



**FINANCIAL REPORT 2017**  
*Second Half*

|      |                              |    |
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## NOTES:

The interim financial information presented in this document has been prepared in accordance with International Financial Reporting Standards. This information is not audited and may be modified in the future. This document does not constitute an offer, invitation or recommendation to acquire, sell or exchange shares or to make any type of investment. Sacyr is not responsible for any type of damage or loss arising from any use of this document or its content.

In order to comply with the Guidelines on Alternative Performance Measures (2015/1415en) published by the European Securities and Markets Authority (ESMA), the key APMs used in preparing the financial statements are included in the Appendix at the end of this document. Sacyr considers that this additional information improves the comparability, reliability and comprehensibility of its financial information.

## **I. 2017 HIGHLIGHTS: CORPORATE**

### **SHAREHOLDER REMUNERATION: BONUS SHARE ISSUE AND SCRIP DIVIDEND.**

As per the terms of the resolutions adopted by shareholders at the Annual General Meeting held on 8 June 2017, Sacyr completed a capital increase charged to unrestricted reserves in July, generating shareholder remuneration of 3%, at a ratio of one new share for every 33 outstanding shares. Following the increase, share capital was set at 533 million shares at 31 December 2017, each with a par value of €1.

In addition to this bonus share issue, Sacyr paid out a scrip dividend in early 2018, giving shareholders a further return of 2%. Shareholders could either receive a new share for every 48 existing shares held, or otherwise sell Sacyr their rights to receive free shares at a guaranteed fixed price of €0.052, gross, per right. To meet payment of this dividend, a total of 10.6 million new shares were issued in February 2018, meaning Sacyr's share capital will comprise a total of 544 million shares each having a par value of €1. 95.86% of Sacyr's total share capital chose to receive the Company's scrip dividend in shares.

### **FINANCING CLOSE FOR THE PEDEMONTANA-VENETA MOTORWAY**

In November 2017, Sacyr successfully secured financing for the Pedemontana-Veneta motorway in the region of Veneto (Italy). This road is a major work of civil engineering in Italy and one of Sacyr's most significant projects. The motorway is expected to generate some €12,000 million through the 39 years of management. Initial traffic is estimated at 27,000 vehicles a day, but could rise to 60,000 in the final years of the concession. The project requires construction of 162 km, of which 94 km relates to the main road that will connect 34 municipalities and the industrial area of Vicenza and Treviso, and 68 km to secondary roads. This road will have two tunnels: Malo tunnel (6 km) and S. Urbano tunnel (1.5 km), and eight viaducts. The motorway is part of the European TEN-T and is considered

a strategic asset of national relevance as it is located between the existing A4 and A27 highways, crossing the Veneto Region, passing through the provinces of Vicenza and Treviso. Financing is structured in a bond issue worth €1,571 million, making it one of the largest placements for a greenfield project in Europe. (€1,221 million in senior bonds, maturing in 2047, and a further €350 million in junior bonds maturing in 2027). The financing won the Project Finance International 2017 award for best European transaction in transport infrastructure.

#### **DERIVATIVE ON REPSOL SHARES AND REPAYMENT OF THE ASSOCIATED LOAN**

In April 2017, as a culmination of the strategy of eliminating the risks associated with its stake in Repsol, Sacyr entered into a hedge by means of a derivative transaction, on 72.7 million Repsol shares (60% of its total ownership interest). This transaction completed the process began in the second half of 2016, when two derivatives contracts were arranged on 40% of the Repsol stake.

This eliminates the risk of the Repsol share falling to below a weighted average price of €11.60/share. The structure of this final derivative also allows the company to benefit from all of the upside potential in the market price of the shares.

The funds obtained were used to prepay the loan principal associated with the stake in Repsol, amounting to €769 million, along with the interest accrued to date, for a total of €773 million. In addition, Sacyr will now benefit directly from the dividends distributed by Repsol, as it will not have to use them to repay the interest or the principal of the debt.

#### **FINANCING CLOSE FOR ROAD CORRIDORS 21 AND 24 IN URUGUAY**

In August 2017, Sacyr successfully arranged financing with Uruguayan infrastructure Debt Fund CAF I for the Company's concession of Routes 21 and 24 (Uruguay). The arrangement amounted to 685 million in Indexed Units (IU) (equivalent to roughly €76 million).

**ASSET ROTATION: DIVESTMENT OF 49% OF THE RUTA DEL ALGARROBO CONCESSIONAIRE (CHILE) AND OF 4% OF TENERIFE METRO (SPAIN).**

Sacyr sold 49% of Sociedad Concesionaria Ruta del Algarrobo, operator of the 187 km La Serena-Vallenar motorway, which forms part of the strategic Route 5 running from the north to the south of Chile and is the country's main highway. The transaction, agreed with Toesca Infraestructura Fondo de Inversión, totalled €161 million (171 million US dollars), including the associated debt. The deal generated an attractive return on the equity invested. Sacyr Concesiones will keep a 51% stake in Ruta del Algarrobo. The non-controlling interest in the Tenerife metro concession (Tenemetro) was also disposed of.

These transactions are part of Sacyr Concesiones' asset rotation strategy, which involves strategic partners taking a stake in concession assets. It allows returns on these assets to be maximised and capital to be obtained to develop greenfield projects in the concessions sector, where Sacyr Concesiones is the world leader.

**SACYR CONCESIONES, THE SIXTH LARGEST MANAGER OF TRANSPORT INFRASTRUCTURE CONCESSIONS IN THE WORLD.**

Sacyr Concesiones is the sixth largest manager transport infrastructure concessions company in the world, according to the ranking of infrastructure concessions managers published by the prestigious publication, Public Works Financing (PWF), the same position held by the company in 2016. It also ranks fourth among greenfield infrastructure project developers.

## 2017 HIGHLIGHTS: BUSINESS EXPANSION

The Sacyr Group enjoyed a busy 2017 across all its business units. It managed to penetrate new markets (e.g. Mexico, Uruguay, Paraguay...), while consolidating the presence of its Services and Industrial units in existing markets through Construction and Concessions activities.

### AWARD OF FOUR NEW CONCESSIONS:

- **Road linking Pirámides - Tulancingo - Pachuca (Mexico)**

In July, the General Directorate of Road Maintenance in Mexico awarded Sacyr Concesiones its first Public Private Partnership (PPP) project in the country. The 10-year project consists of the renovation, maintenance and upkeep of two road sections: Pirámides - Tulancingo and Tulancingo - Pachuca. The road has an Average Daily Traffic (ADT) of 19,743 vehicles. The contract is worth €235 million for the concession and €41 million for the construction. Valoriza will maintain the motorway over the 10-year concession period in exchange for €15 million.

- **Cúcuta and Pamplona 4G road corridor (Colombia)**

The Colombian National Infrastructure Agency (ANI) has awarded Sacyr the construction and concession contract for the 4G road corridor between Cúcuta and Pamplona, with an estimated €479 million for construction and a revenue backlog for the concession of €2,441 million. This is the fourth 4G concession project that Sacyr has been awarded in Colombia.

The motorway is located in the Norte de Santander department in the north-east of the country. The project involves the construction of 47 km of second carriageway, 4 km of single carriageway, and the refurbishment of the existing 67 km.

- **Routes 2 and 7 (Paraguay)**

In the first quarter, Sacyr included in its backlog the contract in Paraguay to construct and operate Route 2 (between Asunción and Coronel Oviedo) and Route 7 (between Coronel Oviedo and Caaguazú), with planned investment of €277 million to construct the routes and backlog of €1,350 million over the 30 years of the concession.

This is the first motorway project under the new PPP law of Paraguay and its execution is vital for the country's growth, since this is the most important corridor as it connects Asunción with Ciudad del Este and serves 70% of the country's economic activity.

- **Hospital General in Mexico City**

In October, the consortium led by Sacyr Concesiones won the concession for the new General Hospital in the southern regional district of Mexico City (Tláhuac Hospital). The project includes the financing, design, construction and outfitting of the hospital, in addition to its operation and maintenance for a period of 23 years. The contract is worth €1,045 million for the concession and €54 million for the construction.

- **After 2017 financial closure**, Sacyr Concesiones was awarded the El Tepual Airport concession at the city of Puerto Montt, Los Lagos Region, Chile. (February 2018).

## **VALORIZA WILL CARRY OUT REPAIR AND MAINTENANCE WORK UNDER THE FOLLOWING CONTRACTS:**

- **Road linking Pirámides - Tulancingo - Pachuca (Mexico):** worth €15 million, with a concession term of 10 years.
- **Antofagasta Hospital (Chile):** worth €139 million, with a concession term of 15 years.
- **Operation and maintenance of Rutas de Litoral (Uruguay),** worth €41 million over a concession term of 25 years.
- **Concession to provide maintenance services for the "Global Mixto" roads in the provinces of Santiago, Maipo and Cordillera (Metropolitana Region), Chañaral and**



**Copiapó (Atacama Region), Ranco (Los Ríos Region) and the provinces of Iquique and Tamarugal (Taracopa Region), in Chile**, for a total amount of €39 million and a concession term of 4 years.

- **Motorway repair and maintenance services for the Autopistas del Atlántico AP-9 AUDASA, Autoestradas de Galicia AG-55 and Autoestradas de Galicia AG-57**, for a total of €40 million and a concession term of 6 years, extendable by a further 2 years.

#### **OTHER IMPORTANT CONTRACTS:**

- **Construction of Hospital de Quillota-Petorca (Chile)**

In February 2017, the Chilean Ministry of Public Works awarded Sacyr a contract worth €128 million to build the new bi-provincial Quillota-Petorca Hospital in the Valparaiso Region. The 40-month project will cover an area of 73,204 m<sup>2</sup> and will have 282 beds, 9 surgery theatres, 3 delivery rooms, 8 emergency rooms, 8 odontology rooms and 52 outpatient consulting rooms. The hospital will provide services to over 320,000 people from the Quillota and Petorca provinces and will replace the current San Martin de Quillota Hospital.

