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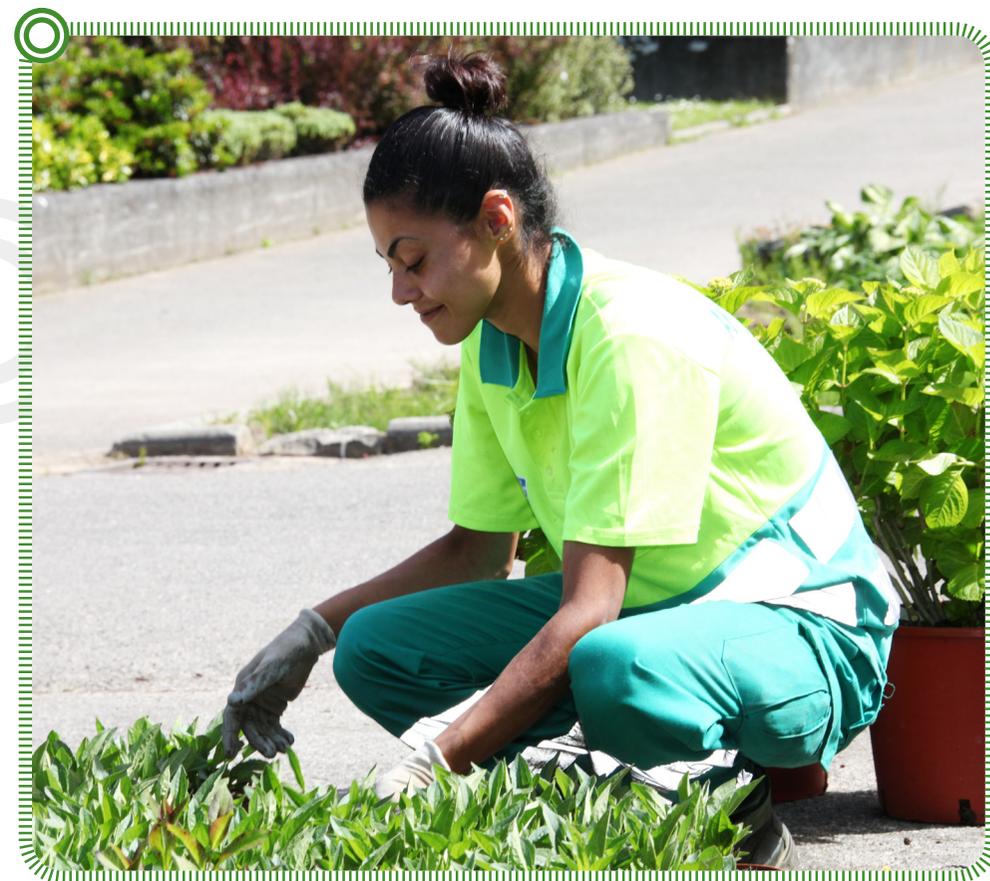
ANALYSIS OF THE ENVIRONMENTAL SECTOR IN SPAIN

Over the past year, a total of 244 public tender contracts were awarded in the field of urban sanitation, which includes the activities related to the collection and treatment of solid waste, street cleaning and the maintenance of sewage networks, thus maintaining the level attained in 2012. The total annual consignment in connection with these contracts awarded amounted to 436 million euros compared to 605 million euros the previous year, with global contracts amounting to 1,556 million euros, compared to 850 in 2012.

2013 has been very similar to last year, as we find ourselves in an economic crisis cycle which affects the number of tenders due to budgetary restraint criteria. Despite this, however, the portfolio of services has improved 83% over the previous year.

FCC'S BUSINESS ACTIVITY

FCC provides urban sanitation services in 3,384 municipalities across Spain and serves a population of over 27 million inhabitants. During 2013, FCC collected 6.6 million tonnes of waste and treated nine million tonnes.

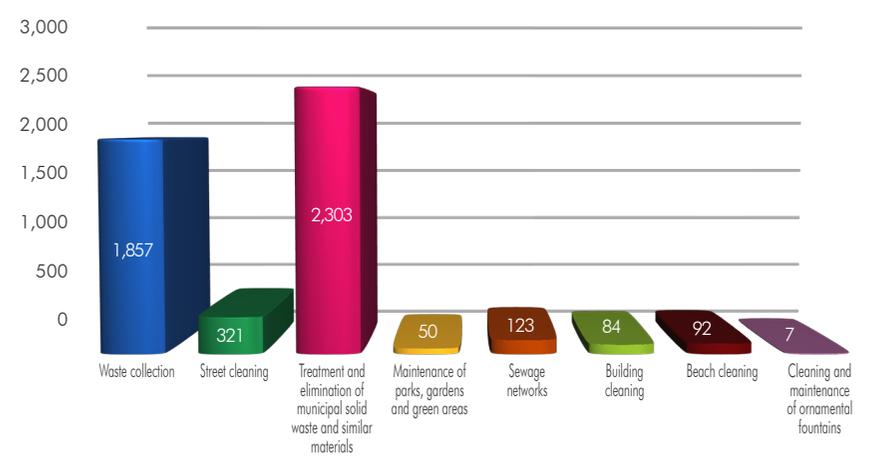


MAIN CONTRACTS AWARDED IN 2013 FOR FCC MEDIO AMBIENTE

Renewal of the management contract for the Puerto de Santa María City Council's Environmental Resource Centre in Cadiz	10 years
Management of street lighting in Baza, Granada	15 years
Management of street lighting in Macarena, Granada	18 years
Management of waste collection services in the municipalities of the Consortium for the Development of Vega Sierra Elvira, Granada	25 years
Collection and management of light packaging for the Municipal Solid Waste Consortium in Málaga	15 years
Selective collection of paper, cardboard and light packaging in Utrera, Seville	8 years
Street cleaning in the city of Huesca	4 years
Renewal of the conservation and maintenance of green areas in Zaragoza (Sector I)	4 years
Cleaning of wastewater treatment plants and the sewage network in the province of Salamanca	3 years and 1 month
Renewal of the cleaning and inspection of the sewage network in Sabadell, Barcelona	8 months
Cleaning and maintenance services for the sewage network in Santa Coloma, Barcelona	2 years
Renewal of the cleaning and maintenance services for parks and gardens in Santa Coloma, Barcelona	2 years
Renewal of the cleaning service for buildings in El Prat, Barcelona	2 years
Maintenance of the street lighting system in Santa Susanna, Barcelona	12 years
Renewal of the cleaning service and collection of municipal solid waste in Sant Feliu, Barcelona	10 years
Street cleaning and waste collection service in Barberà del Vallés, Barcelona	5 years
Renewal of waste collection and street cleaning for the Port of Tarragona	2 years
Renewal of the street cleaning and municipal solid waste collection service in Alicante	8 years
Renewal of the management of street cleaning and the conservation of green areas (Lot 5) in Madrid	8 years
Renewal of the management of street cleaning and the conservation of green areas (Lot 6) in Madrid	8 years
Renewal of the management of municipal solid waste, street cleaning and maintenance of green areas in Navalcarnero, Madrid	10 years
Renewal of the collection and transport of the municipal solid waste service in Marratxí, Balearic Islands	3 years
Renewal of the collection and cleaning of the municipal solid waste service in Felanitx, Balearic Islands	8 years
Renewal of the beach and spa cleaning service in Las Palmas, Gran Canaria	4 years
Management of municipal solid waste, beach cleaning and management of parks and gardens in Tías, Lanzarote	10 years
Renewal of the cleaning and maintenance of the sewage network in Logroño	8 years
Closure of the San Marcos landfill, Guipúzcoa	8 months
Cleaning of parks and gardens in Doností, Guipúzcoa	4 years
Maintenance of state schools in Bilbao	2 years
Pilot project for the implementation of a 5th container for the selective collection of the organic fraction of waste for the Association of Left Bank Municipalities of the Nervión Estuary	1 year



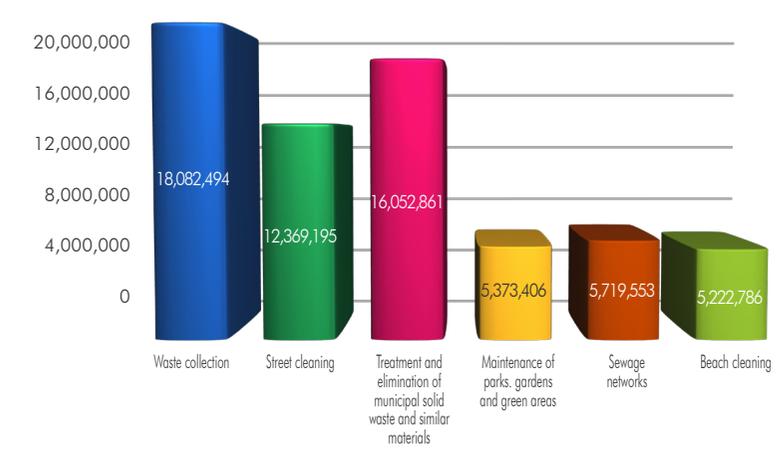
Municipalities being served



Summary of municipalities being served* 3,384

* If several services are performed in the same municipality, the municipality is only counted once.

Population being served by services



Summary of the population being served (total inhabitants)* 26,962,114

* If several services are performed in the same municipality, the population being served is only counted once.

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INTERNATIONAL ENVIRONMENT DIVISION

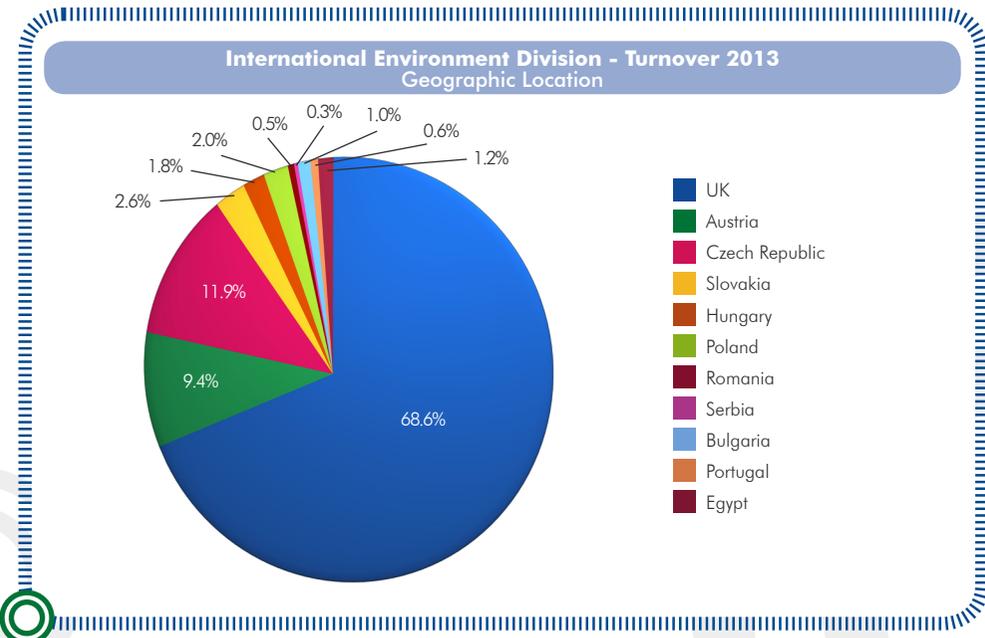
Turnover: 1,179.2 million euro.
(1.37% decrease compared to 2012)

The International Environment Division is one of the leading companies in municipal solid wastes and energy recovery in the United Kingdom, Central and Eastern Europe and North Africa. It has a presence in 11 countries (United Kingdom, Austria, Czech Republic, Slovakia, Hungary, Poland, Rumania, Bulgaria, Serbia, Portugal and Egypt).

