

Investor Day

FCC Group

31 July 2018



Agenda

Investor Day

12:05 Welcome

Esther Alcocer Koplowitz (Chairman)

12:10 Introduction

Carlos Slim Helú

12:40 Business Areas: Status, prospects and strategic vision

Pablo Colio (CEO, FCC) and Gerardo Kuri (CEO, CPV and Realia)

Environment.

Water.

Construction.

Concessions.

Energy.

Cement.

Real Estate.

13:40 Q&A

Speakers

14:30 Cocktail and conclusion

Investor Day



Esther Alcocer Koplowitz

Investor Day



Ing. Carlos Slim Helú

Grupo Carso principles adopted by FCC

Investor Day

- 1** Do not sell below cost.
- 2** Simple structures, organizations with minimal hierarchies, human development and internal training of executive functions. Flexibility and speed in decision making. Operate with the advantages of small business, which make big businesses great.
- 3** Maintaining austerity in good times strengthens, capitalizes and accelerates the development of the company, and averts the bitterly drastic adjustments in times of crisis.
- 4** Always active in the modernization, growth, training, quality, simplification and relentless improvement of manufacturing processes. Increase productivity, competitiveness and reduce costs, always guided by the highest global benchmarks.
- 5** The company should never be limited to the extent of the owner or administrator. We should not feel big in our small pens. Minimum investment in non-productive assets.
- 6** There is no challenge that we cannot achieve by working together, with clear objectives and knowing the tools.
- 7** The money that leaves the company evaporates. So we reinvest profits.
- 8** Corporate creativity applies not only to businesses but also to the solution of many problems of our countries, and we do that through the Foundations of the Group.
- 9** Firm and patient optimism always pays off.
- 10** All the times are good for those who can work and have the means to do so.
- 11** Our premise is and has always been that we leave with nothing; we can only do things while we are alive and that entrepreneurs are creators of the wealth they temporarily manage.

Results

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M€	December 2014	LTM June 2018	June 2018 (6 months)	Change LTM June '18 vs. Dec. '14
Total operating revenues	5,931.4	5,624.7	2,719.6	-5.2%
Operating expenses	4,844.0	4,488.4	2,167.4	-7.3%
Administration expenses	357.3	198.0	98.1	-44.6%
Provisions and impairment	674.2	83.4	30.3	-87.6%
Depreciation and amortisation	401.6	368.3	186.1	-8.3%
EBIT	-345.7	486.5	237.7	n.a.
<i>EBIT margin</i>	-5.5%	8.4%	8.4%	
EBITDA	803.8	861.5	422.1	7.2%
<i>EBITDA margin</i>	12.7%	14.8%	14.8%	
Total financial expenses	388.5	230.0	65.3	-40.8%
Equity-accounted affiliates	-84.8	52.5	32.1	n.a.
EBT	-819.0	309.0	204.5	n.a.
Taxes, etc.	-85.2	87.5	49.3	n.a.
Net income	-733.8	221.5	155.2	n.a.
Net margin	-11.6%	3.8%	5.5%	

Balance sheet

Investor Day

FCC Consolidated
Group

M€	September 2014	December 2014	June 2018
ASSETS			
CASH ON HAND AND AT BANKS	1,086.0	1,537.1	990.5
ACCOUNTS RECEIVABLE	2,553.5	2,399.1	1,701.9
INVENTORIES	908.2	849.9	710.8
OTHER ASSETS	771.9	606.0	164.8
TOTAL CURRENT ASSETS	5,319.5	5,392.1	3,568.0
PROPERTY, PLANT & EQUIP. (NET)	4,814.2	4,696.3	4,269.7
GOODWILL (NET)	1,472.0	1,472.0	1,083.0
TOTAL FIXED ASSETS	6,286.2	6,168.3	5,352.7
DEFERRED TAXES	435.2	481.8	499.8
OTHER ASSETS	418.2	641.2	575.5
TOTAL ASSETS	12,459.1	12,683.4	9,996.0

M€	September 2014	December 2014	June 2018
LIABILITIES			
INTEREST-BEARING LIAB.	1,328.8	1,238.2	573.1
ACCOUNTS PAYABLE	1,744.0	1,831.7	1,339.3
TAXES PAYABLE	548.9	569.1	300.5
OTHER LIABILITIES	1,097.5	1,277.5	992.8
TOTAL WORKING CAPITAL	4,719.2	4,916.5	3,205.7
INTEREST-BEARING LIAB.	6,590.6	5,635.7	4,370.2
LONG-TERM PROVISIONS	1,146.6	1,157.9	1,166.0
SUBSIDIES AND OTHER LIAB.	488.4	477.9	420.2
TOTAL LONG-TERM LIABILITIES	8,225.6	7,271.5	5,956.4
TOTAL LIABILITIES	12,944.9	12,188.0	9,162.1
CAPITAL*	-485.7	495.4	833.9
LIABILITIES AND EQUITY	12,459.1	12,683.4	9,996.0

* Capital proforma at 2018 year-end is estimated at 1,633 M€, subject to completion of the sale of 49% of Aqualia.