- **Construction and operation of a waste treatment plant in Melbourne (Australia)**

Sacyr Industrial and Valoriza have been awarded a contract for the design/construction and operation, respectively, of a waste treatment and composting plant in Melbourne (Australia), with a backlog of €30 million for Sacyr Industrial and €113 million for Valoriza.

- **EPC contract for a new cement plant in Bolivia for Sacyr Industrial**

In March 2017, a consortium led by Sacyr Industrial was awarded the main contract to build the new cement plant in Potosí (Bolivia), worth €226 million. The EPC contract includes the greenfield design, construction, assembly and start-up of a new clinker line, which will have a capacity of 3,000 tonnes per day, and a cement production line, which will produce 1.3 million tonnes of cement a year. This is the second EPC contract of its kind to be signed in



Bolivia (following the award of the Oruro cement plant in 2015) and the third in South America after winning last year's tender for the Riobamba (Ecuador) factory.

- **Sacyr Industrial wins a project to maintain electricity grids in Chile**

Sacyr Industrial strengthened its presence in Chile with a contract to extend the following power transmission lines: “Cóndores-Parinacota”, “Melipulli-Puerto Montt” and “Candelaria”, for a total amount of €60 million and with a 36-month execution period.

- **After 2017 financial closure, Valoriza Servicios Medioambientales successfully entered Colombia by securing a waste collection and cleaning contract for special services area number 5 in Bogotá.**

The contract runs for eight years and is worth €170 million in total.

- **Sacyr was named preferred bidder for the construction and operation of a waste treatment plant in Connecticut (United States).**

The project requires Sacyr to design, finance, construct and operate a new waste treatment plant in Hartford, Connecticut, and to upgrade the existing incinerator by bringing it in line with the highest international standards in efficiency. The facility will manage a third of the waste generated in the state of Connecticut and will set the bar when it comes to the quantity of waste it treats and its levels of emissions. Backlog will be over €2,900 million over the 30-year term of the contract. The facilities will feature proprietary technology and will be able to treat 900,000 tonnes/year.

#### **START UP OF THE ANTOFAGASTA HOSPITAL (CHILE)**

In November, the consortium headed by Sacyr Concesiones Chile opened the new Antofagasta Regional Hospital in Chile. The complex was constructed by Sacyr Chile and will be managed by Sociedad Concesionaria Siglo XXI (formed by Sacyr Concesiones Chile and Global Dominion Access) for a period of 15 years.

## II. INCOME STATEMENT

Results for 2017 confirm the strong operating performance reported by the Group's businesses over the year and the consolidation of strategic growth across our international markets.

| STATEMENT OF INCOME<br>(Thousands of Euros)         | 2017             | 2016             | % chg<br>17/16 |
|---|------------------|------------------|----------------|
| <b>Revenue</b>                                      | <b>3,092,606</b> | 2,860,475        | 8.1%           |
| Other income  | 176,877          | 103,177          | 71.4%          |
| <b>Total operating income</b>                       | <b>3,269,483</b> | <b>2,963,652</b> | 10.3%          |
| External and Operating Expenses                     | -2,846,891       | -2,604,091       | 9.3%           |
| <b>EBITDA*</b>                                      | <b>422,592</b>   | <b>359,561</b>   | 17.5%          |
| Amortisation and depreciation charge                | -137,097         | -113,300         | 21.0%          |
| Trade Provisions and non recurring items            | -28,669          | -38,180          | -24.9%         |
| <b>NET OPERATING PROFIT</b>                         | <b>256,826</b>   | <b>208,081</b>   | 23.4%          |
| Financial results                                   | -174,253         | -200,664         | -13.2%         |
| Forex results                                       | -71,236          | 10,986           | n.a.           |
| Results from equity accounted subsidiaries          | 259,114          | 207,085          | 25.1%          |
| Provisions for financial investments                | 86,210           | -4,324           | n.a.           |
| Change in value of financial instruments            | -144,754         | -67,556          | 114.3%         |
| Results from sales of non current assets            | -362             | 27,244           | n.a.           |
| <b>PROFIT BEFORE TAXES</b>                          | <b>211,545</b>   | <b>180,852</b>   | 17.0%          |
| Corporate Tax                                       | -42,967          | -45,600          | -5.8%          |
| <b>PROFIT FOR CONTINUING ACTIVITIES</b>             | <b>168,578</b>   | 135,252          | 24.6%          |
| RESULTS FOR COMPANIES WITH DISCONTINUOUS ACTIVITIES | 0                | 0                |                |
| <b>CONSOLIDATE RESULTS</b>                          | <b>168,578</b>   | 135,252          | 24.6%          |
| Minorities  | -37,934          | -15,010          | 152.7%         |
| <b>NET ATTRIBUTABLE PROFIT</b>                      | <b>130,644</b>   | 120,242          | 8.7%           |
| <b>Gross margin</b>                                 | <b>13.7%</b>     | <b>12.6%</b>     |                |

\*Does not include the non-recurring expense due to redundancy plan of Sacyr Construcción for an amount of €17m in 2017 and €25.5m in 2016.

- Revenue totalled €3,093 million in 2017, up 8% from 2016.
- 58% of revenue and 73% of the backlog were generated outside Spain.
- EBITDA totalled €423 million in 2017, up 18%.
- Net operating profit (EBIT) increased by 23% to €257 million.
- The EBITDA margin was 13.7%, versus 12.6% in 2016.

- Attributable net profit in 2017 was €131 million, up 9% on the €120 million reported in 2016. In like-for-like terms, stripping out the extraordinary gains from sales of concession assets (€21 million in 2016), net profit rose by approximately 32%.

## REVENUE

Revenue grew by 8% as a result of the favourable performance of the Group's activities.

This positive performance resulted in revenue of €3,093 million in the year, despite challenging conditions for construction activity in Spain and Portugal. Revenue in the Industrial division soared by 30%, in Infrastructure Concessions by 15% and in Services by 5%. Revenue in the Construction business picked up in the last quarter of the year, as initial project delays were put right and the contribution of the Pedemontana-Veneta motorway in Italy was recognised in the financial statements.

| REVENUE (Thousands of Euros) | 2017             | 2016             | % Chg       |
|------------------------------|------------------|------------------|-------------|
| CONSTRUCTION                 | 1,224,984        | 1,249,922        | -2.0%       |
| CONCESSIONS                  | 612,764          | 552,438          | 10.9%       |
| Revenue from concessions     | 355,758          | 309,519          | 14.9%       |
| Revenue from construction    | 257,006          | 242,919          | 5.8%        |
| SERVICES                     | 951,896          | 908,249          | 4.8%        |
| INDUSTRIAL                   | 522,851          | 400,579          | 30.5%       |
| Holding y Adjustment         | -219,890         | -250,713         |             |
| <b>REVENUE</b>               | <b>3,092,606</b> | <b>2,860,475</b> | <b>8.1%</b> |
| International                | 1,800,067        | 1,471,064        | 22.4%       |
| % International              | 58%              | 51%              |             |

## EBITDA

Revenue growth triggered a very strong EBITDA performance, with growth of 18% from the year before, rising by 14% in the Industrial division, 10% in Services and 12% in Concessions. In the Construction business, the improvement was down to the pick-up in business in the last quarter of the year, plus the contribution made by the Pedemontana-Veneta motorway in Italy. This improvement brought the consolidated EBITDA margin to 13.7% at year-end.

| EBITDA (Thousands of Euros) | 2017           | 2016           | % Chg        |
|-----------------------------|----------------|----------------|--------------|
| CONSTRUCTION                | 92,769         | 58,115         | 59.6%        |
| CONCESSIONS                 | 231,940        | 206,832        | 12.1%        |
| SERVICES                    | 83,300         | 76,006         | 9.6%         |
| INDUSTRIAL                  | 34,453         | 30,095         | 14.5%        |
| Holding y Adjustment        | -19,870        | -11,486        |              |
| <b>EBITDA</b>               | <b>422,592</b> | <b>359,561</b> | <b>17.5%</b> |
| <b>Ebitda Margin (%)</b>    | <b>13.7%</b>   | <b>12.6%</b>   |              |

\*Does not include the non-recurring expense due to redundancy plan of Sacyr Construcción for an amount of €17m in 2017 and €25.5m in 2016.

## EBIT

EBIT totalled €257 million, up 23% on 2016.

## FINANCIAL RESULT

The net financial result was €-174 million, down 13% year on year, while the average interest rate on borrowings was 3.6%.

## EARNINGS AT COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

The total under this heading of the income statement amounted to €259 million, of which €244 million related to our share of Repsol's net profit, after carrying out the relevant valuation adjustment. At 31 December, Repsol's carrying amount was €15.97/share.

## NET PROFIT

Net profit at 31 December 2017 stood at €131 million, marking a year-on-year improvement of 9%. Bearing in mind that in 2016 net profit included €21 million from the sale of three hospitals in Portugal, like-for-like growth would be approximately +32%.

## III. BACKLOG

The backlog of future income amounted to €41,001 million at 31 December 2017, up 58% year on year.