During the year 2013, the International Environment Division was awarded 55 tenders in total for refuse collection, transport, treatment, disposal and street cleaning services in the geographical areas detailed below:

Tender contracts awarded abroad			
UNITED KINGDOM (FCC Environment UK)*		CENTRAL AND EASTERN EUROPE (ASA)**	
Tenders awarded:	12	Tenders awarded:	43
Population:	5,267,020 inhabitants	Population:	990,960 inhabitants
Tonnes treated:	956,000 tpa	Tonnes treated:	245,967 tpa
Annual turnover:	86.4 mill/£	Annual turnover:	8.4 mill/ €
Services contracted:	1,017.763 mill/£	Services contracted:	187.5 mill/ €

* Data corresponds to tenders awarded and/or those yet to be signed in 2013
** Data corresponds to tenders awarded in 2013



Data corresponds to tenders awarded and/or those yet to be signed in 2013:

FCC ENVIRONMENT UK

Recycling, Refuse Collection, Highways and other Cleansing Contract (Wychavon District Council)

Service tendered: Negotiated extension to FCCE's existing contract with Wychavon District Council for the provision of recycling, refuse collection, highways and other cleansing services.

Contract term: 2 year contract extension with potential opportunity to extend for a further 5 years retained.

Population: 117,100

⦿ **Barnsley Metropolitan Borough Council Residual Waste Treatment Project**

Service tendered: To bulk & haul Barnsley Metropolitan Borough Council's (BMBC) kerbside residual waste for onward treatment at Transwaste in East Yorkshire. Here the MSW is processed in to RDF and organic-rich fines. FCC utilised the Barnsley TS to achieve the best Delivery Point for BMBC.

Contract term: 2 years and 3 months contract.

Population: 220,000

⦿ **Framework Agreement for Bulking, Transfer and Transport, Treatment and Disposal Services for Source Segregated Municipal Bio-Wastes and/or Municipal Solid Waste Arising In Essex and Southend**

Service tendered: Tender for the award onto a framework agreement for the bulking, haulage and disposal of biowaste. Biowaste includes green waste, food waste and mixed food & green. Services are broken down into Lots and FCC was successful for three Lots, treatment of green waste, bulking & haulage of food waste and transfer of biowaste. Green waste will be bulked at Haverhill TS and treated at Red Lodge, food waste will be transferred at Haverhill and treated at a third party site.

Contract term: 4 years contract.

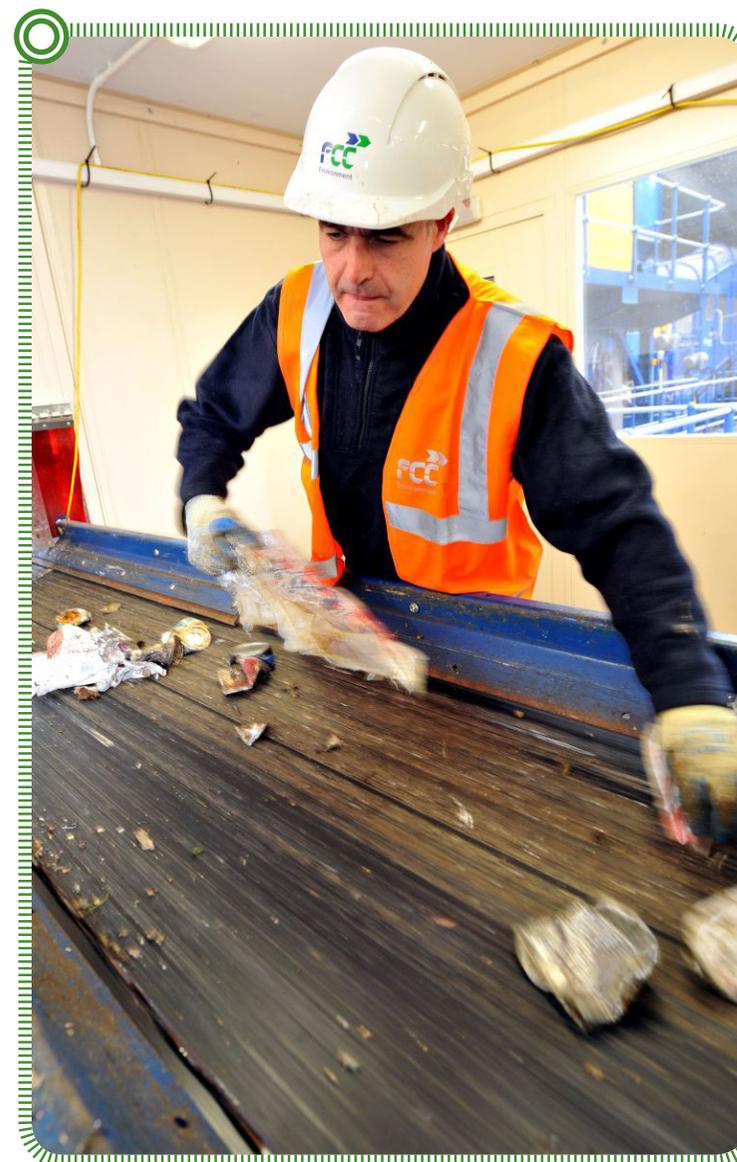
Population: 1,729,200

⦿ **Contract for the Operation of Household Waste Recycling Centres (Staffordshire County Council)**

Service tendered: Tender for the operation and management of 14 Household Waste Recycling Centres (HWRCs) and a single Waste Transfer Station (WTS) for Staffordshire County Council (SCC) handling around 109,000 tonnes per annum. The WTS is a facility already operated by FCC and now falls under this contract. FCC is responsible for the haulage and offtake of all materials.

Contract term: 15 year contract.

Population: 828,900





- **Buckinghamshire County Council Residual Waste Treatment Project**
Service tendered: Tender for a residual waste treatment contract for Buckinghamshire County Council (Buckinghamshire CC). Construction of a 300,000 tonnes per annum (tpa) Energy from Waste (EFW) facility in the north of the County supported by (up to) two transfer stations to the south of the county, including haulage between sites.
Contract term: 30 year contract with possible 5 year extension.
Population: 478,000
- **Lincolnshire: EFW plant already commissioned and the full service is planned for March 2014**
- **Glasgow City Council – Tender for the Provision of Landfill Capacity**
Service tendered: Tender for the provision of landfill capacity to receive MSW from Glasgow City Council (delivered to site). Dispose of 240,000 tpa.
Contract term: Five year contract with possible one year extension.
Population: 598,830
- **Warrington Municipal Waste Treatment and Disposal**
Service tendered: Tender for a residual waste treatment contract for Warrington Borough Council (WBC). Treatment of 50,000 tonnes per annum of Kerbside and HWRC residual, street cleansing waste and Gully waste.
Contract term: 5 year contract with possible 2 year extension.
Population: 203,000
- **Cheshire West and Chester Residual Waste Treatment and Disposal Services**
Service tendered: Tender for a residual waste treatment and disposal contract for Cheshire West and Chester Council. Receipt, bulk and haul of residual waste to an FCC nominated Energy from Waste facility.
Contract term: 8 year contract with possible 2 year extension.
Population: 329,500

● **Framework Agreement Contract for Interim Waste Management Services**

Service tendered: Pricing exercise for the third year of a four year framework agreement for disposal / treatment of kerbside residual waste from Merseyside.

Contract term: One year.

Population: 1,381,200

● **Wiltshire Council – West Wiltshire Waste Collection Contract**

Service tendered: Negotiated extension to FCCE’s existing contract with Wiltshire Council (formerly West Wiltshire District Council) for the provision of refuse, recycling and garden waste collections plus ancilliary services.

Contract term: Fixed 2 year, 4 month contract extension with no opportunity to extend further.

Population (West Wiltshire): 111,000

Households (West Wiltshire): 57,500

● **East Renfrewshire Council Residual Waste Treatment Project**

Service tendered: Tender for a residual waste disposal contract for East Renfrewshire Council (East Renfreshire CC). Potential for the receipt transfer, using the Councils waste transfer facility, and disposal of 25,000 tonnes per annum (tpa) to landfill at FCC Greengairs together with the management of the HWRC facility.

Contract term: 2 years and 3 months contract.

Population: 89,890.

● **North Lanarkshire – Tender for the Waste Disposal / Treatment of Mixed Municipal Waste**

Service tendered: Tender for a residual waste treatment / disposal contract for North Lanarkshire Council.

Contract term: One year contract with possible one year extension.

Population: 340,000



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FCC CENTRAL AND EASTERN EUROPE (A.S.A.)

Renewal of contract for complex waste management solutions

Service provided for 4 stores & 3 warehouses – Company IKEA, Czech Republic

Services tendered: Collection and transport of mixed commercial waste. Collection, transport and sales of secondary raw materials. Other services: renting of waste treatment equipment.

Contract term: 2 years contract.

Population: Under the current contract the service is provided for all IKEA stores in the Czech Republic which are located in the cities Prague (2 stores), Ostrava and Brno and the corresponding warehouses located in the same cities.

Renewal of contract for complex waste management – Company OBI

Service provided for all stores in Czech Republic

Services tendered: Collection and transport of mixed communal waste, collection of secondary raw materials.

Contract term: 3 years contract.

Population: The 28 stores in the Czech Republic.

Renewal of municipal solid waste services contract - Awarding for street cleaning & other services in Dunajská Streda, Slovakia.

Services tendered: Municipal solid waste collection, separate waste collection, disposal of municipal solid waste, summer and winter street cleaning.

Contract term: 4 years.

Population: 23,433 inhabitants.

Renewal of contract for complex waste management services for all Austrian bauMax locations

Services tendered: Non-hazardous waste management (collection, transport, treatment, disposal), hazardous waste management (collection, transport, treatment, disposal), secondary raw material services.

Contract term: 2 years.

Population: all Austrian bauMax locations.

Implementation of an integrated waste management system for South-East Macedonia

Services tendered: Provision of collection and transport of municipal solid waste, cleaning-up of the existing landfill, construction & operation of a new sanitary landfill, treatment of waste (sorting, composting) in a later stage.

Contract term: 30 years.

Population: 180,000 inhabitants.



TECHNOLOGICAL INNOVATIONS

NEW TECHNOLOGIES IN ELECTRIC VEHICLES

Despite the fact that, in terms of environmental improvements, natural gas has been and remains a vital asset in the technological strategy, dependence on petroleum-based fuels remains high. The cost of this energy continues to grow and is particularly important in the services provided by FCC Medio Ambiente, where the vehicles used are energy-intensive; this means carrying out ongoing research and development for vehicles that can optimise their energy efficiency and, in turn, when doing so, their contaminating emissions are reduced. This will position FCC Medio Ambiente's equipment and machines to gradually be weaned from their dependence on oil, which has already been partly achieved with natural gas, but the way forward must necessarily be based on electric vehicles, as it has been for years.

Technological development in the field of electric vehicles is a reality in FCC's services; today, FCC has a fleet of more than three hundred units. The goal is to be able to carry out all services with this type of vehicle. This means creating and having at least four scales, or groups, of vehicles based on their total weight and only in reference to their chassis-cabs. Currently, there are light vehicles (those weighing up to six tonnes), medium-tonnage (up to fifteen tonnes, including both collection and cleaning versions) and 2012 started with heavy vehicles.

The latest development, which is now being tested in different collection contracts, has a side-loading body with electric drive and a three-axle chassis. The chassis has two steering axles; this is a concept evolved from the ones the company already has in service with natural gas and diesel engines, but with a maximum allowable tonnage of 26 tonnes. This limits the load available for collection and street cleaning services due to the excess weight of the electrical equipment with the increased total maximum authorised mass for road use, which actually means increasing it by two tonnes. A total of 29 tonnes of maximum allowable tonnage has been successfully certified and registered, which would allow more payload.

The vehicle uses the same technology successfully applied in the concept of a totally electric urban service lorry, equipped with a natural gas-based combustion engine used exclusively for recharging its own battery which only works in transport mode.



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Following the conviction of this being the only configuration with which it is currently possible to meet FCC Medio Ambiente's requirements, the vehicle is equipped with continuous electric traction systems and batteries with a new, exclusive design based on lithium technology. These are high-power batteries with an energy capacity of 150 kWh that can also be recharged with an external power supply. This vehicle is probably the only one of its kind operating in Europe.