Liabilities

Investor Day

M€	September 2014	December 2014	June 2018	Proforma* December 2018
Total interest-bearing liab. + deferred taxes	8,250.7	7,205.5	4,943.3	4,013.0
Parent company debt	4,983.2	4,340.8	2,166.6	1,386.3
Annual interest	478.5	313.2	120.4	90.3
Annual rate (%)	5.80%	4.35%	2.44%	2.25%
Weighted average term (years)	4.4	4.1	5.6	6.0

* Proforma '18 subject to completion of the sale of 49% of Aqualia.

FCC Land Bank

Investor Day

Land	Area m ²	Allowed construction m ²
Zoned for construction	766,947	767,846
Under development	1,590,005	-
Long term	1,780,999	-
International	265,699	-
Total	4,403,650	-

Includes proportional part of Realia land (36.92%)

Land under development

FCC	Area m ²	Allowed construction m ²	Realia	Area m ²	Allowed construction m ²
Tres Cantos	434,837	376,720	Palma de Mallorca	7,455	9,559
Arroyo Fresno	29,495	39,407	Sabadell	4,501	17,535
Sant Joan Despí	12,802	50,344	Alcalá de Henares	14,456	44,755
Badalona	9,333	44,079	Valdebebas	6,073	6,073
Total	486,467	510,550	Total	32,485	77,922

Total area

Investor Day



Pablo Colio Abril

1

Business Areas
Status, prospects and
strategic vision

Environment

Environment

Investor Day

Activities



Manages **24 Mt** of waste per year



In over **5,000** municipalities

Contribution to Group EBITDA

50%

Environment

Business structure

Operating figures H1 2018

M€	Revenue	% of Area	EBITDA	% of Area	% EBITDA margin
Spain 	730	53%	115	54%	16
International 	585	42%	86	41%	15
Industrial and hazardous waste  	74	5%	11	5%	15
TOTAL ÁREA	1.388		212		15

Environment

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Performance 14 /18

M€	December 2014	LTM June 2018	Change LTM June '18 vs. Dec. '14
Total operating revenues	2,487	2,560	2.9%
Operating expenses	1,962	2,019	2.9%
Administration expenses	89	70	-21.8%
Provisions and impairment	668	41	-93.8%
Depreciation and amortisation	206	207	0.6%
EBIT	-438	223	n.a.
<i>EBIT margin</i>	-15.6%	8.1%	
EBITDA	418	443	6.0%
<i>EBITDA margin</i>	14.9%	16.2%	
Total financial expenses	185	80	-56.9%
Equity-accounted affiliates	8	17	113.2%
EBT	-614	160	n.a.
Taxes, etc.	-154	28	n.a.
Net income	-460	133	n.a.
<i>Net margin</i>	-16.4%	4.9%	

Environment

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Main activities - Spain

◀ We maintain our **31% share** in the **main markets and businesses** with value-added services.

Revenue vs. % Landfill



Average contract term

- Waste collection: 8-10 years (large and mid-sized clients)
- Street, garden and building cleaning: approx. 4 years (+ extensions)
- Waste treatment: 15-20 years operation

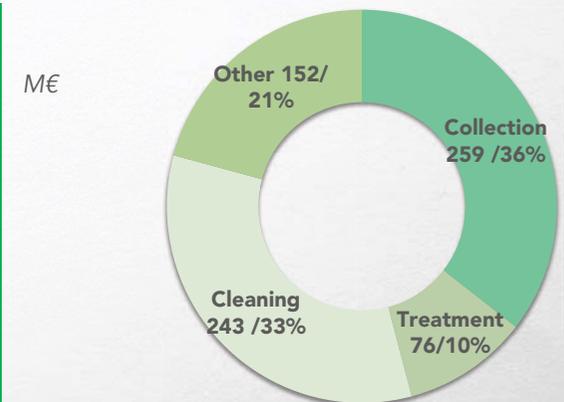
Renewal rate

- 80-85%

Success rate

- 20% on new contracts

Revenue by activity (H1 18)



Environment

International footprint

International revenues H1 2018

Total : **606**M€



Backlog (June 18)

Total

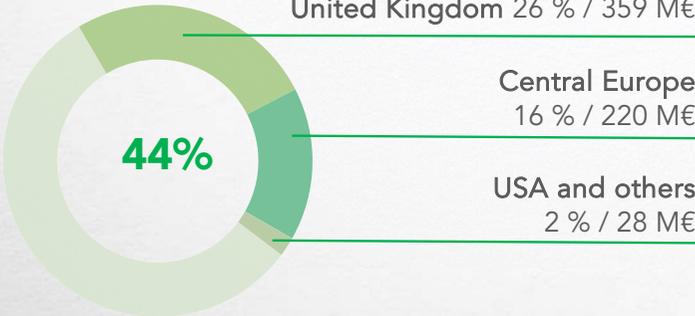
10,600M€

4.1 years

International

4,512M€

43 % of total



Environment

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Main activities - International

United Kingdom

Revenue, by activity (H1 18)

Backlog revenue equivalent:

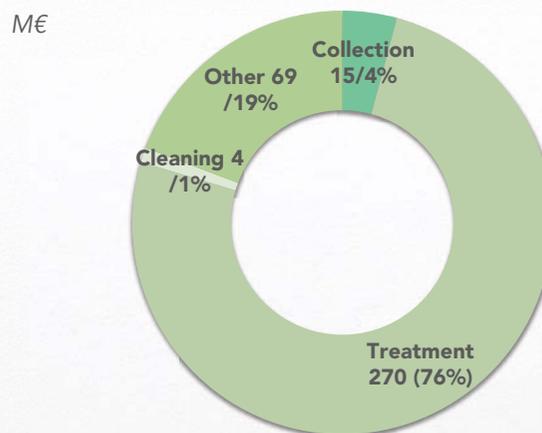
- 4.9 years
(EfW is 25-30 years)

Treatment capacity:

- 1.46 Mt/year

Installed capacity:

- 122 MW

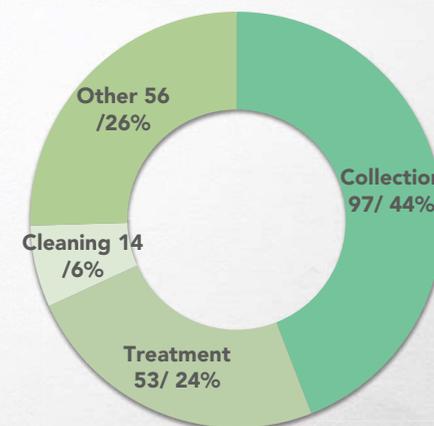


◁ **Renewal rate: 84%**

Central Europe

Revenue, by activity (H1 18)

M€



Market position:

- Czech Republic. #1
- Slovakia. #2
- Austria. #3

Environment

Investor Day

Outlook & Strategic vision



Strong potential in Europe due to rising environmental standards



Demographic pressure, circular economy and smart cities are the drivers of value-added, sustainable services

Spain

- Seize opportunities arising from stricter environmental regulation and the demand for new services. (National Waste Plan)

International

United Kingdom

CEE

- Focus the UK business on recycling and EfW, take advantage of developments in the European waste management/reuse model.

Water

End-to-end water management

Investor Day

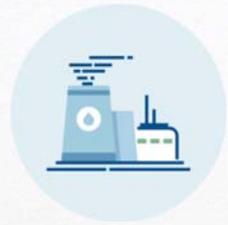
Activities



Delivering services in **1,100** municipalities



68,529 km of supply networks worldwide



807 waste water treatment plants



Serving **22.5** million people

Contribution to Group EBITDA

27%

End-to-end water management

Investor Day

Performance 14 /18

M€	December 2014	LTM June 2018	Change LTM June '18 vs. Dec. '14
Total operating revenues	910	1,016	11.7%
Operating expenses	669	755	12.9%
Administration expenses	25	15	-40.7%
Provisions and impairment	12	1	-90.8%
Depreciation and amortisation	80	89	10.9%
EBIT	124	156	25.8%
EBIT margin	13.0%	15.2%	
EBITDA	208	245	17.7%
EBITDA margin	21.8%	23.9%	
Total financial expenses	46	23	-49.7%
Equity-accounted affiliates	11	9	-20.2%
EBT	89	141	59.2%
Taxes, etc.	21	39	84.5%
Net income	68	102	51.3%
Net margin	7.1%	10.0%	

End-to-end water management

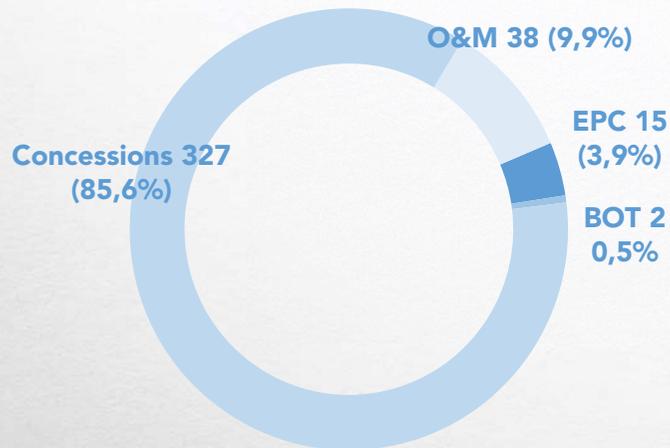
Investor Day

Main activities - Spain

Highly recurrent and stable "utility" type concession business: backlog equivalent to 14.6 years' revenues.

Revenue, by activity (H1 18)

M€



Annual renewal rate

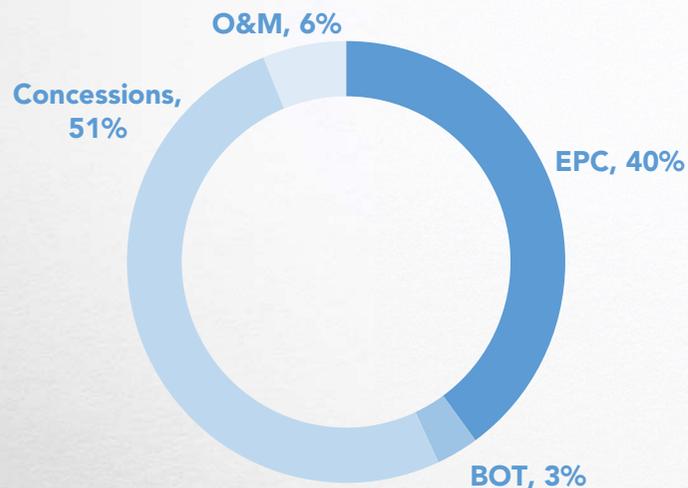
>95%

End-to-end water management

Investor Day

International footprint

Revenue, by activity (H1 18)



Average contract term
>25 years

International revenues
H1 2018

Total : **137.8**M€



Backlog (June 18)

Total	International
14,816 M€	6,556 M€
14.6 years	44% of the total

Acquisition of remaining 49% of the water parent company in Czech Republic for 92.5 M€ in Jan.18.

