding the latter activity, the growth in m3 billed was 0.5%, with a progressive recovery towards pre-pandemic demand levels.

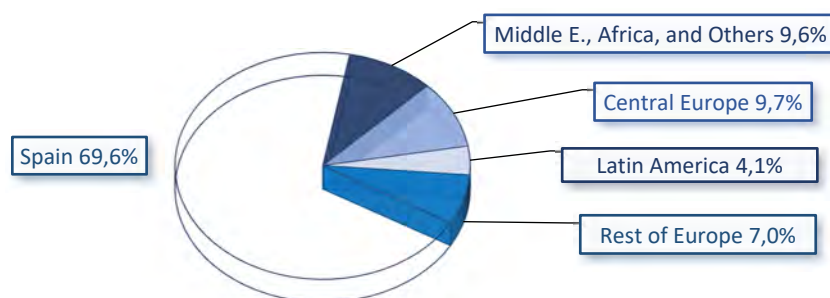
In the international realm, Central Europe grew by 8.2% to 113.6 million euros, due to the tariff update in the comprehensive cycle activity in the Czech Republic and the favourable performance of the exchange rate of the

Czech koruna (+3.2% in the year). In the Rest of Europe, revenues increased by 2.9% to 80.8 million euros, driven by the tariff increase for the Aque di Caltanissetta (IT) concession contract and the higher volume of activity in Technology and Networks for this contract.

The Middle East, Africa, and Others accounted for the fall in revenues in the Area to 112.4 million euros. This decrease was concentrated in the Technology and Networks business, almost entirely due to the slowdown in the almost completed construction of a wastewater treatment plant in Egypt.

Lastly, in Latin America, turnover decreased by 15.5% to 48.5 million euros, due to the lower contribution in the Technology and Networks business, both in Mexico and Colombia, of projects that are already at very advanced stages of execution and which have not been offset by others recently awarded, together with the increase in the end-to-end cycle business in Colombia.

Breakdown of Revenue by geographical area



Gross operating profit (EBITDA) increased by 5.7% and totalled 298.9 million euros, due to the higher concession activity that more than compensated for the lower contribution of the Technology and Networks business and enabled the operating margin to grow to 25.6%, compared to 23.8% the previous year.

Net operating profit (EBIT) was up by 8.3% when compared to last year's figures, totalling 181.3 million euros, due to the performance of gross operating profit, as discussed previously.

Breakdown of backlog by geographical area

<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (%)
Spain	7,149.6	7,224.7	-1.0%
International	8,211.5	7,801.2	5.3%
Total	15,361.1	15,025.9	2.2%

The backlog at year-end totalled 15,361.1 million euros, 2.2% more than in 2020. In Spain, several contracts for the island of Tenerife, the comprehensive management contract in Salamanca, and the La Línea contract in Cádiz deserve a special mention. In the international area, the contract for comprehensive improvement and management in Los Cabos (Mexico) and the end-to-end cycle of Mantes-la-Jolie in France are also worth mentioning.

7.2.2. Financial Debt

<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (€M)
Net Financial Debt	1,247.6	1,177.6	70,0

Net financial debt reached 1,247.6 million euros at the end of the business year. The increase in net debt in the year is due to the complete elimination of loan assignments in the year amounting to 107.1 million euros.

7.3. Construction

The Construction area contributed 9.1% of the FCC Group's EBITDA at the end of the business year. Its activity focuses on the design and construction of large civil, industrial and building works, with a selective presence in certain regions, currently around 20 countries. Special mention should go to participation in major works like railways, tunnels, bridges and football stadiums that constituted a major part of the activity.

<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (%)
Turnover	1,659.6	1,611.0	3.0%
EBITDA	102.6	53.6	91.5%
<i>EBITDA Margin</i>	<i>6.2%</i>	<i>3.3%</i>	<i>2.9 p.p</i>
EBIT	71.1	20.9	240.2%
<i>EBIT margin</i>	<i>4.3%</i>	<i>1.3%</i>	<i>3.0 p.p</i>

Revenues in the area were up by 3% to 1,659.6 million euros, largely due to the steady pace of project performance in Spain Europe and Latin America, offsetting the lower activity levels in the Middle East.