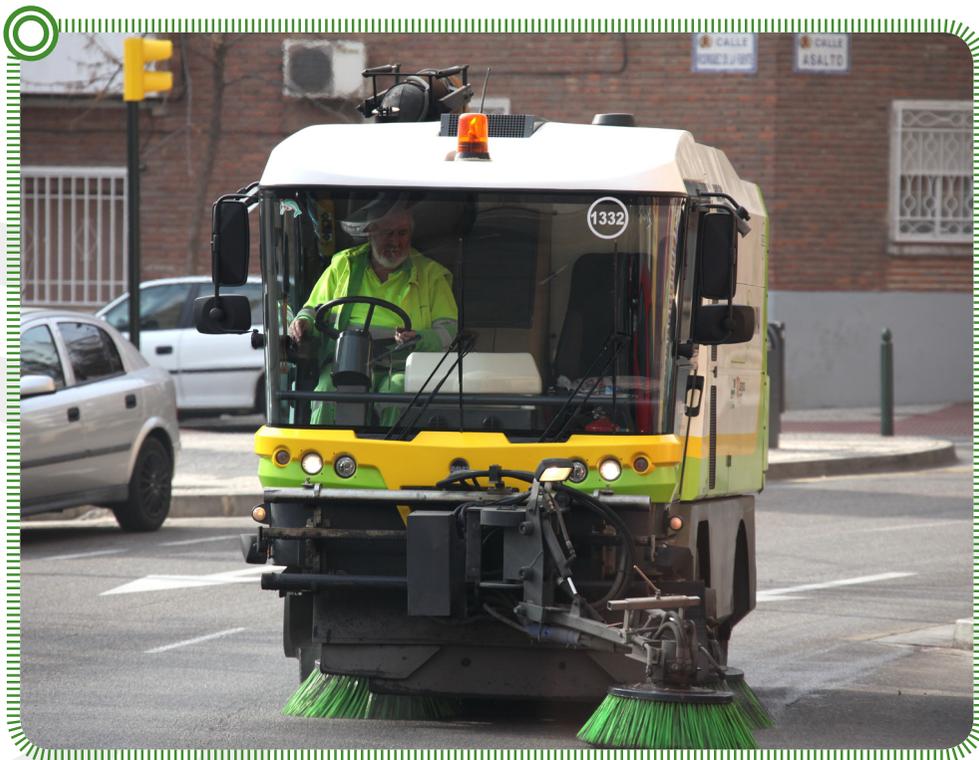
This is a 20-cubic-metre, side-loading compactor/collector, with the same performance as the equivalent gas or diesel vehicle, although acceleration is faster and it covers the routes in less time than those equipped with combustion engines.

Like all hybrid electrical vehicles developed by FCC, they carry out the collection services with a pure electric drive (zero emissions and a virtually zero noise level), recharging their batteries during the journey and the waste discharge process. This is the only possible characteristic that allows work to be performed in urban areas in electric mode, as it can recharge its own batteries during the transport process and thus have the batteries sufficiently charged for the following route, i.e., its work capacity in electric mode can be very extensive and it can do two or more routes in a row in electric mode. Otherwise, the battery size needed would make the project totally unviable.

The body, in turn, is driven by a hydraulic pump which is also driven by an electric motor. This motor only comes into operation when there is a demand for power during the automatic loading of containers and the compacting process. This makes energy consumption as low as possible, while reducing noise emissions to the point that they are virtually confused with the noise of the surroundings.

The outcome obtained during the assessment of the prototype provides very interesting results: energy optimisation is very important, as it is possible to reduce energy consumption while obtaining the same performance of between 35 and 45% compared to conventional lorries with natural gas heat combustion engines. Until now this goal was unreachable and it means lower costs and a significant reduction in emissions.





The side-loading lorry project has been recognised outside our company and it has recently obtained the following awards:

- Smart City Expo 2013 in Barcelona: it was one of six finalists in the World Smart City Awards from among the more than 250 projects submitted. It received a special mention.
- Expansión newspaper: winner at the Innovation + Sustainability + Network Awards in the Large Sustainable Business category.

In recent months, FCC has focused explicitly on adapting, adjusting and improving the specific control and power electronics, constantly trying to optimise energy consumption

and the energy recovered when the machine brakes to a stop and when it brakes during steep descents. This is a decisive factor for the services it provides, because the number of stops and starts in the collection reach an average of over fifteen per kilometre covered and provides a significant generation of power that goes directly to the special batteries created for this purpose.

There may be so much energy generated when stopping and braking during steep descents that there are occasions for which the protective devices on the batteries do not allow the batteries to absorb 100% of this energy in order to prevent them from being damaged. Despite the development and subsequent results of creating batteries capable of storing a large amount of energy in a small space and with an acceptable weight, in coming years (and in the very near future), it is expected that the evolution of this technology, on which Medio Ambiente's Machinery Department is working constantly, could be used in conjunction with the technology for batteries with ultra-capacitor systems that are able to take advantage of all the inertial energy from using the brakes to stop and slow down on steep descents, which is unthinkable today only using batteries. In fact, at FCC, we are waiting for the approval of government programmes that support the development of these technologies for the development of new electric vehicles.

TECHNOLOGICAL INNOVATIONS IN PERMANENT FACILITIES

This year again, FCC is continuing with renewed concern its work aimed at achieving the highest levels of energy efficiency and reduced water consumption in our facilities, resulting in increased savings and lower emissions.

For example, a set of measures has been applied to the machine depot belonging to the Salamanca contract, aimed at attaining the "A" energy rating, not only globally, but in each of the parties involved: envelope, thermal installations and lighting.

The building was designed taking its orientation into account, and the most suitable materials and systems to attain the maximum level of energy efficiency in the envelope were chosen, thereby minimising energy losses from the building itself.

To this end, an innovative HVAC system was installed which combines the harnessing of external weather conditions (sun and wind that affect the building), the most-efficient and least-power-consuming equipment in the market (water-to-water heat pumps and natural gas condensing boilers) to heat the various rooms in the depot, the distribution of heating

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and cooling via low-temperature and high-thermal-inertia systems and displacement ventilation in order to ensure conditions of maximum comfort for personnel, obtaining the highest energy rating "A" in its thermal installations.

The installation's water-water equipment is cooled using the sun and wind affecting the building itself, dissipating or collecting energy depending on the heating or cooling needs, by means of hydro-solar modules and auxiliary energy collection units.

The installation's natural-gas-powered boilers act as auxiliary equipment for heating and generating sanitary hot water, providing back-up support for the water-to-water machines at times of peak demand.



In summer, the thermal energy absorbed by the radiant floor is transferred to a low-consumption water-to-water heat pump which, in turn, transfers this thermal energy to the hydro-solar modules. These modules use solar energy to create a stream of hot air and, through an adiabatic evaporation process, cools the hot water from the heat pump. The heat pump channels the cooled water to radiant/cold flooring, thereby cooling the building.

In winter, the cycle is reversed. Using solar energy, the hydro-solar modules and auxiliary collection units heat the water and the water pump is responsible for transferring this thermal energy to the radiant floor, thereby heating the building.

Throughout the year, the system generates sanitary hot water using the hydro-solar modules and auxiliary collection units, taking advantage of the water-to-water machines to provide sanitary hot water, supported by the natural gas condensing boiler for peak demand periods.

With regard to lighting, LED-based equipment has been installed in order to improve the energy efficiency levels required by the various standards on efficiency. For example, for outdoor lighting, the Energy Consumption Indices (ECI) obtained were in the region of 0.5, while the Energy Efficiency Indices (IE) were in the region of 1.83. The maximum energy rating "A" is obtained with ECI values of <0.91 and IE values of > 1.1, which we substantially improved.

All of this has been complemented with high-efficiency electrical equipment and a metering and monitoring system for the electrical installation so that the way we consume energy can be known at all times and thus strategies can be devised to reduce consumption and improve efficiency, and are able to analyse in detail the degree to which the objectives have been met. The installation of the metering and monitoring system greatly facilitates the implementation of the Energy Management System in accordance with the ISO 50001 standard.

VISIÓN PROJECT

Part of FCC Citizen Services' commitment to technological innovation includes the definition, design and development of a comprehensive software tool that will offer a solution for the control and management of services and for all agents involved, thus improving the efficiency of these services and saving costs. The "Advanced Solution for the Comprehensive Management of all the Processes in Medio Ambiente contracts: VISION PROJECT" has arisen as a result of this need.

The solution implemented is based on the combination of hardware and software that enable the information system required by FCC Medio Ambiente and its services to be supported. This will make a tool available with centralised resources that is secure in terms of access levels and data protection and that offers a high level of service availability.

OBJECTIVES

The development of this new solution intends to meet the following objectives:

1. To establish which computer tool enables the management of the processes that are involved in Medio Ambiente's contracts, as well as to regulate access to those involved in these processes (company or municipal inspectors, workers involved, etc.).
2. A quick response in the design, implementation and deployment to new needs arising from the management of the business.
3. To offer the best way to access the tool for each agent based on their needs.
4. Manage geo-referenced and telematic information with a wide range of computer tools: to know not only *what* is happening, but also *where*.
5. To have mobile application to facilitate managing personnel working in the street.
6. The creation of a communication platform that enables the different devices to be interconnected and thus manage their security and connectivity.
7. The creation of protocols for the homogenisation of information obtained from different sources.
8. To design communication and data collection devices for managing the fleet of vehicles, its operation and costs, as well as managing operators and containers, fully integrated into the application.
9. Dynamic language management.
10. Document management fully integrated into the system.



NEW DEVELOPMENTS

The approach undertaken entails some new developments when compared to existing platforms. These novelties include:

1. Completeness: The application is seen as a single data manager for all parties involved. It integrates all the functionalities and modules into a single database structure and into a single version of the software application; each involved party accesses only what they need.
2. Dynamic management of the data model: automatic generation of database structures and data conversion processes in response to any change that may be introduced.
3. Real-time dynamic definition of application menus, input screens and data queries.
4. Efficient data migration and transformation of information received.

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5. Communication is integrated into the platform without relying on external systems.
6. Real GIS (Geographical Information System) management with the information entered into the system without any reliance on external software.

ADVANTAGES

1. Unification of the software tools used in managing the service.
2. Leveraging functionalities for any application module.
3. Simplification of accessing and handling for service staff.
4. Have reliable and related information available as there is a single database.
5. Have information on locations available and an integrated inventory.
6. Automate the capture and processing of information.
7. Reduced the information generation costs.
8. Reduced infrastructure costs resulting from centralising them.
9. Ease of sharing new solutions among all contracts.

The most significant features currently implemented are:

2012

- Automatic capture of data and management of the production and consumption data provided by the electric vehicles' control units.
- Design and development of a device that remotely determines to what level the containers are filled, by improving and lowering the cost of the existing equivalent devices on the market.
- Creating protocols for the homogenisation of information obtained from different sources.
- Information integration with graphics files (AutoCAD, Microstation).

2013

- Optimisation of the deployment of the mobile device management platform.
- Integrating workshop and vehicle management.
- Generation of a WEB WMS map server to provide processed geographical information to different parties (from the company itself, municipal, etc.).
- Integrating Medio Ambiente's computer platform with the management of human resources in SAP (INCORPORA).
- Creation of tools to analyse and correlate the considerable amount of data available (geo-location, dates, concepts, etc.) in order to increase the capacity for global analysis.
- Smart scan of service documentation with automatic information extraction.

The most significant milestones outlined for the next two years are:

2014

- Data management for an efficient driving analysis.
- Module to optimise the service programming (allocation of personnel, machinery, frequencies, etc.).
- Integration of image recognition (number plates, despatch notes, etc.).

2015

- Capture of landfill data.
- Environmental sensors integrated into devices.
- Integration of the CAN-OPEN data communication system among chassis, vehicle bodies and tools, thereby unifying the systems.