The Group continues to pursue a process of strategic internationalisation across its strategic markets. The percentage of the international portfolio is already 73%, versus 52% at 31 December 2016. This significant growth is due to the Group's huge success in securing contracts in countries such as Colombia, Mexico, Paraguay, Australia, Chile and Bolivia..., and also because of the incorporation of the Pedemontana-Veneta concession in Italy, which has added close to €12,000 million in value.

| BACKLOG (Thousands of euros) | 2017          | International | Spain         | % Internat. |
|------------------------------|---------------|---------------|---------------|-------------|
| CONSTRUCTION                 | 5,868         | 5,305         | 563           | 90%         |
| CONCESSIONS                  | 27,163        | 22,351        | 4,812         | 82%         |
| SERVICES                     | 5,661         | 1,662         | 3,999         | 29%         |
| INDUSTRIAL                   | 2,310         | 439           | 1,871         | 19%         |
| INTERGROUP SETTINGS          | 0             | -461          | -86           |             |
| <b>TOTAL</b>                 | <b>41,001</b> | <b>29,757</b> | <b>11,245</b> |             |
| <b>Backlog December 2016</b> | <b>25,956</b> |               |               |             |
| <b>Chg. 2Q17</b>             | <b>58%</b>    |               |               |             |

At the Construction business, international business accounted for 90%, versus 84% at 31 December 2016. The Group's geographic exposure is concentrated in Chile, Italy, Peru, Colombia, Paraguay, Mexico, the United Kingdom, Qatar, Uruguay, Portugal, Angola and various other countries.

Sacyr's international presence is steadily increasing in the Concessions business, with a focus on strategic markets. At 31 December 2017, the international backlog accounted for 82% of the total. The company operates in Chile, Colombia, Uruguay, Paraguay, Peru, Italy, Mexico, Ireland and Portugal.

Sacyr Industrial is present in countries such as Australia, Bolivia, Oman, Mexico, Peru, Panama, Chile, Colombia and Ecuador, as well as Spain, with numerous projects in the oil and gas sector and electricity infrastructure sectors and in power plants, cement plants, desalination plants and waste treatment facilities. It now has backlog projects exceeding €2,300 million and 19% are located abroad.

Valoriza is present in the domestic market, with contracts in Spain for dependency services, municipal services, waste treatment, environmental projects, catering, mining, facility management, etc. In addition to this domestic business, some 30% of its backlog is located outside Spain, specifically in Algeria, Portugal, Chile, Australia and other countries, largely through contracts for the operation and maintenance of water concessions, and the maintenance of infrastructure.

## IV. CONSOLIDATED BALANCE SHEET

| BALANCE SHEET<br>(Thousands of Euros)                            | 2017              | 2016              | Chg 17/16        |
|--|-------------------|-------------------|------------------|
| <b>NON CURRENT ASSETS</b>  | <b>8,098,032</b>  | <b>7,023,764</b>  | <b>1,074,269</b> |
| Intangible Assets  | 17,188            | 13,044            | 4,144            |
| Concessions Investments  | 1,370,054         | 1,402,267         | -32,213          |
| Fixed Assets   | 387,600           | 363,350           | 24,250           |
| Financial Assets   | 3,059,941         | 3,110,156         | -50,215          |
| Receivables from concession assets                               | 2,854,735         | 1,712,627         | 1,142,108        |
| Other non Current Assets   | 241,714           | 236,820           | 4,894            |
| Goodwill   | 166,801           | 185,500           | -18,699          |
| <b>CURRENT ASSETS</b>  | <b>5,478,224</b>  | <b>3,665,181</b>  | <b>1,813,042</b> |
| Non current assets held for sale                                 | 454,992           | 475,406           | -20,414          |
| Inventories  | 199,937           | 236,121           | -36,183          |
| Receivables from concession assets                               | 260,278           | 173,877           | 86,400           |
| Accounts Receivable  | 2,333,664         | 2,065,683         | 267,981          |
| Financial Assets   | 113,361           | 92,787            | 20,574           |
| Cash   | 2,115,992         | 621,308           | 1,494,684        |
| <b>ASSETS = LIABILITIES</b>                                      | <b>13,576,256</b> | <b>10,688,945</b> | <b>2,887,311</b> |
| <b>EQUITY</b>  | <b>2,004,421</b>  | <b>2,080,399</b>  | <b>-75,978</b>   |
| Shareholder's Equity   | 1,652,140         | 1,791,524         | -139,384         |
| Minority Interests   | 352,281           | 288,875           | 63,406           |
| <b>NON CURRENT LIABILITIES</b>                                   | <b>7,253,241</b>  | <b>5,271,628</b>  | <b>1,981,613</b> |
| Financial Debt   | 4,729,167         | 3,605,678         | 1,123,489        |
| Financial Instruments at fair value                              | 192,800           | 185,829           | 6,971            |
| Provisions   | 294,882           | 370,428           | -75,546          |
| Other non current Liabilities                                    | 547,141           | 491,399           | 55,742           |
| Other hedged debt  | 1,489,252         | 618,294           | 870,957          |
| <b>CURRENT LIABILITIES</b>                                       | <b>4,318,594</b>  | <b>3,336,918</b>  | <b>981,677</b>   |
| Liabilities associated with the non current assets held for sale | 176,965           | 203,042           | -26,076          |
| Financial Debt   | 921,205           | 829,062           | 92,143           |
| Financial Instruments at fair value                              | 27,127            | 21,375            | 5,752            |
| Trade Accounts Payable   | 2,460,967         | 1,550,211         | 910,756          |
| Operating Provisions   | 122,726           | 220,778           | -98,052          |
| Other current liabilities  | 609,604           | 512,450           | 97,154           |

The main changes in 2017 were largely down to the consolidation within the Group of the company that owns the Superstrada Pedemontana-Veneta motorway in Italy, effective from 1 July 2017.



## FINANCIAL DEBT

The Group's net debt amounted to €3,421 million. The breakdown and change with respect to the previous year is as follows:

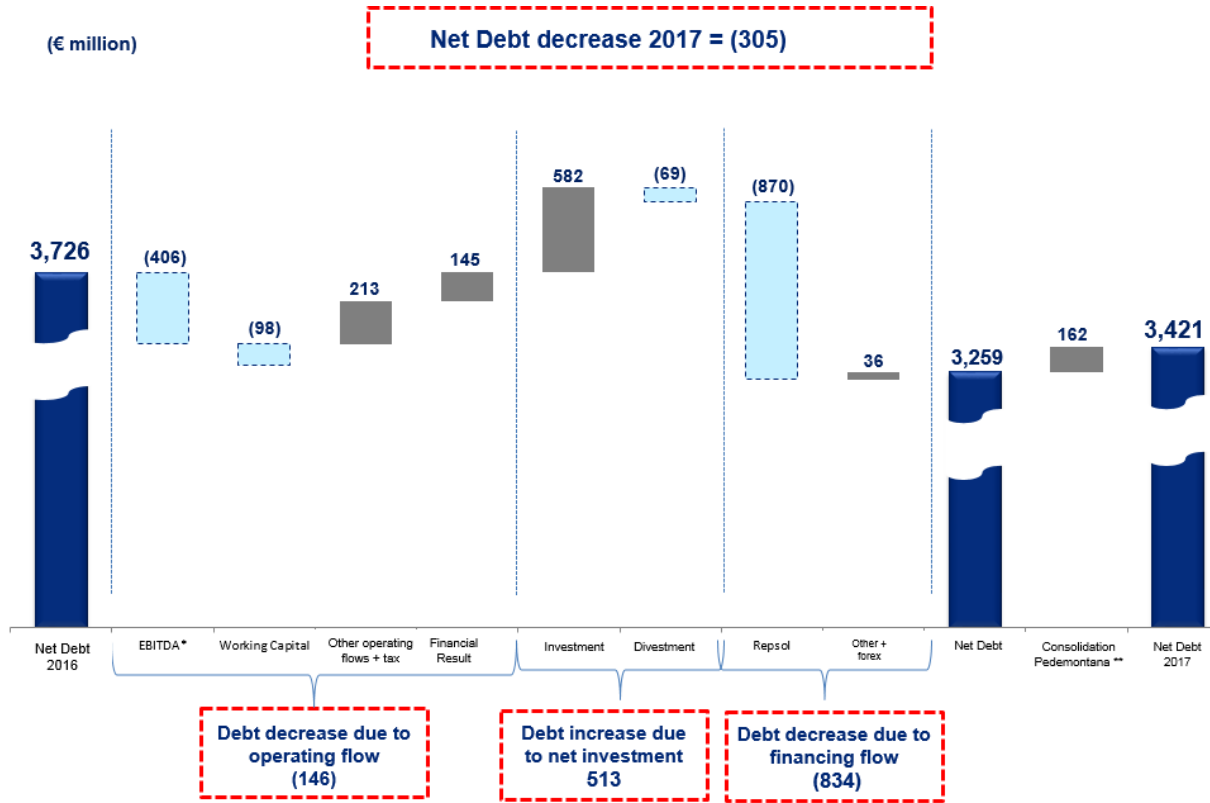
| € Million                   | 2017         | 2016         | VAR.        |
|-----------------------------|--------------|--------------|-------------|
| Project Finance             | 2,517        | 2,187        | 330         |
| Other business lines debt   | 310          | 248          | 62          |
| <b>Total Business Lines</b> | <b>2,827</b> | <b>2,435</b> | <b>392</b>  |
| Corporate Bank Borrowings   | 188          | 255          | -67         |
| Capital Markets             | 406          | 271          | 135         |
| <b>Total Corporate</b>      | <b>594</b>   | <b>526</b>   | <b>68</b>   |
| Repsol                      | 0            | 765          | -765        |
| <b>NET DEBT</b>             | <b>3,421</b> | <b>3,726</b> | <b>-305</b> |

Corporate debt: the Group's net bank debt amounted to €188 million; corresponding to working capital used by the parent to coordinate and provide financial management as the Group's parent.