Breakdown of revenue by geographical area			
<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (%)
Spain	885.2	848.8	4.3%
Rest of Europe and Others	419.2	390.0	7.5%
Latin America and the US A	209.4	126.0	66.2%
Middle East and Africa	145.8	246.2	-40.8%
Total	1,659.6	1,611.0	3.0%

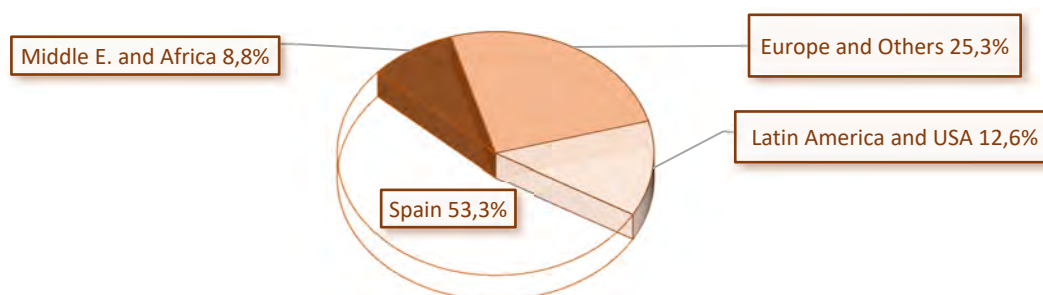
By geographical area, turnover in Spain increased by 4.3% to 885.2 million euros, due to the good pace of execution in the remodelling of the Santiago Bernabéu football stadium, as well as in other minor public works such as the remodelling of the Plaza de España and the island ring road in Tenerife.

Similarly, in the Rest of Europe and other markets, turnover grew by 7.5% compared to the previous year, reaching 419.2 million euros, thanks to the greater contribution of projects under development, such as the A-9 in Holland and the A-465 motorway in Wales, which compensated for the lower contribution of others already completed, such as Grangegormon in Ireland.

In Latin America and the USA, revenues grew significantly, up to 209.4 million euros, largely due to the increased contribution of the Maya Train in Mexico and the commencement of a road project in Chile.

The drop in revenues is mainly concentrated in the Middle East, down to 40.8% to 145.8 million euros, essentially due to the lower activity reported in the construction of the Riyadh metro in Saudi Arabia as the project nears completion.

Breakdown of revenue by geographical area



Gross operating profit increased significantly by 91.5% to 102.6 million euros compared to 53.6 million euros in the previous year. This increase is based on the aforementioned development of revenues and especially on the disappearance of the impact on various projects in the previous year caused by the slowdown and stoppages due to by the measures taken to combat the health crisis. As a result, the operating margin for the year amounted to 6.2%, similar to the level reached in previous quarters.

Net operating profit totalled 71.1 million euros, compared to 20.9 million euros for the previous year, thanks to the performance of gross operating earnings, as mentioned previously.

Breakdown of backlog by geographical area

<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (%)
Spain	1,368.0	1,628.4	-16.0%
International	2,613.3	3,527.4	-25.9%
Total	3,981.3	5,155.8	-22.8%

The revenue portfolio drops to 3,981.3 million, more sharply in the International realm, due both to the progress of contracts and the adjustments made to the projects to be carried out in certain countries, which have yet to be offset by new contracts.

Breakdown of the Backlog by Activity Segment

<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (%)
Civil engineering works	3,301.6	4,121.5	-19.9%
Building	426.3	695.0	-38.7%
Industrial Projects	253.4	339.3	-25.3%
Total	3,981.3	5,155.8	-22.8%

Civil engineering works continue to be the dominating segment by type of activity, representing 82.9% of the total.

7.4. Cement

The Cement area contributed 6.8% of the FCC Group's EBITDA in the business year. This activity was undertaken by the CPV Group, which focuses on manufacturing cement and by-products, with 7 main production centres in Spain and 1 in Tunisia, in addition to a minority stake of 45% in Giant Cement, which operates a number of factories on the east coast of the US. A

7.4.1. Earnings

<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (%)
Turnover	433.8	382.6	13.4%
<i>Cement</i>	393.2	345.2	13.9%
<i>Other</i>	40.6	37.4	8.6%
EBITDA	76.1	139.9	-45.6%
<i>EBITDA Margin</i>	17.5%	36.6%	-19.0 p.p
EBIT	(90.3)	106.8	-184.6%
<i>EBIT margin</i>	-20.8%	27.9%	-48.7 p.p

The area's revenues rose 13.4% compared to last year and amount to 433.8 million euros, due to an increase in volumes invoiced in Spain as well as an increase in exports from local markets (Spain and to a lesser extent Tunisia).