SUSTAINABILITY

As outlined below, in 2013 initiatives and lines of work were developed in order to identify how to address the risks and opportunities that may affect the efficient and sustainable environmental management of the services rendered up until the 2020 period:

Standardize in order to compare: respect and implement the standards recognised, which offer credibility and reliability when dealing with third parties.

Define and establish the intensity indicator "markers" of the continuous improvement process (energy, emissions, water and recovery of materials).

Test the functional pilot project developed to automatically calculate the intensity indicators for urban services.

Identify our competitive edge (environmental efficiency, technological advances and best practices). Continuous improvement process (in response to the reduction of cost-generating negative external factors).

Designing a common reference framework (an internal reference when dealing with our stakeholders).

In addition, the many recent updates in the Spanish regulatory framework resulting from the transposition of European directives or due to internal policy decisions (energy taxes), the ongoing review of certain regulations as well as some radical changes promoted by third parties that will have short- and medium-term effects on FCC Medio Ambiente's activities, have incited strong mobilization among companies in the sector, to which FCC has contributed through ASELIP, in favour of adopting a common position and resume the path of dialogue and consultation with the representatives of our supervisory institutions and, more particularly, with the various directorates and sub-directorate of the Ministry of Agriculture, Food and the Environment (MAGRAMA).

Eyes on Horizon 2020:

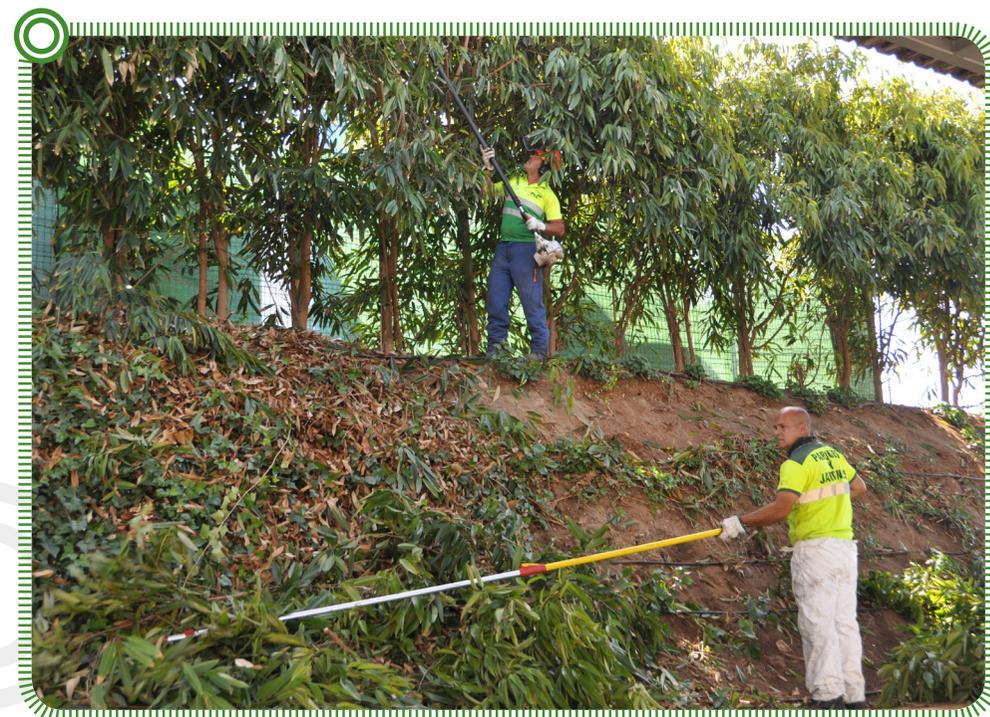
What to measure, how and why?

Progress in the development of the methodology and functional pilot project to calculate the intensity indicators for the sustainable environmental performance of urban services (energy impact, GHG emissions, water impact)

Contribute **added value in the tenders, meet expectations and contractual requirements** and establish the basis for smart services:

The methodology and the functional calculation pilot project designed and developed with scientific collaboration for a case study (Madrid contract), and certified by DNV Consulting in 2012, have formed the basis for the second phase of the work. This consists of testing the reliability of the results reached by calculating the intensity indicators (energy impact, GHG emissions and water impact per reference unit established for each activity, tonnes of solid urban waste, kilometres per street, and equivalent square metres of garden).

To this end, **a steering group** has been set up to extend the application of these tools to the calculation of the intensity indicators of collection, street cleaning and parks and gardens maintenance services in eight representative contracts, distributed in various commercial offices where we render all or part of these services (**Arucas, Ávila, L'Hospitalet de Llobregat, Valencia, Oviedo, Albacete, Bilbao, Santa Coloma**).



In late December 2013, an initial analysis, though only partial, of the work performed showed that the results obtained confirmed that the calculation tool is valid for its purpose, as the results obtained in all the contracts are within the same range of values.

Pending the latest findings, by carrying out some adjustments to the systems implemented in the organisation, the Medio Ambiente division would be in the position of being able to offer the customers who so require, a certified method to show the traceability of the environmental performance of the services provided and to demonstrate how efficient sustainably managing them is, from monitoring the intensity indicators whose calculation is based on recognised standards. Thus, the following could be provided for each of the services being considered: energy impact indicators: GJ/T MUW collected; GJ/km of street swept; GHG emissions: Teq CO₂/T MUW collected; Teq CO₂/km street swept; water impact: m³ water/m² eq, m³ water/km of street hosed down).

It is also important to note that the work carried out by the steering committee counts on the direct involvement of operations personnel, which allows it to address issues and concepts which, although closely related to the daily management of the services, are still outside their immediate concerns.

Assessment and evolution of our external environmental factors: calculation of key figures for environmental performance and the carbon footprint (2013).

To date and since 2012, **FCC Medio Ambiente** has been the **first and only company in the sector that has published and certified the C footprint** of its organization.

Although the decrease observed in our external environmental factors in terms of energy and water consumption, GHG emissions and waste generation during 2012 is primarily the result of a reduction in the services rendered, we must take into consideration that some **best practices carried out in facilities or services within the organisation's scope of operational have helped to improve our energy efficiency, reduce greenhouse gas emissions, optimise water consumption and the recovery of materials.** Moreover, these initiatives will maintain their favourable effects in the medium term and will form part of a policy of continuous improvement.

For circumstantial reasons, and as is clear from the analysis of environmental indicators, it seems risky to propose a low-carbon policy strategy that would be applied without distinction to all the organisation's activities. In a situation of such poor visibility, FCC is geared towards **prioritising and emphasising the relevant industry-related issues and facts that, locally, stigmatise the organisation's efficient, sustainable management** and will, over the long term and as permitted by the changing context, pose the most ambitious future strategic objectives. Thus, we are also preparing to **better support FCC Group's commitment to the GR4.**

Dialogue with our stakeholders: opinion leaders, competition, institution and employees.

Interprofessional Mobilisation (ASELIP): "do more with less"

The turbulence of the 2010-2020 decade that will affect FCC Medio Ambiente's activities over the medium term will have something to do with: the transposition of European directives already launched and those being prepared within the regulatory regimes of the

member states; the emergence of new models, rules and recommendation yet to come, which – for Spain – are added to the obligations to have to adopt measures in the short term for failing to comply with its commitments on waste management.

In such a context, **the companies within the sector**, through ASELIP, have mobilised and come together to **define common positions, defend their interests** and to be able to dialogue with the ministerial directorates at the Ministry of Agriculture, Food and the Environment, local authorities and other agencies such as, for example, FEMP, Ecoembes, etc.

The issues of particular interest in which FCC is collaborating and which have been the subject of reports to the Ministry in order to set up meetings, are related to: **The Waste Act 22/2011** (fifth hierarchy of waste, collection and recovery of biowaste); new regulations on Integrated Pollution Prevention and Control; the PRTR registry, the review of BREF documents and of the Best Available Techniques; the calculation of the carbon footprint of organisations and services as well as changes in the current waste management framework introduced unilaterally by Ecoembes.

All information handled (technical reports, exchanges with the competent authorities, meeting minutes, etc.) that might be of interest to the regional offices is available for consultation on the SEDRUS® platform.

First contacts with the Spanish Office for Climate Change (OECC)

The first meetings have taken place with the OECC's general sub-directorate for coordinating actions on climate change in order to show how FCC is addressing these issues and also offering our willingness to collaborate on preparing the industry's methodological guidelines on the carbon footprint that will be approved by the Climate Change Policy Coordination Committee as indicated in Article 5 of the Royal Decree on the carbon footprint.

Sustainability and public tenders

While it must be recognised that sustainability criteria become less important at the time of the awarding of contracts, some calls to tender that FCC Medio Ambiente has presented bids for, have positively valued the contribution of FCC's commitments to social and



During 2013, the calls to tender listed below included sustainability criteria in the assessment of bids:

Client	Services	Bid
Zaragoza City Council	Maintenance and upkeep of parks and green areas (Sector I) in Zaragoza	SUSTAINABLE ENVIRONMENTAL SERVICES MANAGEMENT PLAN
Inter-municipality of San Marcos	Collection of wastes from industrial parks in the inter-municipality of San Marcos	SUSTAINABLE ENVIRONMENTAL SERVICES MANAGEMENT PLAN
Huesca City Council	Street cleaning in Huesca	THE SOCIAL RESPONSIBILITY OF FCC'S MEDIO AMBIENTE DIVISION
Guadalajara City Council	Waste collection, street cleaning, parks and gardens, sewers, bicycles, lighting, traffic, etc.	METHOD FOR ASSESSING SUSTAINABLE BEHAVIOUR
Castrillón City Council	Maintenance of Castrillón parks and gardens	MANAGEMENT OF SOCIAL RESPONSIBILITY IN THE ORGANISATION
Barcelona Metropolitan Area	Beach cleaning	CERTIFICATES AND EVIDENCE OF THE ORGANISATION'S SOCIAL RESPONSIBILITY

environmental sustainability. In some cases, such as the Zaragoza and Guadalajara calls to tender, there was a contractual requirement imposed that the manager must make means available to the customer that will enable them to calculate and report on the results achieved during the contract in terms of the efficient management of energy and water resources, the reduction in greenhouse gas emissions and in waste production.

The methodology of Ce2d®, the functional pilot project for calculating the carbon footprint of services, is a reliable support tool that can offer this feature to the customer.

Cross-cutting collaborations to share knowledge and experience: "we're doing it together"

Within FCC Group

Within the IISIS project, today and based on the progress of the work done in collaboration with the Office of Research Results Transfers (at the University of Huelva) and the International Institute of Agricultural Research, we continue to meet our commitments. We have patentable prototype solutions (confirmation of the patent registration request is still pending) consistent with the goal of self-sufficiency that underpins the IISIS project.

Within the Environment area

The **SEDRUS® Platform** is becoming the **exclusive means of disclosure of all relevant aspects of sustainability**. Significantly, in July 2013 the initiative received the International Awards diploma of merit for Eco-Efficiency awarded by FCC Group.

The launch of **steering groups to establish the relevant issues that set apart our experience and competitive edge in the area of efficient environmental management of the services rendered to our clients** is an opportunity for those involved to share and exchange experiences and knowledge.

QUALITY, PREVENTION OF OCCUPATIONAL RISKS AND TRAINING

Quality and Environmental Management

The external audit of the Management System (into which the quality requirements and environmental standards required by the respective reference standards are integrated) in FCC Medio Ambiente, was conducted by AENOR in the period from 22/04/2013 to 24/05/2013. During this period, AENOR audited five of the Central Services Departments and various contracts at nine branch offices. In Central Services, audits were conducted of management, quality management and environmental management, procurement, machinery and design processes as well as training, legal requirements and compliance assessment processes. In contracts at branch office, audits were conducted of operational and service delivery processes as well as of the operational control and the monitoring and measurement of environmental aspects.