In addition, the holding company registered a financial liability of €406 million at 31 December 2017, due mainly to the outstanding balance of the convertible bond issue, which was placed in 2014 and is due to mature in 2019, and the ECP programme, which saw considerable activity in the latter months of the year.

Debt from business activities: amounted to €2,827 million. of which 90% is associated with very long-term project finance. This debt is repaid with cash flow generated by the projects.

Repsol debt: as mentioned at the start of this document, Sacyr had repaid the loan associated with the Repsol ownership interest, which was due to mature in January 2018, through the contracting of three derivative instruments. The proceeds from these derivatives are recognised under "Other hedged debt" on the liability side of the balance sheet.



\* Does include expense due to Redundancy Plan €17m.

\*\* Pedemontana debt increase €162m – €36m (EBITDA) + €5m (adjustments) = €131m

2017 – [Presentation of Results](#)



## V. PERFORMANCE BY BUSINESS AREA

| CONSOLIDATED INCOME STATEMENT AS OF DECEMBER 2017      |                  |                      |                |                     |                            |                  |
|--|------------------|----------------------|----------------|---------------------|----------------------------|------------------|
| (Thousands of Euros)                                   | Construcción     | Sacyr<br>Concesiones | Valoriza       | Sacyr<br>Industrial | Holding and<br>Adjustments | TOTAL            |
| <b>Turnover</b>  | <b>1,224,984</b> | <b>612,764</b>       | <b>951,896</b> | <b>522,851</b>      | <b>-219,890</b>            | <b>3,092,606</b> |
| Other Sales  | 153,084          | 11,516               | 24,776         | 6,433               | -18,933                    | 176,877          |
| <b>Total Income</b>                                    | <b>1,378,068</b> | <b>624,281</b>       | <b>976,673</b> | <b>529,283</b>      | <b>-238,822</b>            | <b>3,269,483</b> |
| External and Operating Expenses                        | -1,285,299       | -392,341             | -893,372       | -494,831            | 218,952                    | -2,846,891       |
| <b>GROSS OPERATING PROFIT*</b>                         | <b>92,769</b>    | <b>231,940</b>       | <b>83,300</b>  | <b>34,453</b>       | <b>-19,870</b>             | <b>422,592</b>   |
| Depreciation   | -39,860          | -47,725              | -38,269        | -9,186              | -2,057                     | -137,097         |
| Trade Provisions and non recurring items               | -7,055           | -20,022              | -2,482         | 935                 | -44                        | -28,669          |
| <b>NET OPERATING PROFIT</b>                            | <b>45,854</b>    | <b>164,192</b>       | <b>42,550</b>  | <b>26,201</b>       | <b>-21,971</b>             | <b>256,826</b>   |
| Financial results                                      | -4,539           | -98,949              | -8,515         | -3,751              | -58,498                    | -174,253         |
| Forex results  | -48,000          | -401                 | -70            | -480                | -22,285                    | -71,236          |
| Results from equity accounted subsidiaries             | 2,525            | 6,249                | 6,638          | 30                  | 243,672                    | 259,114          |
| Provisions for financial investments                   | 77,727           | 8,178                | 319            | 496                 | -509                       | 86,210           |
| Change in value of financial instruments at fair value | 0                | -19,856              | -3,687         | -648                | -120,564                   | -144,754         |
| Results from sales of non current assets               | 1,756            | -38                  | -1             | -1,701              | -378                       | -362             |
| <b>PROFIT BEFORE TAXES</b>                             | <b>75,322</b>    | <b>59,377</b>        | <b>37,232</b>  | <b>20,147</b>       | <b>19,466</b>              | <b>211,545</b>   |
| Corporate Tax  | -40,947          | -23,036              | -11,744        | -6,867              | 39,626                     | -42,967          |
| <b>PROFIT FOR CONTINUING ACTIVITIES</b>                | <b>34,376</b>    | <b>36,341</b>        | <b>25,488</b>  | <b>13,280</b>       | <b>59,093</b>              | <b>168,578</b>   |
| <b>PROFIT FOR DISCONTINUING ACTIVITIES</b>             | <b>0</b>         | <b>0</b>             | <b>0</b>       | <b>0</b>            | <b>0</b>                   | <b>0</b>         |
| <b>CONSOLIDATE RESULTS</b>                             | <b>34,376</b>    | <b>36,341</b>        | <b>25,488</b>  | <b>13,280</b>       | <b>59,093</b>              | <b>168,578</b>   |
| Minorities   | -11,655          | -22,683              | 66             | -3,737              | 75                         | -37,934          |
| <b>NET ATTRIBUTABLE PROFIT</b>                         | <b>22,721</b>    | <b>13,659</b>        | <b>25,554</b>  | <b>9,543</b>        | <b>59,167</b>              | <b>130,644</b>   |

\*Does not include the non-recurring expense due to the redundancy plan in Somague for an amount of €17m.

| CONSOLIDATED INCOME STATEMENT AS OF DECEMBER 2016      |                  |                      |                |                     |                            |                  |
|--|------------------|----------------------|----------------|---------------------|----------------------------|------------------|
| (Thousands of Euros)                                   | Construcción     | Sacyr<br>Concesiones | Valoriza       | Sacyr<br>Industrial | Holding and<br>Adjustments | TOTAL            |
| <b>Turnover</b>  | <b>1,249,922</b> | <b>552,438</b>       | <b>908,249</b> | <b>400,579</b>      | <b>-250,713</b>            | <b>2,860,475</b> |
| Other Sales  | 71,544           | 13,386               | 26,244         | 4,071               | -12,068                    | 103,177          |
| <b>Total Income</b>                                    | <b>1,321,466</b> | <b>565,824</b>       | <b>934,493</b> | <b>404,650</b>      | <b>-262,781</b>            | <b>2,963,652</b> |
| External and Operating Expenses                        | -1,263,351       | -358,992             | -858,488       | -374,555            | 251,295                    | -2,604,091       |
| <b>GROSS OPERATING PROFIT*</b>                         | <b>58,115</b>    | <b>206,832</b>       | <b>76,006</b>  | <b>30,095</b>       | <b>-11,486</b>             | <b>359,561</b>   |
| Depreciation   | -21,034          | -46,193              | -34,866        | -9,393              | -1,813                     | -113,300         |
| Trade Provisions and non recurring items               | -33,452          | -7,084               | 613            | 1,248               | 495                        | -38,180          |
| <b>NET OPERATING PROFIT</b>                            | <b>3,628</b>     | <b>153,555</b>       | <b>41,752</b>  | <b>21,950</b>       | <b>-12,804</b>             | <b>208,081</b>   |
| Financial results                                      | -17,857          | -90,566              | -11,014        | -3,643              | -77,582                    | -200,664         |
| Forex results  | 17,934           | -1,993               | -950           | -4,364              | 358                        | 10,986           |
| Results from equity accounted subsidiaries             | 2,110            | 2,644                | 5,517          | 29                  | 196,786                    | 207,085          |
| Provisions for financial investments                   | 1,608            | -4,884               | -1,048         | 0                   | 0                          | -4,324           |
| Change in value of financial instruments at fair value | 0                | -18,677              | -3,770         | -1,954              | -43,155                    | -67,556          |
| Results from sales of non current assets               | 1,955            | 21,320               | 3,530          | 439                 | 0                          | 27,244           |
| <b>PROFIT BEFORE TAXES</b>                             | <b>9,378</b>     | <b>61,398</b>        | <b>34,016</b>  | <b>12,456</b>       | <b>63,603</b>              | <b>180,852</b>   |
| Corporate Tax  | -17,021          | -23,032              | -11,108        | -4,386              | 9,947                      | -45,600          |
| <b>PROFIT FOR CONTINUING ACTIVITIES</b>                | <b>-7,643</b>    | <b>38,366</b>        | <b>22,908</b>  | <b>8,070</b>        | <b>73,550</b>              | <b>135,252</b>   |
| <b>PROFIT FOR DISCONTINUING ACTIVITIES</b>             | <b>0</b>         | <b>0</b>             | <b>0</b>       | <b>0</b>            | <b>0</b>                   | <b>0</b>         |
| <b>CONSOLIDATE RESULTS</b>                             | <b>-7,643</b>    | <b>38,366</b>        | <b>22,908</b>  | <b>8,070</b>        | <b>73,550</b>              | <b>135,252</b>   |
| Minorities   | -165             | -15,616              | 213            | -31                 | 589                        | -15,010          |
| <b>NET ATTRIBUTABLE PROFIT</b>                         | <b>-7,808</b>    | <b>22,751</b>        | <b>23,122</b>  | <b>8,039</b>        | <b>74,139</b>              | <b>120,242</b>   |

\*Does not include the non-recurring expense due to the redundancy plan in Sacyr Construcción and Somague for an amount of €25.5m .