Bond issue for 1,350 M€ in June17.

End-to-end water management

Investor Day

Outlook & Strategic vision



Medium-long term growth due to:

- Urban demographic pressure
- Increasingly strict environmental regulations
- Water stress and need for alternative sources

Spain

- Strengthen current market share in municipal.
- New opportunities in waste water treatment, to fill the gap between local and EU legislation, and in reuse

International

Europe

MENA

America

- Expansion in municipal concessions with reliable regulatory models, in Europe and America.
- Expand in BOT projects in MENA and America.

End-to-end water management

Investor Day

- ◁ **Agreement** with IFM, soon to acquire 49% of the area parent company for 1,024 M€, enhancing growth potential.
- ◁ **FCC** keeps control and operating responsibility.

*IFM Group, Australian investment manager covering over 67 billion euro

Construction

Construction

Investor Day

Activities



Civil engineering



Building



Industrial



Over **900** kilometres of high-speed railway line



8,500 km of roads



Built **700** km of tunnels and **360 km** of subways



1,650 bridges and viaducts

Contribution to Group EBITDA

9%

Construction

Investor Day

Performance 14 /18

M€	December 2014	LTM June 2018	Change LTM June '18 vs. Dec. '14	June 17	June 18	Chg. Y-o-Y at fixed Exchange rate
Total operating revenues	2,036	1,652	-18.8%	769	740	2.5%
Operating expenses	1.863	1.530	-17.9%	726	681	
Administration expenses	108	35	-68.0%	19	17	
Provisions and impairment	0	11	n.a.	-11	1	
Depreciation and amortisation	37	17	-53.9%	17	8	
EBIT	28	59	113.0%	19	34	
EBIT margin	1.3%	3.5%		2.5%	4.5%	
EBITDA (*)	52	75	44.0%	34	38	12.5%
EBITDA margin	2.5%	4.4%		4.4%	5.1%	0.7 p.p.
Total financial expenses	55	10	-82.7%	14	-19	
Equity-accounted affiliates	-73	10	n.a.	-5	13	
EBT	-100	60	n.a.	1	65	
Taxes, etc.	80	22	-72.2%	6	14	
Net income	-180	38	n.a.	-5	52	
Net margin	-8.7%	2.2%		-0.7%	7.0%	

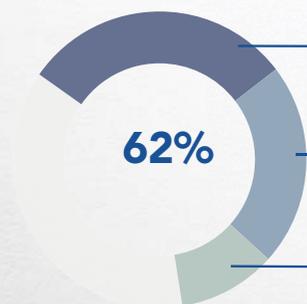
(*) Includes non-recurring effect in 2014 of releasing provisions, etc.

Construction

International footprint

International revenues H1 2018

Total: **461.5**M€



Middle East, North Africa
and others: 30% / 219 M€

Latin America: 22% / 163 M€

Europe, US and Others
11% / 80 M€



Backlog (June 18)

Total
4,673M€
2.8 years

International
3,641M€
78% of the total

Construction

Investor Day

Steps taken

- ⟨ **New parameters** for bidding for projects: profitability and scale.
- ⟨ **Flexible operational structure**
- ⟨ **Fulfil contracts**, even if unprofitable, to minimise the economic impact and accelerate completion.
- ⟨ **Reactivate projects that are suspended**, rebuild relationship with client.
- ⟨ **Since 2016, alliance between FCC and CICSA** with the creation of FCC Américas (owned 50:50, consolidated by FCC Construction)

Construction

Investor Day

Order intake

◁ **The new contracting** parameters installed have allowed an **8.7% increase in backlog** in 1H 18 after several years of decline in the infrastructure sector.

Contract in Ireland to build **Dublin** Institute of Technology Campus **for 220 M€**.



Project to expand sections I and II of the Inter-American Highway in **Panama for 892 M\$**.



Construction

Investor Day

Outlook & Strategic vision



Emerging economies have persistent gap in infrastructures

that are critical for attaining growth and sustainable competitiveness.



Growing need to upgrade and replace existing assets in Spain, after sharp cutbacks in investment, and in other European countries.

Spain

- New railway network and communication corridors
- Focus on big, technically complex contracts
- Increase efficiency and operating resources in industrial construction and maintenance

International

LATAM

MENA

Europe

- Alliance with Carso Infraestructuras for Latin America
- Selective participation in projects in the Middle East
- Asset replacement in Europe
- Export industrial know-how to geographies with experience and synergies
- Analyse opportunities in US government spending plan

Concessions

Portfolio of
transport infrastructure concessions

10

in operation



Spain

- Urbicsa (29%)
- Mallorca health centres (82.5%)
- Grupo Cedinsa (34%)
- Conquense highway (100%)
- Ibiza - San Antonio highway (50%)
- Murcia light railway (50%)
- Zaragoza light railway (16.60%)
- World Trade Centre Barcelona (16.52%)
- Barcelona Metro line 9 (49%)
- Torredembarra Port (15.7%)

International

- Lima Metro line 2, Peru (18.25%)
- Haren prison, Belgium (15%)

Concessions

Investor Day

Outlook & Strategic vision

- ◀ **Joint development** with FCC Construction of greenfield projects in markets of strategic interest with a sound regulatory framework, using a specialised management team.