The most relevant events in this management area during 2013 are listed below:

- Maintenance of the certificates already earned in accordance with ISO 9001 and ISO 14001 for the following companies:
 - FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
 - FCC MEDIO AMBIENTE, S.A.
 - ALFONSO BENÍTEZ, S.A.
 - SERVICIOS DE LEVANTE, S.A. for ISO 9001
 - SERVICIOS ESPECIALES DE LIMPIEZA, S.A.
 - VIGO RECICLA, UTE.
 - CASTELLANA-P.O., UTE.
 - EMPRESA COMARCAL DE SERVICIOS MEDIOAMBIENTALES DEL BAIX PENEDÉS, S.L. (ECOBP) for ISO 9001.
 - SERVEIS MUNICIPALS DE NETEJA DE GIRONA S.A.
 - SOCIETAT MUNICIPAL MEDIAMBIENTAL D'IGUALADA, S.L.
- Maintenance of ISO 14001 and Q Tourist Certificates (in accordance with the requirements of UNE 187004) for the Palacio de Exposiciones y Congresos de Granada S.A., with certificate numbers: ES11/10261 and 00861/13, respectively.
- The ISO 9001 and ISO 14001 certificates for Castellana de Servicios, S.A. have been held in abeyance, as there are currently no active contracts in this company's name.
- ISO 14001 Certification of the company Servicios de Levante, S.A. (Certificate GE 2013/0274).
- An ISO 14001 certification audit was conducted on 17 and 18 December 2013 of the Empresa Comarcal de Servicios Medioambientales del Baix Penedés, S.L. (ECOBP); this awarding of the certificate is pending.
- The "Energy Management" (certificate GE-0022/2013), consistent with the requirements of UNE-EN ISO 50001 "Energy Management Systems", was obtained for all mainland contracts in the Barcelona and the Balearic Islands branch offices.
- Validation of Environmental Statements and maintenance of the EMAS records of the branch offices:
 - Madrid (ES-MD-000146) file 1998/0064/VM/01), in the name of Alfonso Benítez S.A.
 - Madrid (ES-MD-000147) file 1994/0241/VM/01), in the name of Fomento de Construcciones y Contratas, S.A.

- Barcelona, capital city (ES-CAT 000280) file 1994/0241/VM/02), in the name of Fomento de Construcciones y Contratas S.A.
- Barcelona, outskirts (ES-CAT 000315) file 1994/0241/VM/03), in the name of Fomento de Construcciones y Contratas S.A.
- Levante I (ES-CV-000052) file 1994/0241/VM/04), in the name of Fomento de Construcciones y Contratas, S.A. This scope of the registration at this branch office has been broadened to cover the Quart de Poblet central park.
- Levante II (file 1994/0241/VM/06) is still waiting for the registration of the declaration in the Ministry of the Environment of the Valencian Regional Government.

- Validation of the EMAS Register and Environmental Statement of the Reus urban waste collection and street cleaning contract belonging to the Catalonia II branch (CAT-ES-000415).
- There has been a new revision of the general documentation of the Management System into which the Management Manual and several General Procedures (those related to audits, procurement, training and management processes) were integrated. This also includes the requirements of the UNE 187004 "Conference Centres. Requirements for Service Provision" standard.

Occupational health and safety system management

FCC Medio Ambiente's Joint Prevention Service, was which established on 23 March 2011, has been consolidated. It currently groups together 55 companies and has 40 full-time technicians plus 12 coordinators per branch office.

During fiscal 2013, the Occupational Health and Safety Management System of the 55 companies included in the SPM FCC Medio Ambiente (SPRL-084/2008) was renewed through AUDELCO as required by the OHSAS 18001:2007 specification.

➤ Regulatory (legal) audits of the following companies have been performed:

- UTE LEKEITIOKO MANTENIMENDUA (AR-1757/2013).
- Palacio de Exposiciones y Congresos de Granada, S.A. (AR-1756/2013).
- UTE Melilla (AR-1755/2013).
- UTE Zurita II (AR-1754/2013).
- Gandía Serveis Urbans, S.A. (AR-1758/2013).

➤ The "AENOR Certificate No. ES-2013/002" has been obtained in accordance with the "Healthy Workplace Model" at the Catalonia II branch.

➤ Development of a software tool to manage different prevention modules on occupational health and safety:

- Occupational health and safety representatives module: Used for monitoring union representation on Health and Safety Committees.
- Work centre module: This includes information on the work centres, such as their type, facilities, risk monitoring in the facility and of the jobs.
- Module for mutual societies and health monitoring: This monitors relations with the mutual societies and health monitoring with company or third-party resources.
- ORP statistics module: To manage absenteeism data, calculating ORP indicators.
- Accident investigation module: Used to investigate any accident, with and without sick leave and incidents.

- This module is used to calculate the costs of accidents. In the process of calculating the overall cost of ORP.
- Further investigation is done in the event of road accidents to improve road safety.

Training

The most relevant data on FCC Medio Ambiente group's Training Plan in 2013 was as follows:

- 19,014 workers were trained in 2013. 9,371 students were trained in-house and 9,643 off-site.
- 80% of the credit available was able to be used for subsidised training (in the case of FCCSA, it was 94%). This has covered 99% of the costs of the training.
- The most relevant course was the one for Contract Managers; there were two groups of 25 participants each.
- In 2013 the first 180 hour course for middle managers was held at five sites and 84 workers took part.
- A course for HR managers at the 17 Medio Ambiente branch offices was held; it lasted 225 hours and there were 21 participants.





Analysis of the sector

FCC Ámbito operates in the industrial waste treatment and the recovery of by-product sectors and thus its clients are mainly private and closely linked to industrial activity.

FCC Ámbito's activity

For the first time in recent years, in 2013 the volume of waste received in FCC Ámbito facilities located in Spain and Portugal was maintained.

A new treatment facility was opened during the first quarter of the year, IACAN, a non-hazardous waste landfill subsidiary in Cantabria, with a total capacity of 8 million cubic metres, which increased treatment capacity and broadened FCC Ámbito's service offering to the industry.

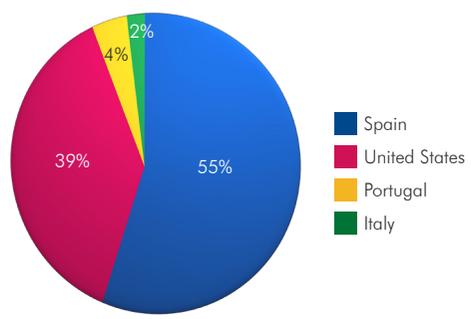


Along the same lines, of note are the works carried out in 2013 to expand the waste treatment plant in Getafe (Madrid) to adapt it to local conditions. Initially conceived as a facility for transferring/blending industrial wastes for energy recovery, equipment for treating other types of liquid waste has been integrated into the facility. Treatment capacity amounts to 50,000 t/year for the treatment of high organic load waste, the treatment of which is highly in demand within its entire scope of influence. The reopening, scheduled for the first quarter of

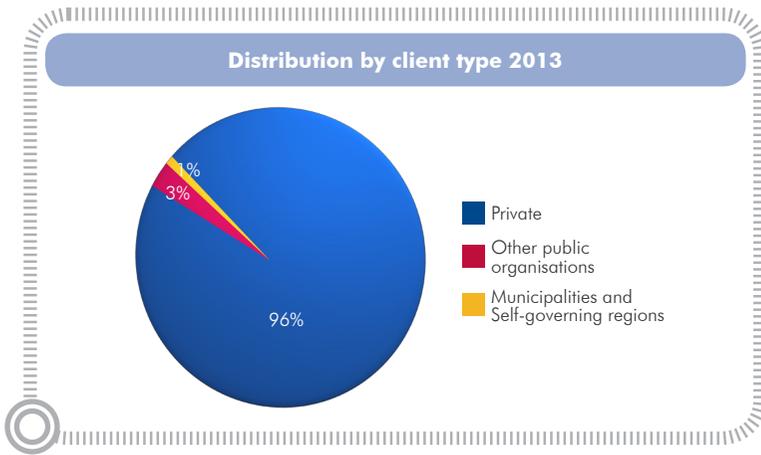
2014, improves FCC Ámbito's service offering in the central area and is yet another step in the strategy to reduce transfer facilities and to commit to higher added-value services such as final treatment facilities.

Notably, due to its network of facilities, FCC Ámbito remains the manager of reference for companies with waste production centres scattered around the country that want to simplify management and save costs by hiring one single manager. Important contracts were awarded in this sector in 2013, including:

Geographical scope of action 2013



- Abertis Telecom, a telecommunications infrastructure company
- Saint Gobain, management of hazardous and non-hazardous waste from its group of factories in Catalonia, Aragón and La Rioja
- REE, transformer substations waste management located in Andalusia, Extremadura and Castile-La Mancha
- Ecopilas (integrated battery management system)
- Repsol Butano
- Asea Brown Boveri Group (ABB), with factories and facilities in the Basque Country, Catalonia, Aragón, Andalusia, Madrid and the Canary Islands
- Air Liquide Medicinal, with centres in the Basque Country, Castile and Leon, Asturias, Galicia, Madrid, Andalusia, Murcia, Extremadura, Catalonia and Valencia



Also noteworthy is the good progress of the contracts with SIGFITO (Integrated Phytosanitary Waste Management System), which have generated a business volume of over 4,500 services across all the 12 self-governing regions where FCC Ámbito is the chosen contractor.

On the other hand, in the soil decontamination sector, it is worth mentioning the contract awarded by the Government of Aragón to carry out the environmental cleanup of the former lindane (a toxic and persistent organochlorine pesticide) waste landfill located in Sabiñánigo and to transfer it to a new waste cell. The work requires the removal and treatment of more than 350,000 tonnes of pesticide residues. Work began in the last quarter of 2013 and will continue until the third quarter of 2014.

This project, as well as the one to remove and treat sludge deposited in the Flix reservoir, are the two largest projects that have been put out to tender as public works in the soil remediation sector in recent years, ensuring FCC Ámbito remains the leader in this sector.

With regard to the Flix reservoir works, a total of 340,000 tonnes of sediment were extracted and treated in 2013. Extraction is expected to continue until late 2015.

Internationally, in the same soil decontamination sector, FCC Ámbito has prequalified to work with the Kuwait Oil Company (KOC) to carry out decontamination work on soils affected by the oil spillage from the Iraq invasion (26 million cubic metres).

Similarly, the operations related to environmental liabilities awarded to the Ecodeal subsidiary (Portugal), have led to an additional 350,000 tonnes of incoming waste, allowing it to sustain its good results yet another year. This work has consisted mainly of two operations involving the removal of waste from an old steel mill located in the vicinity of Lisbon.

In addition, 2013 saw the end of the sludge management activities in Syracuse (Italy) that began in 2011, with a total of 270,000 tonnes managed.

In the U.S., worthy of note was the granting in May 2013 of the environmental permits for the construction and operation of the used oil regeneration plant in the city of Baltimore (Maryland), which are essential to ensure the continuity of the project. After obtaining these environmental permits, the only licenses or permits still pending are those related to the construction work, which will be obtained in 2014.

Innovation at FCC Ámbito

As for R+D+I, work on the CEMESMER project continues, aiming to develop a new range of products that will enable the effective stabilisation of mercury present as a contaminant in soil and water.

In addition, an FEDER INNTERCONNECTA project called RECO₂VAL was awarded, aimed at using waste with high calcium content to capture the CO₂ emitted in fertiliser manufacturing facilities.

Also noteworthy is the project being carried out in partnership with Tecnalia to study the technical and economic feasibility of the use of high-protein organic by-products in the manufacture of pet food.



SECTOR ANALYSIS

The water management sector continues to be an important issue to public opinion for various reasons. In the majority of the world, the lack of adequate hydraulic infrastructure to ensure quality supplies to the population as a whole remains evident, and this is prompting significant activity by national and regional governments aimed at improving water supply and sanitation systems, especially through the construction and operation of infrastructure.