| CONSOLIDATED BALANCE SHEET AS OF DECEMBER 2017                   |                  |                   |                  |                  |                         |                   |
|--|------------------|-------------------|------------------|------------------|-------------------------|-------------------|
| (Thousands of Euros)   | Construcción     | Sacyr Concesiones | Valoriza         | Sacyr Industrial | Holding and adjustments | TOTAL             |
| <b>NON CURRENT ASSETS</b>  | <b>1,304,452</b> | <b>3,397,139</b>  | <b>798,911</b>   | <b>188,215</b>   | <b>2,409,315</b>        | <b>8,098,032</b>  |
| Intangible Assets  | 638              | 82                | 13,411           | 1,572            | 1,485                   | 17,188            |
| Concessions Investments  | 48,828           | 1,073,928         | 247,298          | 0                | 0                       | 1,370,054         |
| Fixed Assets   | 127,378          | 2,496             | 155,344          | 98,861           | 3,521                   | 387,600           |
| Financial Assets   | 135,245          | 392,548           | 107,886          | 19,952           | 2,404,310               | 3,059,941         |
| Receivables for concession assets                                | 992,364          | 1,688,862         | 173,509          | 0                | 0                       | 2,854,735         |
| Other non Current Assets   | 0                | 239,223           | 2,492            | 0                | 0                       | 241,714           |
| Goodwill   | 0                | 0                 | 98,971           | 67,829           | 0                       | 166,801           |
| <b>CURRENT ASSETS</b>  | <b>3,969,527</b> | <b>1,054,859</b>  | <b>445,836</b>   | <b>425,446</b>   | <b>-417,444</b>         | <b>5,478,224</b>  |
| Non current assets held for sale                                 | 0                | 282,760           | 0                | 0                | 172,232                 | 454,992           |
| Inventories  | 159,927          | 288               | 18,292           | 18,108           | 3,322                   | 199,937           |
| Receivables for concession assets                                | 265              | 256,093           | 3,920            | 0                | 0                       | 260,278           |
| Accounts Receivable  | 1,749,613        | 190,846           | 314,714          | 246,425          | -167,934                | 2,333,664         |
| Financial Assets   | 444,445          | 6,572             | 53,966           | 54,104           | -445,726                | 113,361           |
| Cash   | 1,615,277        | 318,300           | 54,945           | 106,809          | 20,662                  | 2,115,992         |
| <b>ASSETS = LIABILITIES</b>                                      | <b>5,273,979</b> | <b>4,451,998</b>  | <b>1,244,746</b> | <b>613,661</b>   | <b>1,991,871</b>        | <b>13,576,256</b> |
| <b>Equity</b>  | <b>428,814</b>   | <b>968,118</b>    | <b>293,156</b>   | <b>135,464</b>   | <b>178,869</b>          | <b>2,004,421</b>  |
| Shareholder's Equity   | 408,323          | 685,108           | 283,971          | 91,629           | 183,108                 | 1,652,140         |
| Minority Interests   | 20,490           | 283,009           | 9,185            | 43,835           | -4,239                  | 352,281           |
| <b>NON CURRENT LIABILITIES</b>                                   | <b>2,335,900</b> | <b>2,759,044</b>  | <b>584,083</b>   | <b>129,593</b>   | <b>1,444,622</b>        | <b>7,253,241</b>  |
| Financial Debt   | 1,800,895        | 2,133,586         | 302,592          | 105,359          | 386,735                 | 4,729,167         |
| Financial Instruments at fair value                              | 0                | 124,815           | 13,670           | 559              | 53,756                  | 192,800           |
| Provisions   | 347,197          | 66,518            | 109,647          | 11,133           | -239,613                | 294,882           |
| Other non current Liabilities                                    | 187,808          | 434,124           | 158,175          | 12,542           | -245,507                | 547,141           |
| Other hedged debt  | 0                | 0                 | 0                | 0                | 1,489,252               | 1,489,252         |
| <b>CURRENT LIABILITIES</b>                                       | <b>2,509,266</b> | <b>724,837</b>    | <b>367,507</b>   | <b>348,604</b>   | <b>368,381</b>          | <b>4,318,594</b>  |
| Liabilities associated with the non current assets held for sale | 0                | 0                 | 0                | 0                | 176,965                 | 176,965           |
| Financial Debt   | 172,887          | 297,913           | 78,361           | 39,922           | 332,122                 | 921,205           |
| Financial instruments at fair value                              | 0                | 25,347            | 1,351            | 429              | 0                       | 27,127            |
| Trade Accounts Payable   | 1,829,433        | 261,105           | 128,681          | 251,473          | -9,725                  | 2,460,967         |
| Operating Provisions   | 80,650           | 14,285            | 20,552           | 6,864            | 376                     | 122,726           |
| Other current liabilities  | 426,295          | 126,187           | 138,563          | 49,916           | -131,357                | 609,604           |

| CONSOLIDATED BALANCE SHEET AS OF DECEMBER 2016                   |                  |                      |                  |                     |                            |                   |
|--|------------------|----------------------|------------------|---------------------|----------------------------|-------------------|
| (Thousands of Euros)   | Construcción     | Sacyr<br>Concesiones | Valoriza         | Sacyr<br>Industrial | Holding and<br>adjustments | TOTAL             |
| <b>NON CURRENT ASSETS</b>  | <b>363,685</b>   | <b>3,200,814</b>     | <b>716,131</b>   | <b>191,383</b>      | <b>2,551,750</b>           | <b>7,023,764</b>  |
| Intangible Assets  | 633              | 47                   | 9,083            | 1,961               | 1,320                      | 13,044            |
| Concessions Investments  | 50,405           | 1,091,406            | 260,455          | 0                   | 0                          | 1,402,267         |
| Fixed Assets   | 118,270          | 3,105                | 135,638          | 102,192             | 4,145                      | 363,350           |
| Financial Assets   | 157,156          | 281,039              | 106,275          | 19,401              | 2,546,285                  | 3,110,156         |
| Receivables for concession assets                                | 18,738           | 1,591,154            | 102,735          | 0                   | 0                          | 1,712,627         |
| Other non Current Assets   | 0                | 234,063              | 2,757            | 0                   | 0                          | 236,820           |
| Goodwill   | 18,482           | 0                    | 99,188           | 67,829              | 0                          | 185,500           |
| <b>CURRENT ASSETS</b>  | <b>2,345,295</b> | <b>857,383</b>       | <b>600,220</b>   | <b>258,789</b>      | <b>-396,505</b>            | <b>3,665,181</b>  |
| Non current assets held for sale                                 | 0                | 279,928              | 0                | 0                   | 195,478                    | 475,406           |
| Inventories  | 154,128          | 17,278               | 40,359           | 23,441              | 915                        | 236,121           |
| Receivables for concession assets                                | 0                | 170,040              | 3,837            | 0                   | 0                          | 173,877           |
| Accounts Receivable  | 1,536,256        | 104,884              | 346,959          | 174,660             | -97,076                    | 2,065,683         |
| Financial Assets   | 506,616          | 6,321                | 74,628           | 8,366               | -503,145                   | 92,787            |
| Cash   | 148,295          | 278,931              | 134,437          | 52,322              | 7,323                      | 621,308           |
| <b>ASSETS = LIABILITIES</b>                                      | <b>2,708,980</b> | <b>4,058,197</b>     | <b>1,316,351</b> | <b>450,172</b>      | <b>2,155,245</b>           | <b>10,688,945</b> |
| <b>Equity</b>  | <b>510,109</b>   | <b>863,066</b>       | <b>270,669</b>   | <b>133,573</b>      | <b>302,983</b>             | <b>2,080,399</b>  |
| Shareholder's Equity   | 514,341          | 633,437              | 260,885          | 84,535              | 298,326                    | 1,791,524         |
| Minority Interests   | -4,233           | 229,629              | 9,784            | 49,037              | 4,657                      | 288,875           |
| <b>NON CURRENT LIABILITIES</b>                                   | <b>659,964</b>   | <b>2,510,324</b>     | <b>573,885</b>   | <b>58,947</b>       | <b>1,468,509</b>           | <b>5,271,628</b>  |
| Financial Debt   | 203,075          | 1,876,519            | 273,310          | 40,689              | 1,212,085                  | 3,605,678         |
| Financial Instruments at fair value                              | -24              | 132,374              | 17,506           | 1,133               | 34,840                     | 185,829           |
| Provisions   | 343,042          | 92,128               | 115,759          | 2,808               | -183,310                   | 370,428           |
| Other non current Liabilities                                    | 113,871          | 409,303              | 167,309          | 14,317              | -213,401                   | 491,399           |
| Other hedged debt  | 0                | 0                    | 0                | 0                   | 618,294                    | 618,294           |
| <b>CURRENT LIABILITIES</b>                                       | <b>1,538,907</b> | <b>684,807</b>       | <b>471,797</b>   | <b>257,653</b>      | <b>383,753</b>             | <b>3,336,918</b>  |
| Liabilities associated with the non current assets held for sale | 0                | 0                    | 0                | 0                   | 203,042                    | 203,042           |
| Financial Debt   | 218,572          | 341,528              | 95,486           | 61,375              | 112,099                    | 829,062           |
| Financial instruments at fair value                              | 0                | 19,033               | 1,326            | 1,015               | 0                          | 21,375            |
| Trade Accounts Payable   | 880,389          | 231,396              | 226,281          | 151,916             | 60,229                     | 1,550,211         |
| Operating Provisions   | 96,420           | 5,540                | 21,599           | 3,586               | 93,633                     | 220,778           |
| Other current liabilities  | 343,526          | 87,309               | 127,104          | 39,761              | -85,250                    | 512,450           |

## CONSTRUCTION

| Millions of Euros              | 2017         | 2016         | % Chg. |
|--------------------------------|--------------|--------------|--------|
| <b>Revenue</b>                 | <b>1,225</b> | 1,250        | -2.0%  |
| <b>% International</b>         | <b>82%</b>   | 74%          |        |
| <b>EBITDA*</b>                 | <b>93</b>    | <b>58</b>    | 59.6%  |
| <b>EBITDA Margin</b>           | <b>7.6%</b>  | 4.6%         |        |
| <b>Backlog</b>                 | <b>5,868</b> | <b>4,131</b> | 42.0%  |
| International                  | <b>5,305</b> | <b>3,469</b> | 52.9%  |
| <b>% International Backlog</b> | <b>90%</b>   | 84%          |        |
| <b>Months of activity</b>      | <b>57</b>    | <b>40</b>    |        |

\*Does not include the non-recurring expense due to redundancy plan of Sacyr Construcción for an amount of €17m in 2017 and €25.5m in 2016.