Spain

Maximise value and stake in existing concession and manage contracts to enhance cash flow.

International

Compete for projects in sound markets with growth prospects where FCC has a presence, leveraging synergy with Grupo Carso.

- ◀ **Use FCC's competitive advantages in infrastructure design, development and** funding to enhance operating profitability and quality.

Energy*

Investor Day

Wind farms



Olivento

Photovoltaic farms



Helios

Solar thermal farms



Enerstar and Guzmán

Description	14 wind farms with a total of 397 wind turbines installed	Two photovoltaic plants totalling over 100,000 solar panels	Two solar thermal plants with 49.9 MW MAN turbines and over 200,000 mirrors
Origin	Acquired from Babcock & Brown	Developed in-house	Developed in-house
Installed capacity (MW)	421.8	20	99.8
Electricity output (GWh/year)	862	33	186
Average hours at full performance	2,044	1,650	1,864
Plant factor	23%	19%	21%
Operation and maintenance	Gamesa	FCC Industrial	FCC Industrial

* FCC holds 74.5% of the economic rights to the Energy portfolio.

Energy

Investor Day

Key figures* LTM 2018 vs. 2014

Revenues **98 M€** > **+12%** with respect to 2014

Ebitda **65 M€** > **+18%** with respect to 2014

Ebitda Margin **66%** **+4 p.p.** with respect to 2014

Financial Expenses **25 M€** > **-35%** with respect to 2014

*Attributable figures according to 74.5% FCC economic rights

 **Project debt refinancing in** 2015 with larger maturity and lower rate

Cement

Investor Day



Gerardo Kuri Kaufmann

Cement

Activities



Seven factories in Spain



Cement production capacity: **15.6** Mt **per year**



Spain's #1 producer



One factory in **Tunisia: 2.0 Mt/year**



FCC has a **44.6%** stake in Giant Cement Holding

Cement

Investor Day

Steps taken

- 2014 Capital increase (FCC/ 79.08%).
- 2016 Giant Cement operation (CPV/ 44.6%)
- 2017 Tender offer and Capital Increase (FCC/ 99,1%)
- Total interest-bearing liabilities have been reduced from 1,313 M€ in 2014 to 469 M€ in June 2018.
- The cost of debt has been reduced from 6.7% in 2014 to 2.5% in 2018.

Cement

Investor Day

Steps taken

Spain

- Containment of structural costs and expenses
- Beginning drive to use alternative fuels
- Set-up of a cement terminal in the UK
- Net debt cut from 948 M€ in 2014 to 445 M€ in 2018

United Kingdom



Tunisia

- Containment of structural costs and expenses
- Begin exports by ship
- Reposition the commercial strategy by consolidating volumes and prices

Costa Rica



Cement

Investor Day

H1 2018 - Key figures

Area revenues

183.6 M€



+5.5%

with respect to
H1 2017

EBITDA

39.1 M€



+32.1%

with respect to
H1 2017

Cement

Investor Day

Key figures LTM 2018 vs. 2014

Operating revenue	360.9 M€			
Structural expenses	23.2 M€	>		with respect to 2014
Financial expenses	17.6 M€	>		with respect to 2014
Net income	6.4 M€	>		with respect to 2014

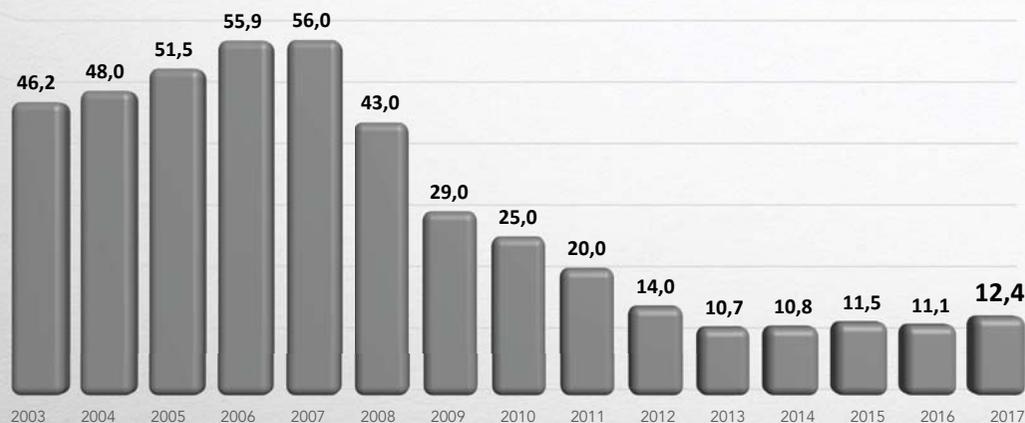
Cement

Strategic vision

Spain

- Consolidate prices and volumes – take advantage of industry recovery
- Contain costs and expenses
- Reduce CO2 emissions and maximise energy efficiency
- Exports