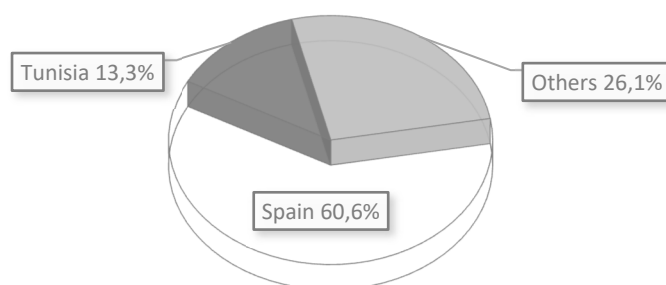
Breakdown of revenue by geographical area			
<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (%)
Spain	262.9	237.9	10.5%
Tunisia	57.8	57.8	0.0%
Miscellaneous (exports)	113.1	86.9	30.1%
Total	433.8	382.6	13.4%

With regards to the geographical areas, the turnover in Spain was up by 10.5% to 262.9 million euros, due to the significant increase in volumes, which concentrated in the first half of the year, together with price stability, all derived from the drop in demand since last year, mostly of private origin.

In the local Tunisian market, turnover remained at the same level as the previous year at 57.8 million euros, where the increase in prices compensated for the slight decrease in volumes.

Moreover, export revenues increased by a noteworthy 30.1% to 113.1 million euros, following an increase in exports, mainly to the EU, from Spain, in particular to the UK and France, as well as those from Tunisia.

Breakdown of revenue by geographical area



Moreover, EBITDA stood at 76.1 million euros, 45.6% down when compared to 139.9 million euros during the previous year. This drop is largely explained by the impact of the sale of a large volume of CO2 rights during the previous year, which amounted to 58.9 million euros, as compared to 7.8 million euros during this year. Excluding this differentiating factor, operating profit excluding CO2 was down 15.6% compared to the previous year, mainly due to the effect of the increase in electricity and fuel prices in the second half of 2021.

The net operating profit was -90.3 million euros, mainly due to a 136-million-euro adjustment to the value of various property, plant and equipment and goodwill, in order to better reflect their estimated future cash generation capacity.

7.4.2. Financial Debt

<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (€M)
Net financial debt	124.4	173.7	(49.3)

Net financial debt, entirely without recourse to the Group's parent company, dropped to 49.3 million euros when compared to December of last year, reaching 124.4 million euros, as a consequence of the application of the free cash flow generated in the year as a whole to the reduction of financial indebtedness. The Cement area therefore reaches a new milestone in the progressive strengthening of its financial soundness.

7.5. Real Estate

As a result of the various corporate operations carried out in the fourth quarter of this year by the head of the real estate activity, FCC Inmobiliaria, the most significant figures are presented separately for both years, as opposed to their inclusion in Corporate Services, which reported them until September 2021.

Of note among the operations carried out in the last quarter was the acquisition of 13.12% of Realia's share capital for 83.9 million euros, giving it control, with a 50.1% stake, and its full consolidation. In addition, 100% of the capital of Jezzine, a holding company exclusively dedicated to the operation of rental assets, was incorporated through a non-monetary contribution. As a result of this last operation, FCC Inmobiliaria remains controlled by FCC SA, with 80.03% of its capital. These operations allow for a significant strengthening of FCC Inmobiliaria's competitive position and the weight of the rental property business, as well as the enhancement of operating synergies.

The two corporate incorporations described above, Grupo Realia and Jezzine, only contribute to the FCC Group's operations for two months of the business year.

The Real Estate area will contribute 3.6% of the FCC Group's EBITDA in 2021. Its activity is centred in Spain and is structured in two main activities, with the first being the holding, development, and operation of all types of real estate on a rental basis (mainly offices, premises, and shopping centres). This is in addition to the development for sale of properties, which includes the urban management of its land portfolio, providing development management services for third parties.