Revenue at the Construction division totalled €1,225 million at 31 December 2017. The year-on-year decline was due to the slowdown in activity in Spain and Somague. In contrast, Sacyr Construcción reported international growth of 29%. The business has a distinctly international slant, since 82% of revenue is now generated outside Spain.

Revenue from Construction activity picked up in the last quarter of the year as initial delays on certain projects were ironed out and the contribution of the Pedemontana-Veneta motorway in Italy was reported. All this brought EBITDA to €93 million at year-end 2017, up 60% year on year and showing a margin of 7.6%.



## PROCUREMENT AND BACKLOG

The construction backlog stood at €5,868 million, an increase of 42% compared to the end of 2016, covering 57 months of activity at current turnover rates. The growth in the international backlog was 53%, reaching an international works backlog of 90%.

The following contracts awarded in 2017 particularly stand out:

- The construction of the 4G road corridor between Cúcuta and Pamplona (Colombia), with an estimated €479 million for construction. This is the fourth 4G concession project that Sacyr has been awarded in Colombia.
- The construction project of Route 2 (between Asunción and Coronel Oviedo) and Route 7 (between Coronel Oviedo and Caaguazú) in Paraguay, with an expected investment of €277 million in its construction.
- The construction of the Quillota-Petorca Bi-provincial Hospital in the Valparaíso Region (Chile), for €128 million.
- The construction of the new general hospital in the southern regional area of Mexico City (Tláhuac Hospital) for €54 million.
- Renovation, maintenance and upkeep works on the 91.5 km Pirámides-Tulancingo - Pachuca motorway; for a sum of €41 million.
- Renovation of the “Andrés Avelino Cáceres” sports complex in Lima, which will host the Pan American Games in 2019. The project has a budget of €31 million.
- The construction of the Ciudad Acuña regional general hospital, in the Mexican state of Coahuila for €21 million.
- The design, construction and outfitting of the general hospital in Pachuca (Mexico) for €18 million.
- The sewage system works for plots A and B of the QEZ-1 development zone in Doha, Qatar, for the amount of approximately €19 million.

- The construction of an industrial plant for the production of Spanish cold meat products in Jabugo (Huelva) for €39 million.

## SACYR CONCESIONES

| CONCESSIONS (Thousands of euros) | 2017           | 2016    | % Chg.     |
|----------------------------------|----------------|---------|------------|
| Revenue                          | <b>612,764</b> | 552,438 | 11%        |
| Revenue from construction        | <b>257,006</b> | 242,919 | 6%         |
| <b>Revenue from concessions</b>  | <b>355,758</b> | 309,519 | <b>15%</b> |
| <b>EBITDA</b>                    | <b>231,940</b> | 206,832 | <b>12%</b> |
| EBITDA Margin                    | 65.2%          | 66.8%   |            |

- Revenue from the concessions activity totalled €613 million, an increase of 11% compared to the previous year, thanks to the good performance of the concessional revenue as well as the construction revenue.
- The initiation of work on several projects in the backlog caused an increase in construction revenue of 6% compared to the previous year. This is due mainly to the concessions of Rumichaca – Pasto and Cúcuta - Pamplona (Colombia), Vial Sierra Norte (Peru), Rutas de Limarí (Chile), Rutas del Este (Paraguay), Rutas del Litoral (Uruguay), Pirámides-Tulacingo and Tláhuac Hospital (Mexico).
- Concession revenue grew by 15% to €356 million during the year. This significant growth in revenue can be put down to healthy traffic figures on the Spanish motorways (Arlanzon, Guadalmedina, Turia, ...), the commissioning of the Chilean motorway Valles del Bio Bio (August 2016) and the Hospital de Antofagasta (October 2017).

- EBITDA stood at €232 million, up 12% compared to the €207 million of the previous year.

| (Thousand of Euros)                      | 2017             | 2016             | Var. (%)      |
|--|------------------|------------------|---------------|
| AUTOVÍA DEL TURIA                        | 13,382.6         | 12,290.6         | 8.9%          |
| AUTOVÍA NOROESTE C.A.R.M.                | 6,810.4          | 7,024.8          | -3.1%         |
| VIASTUR                                  | 7,225.1          | 7,022.6          | 2.9%          |
| PALMA MANACOR                            | 11,104.8         | 10,407.8         | 6.7%          |
| AUTOVÍA DEL BARBANZA                     | 9,335.2          | 9,007.6          | 3.6%          |
| AUTOVÍA DEL ERESMA                       | 7,195.7          | 6,719.7          | 7.1%          |
| AUTOVÍA DEL ARLANZÓN                     | 37,618.7         | 34,746.8         | 8.3%          |
| INTERCAMBIADOR DE MONCLOA                | 12,665.2         | 12,547.5         | 0.9%          |
| INTERCAMBIADOR DE PLAZA ELÍPTICA         | 6,709.3          | 6,578.1          | 2.0%          |
| AUTOPISTA DE GUADALMEDINA                | 15,343.0         | 13,974.6         | 9.8%          |
| HOSPITAL DE PARLA                        | 13,050.0         | 13,962.4         | -6.5%         |
| HOSPITAL DE COSLADA                      | 14,067.7         | 13,751.4         | 2.3%          |
| HOLDINGS                                 | 1,598.6          | 2,068.4          | -22.7%        |
| <b>SPAIN</b>                             | <b>156,106.3</b> | <b>150,102.2</b> | <b>4.0%</b>   |
| SACYR CONCESSIONS - IRLANDA              | 1,261.6          | 1,252.0          | 0.8%          |
| <b>IRELAND</b>                           | <b>1,261.6</b>   | <b>1,252.0</b>   | <b>0.8%</b>   |
| HOLDINGS                                 | 938.3            | 1,023.7          | -13.8%        |
| ESCALA PARQUE                            | -                | 326.7            | -100.0%       |
| <b>PORTUGAL</b>                          | <b>938.3</b>     | <b>4,029.8</b>   | <b>-76.7%</b> |
| HOLDINGS                                 | 1,495.9          | 1,425.0          | 4.7%          |
| RUTAS DEL DESIERTO - ACCESOS A IQUIQUE   | 19,791.1         | 20,199.2         | -2.0%         |
| VALLÉS DEL BIO BIO - CONCEPCIÓN CABRERO  | 35,809.3         | 27,620.2         | 29.6%         |
| VALLÉS DEL DESIERTO - VALLENAR CALDERA   | 23,009.1         | 23,263.4         | -1.1%         |
| RUTA 43 - LIMARI                         | 3,739.4          | 1,673.7          | 123.4%        |
| HOSPITAL ANTOFAGASTA                     | 21,809.4         | 12,556.8         | 73.7%         |
| SERENA VALLENAR - RUTAS DEL ALGARROBO    | 29,796.8         | 28,894.9         | 3.1%          |
| <b>CHILE</b>                             | <b>135,451.0</b> | <b>115,633.2</b> | <b>17.1%</b>  |
| CONVIAL SIERRA NORTE                     | 13,818.3         | 14,387.5         | -4.0%         |
| <b>PERU</b>                              | <b>13,818.3</b>  | <b>14,387.5</b>  | <b>-4.0%</b>  |
| HOLDINGS                                 | 809.7            | 444.0            | 82.4%         |
| MONTES DE MARÍA                          | 16,940.9         | 12,526.2         | 35.2%         |
| RUMICHACA                                | 10,371.9         | 11,142.4         | -6.9%         |
| PAMPLONA-CÚCUTA                          | 16,874.3         | -                | n/a           |
| <b>COLOMBIA</b>                          | <b>44,996.8</b>  | <b>24,112.5</b>  | <b>86.6%</b>  |
| HOLDINGS                                 | 31.5             | -                | n/a           |
| RUTAS DEL LITORAL                        | 208.8            | 1.5              | 14245.0%      |
| <b>URUGUAY</b>                           | <b>240.3</b>     | <b>1.5</b>       | <b>n.a.</b>   |
| RUTAS DEL ESTE                           | 1,074.3          | -                | n/a           |
| <b>PARAGUAY</b>                          | <b>1,074.3</b>   | <b>-</b>         | <b>n/a</b>    |
| HOSPITAL TLAHUAC                         | 1,616.6          | -                | n/a           |
| AUTOVIA PIRÁMIDES TULANCINGO PACHUCA     | 254.7            | -                | n/a           |
| <b>MEXICO</b>                            | <b>1,871.4</b>   | <b>-</b>         | <b>n/a</b>    |
| <b>TOTAL WITHOUT CONSTRUCTION INCOME</b> | <b>355,758.3</b> | <b>309,518.7</b> | <b>14.9%</b>  |
| CONSTRUCTION INCOME                      | 257,006.2        | 242,919.5        | 5.8%          |
| <b>TOTAL</b>                             | <b>612,764.5</b> | <b>552,438.2</b> | <b>10.9%</b>  |

## TRAFFIC PERFORMANCE

The positive trends in traffic of previous quarters were consolidated, with average growth in the traffic of our concessions in Spain of 4%. The performance of traffic in 2017 was very positive in all of our concessions. Of particular note were the 9% growth of the Málaga – Las Pedrizas motorway and the growth of around 6% in the Autovía del Noroeste, the MA 15 Palma-Manacor and the Autovía del Eresma.