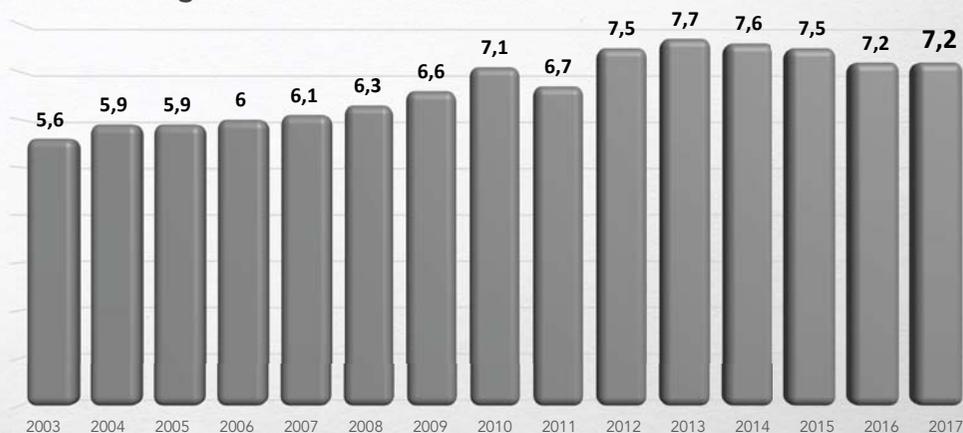
Cement market Spain [Mt]
The market has been expanding since 2014



Tunisia

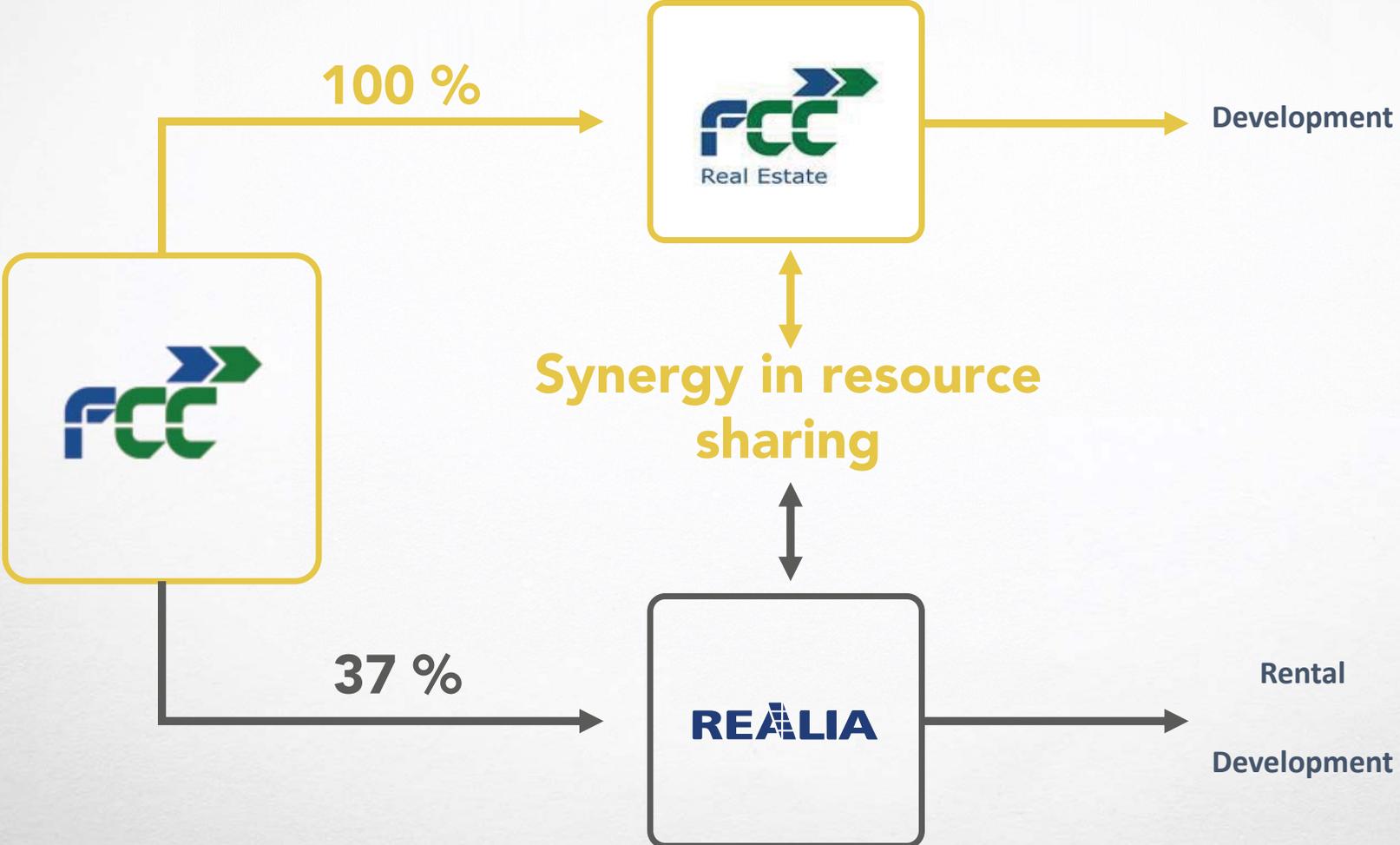
- Consolidate volumes and prices
- Contain costs and expenses
- Energy efficiency
- Exports