7.5.1. Earnings

<i>(Millions of euros)</i>	Dec. 21	Dec. 20	Chg. (%)
Turnover	147.9	34.8	N/A
<i>Rentals</i>	17.2	0.0	N/A
<i>Residential Development</i>	130.7	34.8	N/A
EBITDA	40.0	(3.8)	N/A
<i>EBITDA Margin</i>	27.0%	-10.9%	38.0 p.p
EBIT	298.3	(3.8)	N/A
<i>EBIT margin</i>	201.7%	-10.9%	N/A

The area's revenues amounted to 147.9 million euros in 2021, a substantial increase over the previous year, due both to the aforementioned entry into the scope using full consolidation of the Realia Group and Jezzine, and to the increase in revenues from the Development activity, due to the higher rate of deliveries throughout this business year.

In the Residential Development activity, with 130.7 million euros of revenues in the year, this is explained by the increase in activity, which in comparable terms (without considering the effect of the consolidation of the Realia Group), would have grown to 102.3 million euros in this business year. In addition, the activity has been reinforced by the contribution of the Realia Group for two months of the year, with 28.4 million euros. The revenues generated were distributed among more than ten developments, mainly in metropolitan areas of large cities in Spain.

The revenue reported by Rentals was 17.2 million, compared to the lack of a contribution in the previous year and only two months of this activity in the year. Its revenues are concentrated in the use of offices (comprising Jezzine's network of properties dedicated to the rental of bank branches), which accounted for more than 80% of the total, followed by rent generated by the operation of shopping centres. At year-end, the occupancy rate exceeded 95%, supported by high occupancy levels in all uses, locations, and the very long-term contract held by the subsidiary Jezzine in relation to offices.

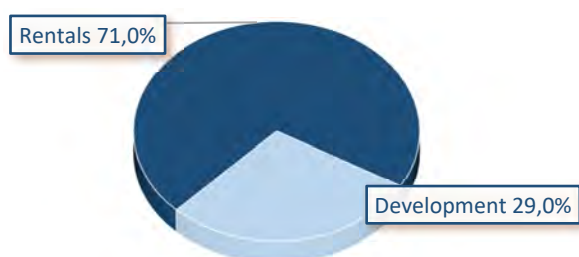
Similarly, EBITDA performed better this year, with a figure of 40 million euros, due both to the higher profitability of Development operations and to the effect of the contribution of the new Rentals activity, with a much higher operating margin. As a result, the operating margin stood at 27% for the year, a percentage that

should increase in the coming periods as the contribution of the Rentals activity is extended to the whole of the annual period.

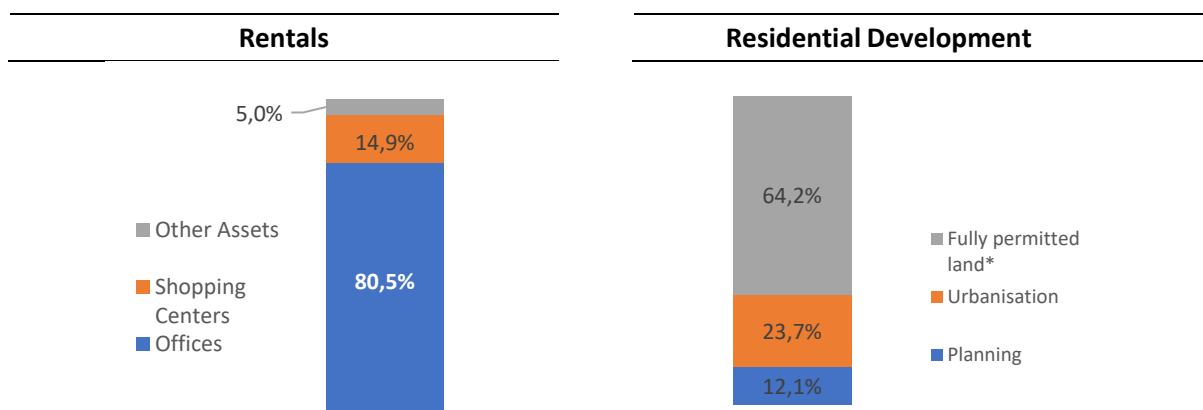
EBIT contains the effect of the aforementioned change in EBITDA, together with the profit generated by raising the value of Realia's rental assets by 241.7 million euros to their fair market value.