The following table shows traffic data:

|                                     | ACCUMULATED ADT |        |       |
|-------------------------------------|-----------------|--------|-------|
|                                     | 2017            | 2016   | Var.  |
| <b>SHADOW TOLL HIGHWAY SPAIN</b>    |                 |        |       |
| - AUTOVIA DEL NOROESTE              | 12,446          | 11,726 | 6.1%  |
| - Ma-15 PALMA-MANACOR               | 25,183          | 23,713 | 6.2%  |
| - AS-II OVIEDO-GIJÓN (VIASTUR)      | 23,432          | 22,879 | 2.4%  |
| - AUTURSA CV-35                     | 39,091          | 37,976 | 2.9%  |
| - ERESMA                            | 8,194           | 7,754  | 5.7%  |
| - BARBANZA                          | 13,644          | 13,257 | 2.9%  |
| - ARLANZON                          | 22,118          | 21,417 | 3.3%  |
| <b>TOLL HIGHWAY SPAIN</b>           |                 |        |       |
| - AP-46 MÁLAGA - LAS PEDRIZAS       | 12,562          | 11,540 | 8.9%  |
| <b>TOLL HIGHWAY OTHER COUNTRIES</b> |                 |        |       |
| - N6 GALWAY-BALLINASLOE             | 11,750          | 11,042 | 6.4%  |
| - VALLES DEL DESIERTO               | 4,742           | 4,671  | 1.5%  |
| - RUTAS DEL DESIERTO                | 6,725           | 6,637  | 1.3%  |
| - RUTAS DEL ALGARROBO (3)           | 4,471           | -      |       |
| - VALLES DEL BIO-BIO (4)            | 6,737           | -      |       |
| - MONTES DE MARÍA (5)               | 3,111           | 3,077  | 1.1%  |
| - UNIÓN VIAL DEL SUR (6)            | 6,082           | 6,147  | -1.1% |
| - DESARROLLO VIAL AL MAR (7)        | 7,292           | -      |       |

## FINANCING AGREED FOR PEDEMONTANA – VENETA

In November 2017, Sacyr successfully secured financing for the Pedemontana-Veneta motorway in the region of Veneto (Italy). This road is a major work of civil engineering in Italy and one of Sacyr's most significant projects. The motorway is expected to generate some €12,000 million through the 39 years of management. Initial traffic is estimated at 27,000 vehicles a day, but could rise to 60,000 in the final years of the concession. The project requires Sacyr to construct a total of 162 km. Of this, 94 km relates to the main

road that will link up 34 towns and cities and the industrial area of Vicenza and Treviso, while a further 68 km will be secondary access roads. It will also feature two tunnels: the Malo tunnel (6 km) and the S. Urbano tunnel (1.5 km), plus eight viaducts. The motorway forms part of the European TEN-T and is considered a strategic national asset since it lies between the existing A4 and A27 motorways, cutting through the region of Veneto as it moves through the provinces of Vicenza and Treviso.

Funding has been arranged through a bond issue worth €1,571 million, making it one of the largest placements for a greenfield project in Europe. (€1,221 million in senior bonds, maturing in 2047 and a further €350 million in junior bonds maturing in 2027). This type of funding has been awarded the Project Finance International 2017 award in the category of best European transaction in transport infrastructures.

## CONTRACTING AND BACKLOG

Sacyr Concesiones backlog at 31 December 2017 stood at €27,163 million compared to the €12,926 million at 31 December 2016. This growth is due mainly to the Group's huge success in winning contracts in countries such as Colombia, Mexico and Paraguay, and also because of the incorporation of the Pedemontana-Veneta (Italy) into the backlog. At 31 December 2017, 82% of Sacyr Concesiones backlog was situated outside of Spain.

In 2017 Sacyr entered the Mexican concessions market with two projects

- The General Directorate of Road Maintenance in Mexico has awarded Sacyr Concesiones its first Public Private Partnership (PPP) project in the country: the renovation, maintenance and upkeep of 91.5 km of highway between Pirámides, Tulancingo and Pachuca. The project consists of the renovation, maintenance and upkeep of two road sections: Pirámides - Tulancingo and Tulancingo – Pachuca, in the states of México and Hidalgo. This road has an Average Daily Traffic (ADT) of 19,743 vehicles and a revenue backlog of €235 million.

- The concession of the new General Hospital in the Southern Regional Area of Mexico City (Tláhuac Hospital) for a period of 23 years. The project involves the design, construction, financing, operation and maintenance of the infrastructure. With a surface area of 33,480 square meters, it will serve over 1.2 million people, with 250 beds and 36 consultation rooms. With an initial investment of €92 million, the revenue backlog is expected to be €1,045 million euros over the whole term of the concession.

Furthermore, Sacyr Concesiones was awarded the fourth 4G concession project in Colombia, positioning it as the concessionaire that has been awarded the most projects within the Colombian national infrastructure plan. The Cúcuta – Pamplona motorway road corridor is in the Norte de Santander department in the north-east of the country. The project, with a revenue backlog of €2,441 million, involves the construction of 47 km of second carriageway, 4 km of single carriageway, and the refurbishment of the existing 67 km.

Sacyr Concesiones was also awarded the first concession motorway project in Paraguay, in the city of Asunción. The project involves the construction and operation of Route 2 (between Asunción and Coronel Oviedo) and Route 7 (between Coronel Oviedo and Caaguazú) with an expected investment in its construction of €475 million and backlog of €1,350 million throughout the 30 year concession term.

After 2017 financial closure, Sacyr Concesiones was awarded the El Tepual Airport concession in the city of Puerto Montt, Los Lagos Region (Chile). (February 2018).

## VALORIZA

The revenue at Valoriza amounted to €952 million, an increase of 5% which reflects the solid upward trend of the group's Services activity.

Revenue by business line is as follows:

- There was significant revenue growth of 14% in Multiservices as a result of the contribution from major contracts awarded during 2016, such as for Dependency and Maintenance Services.
- Environment revenue increased by 12%, thanks to urban waste collection contracts, among others.
- Changes in revenue in the Water business line mainly resulted from the transfer of the Water EPC division to Sacyr Industrial in the first quarter of 2017.

| VALORIZA (Thousands of Euros) | 2017           | 2016           | % Chg.     |
|-------------------------------|----------------|----------------|------------|
| <b>REVENUE</b>                | <b>951,896</b> | <b>908,249</b> | <b>5%</b>  |
| Environment                   | 389,997        | 347,437        | 12.2%      |
| Multi-Services                | 443,966        | 390,892        | 13.6%      |
| Water                         | 114,299        | 167,206        | -31.6%     |
| Central                       | 3,634          | 2,714          | 33.9%      |
| <b>EBITDA</b>                 | <b>83,300</b>  | <b>76,006</b>  | <b>10%</b> |
| Environment                   | 47,216         | 43,308         | 9.0%       |
| Multi-Services                | 17,056         | 18,385         | -7.2%      |
| Water                         | 19,018         | 14,429         | 31.8%      |
| Central                       | 10             | (116)          | n.a.       |
| <b>EBITDA Margin</b>          | <b>8.8%</b>    | <b>8.4%</b>    | <b>5%</b>  |



EBITDA stood at €83 million, compared to the €76 million of the previous year, which represents growth of 10%. This improvement in the margin is due to the general increase in the profitability of contracts. The EBITDA margin was 8.8%.

### PROCUREMENT AND BACKLOG

Valoriza's backlog totalled €5,661 million. 30% of this backlog is international. Valoriza continues to develop vigorous commercial activity both in Spain and abroad. It is worth noting the improvement of the division's position abroad thanks to contracts having been awarded internationally in all areas of activity. The countries where the group is gaining international presence are Chile, Mexico, Australia and, after the reporting date, Colombia and the United States.

Some of the most noteworthy contracts won are as follows:

- Water:
  - o Extension of the contract for services to the desalination plant for the irrigation partnership of Cuevas de Almanzora in Almería for a sum of €19 million and a period of 20 years.
  - o Replacement and repair of the recycled water supply network of Canal de Isabel II Gestión in Madrid, for €8 million.
  - o Operation and maintenance services for the “la China” wastewater treatment plant (EDAR) in Madrid for an amount of €5 million.
  
- Environmental Services:
  - o Operation of a waste treatment and composting plant in Melbourne (Australia), for €113 million, over a period of 15 years.
  - o Maintenance and operation service for the ERAR Sur plant of the Madrid Municipal Council for €16 million, over a period of 1 year.

- Cleaning and maintenance contract for green zones, lots 2 and 3, of the Madrid Municipal Council through a 4-year contract worth €24 million.
- Valoriza Servicios Medioambientales was awarded a contract for the cleaning services of the outer area at Madrid Barajas Airport worth €11 million over a 3-year period.
- 9-month extension of the contract for the collection and transport of urban solid waste and street cleaning in Toledo, for €6 million.
- The 10-year contract to collect, transport and dispose urban waste for the community of towns of Bajo Tietar (Ávila), worth €5 million.

- Multiservices:

- Operation and Maintenance services contract for the Antofagasta Hospital in Chile for €139 million over a period of 15 years.
- Operation and maintenance service of the "Rutas de Litoral" motorway in Uruguay, worth €41 million over a term of 25 years.
- Provision of services for the upkeep of the "Pirámides-Tulancingo - Pachuca" motorway in Mexico, for a total sum of €15 million and a period of 10 years.
- Concession to provide maintenance services for the "Global Mixto" roads in the provinces of Santiago, Maipo and Cordillera (Metropolitana Region), Chañaral and Copiapó (Atacama Region), Ranco (Los Ríos Region) and the provinces of Iquique and Tamarugal (Taracopa Region), in Chile, for a total amount of €39 million and a concession term of 4 years.
- Comprehensive management, operation and maintenance services for a period of 3 years for the "Zofri" shopping centre in Iquique, Chile, for €5 million.