At national and European levels, and especially in Southern and Eastern Europe, there continues to be a tendency to indirect management, to a greater or lesser degree, of the integrated water cycle services. This is primarily for reasons relating to economic efficiency and service quality, issues that increasingly focus on the traditional debate in public opinion regarding public or private management services.

Domestically, it is important to highlight three new statutory regulations that could positively impact the sector: Act 27/2013 of 27 December on the rationalisation and sustainability of local government, the bill on the de-indexing of the Spanish economy and the law on the integrated water cycle for urban use, which is being developed by the Ministry of Agriculture, Food and the Environment (MAGRAMA).

When they come into force, these new regulations will result in significant benefits for the sector from the standpoint of quality, service self-sustainability and the homogenisation of the rate structure.



FCC AQUALIA'S ACTIVITY

Despite what is mentioned above and the fact that the market for indirect water management has been less dynamic than expected, FCC Aqualia increased its consolidated turnover by over 3%. This was possible due to the active management of rate revisions that adequately reflect the cost of the resources and the expansion of the scope of contracts concluded. Thus, at the end of 2013 a profit of 930 million euros was accomplished with an EBITDA of 191.7 million, resulting in a 20.6% margin on turnover.

FCC Aqualia ended 2013 with new contracts worth 1,573 million euros, 22.4% more than in 2012. FCC Aqualia's leading position was strengthened in 2013 as it was awarded the management of water services in Jerez (Cádiz), Cartaya (Huelva), Candeleda (Ávila), Pobra de Montornès and Roda de Ter in Tarragona among others, and the concession contract with the Municipalities of the Tropical Coast of Granada Consortium was extended a further 25 years. All this has helped position the business portfolio at a record amount of 14,373 million euros.



Some of these contracts have been funded without recourse to the shareholders through a framework agreement with an international investment fund. This represents a great change in the Spanish water market and opens up significant opportunities to embark on new projects in the future.

On an international level, in 2013 FCC Aqualia added Uruguay to its portfolio of countries when it was awarded the final design and construction of the Punta Yeguas underwater sewage pipe, part of the second stage of Montevideo's Urban Sanitation Plan. This contract in the Uruguayan capital is valued at 37 million euros. Also worth mentioning is the expansion of the third line of Cutzamala's water supply system in Mexico, which provides water to more than five million people in Mexico DF and in the State of Mexico, estimated at over 52 million euros. Furthermore, in Europe FCC Aqualia has also expanded its area of activity in the Balkans: in 2014 it will build the Pljevlja waste water treatment plant in Montenegro and the plant in Konjic, Bosnia, for a total amount of over 8 million euros.

In the international market, the commissioning of the NEW Cairo waste water treatment plant, which will treat the water of more than one million inhabitants, is also worthy of note. The NEW Cairo WWTP was the first public-private partnership project to be awarded in Egypt.

In short, 2013 has been a year of moderate growth in turnover in an unfavourable economic and financial environment, accompanied by an improvement in operational

efficiency. This was the outcome of actions started in the second half of the previous year, which has enabled the company to maintain operating margins similar to those of previous years.

Eco-efficiency, another pillar of company management.

FCC Aqualia's business is directly linked to protecting the environment. In partnership with various Public Administrations, the company efficiently manages the integrated water cycle as it seeks guarantees for the provision of water resources that enable populations to enjoy sustainable growth where it provides services. A number of efficiency-promoting activities are carried out that enable greater environmental protection within the scope of its business as a public services manager, including the following:

1. **The management of all contracts under an ISO 14001 certified environmental management system** aims to establish specific plans in each of these contracts to identify the environmental impacts of the worksites, to reduce the consumption of natural resources and waste generation, and to establish management systems that encourage the segregation and recycling of materials. In order to optimise environmental management, the company has provided specific indicators to measure environmental performance as part of its management system. These indicators measure electrical energy consumption per cubic metre of treated water, the reagents consumed in different stages of treatment, the production of sludge during treatment processes and the reduction of pollution in the treated water. This process has been expanded with the UNE-EN-ISO 50001:2011 energy efficiency standard certification of its facilities. In addition, the calculation and verification of the carbon footprint has been carried out in accordance with the UNE-EN ISO14064-1:2012 Standard.

In 2013, FCC Aqualia, through the services provided to Lerida, became the first Spanish company along with AENOR to calculate and certify its carbon footprint (greenhouse gas "GHG" emissions) in a comprehensive water management service. This certification substantiates the accuracy of the calculation of Aigües de Lleida's greenhouse gas emissions.

2. **Optimising energy consumption**, not only because it is one of the most significant costs in water management, but also because less consumption means less CO₂ production, which means slowing down climate change. To that end, work is being done to certify the energy efficiency of the services. In this sense, the goal is to implement



renewable energies, mainly biomass and photovoltaic, in the contracts where FCC Aqualia provides services.

3. Control of water quality, in both uptake and distribution. To do this, the technical and human capabilities of the laboratory network used to control the quality of drinking water have been improved. The huge network of laboratories that collaborate with the company includes laboratories accredited by ENAC in Jerez de la Frontera, Lleida, Ávila, Oviedo and Tenerife.

4. The inclusion of courses related to environmental issues as part of in-house training programmes: environmental liability laws, how the environmental management system works, energy efficiency programmes, etc., which will improve the training of FCC Aqualia's employees to address this type of problem in their daily activities.

The scope of the management system at the end of the year 2013 was as follows:

- | | |
|-------------------------|---|
| ISO 9001:2008. | Quality assurance system |
| ISO 14001:2004. | Environmental management systems |
| UNE 166002:2006. | Innovation management |
| UNE-EN ISO 50001:2011. | Energy management systems |
| UNE-EN ISO 14064:2012. | Greenhouse gases |
| UNE-ISO/IEC 27001:2007. | Information security management systems |
| ISO/IEC 17025:2005. | Competence of testing laboratories |





Innovation at FCC Aqualia

The objectives of R+D+I and its projects are defined through an ongoing dialogue with stakeholders and they focus on the areas of quality, sustainability and intelligent management. In order to provide the projects with the best resources, the company participates in the main European, national and regional R+D+I programmes (FP7, Life, Innpronta, Innpacto and Innpulsa, among others).

While research is being carried out, FCC Aqualia maintains relationships with key players in national and international R+D+I systems. As a result, more than twenty universities and technology centres are involved as partners or collaborators in company projects.

The ELAN Vigo project (“Sustainable elimination of nutrients for reuse of effluents and wastes”), with a budget of 580,000 euros, ended in 2013. This line of research will continue in 2014 with the construction and operation of two real facilities, currently in the design stage, for the Friscos canning plant and the Guillarei water treatment plant (Pontevedra).

Three projects were started last year:

SMARTIC. The SMARTIC (Water Monitoring System with Real-Time Intelligent Technology) project is located in Badajoz. The aim of the project, which may be implemented in several FCC Aqualia plants, is to fine-tune an automated system to manage the quality of the drinking water treatment based on the quality of the incoming waste water.

ALEGRIA (“Algae and EnerGy to recover waste from the Galician agrifoods industry”). This research project seeks to recover industrial waste by combining the different systems FCC Aqualia has in operation.

INNOVA CANTABRIA. This is a proposal for a new configuration of waste water treatment plants that includes the biological elimination of phosphorus in a single tank.

Regarding patents obtained as a result of research, last year FCC Aqualia applied for the European patents for carbonatation and the ELAN Anammox process.



Health and safety at FCC Aqualia

In 2013, the Company received awards for occupational risk prevention as a result of significant work done to implement novel and effective systems that greatly enhance occupational health and safety conditions.

During this period, the company has strengthened its corporate culture based on respect, the integration of diversity and equal opportunities for men and women. This commitment was certified with the "Equality in the Company" seal from the Ministry of Health, Social Services and Equality in 2010. Other noteworthy aspects include the awareness-raising campaigns carried out in 2013 against gender violence, employing people with disabilities and gender equality.

Customer services, the backbone of our business

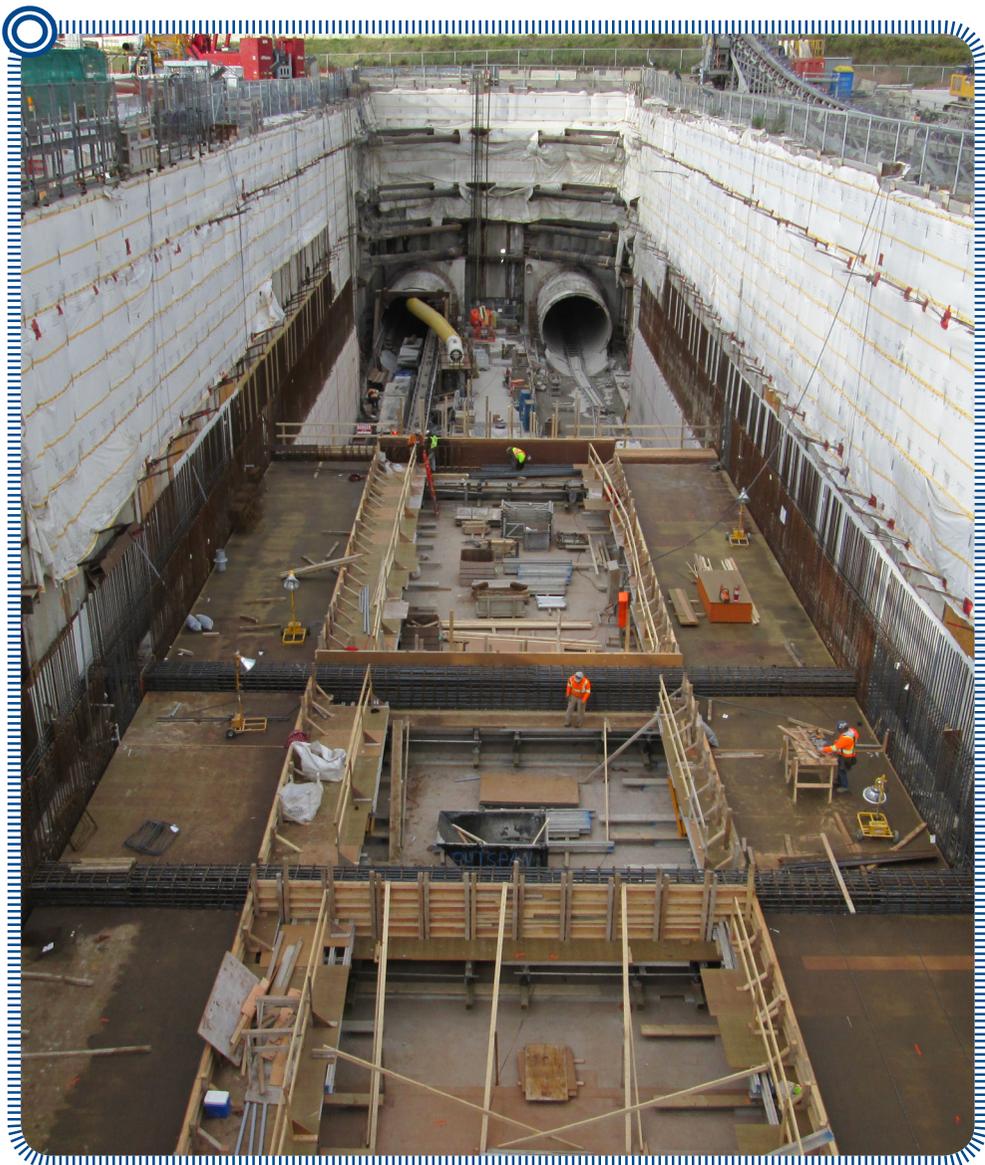
Customer services, available 24 hours a day, 365 days a year, through the Customer Services Centre (aqualia Contact), enables fast response times to resolve malfunctions in distribution systems, thereby saving water. Customers can report a malfunction very

quickly, (with only a 19 second waiting time) which enables a flexible and effective protocol to be put into practice to resolve any incidents in the system, resulting in improved water distribution performance. This level of customer services has led to a customer complaint rate of under one per thousand, with an attention level of 92%.