The latest available market valuation of the area's real estate assets, which totalled 2,941.8 million euros at 31 December 2021, is presented below. The majority corresponds to rental assets, which account for 71% of the total, a figure of 2,086.6 million euros, while Residential Development, which includes land at different stages of development together with developments being marketed, in progress, and completed, accounts for 29% of the total, amounting to 855.2 million euros.

GAV per Activity*



*Development data of FCC Inmobiliaria, S.A. as at 30 June 2021.



*Includes products in progress and finished products

7.5.2. Financial Debt

(Millions of euros)	Dec. 21	Dec. 20	Chg. (€M)
Net financial debt	889.7	0	889.7

The balance of financial debt at 31 December 2021 amounted to 889.7 million euros, compared to zero in the previous year. The net financial indebtedness generated this year is explained in its entirety by the full consolidation of the Realia Group's debt and that of Jezzine, both at year-end. Both subsidiaries have long-term financing structures, linked to their rental assets and are separate from the head of the area, FCC Inmobiliaria.

8. SHARE INFORMATION

8.1. Stock market performance

	Jan. – Dec. 2021	Jan. – Dec. 2020
Closing price (€)	11.08	8.40*
<i>Change in the period</i>	31.9%	-16.3%
High (€)	11.40	11.56*
Low (€)	8.71	6.77*
Average daily trading (no. of shares)	69,303	74,593
Average daily trading (million euros)	0.7	0.7
Capital. at end of period (million euros)	4.711	3.600
No. of shares circulating at closure	425,173,636	409,106,618

* 2021 Data adjusted for scrip dividend

8.2. Dividends

The Company's Board of Directors, at its meeting held on 29 June 2021, agreed to implement the agreement on the distribution of the scrip dividend adopted at FCC's General Shareholders' Meeting on 29 June 2021, in item 6 of the Agenda, in compliance with the terms and conditions agreed at the General Shareholders' Meeting. The holders of 98.18% of the free allocation rights opted to receive new shares, in recognition for their confidence in management and their capacity to execute the Group's value creation potential. Therefore, the paid-up capital increase was 16,067,018 shares; the total number of shares of the new capital stock was 425,173,636.

8.3. Treasury stock

On 28 July, the company reported that the Board of Directors, at its meeting held on 27 July, approved a Temporary stock buy-back programme, which will be closed on 30 September 2021. This programme is aimed at reducing FCC's share capital through the redemption of its own stock and it has the following characteristics: the maximum number of shares to be acquired under the Programme is 1.7 million and the maximum investment of the Programme was 20 million euros.

Subsequently, on 23 September, the Board of Directors agreed to extend the Temporary stock buy-back programme for an additional six-month period, which will end on 30 March 2022.

All in all, the treasury stock position at the end of the business year amounted to 2,410,758 shares, equivalent to 0.567% of the capital stock.

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.

BACKLOG

The FCC Group uses the backlog as an additional accounting measure in certain areas of our businesses. We calculate the backlog for our Environmental Services, Water and Construction areas because these businesses are characterised by medium and long-term contracts. Because of its typically short-term purchase cycle, we do not calculate backlog for our Cement business area.

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 the expected number of units at current prices as at the date of calculation. The backlog includes only those amounts to which clients are bound by virtue of a signed contract or firm order.

In the Environmental Services area, 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.

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 at 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.

NET FINANCIAL DEBT

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

9. DISCLAIMER

The interim financial information contained in this document was obtained from the consolidated interim financial statements as at 31 December 2021, 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 conformity 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.

This document does not constitute an offering or an invitation to acquire or subscribe shares in accordance with Act 24/1988, of 28 July, on the Securities Market, Royal Decree-Act 5/2005, of 11 March, and/or Royal Decree 1310/2005, of 4 November, and their implementing regulations. In addition, this document is neither an offer to buy nor a solicitation to purchase, sell or exchange shares, nor is it a request for any kind of vote or approval in any other jurisdiction.

Neither this document nor any part of it is contractually binding and may not be used or construed as constituting a contract or any other type of commitment.

10. CONTACT DETAILS

FINANCE AND ADMINISTRATION DIVISION

CAPITAL MARKETS DEPARTMENT

- > Postal address: Avda. Camino de Santiago, 40 Edificio 2, Planta 5 - 28050- Madrid. Spain.
- > Telephone: +34 91 757 47 51
- > Website: www.fcc.es
- > E-mail: ir@fcc.es