Cement market Tunisia [Mt]
Stable at highs since 2012



Real Estate

Real Estate



Real Estate

Investor Day

Activities



Rental

- 27 office blocks and 7 shopping malls with a **leased space: 405,842 sq. m.**

Land management

- Land bank: 2.6M sq. meters of building space (Realia: 1.8M and FCC Real Estate: 0.8M) of which **1.2M (46%/total)** are finalists



Development

- Stock of finished product (30/6/18): 520 homes and 105 offices/premises
- **New homes under way (building permit obtained): 134k sq.m. under construction on 63k sq.m of land**
- Other projects under way (pending permit)



Real Estate

Investor Day

Corporate transactions

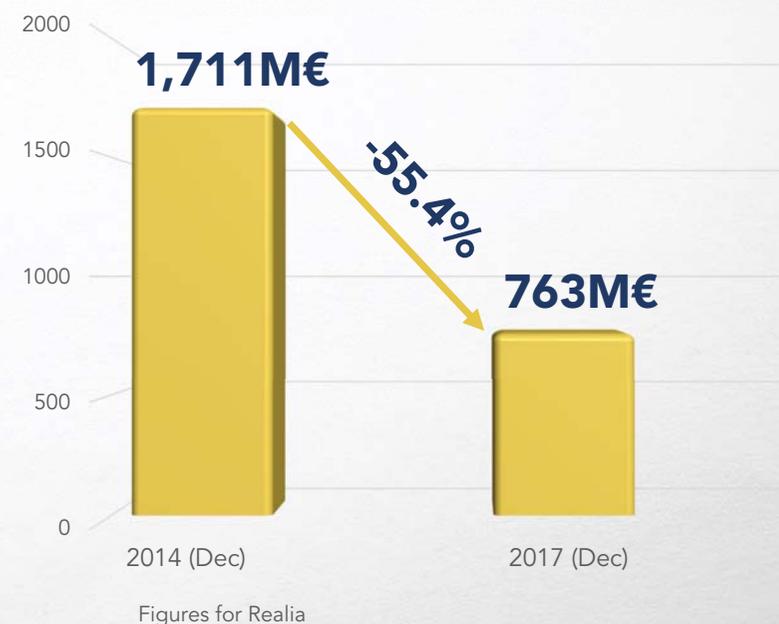
- 11/14 - **HISPANIA TAKEOVER BID** AT 0.49 €/SHARE.
- 12/14 - **END OF ASSET SALE.**
- 3/15 - **COUNTERBID** BY INCARSO AT 0.58 €/SHARE.
- 12/15 - **CAPITAL INCREASE** BY 88.9M€.
- 1/16 - **SPIN-OFF** OF FCC REAL ESTATE.
- 12/16 - **CAPITAL INCREASE** BY 147.2M€.

Real Estate

Funding transactions

- 12/15 – **Agreement with lenders** to pay debt associated with development and land business.
- 5/16 – **Total payment of debt** to lenders with a 113M€ haircut.
- 4/17 – **Maturity of debt associated** with rental business (678M€) and new 7-year structure amounting to 582M€.
- 6/18 - **Novation of debt associated** with development business: 120M€ maturing Dec. 2020.

Gross debt



Real Estate

Business transactions

↳ **Cut structural costs** by 3.7M€
Executive team: -60%
Board of Directors: -30%

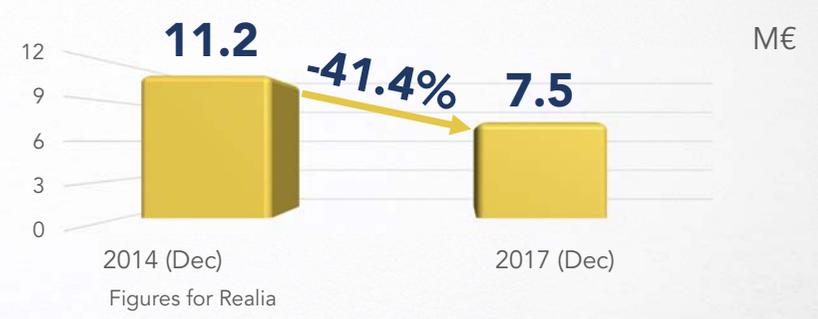
↳ **Increase building occupancy**
90.5% in Dec. 14
94.1% in Dec. 17



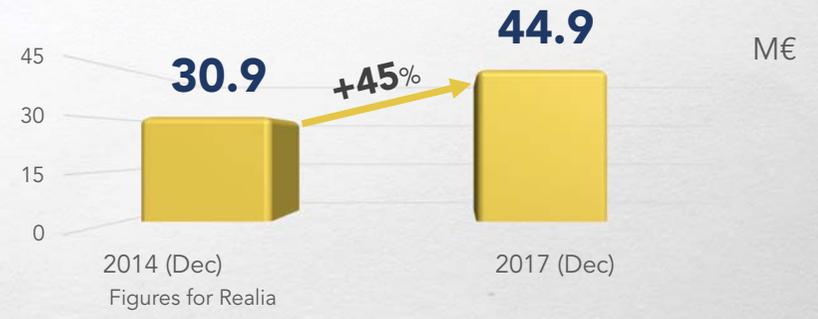
↳ **Increased EBITDA** by 14M€.