Interactive communication channels with customers: Currently, the company has a corporate website available in five languages that offers an overview of the company, and various local websites for specific municipalities where FCC Aqualia is a service provider, that offer more local and personalised information related to FCC Aqualia's presence in the municipality concerned.

In addition, FCC Aqualia's corporate and local web pages provide easy access to the virtual office, aqualiaOnline, which can be used to manage main business issues related to services.

Awareness-raising programmes are also performed in collaboration with Public Administrations so that users served by FCC Aqualia can know the exact environmental implications associated with the integrated water cycle management business. In this area it is worth mentioning the annual children's drawing contest, the purpose of which is to raise awareness among young people about water-related issues. 36,500 students from 1,000 schools in Spain and Portugal participated in 2013.



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SITUATION ANALYSIS AND FORECASTS FOR 2014

Current scenario

According to the IMF, global economic activity was strengthened during the last quarter of 2013, and has estimated a growth forecast of **3.7%** for the global economy in 2014 that will reach 3.9% by 2015. These positive forecasts are due to the increase in exports from emerging countries and, in part, to the recovery of the advanced economies, even though many of them, which is the case of the Euro zone and, more specifically, the Mediterranean countries, are still showing some internal weaknesses as a result of structural factors.

By **areas**, the forecast for the U.S. is 2.8% growth in 2014 that will reach 3% in 2015, despite the Fed's announcement at the end of 2013 on the withdrawal of stimulus measures. The **Latin American and Caribbean** economies have a 3% growth forecast for 2014, and the economies of the **Middle East** and **North Africa** present a 3.3% forecast for 2014 that will reach 4.8% in 2015.



Extension of Vigo port (Spain)

In the **euro zone**, in terms of forecasts and GDP, economic recovery will continue in most of the Member States and in the EU as a whole. After emerging from recession in spring 2013, and after three consecutive quarters of recovery, the forecasts point to a moderate increase in economic growth. After a real **GDP growth** of **1.5%** in the EU and **1.2%** in the euro zone in **2013**, activity is expected to accelerate in 2014 to 2.0% in the EU and 1.8% in the euro zone.

The IMF offers a growth forecast of **0.6% in 2014** for Spain, thus ending nine quarters of recession. The issue still pending in our country continues to be the unemployment rate, despite the fact that 2013 ended with the first reduction in the number of unemployed since 2007, with an **unemployment rate of 26.4%**.

For Spain, 2014 will be the year of consolidation of the major reforms: **the financial reform, fiscal consolidation through the Budgetary Stability Law, labour reform and the adjustment of the current account deficit**. 2013 closed with an increase in both capital goods investments and private consumption, with a decrease in the unemployment rate; these trends will be reinforced throughout 2014. Nevertheless, Spain will continue to grow this year and next below the average for the euro zone and the EU. According to forecasts by the European Commission (EC), the recovery of the Spanish economy will no longer be based solely on the export sector; there will also be stronger domestic demand.

The final **budget deficit** at the end of 2013 stood at **7.2%** of GDP, which is above the target of 6.5% set by the EC. **Forecasts** for 2014 predict a **deficit of 5.8%**; however, the EC insists that this forecast could be even worse if the austerity measures are not prolonged.

Despite efforts, the **regional governments' public debt in 2013 closed at 960,640 million euros, equivalent to 93.9% of GDP**, a record high but below the target set by the central government for the whole year (94.21% of GDP)¹⁾. Public debt will continue to rise in the coming years and is expected to reach **98.9% of GDP in 2014**.

¹⁾ Source: www.bde.es



F1 Circuit of Wales (Infography)

THE CONSTRUCTION INDUSTRY

The construction industry faces the **seventh consecutive year of decline in production** affecting four traditional sub-sectors (residential, non-residential, refurbishment and civil works), with a total production of **93,096 million euros** and a **negative variation of 10.3%** in real terms compared to 2012 (-5.6% in construction and -23.0% in civil engineering). Production by subsectors in real terms has fallen below the levels of the mid-90s.

In 2013, the **apparent consumption of cement**, a classic indicator of the situation of the construction business, recorded a significant **decrease of 19.3%** compared to that of 2012, with a consumption of 10.9 million tons compared to 13.5 in 2012, which has been falling for the last six years.

In 2013, **construction investment (CGV)** as a percentage of the Spanish economy's GDP was 10%, which is a decrease of 1.8 percentage points compared to 2012. The last four years figures show a steady constant decline: from 15.5% in 2010 and 13.6% in 2011, to 11.8% in 2012 and 10% in 2013.

Effects of the Budgetary Stability Plan on public investment in the construction sector

Regarding the evolution of public investment in construction, the figures for public investment planned for the 2014-2016 period exceeded the **previous record low**, according to statistics dating back to 1964, which was reached in 1979 (1.7%).

One effect of the Budgetary Stability Plan is that, according to current predictions, Spanish public investment will **continue in 2014 and will be reduced by 14.2% in 2015 and 8.3% in 2016**.

Comparing Spain with other EU countries, over the last 19 years (1995 to 2013) the **Spanish public investment ratio** in real terms of euros invested per km² and millions of inhabitants, was lower than in Germany (-10%), France (-16%) and much lower than in the UK and Italy (-48% and -58%, respectively).

Major indicators

Indicators	2013	2012	13/12
Production (millions €/real variation)	93,096	108,839	14.5%
GFCF Construction (millions €/real variation)	102,150	118,598	13.9%
Investment as a % of GDP	10.0%	11.5%	-1.5 p.p.
Employment (thousands)	1,016	1,148	-11.4%
Employment over total	6.1%	6.6%	-0.6 p.p.
Public tenders (millions €)	9,142	7,441	22.9%
Work concession tenders (millions €)	322	621	-48.2%
Cement consumption (millions T.)	10,960	13,582	-19.3%
New housing started	34,000	44,200	-23.1%

Public tenders

As a percentage of **GDP**, in 2013 public tenders increased by **two tenths** of a percent, standing at 0.9%. However, it is 1.5 points lower than the average (2.4%) of available historical data (1980-2013).

Distribution by ministry compared to 2008:

- Central government: 3,670 million euros (Public Works and the Environment), resulting in a decrease of **-72%** compared to 2008 (13,528 million euros).
- Regional governments: 2,455 million euros, **-77%** compared to 2008 (11,061 million euros).
- Local governments: 2,706 million euros, **-25%** compared to 2008 (3,615 million euros).

Investments for the two main ministries making investments:

Ministry of Public Works			
Programme	2013	2014	(%) 14/13
453B Road infrastructure created	1,434.54	828.67	-42.2
453C Road conservation and operation	942.28	818.20	-13.2
453A Rail transport infrastructure	112.12	107.37	-4.2
Other programmes	27.42	27.27	-0.5
Other programmes of former Ministry of Housing	22.76	21.97	-3.5
Ministry of Public Works	2,539.12	1,803.48	-29.0
Public companies			
Company	2013	2014	(%) 14/13
ADIF	3,372.47	3,372.47	0.0
AENA	840.27	550.31	-34.5
PUERTOS DEL ESTADO	733.02	776.50	5.9
RENFE OPERADORA	236.21	240.18	1.7
Ministry of Public Works' companies	5,181.96	4,939.46	-4.7
Ministry of Public Works' company			
Company	2013	2014	(%) 14/13
SEITT	518.80	563.86	8.7
Ministry of Public Works' company	518.80	563.86	8.7
Total Ministry of Public Works	8,239.88	7,306.80	-11.3

Ministry of Agriculture, Food and the Environment			
Programme	2013	2014	(%) 14/13
452A Water management and infrastructure	138.82	245.00	76.5
456A Water quality	51.01	58.70	15.1
456D Actions along the coast	48.75	40.88	-16.1
Other programmes of former Ministry of the Environment	129.82	104.71	-19.3
Other programmes	142.52	140.46	-1.4
Ministry of Agriculture, Food and the Environment	510.92	589.75	15.4
Regional bodies and Ministry of Agriculture, Food and the Environment's companies			
Company	2013	2014	(%) 14/13
Regional bodies (Hydrographic confederations)	433.09	503.20	16.2
Water companies	824.06	660.66	-19.8
Regional bodies and Ministry of Agriculture, Food and the Environment's companies	1,257.15	1,163.86	-7.4
Total Ministry of Agriculture, Food and the Environment	1,768.07	1,753.61	-0.8
Total Ministry of Public Works and Ministry of Agriculture, Food and the Environment	10,007.95	9,060.41	-9.5

In 2013, the volume of tenders through the concession model, the model that the government considers to be fundamental for new infrastructure, amounted to 322 million euros, which is 45% lower than the amount put out to tender the previous year. There has been a major fall in tenders for concessions in the three administrations for the period between 2010 and 2013, accumulating a 97% decrease.

The labour market

For the 2008-2013 period, job losses in the building-related construction sector totalled 1,367,000 jobs, while there was a loss of 369,000 jobs in civil works for the same period.

Forecasts for 2014 (General State Budget)

According to the 2014 General State Budget, investments planned by ministries (Ministry of Public Works and Ministry of the Environment) for 2014 will total 8,658 million euros, which will result in a 61% decrease from the historical peak reached in 2009.

In terms of the variation in construction investments and its effect on the GDP, the construction sector will subtract 0.6 percentage points from the GDP growth in 2014. However, the remaining items (consumption, other investment and external demand) will contribute 1.6 points of growth.

Regarding job creation, again in the construction sector, the current estimate anticipates the loss of 75,000 jobs, compared to the 92,000 jobs created in other sectors, resulting in a total increase in employment of 17,000.

In 2014, the total activity of the construction sector will be reduced by between 4% and 6% compared to activity in 2013. By type of work:

Type of work	Variation	
	2014	2013
Building	-1%	-3%
Residential	-4%	-6%
Non-residential	-3%	-5%
Refurbishment and maintenance	0%	-2%
Civil works	-12%	-16%
Total construction	-4%	-6%

Tax revenue and job creation from activity in the industry

Infrastructure investment is a variable capital in the economic recovery process and plays a dual role: as a stabiliser due to its effect on business and employment in the short term, and in terms of productivity and growth in the medium term.

Creating infrastructure in a country generates wealth and progress; it improves citizens' quality of life and makes a country more competitive. It also has an important knock-on effect, since over 20 sub-sectors are directly linked to the construction industry.

According to estimates by SEOPAN, (the construction industry's employers' organisation), in Spain investment in civil works is equivalent to 1% of GDP, approximately 10,000 million euros:

1. Job Creation:

	Direct	Jobs generated	
		Indirect	Total
Construction of housing	134,500	62,700	197,200
Construction of infrastructure	117,500	63,100	180,600

2. Tax Revenues as a % of GDP:

Direct taxation: VAT	0.21%
Tax increases due to induced production:	
Net taxes on intermediate consumption	0.01%
PIT on employee salaries	0.05%
Social contributions	0.11%
Corporation tax	0.03%
Unemployment benefits	0.21%
Total	0.62%

According to this estimate, **6,200 million euros would end up in the state coffers**, and over **180,000 jobs**, between direct and indirect employment, would be created. These are very compelling figures to be taken into account as an incentive to emerge from the crisis.

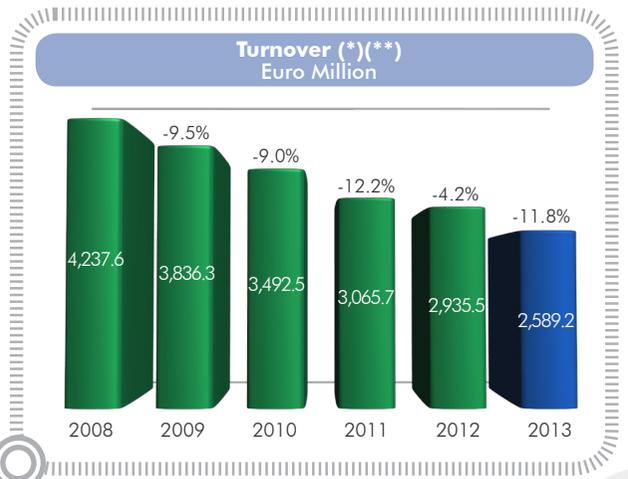
Foreign Markets

Due mainly to the widespread decline in domestic demand for construction, the major Spanish construction companies have consolidated their position in foreign markets, and are being awarded the largest and **most important international construction contracts**, such as the Metro Riyadh project, worth over 6,000 million euros.