- Motorway maintenance and upkeep services for the Autopistas del Atlántico AP-9 (AUDASA), Autoestradas de Galicia AG-55 and Autoestradas de Galicia AG-57, for a total of €40 million and a concession term of 6 years, extendable by a further 2 years.
- A 5-year contract, worth €31 million, for the development of a new facility management model in Repsol's headquarters in Madrid and regional offices across Spain.
- Personal care and home cleaning services for the Barcelona Municipal Institute of Social Services, for a sum of €13 million.
- Cleaning contract for the Gerencia de Atención Integrada health service in Albacete, for a total amount of €15 million, for a period of 4 years.
- Extension of the cleaning contract for various General State Administration offices in Madrid (Nuevos Ministerios, Arturo Soria, Ventas and Sur districts), for €14 million.
- Comprehensive cleaning service for the Ministry of Finance and Civil Service's state buildings, premises and offices, for a sum of €10 million.
- Cleaning services contract for the healthcare buildings, plots 1 and 3, at Hospital Royo Villanova and Primary Care Centre of the city of Zaragoza (Aragón Health Service) for €9 million and a 4-year period.
- Home-help services for the Burgos Municipal Council, amounting to €5 million, over a 2-year period.
- Cafeteria, restaurant and events service of Deliquo restaurant, for the amount of €16 million.

Following the year-end of 2017, Valoriza Servicios Medioambientales was awarded a waste collection and cleaning contract for special services area number 5 in Bogotá, Colombia. The contract, which is for a sum of €170 million, runs for 8 years.

Also following the year-end, Sacyr was selected as preferred bidder for the construction and operation of a waste treatment plant in Connecticut (United States). The project will generate over €2,900 million in revenue over the length of the contract. The facilities will feature proprietary technology and will be able to treat 900,000 tonnes/year.

## INDUSTRIAL

| (Thousands of Euros)          | 2017           | 2016           | % Chg.       |
|-------------------------------|----------------|----------------|--------------|
| <b>Revenue</b>                | <b>522,851</b> | <b>400,579</b> | <b>30.5%</b> |
| <b>Oil and gas</b>            | <b>196,957</b> | 235,477        |              |
| <b>Electricity grid</b>       | <b>44,272</b>  | 21,990         |              |
| <b>Environment and mining</b> | <b>72,299</b>  | 35,546         |              |
| <b>Water</b>                  | <b>74,214</b>  | 0              |              |
| <b>Generation</b>             | <b>132,923</b> | 106,333        |              |
| <b>Central</b>                | <b>2,186</b>   | 1,233          |              |
| <b>EBITDA</b>                 | <b>34,453</b>  | <b>30,095</b>  | <b>14.5%</b> |
| <b>EBITDA Margin</b>          | <b>6.6%</b>    | <b>7.5%</b>    |              |
| <b>BACKLOG</b>                | <b>2,310</b>   | <b>2,452</b>   | <b>-6%</b>   |
| <b>National</b>               | 1,871          | 1,987          | <b>-6%</b>   |
| <b>International</b>          | 439            | 465            | <b>-6%</b>   |

At 31 December 2017, Sacyr Industrial's revenue stood at €523 million, a year-on-year increase of 31% from €401 million in the same period last year.

This year, the Water EPC contracts were included in this division (previously included in Valoriza) and have contributed €74 million to the revenue. Valoriza will be responsible for the concession part of the project and the Industrial division will carry out the construction.

- Related to the EPC contracts,
  - Oil&Gas brought in €197 million in revenue. The major projects of the diesel refinery in Pampilla (Peru) and the regasification terminal in Cartagena (Colombia) were completed in 2016 and new projects have been started,

such as Nuevo Mundo (Peru) and the La Pampilla fuel unit (Peru). The activities of Sacyr Nervión have also increased.

- The Electricity Infrastructure activity posted revenue of €44 million; which is double the revenue at the year-end of 2016, thanks to the new contracts obtained in Chile and Panama.
- The activities of Environment and Mining contributed €72 million in revenue, versus the €36 million last year. This significant growth was due to the contributions of the Chimborazo projects (Ecuador) and the Potosí cement plant (Bolivia).
- Power generation plants contributed €133 million in revenue in 2017, versus the €106 million in the previous year. This growth can be explained by the increase in the electricity pool price caused by weather conditions. The average electricity pool price in 2017 was €52.22/MWh, compared to the price of €39.61/MWh of the previous year.

The increase in revenue was coupled with a 15% increase in EBITDA, which reached €34 million in 2017.

## PROCUREMENT AND BACKLOG

The backlog of the Industrial division stood at €2,310 million in 2017. Of particular note were the following projects awarded:

- Design and construction of an organic waste treatment plant in Melbourne (Australia), for a total amount of €30 million.
- Management consultancy contract for two liquefaction plants in Sonatrach, Algeria (GL1Z and GL2Z) for a total amount of €22 million.

- Turnkey construction of a new cement plant in Potosí (Bolivia) worth €226 million, with the scheduled completion of the project in 36 months.
- Contracts to extend the electricity lines and substations at: “Cóndores-Parinacota”, “Melipulli-Puerto Montt” and “Candelaria” (all in Chile), for a total amount of €60 million and with a 36-month execution period.
- Contract to expand the desalination plant in the port of Santa Cruz de Tenerife for a sum of €8 million..
- Supplementary work in the cement plant of Chimborazo (Ecuador), in a deal worth €12 million.
- Geothermal Projects for a sum of €6 million, in particular geothermal air conditioning of the Ifema exhibition centre and 144 homes in La Finca, Somosaguas.

## VI. STOCK MARKET PERFORMANCE

| SACYR  | DECEMBER  |           | % Chg<br>17/16 |
|--|-----------|-----------|----------------|
|  | 2017      | 2016      |                |
| Market Price at closing (euros per share)              | 2.36      | 2.22      | 6.26%          |
| High share price                                       | 2.80      | 2.37      | 18.08%         |
| Low share price  | 1.90      | 1.17      | 61.84%         |
| Market Capitalization at closing (Thousands of euros)* | 1,257,608 | 1,183,506 | 6.26%          |
| Average Trading Volume (Thousands of euros)            | 1,987,529 | 2,235,798 | -11.10%        |
| Average Daily Trading Volume (Number of shares)        | 3,325,145 | 5,097,246 | -34.77%        |
| Liquidity (%)  | 100       | 100       |                |
| Number of shares (Thousands)                           | 533,111   | 517,431   | 3.03%          |
| Share Nominal Value                                    | 1 EURO    | 1 EURO    |                |

\*Adjusted in 2016 pursuant to capital increase in July 2017 consisting of issue of bonus shares at a proportion 1 new share for 33 previously issued shares



## VII. APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

The Sacyr Group presents its earnings in accordance with International Financial Reporting Standards (IFRS). The Group also provide with certain additional financial measurements, known as Alternative Performance Measures (APMs) used by management in decision-making and evaluation of the Group's financial performance, cash flows and financial position.

In order to comply with the Guidelines on Alternative Performance Measures (2015/1415en) published by the European Securities and Markets Authority (ESMA), the disclosures required for each APM are set out below, including its definition, reconciliation, explanation of its use, comparatives and consistency.

Sacyr Group considers that this additional information will improve the comparability, reliability and comprehensibility of its financial information.

### ALTERNATIVE PERFORMANCE MEASURES:

**Earnings before interest, taxes, depreciation and amortisation (EBITDA):** this indicator shows operating profit or loss prior to depreciation and amortisation and any change in provisions, excluding extraordinary/non-recurring profits and losses.

**Operating profit/(loss) (EBIT):** Calculated as the difference between Operating income (Revenue, Own work capitalised, Other operating income, Government grants released to the income statement) and Operating expenses (Staff costs, Depreciation and amortisation expense, Changes in provisions and Other).

**Gross debt:** Comprises Non-current financial debt and Current financial debt as shown on the liabilities side of the consolidated statement of financial position, which includes bank borrowings and issues in capital markets (bonds).

**Net debt:** Calculated as Gross debt less Other current financial assets and Cash and cash equivalents, from the asset side of the consolidated statement of financial position.

**Project finance debt (gross or net):** is the financial debt (gross or net) from project companies. In this type of debt, the guarantee received by the lender is limited to the project cash flow and its asset value, with limited recourse to shareholders.

**Corporate debt (gross or net):** Debt held by the Group's Parent, comprising bank borrowings and issues in capital markets.

**Financial result:** The difference between Total finance income and Total finance costs.

**Backlog:** Value of awarded and closed work contracts pending completion. These contracts are included in the backlog once they are formalised. The backlog is shown as the percentage attributable to the Group, as per the corresponding consolidation method.

Once a contract has been included in the backlog, the value of production pending completion on the contract remains in the backlog, until it is completed or cancelled. Nevertheless, valuation adjustments are made to reflect any changes in prices and time periods agreed with the client. Due to a number of factors, all or part of the backlog linked to a contract may not actually become income. The backlog is subject to adjustments and cancellation of projects, and cannot be taken as an exact indicator of future earnings.

Given that no comparable financial measure is foreseen under IFRS, a reconciliation with the financial statements is not possible. Sacyr Management considers that the backlog is a useful indicator of the Group's future revenues and a customary indicator used by companies in the sector in which Sacyr operates.

The concessions backlog: represents estimated future revenues on concessions, over the concession period, based on the financial plan for each concession. Includes projected fluctuations in the exchange rate between the euro and other currencies, as well as changes in inflation, prices, tolls and traffic volumes.

**Market capitalisation:** number of shares at the reporting date, multiplied by the year-end share price.

**Like-for-like basis:** On occasions, certain figures are corrected to permit a year-on-year comparison, for example, by eliminating non-recurring impairment, significant changes in the consolidation scope that could distort the year-on-year comparison of indicators such as sales, the effect of exchange rates, etc. In each case, details are provided in the notes to the corresponding item.

**Average Daily Traffic (ADT):** defined as the total number of users of a concession during a day. ADT is normally calculated as the total number of vehicles travelling on the motorway each day.

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