↳ **Resume** property development

Structural costs



EBITDA

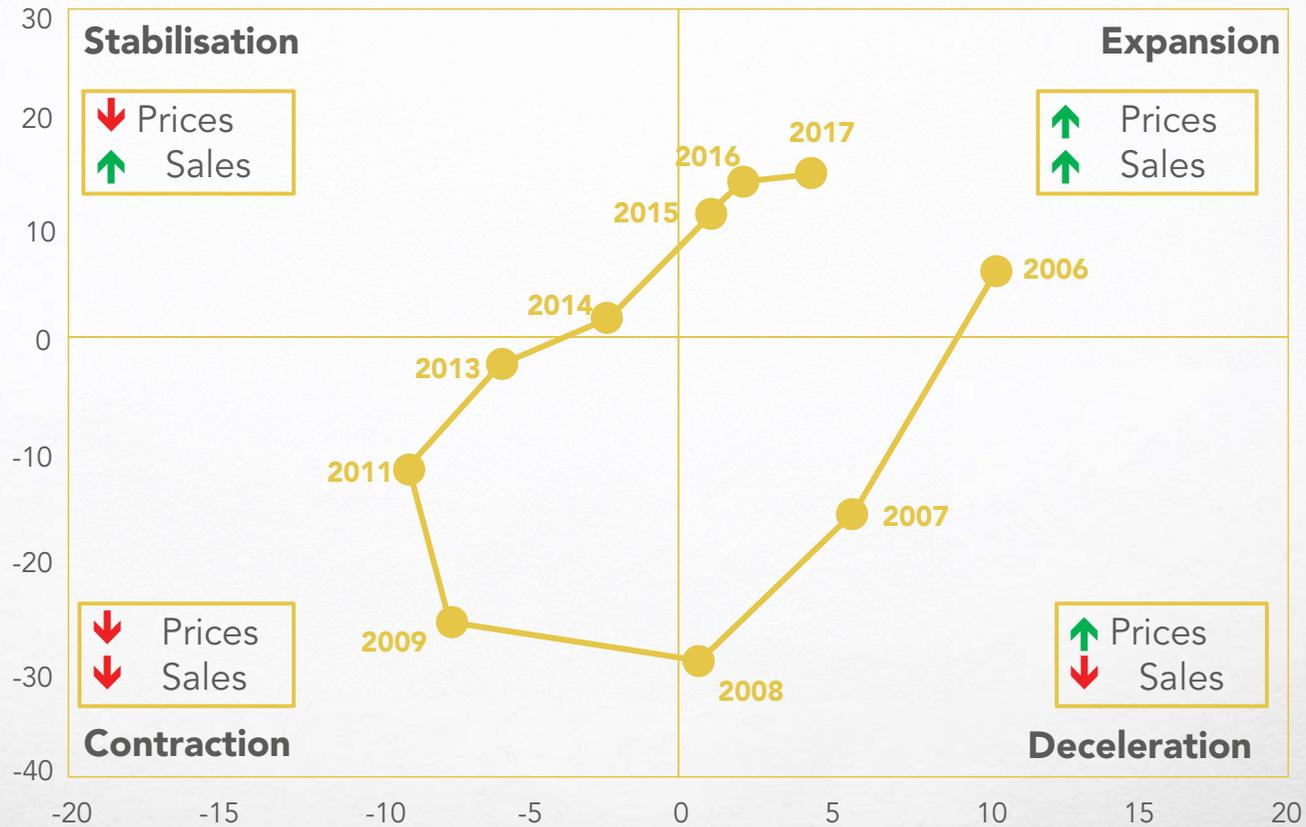


Real Estate

Real estate cycle

Volume variation

Growth y/y (%)



Price variation

Real Estate

Investor Day

Development



TOWNHOUSES TRES CANTOS – MADRID

- Plot (m2): 9,074
- Construction (m2): 7,330

100% SOLD

- Delivery Q4 18 -

Real Estate

Investor Day

Development

GOVERNMENT-SPONSORED HOMES TRES CANTOS - MADRID

- Plot (m2): 10,844
- Construction (m2): 29,229



Real Estate

Investor Day

Development



DEREGULATED HOMES TRES CANTOS - MADRID

- Plot (m2): 4,600
- Construction (m2): 9,497

Real Estate

Investor Day

Development

DEREGULATED HOMES SAN JOAN DESPI - BARCELONA

- Plot (m2): 2,980
- Construction (m2): 28,004



Real Estate

Investor Day

Development



DEREGULATED HOMES PALMA- MALLORCA

- Plot (m2): 7,451
- Construction (m2): 14,931

Real Estate

Investor Day

Development

DEREGULATED HOMES SABADELL- BARCELONA

- Plot (m2): 2,808
- Construction (m2): 14,816



Real Estate

Under way

Investor Day



Real Estate

Under way

Investor Day



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Conclusions Q&A

Thank you very much

Investor Day

FCC Group

31 July 2018