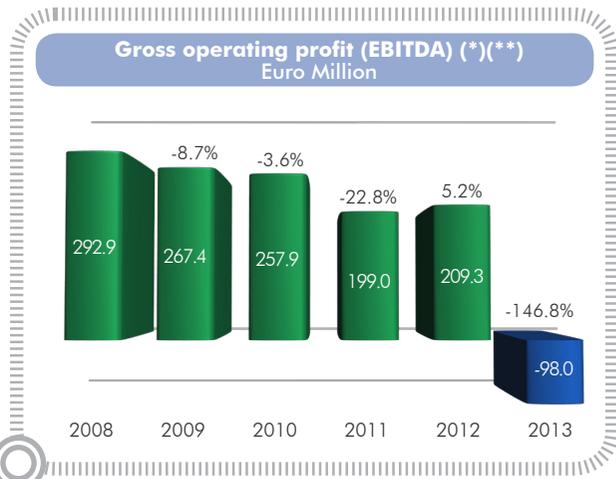
In aggregate values, and for all the leading construction companies, **contracts** rose nearly 4% compared to 2012, reaching a total contracted amount of **17,898 million euros**. However, **invoicing** decreased 13% to over **15,005 million euros**. The primary market remains the **American** continent as a whole with 47% of contracts, followed by the **EU** and the **Middle East** with 20% each.

Today, large Spanish construction companies are **leaders in markets** that were unheard of less than a decade ago and their order-books demonstrate an increasingly significant share of work abroad, where they compete on equal terms with companies from other countries. Therefore, in the area of infrastructure concession management, by number of contracts in construction and operation, **8 of the 37 largest operators** in the world, in terms of transport infrastructure, are Spanish and **4 of them are in the top 10** in the world by number of concessions, according to the PWF (Public Works Financing) journal.

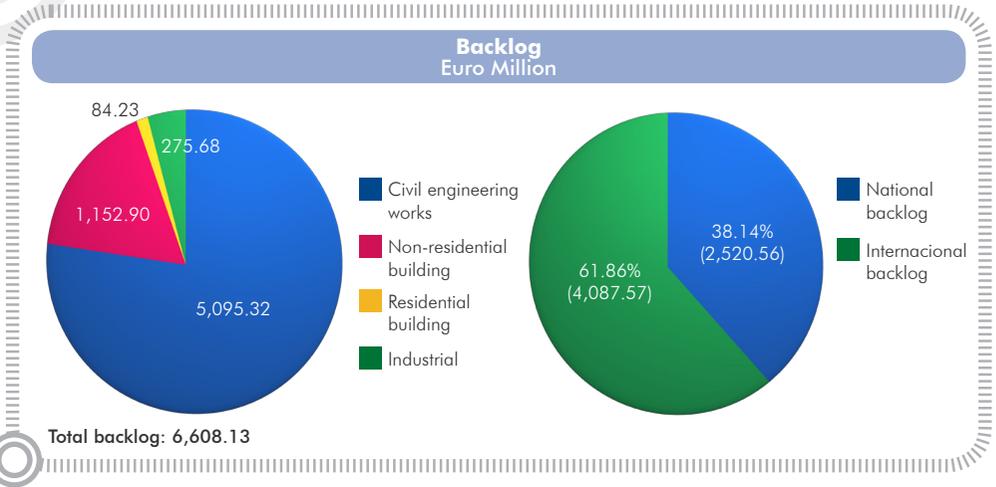
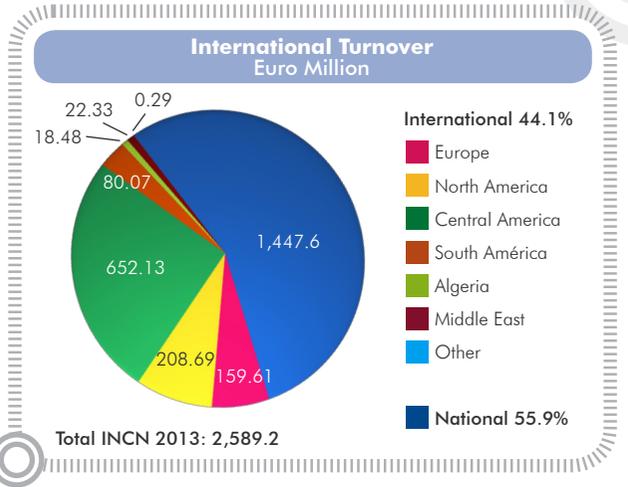
FCC CONSTRUCCION'S MAIN FIGURES



(*) Alpine not included
 (**) Note: The figures correspond to data published at the end of each year specified. Subsequent restatements are not included.



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 (**) Note: The figures correspond to data published at the end of each year specified. Subsequent restatements are not included.



FCC CONSTRUCCIÓN'S BUSINESS

All FCC's construction activity is tied to the company FCC Construcción, S.A. which had a turnover of 2,589.2 million euros in 2013, 11.8% less than in the previous year. Of the total turnover, 44.1% was generated outside Spain. Infrastructures is the second area with the greatest quantitative weight in the Group's overall turnover, with 38.5%.

The gross operating profit amounted to 98.8 million euros, representing an increase of 10.5% compared to 2012. In relation to the Group's total EBITDA, the contribution from the construction business is 13.7%.

During 2013, FCC Construcción was awarded contracts totalling 3,333 million euros and had orders for works pending execution worth 6,608.1 million euros. Foreign contracts comprise 61.9% of this portfolio.

2013 was characterised by winning large contracts in strategic markets. In particular, the highlight of the second half of the year was to win the biggest international contract in the Spanish construction industry: the Riyadh Metro contract, in which FCC is leading the FAST Consortium which is responsible for the design and construction of Lines 4, 5 and 6 of the Riyadh Metro, in Saudi Arabia.

In addition, during the first half of the year, important tenders were awarded: the contract for the Mersey Bridge (Mersey Gateway Project) in the UK and the enlargement of the Peruvian Port of Callao, among many other works awarded listed in the following pages.

Also of great interest are the contracts won in 2013 in strategic markets where FCC Construction operates:

Saudi Arabia:

The Riyadh Metro

- **Description:** Design and construction of Lines 4, 5 and 6 of the metro in the city of Riyadh. A total of 65 kilometres of track will be built, of which 8.2 kilometres run on the surface; 29.8 km of viaducts and the electrical substations and electrification ring.
- **Budget:** 6,070 million euros

United Kingdom

Mersey Bridge (Mersey Gateway Project)

- **Description:** Design, construction, financing, maintenance and operation of a 1,000 metre-long cable-stayed bridge, its approach viaducts and the connection to existing infrastructure.
- **Budget:** 700 million euros

Belgium:

Haren Prison

- **Description:** Design, construction, financing, maintenance and operation of Haren Prison, near Brussels. The area to be built will be 108,000 m²; the project includes the construction of 18 buildings that will blend into their surroundings.
- **Budget:** 413 million euros

Peru:

Extension of El Callao Port

- **Description:** Extension of Wharfs 5 (560 metres long) and 11 (280 metres long) to increase the berthing capacity and the building of new facilities (an administrative building, car park and leisure centre).
- **Budget:** 150 million euros



The most important contracts and works in progress for 2013 are listed by category below.

MOTORWAYS, DUAL CARRIAGEWAYS AND ROADS

This is the most active subsector of civil engineering and generates the most production and orders.

The most significant **contracts awarded** during the past year are listed below:

- **Mersey Bridge.** The Mersey Gateway Project is FCC's largest contract in the United Kingdom; it was awarded in June 2013. It includes the design, construction, financing, maintenance and operation of a 1,000 metre-long cable-stayed bridge, its approach viaducts and the connection to existing infrastructure. The construction includes a structure to cross the river totalling 2,228 metres in length. This comprises a main, 998 metre cable-stayed bridge and multiple-span viaducts measuring 685 metres (north side) and 545 metres (south side). The cable-stayed bridge has four spans of up to 318 metres long, with a 33 metre wide and 4.5 meter thick concrete deck, suitable for three lanes in each direction. It is supported on three pylons, also made of concrete, up to 125 metres high. The bridge's access viaducts have multiple spans (with a typical length of 70 metres), with the same deck section.
- **Design and construction contract for the widening and improvement of the Aguas Santas/Ermesinde section of the A-4 Oporto/Amarante motorway in Portugal.** The works will take place between kilometre points 8+675 and 9+475, doubling the capacity of the motorway from two to four lanes, each 3.5 metres wide, with a total

deck of 16.65 metres. A singular element is the new North Tunnel in Aguas Santas, measuring 367 metres long and a 122 m² section, with a maximum overlap of 24 metres.

- **A-23 Mudejar Motorway.** The contract with the Directorate General of Roads covers the Arguis-Alto de Monrepós section in the province of Huesca, and includes the connection at the beginning of the section with the Tunnel Control Centre, upgrading the facilities for the Altoaragón Tunnel No. 1 and other complementary work.
- **Construction and refurbishment of the Route T-775 road in Chile.** The project covers 15 kilometres and entails remodelling the geometry of the roadway. To do this, a high volume of earthworks, 250,000 m³ of embankment, has been included along most of it, as well as the replacement of the 30 metre-long Quillín Bridge and the construction of the 170 metre Rio Bueno Bridge. The latter is over the river of the same name which, due to its volume of flow, means that sheet piling had to be used and peninsulas implemented.



Infography of Mersey Bridge in Liverpool (United Kingdom).

The most relevant recently completed and/or ongoing **projects** abroad are listed below:

- **Gerald Desmond Bridge in Los Angeles, United States.** The project includes the design, replacement of the old bridge and construction of the new one in the Port of Long Beach, Los Angeles. The new bridge is cable-stayed with a 305 metre-long main span and is located 61 metres above the Back Channel in the Port of Long Beach.
- **Durango-Mazatlán Road (Section III), in the State of Sinaloa, Mexico.** The road crosses the Sierra Madre Occidental, which has one of Mexico's most rugged topographies, linking the Pacific with the centre of the country. Section III is 17.9 kilometres long and includes the construction of 16 tunnels and 15 bridges.
- **Underwater Tunnel in Coatzacoalcos (Mexico).** Situated between the city of Coatzacoalcos and the urban area of Allende in the state of Veracruz, this is an underwater tunnel measuring a total length of 2,280 metres with four lanes of traffic, two in each direction. Of the 2,280 metres, 1,125 have been designed with a tunnel solution: 690 metres of underwater tunnel and 435 metres of the "cut and cover" system tunnel.
- **Route 5 Motorway, Santiago – Los Vilos section in Chile.** The work consisted of upgrading 4.7 kilometres of the road's cross-section so that it had three ascending lanes and two descending lanes separated by a barrier or guardrail in the middle, reducing slopes to 7% and increasing the radii of the route.

AIRPORT PROJECTS

The following airport works continue in progress outside Spain:

- **Modernisation of Riga airport, Latvia:** The project consists of upgrading Riga airport in order to increase capacity and improve air safety standards. The renovation works for the airport include the reconstruction of the runways' surfaces and the reinforcement of hard shoulders.
- **Control towers at various airports in Algeria:** There are currently three control towers in progress at the airports in Argel, Orán and Constantine, respectively.



Gerald Desmond Bridge in Los Angeles (United States).

- **Construction of the new control tower and management centre for El Dorado Airport in Colombia:** This is a 16,300 m² infrastructure located 15 kilometres from the centre of Bogotá; the control tower will be 80 metres high.

HYDRAULIC WORKS

The **most relevant contracts awarded** in the past year were:

- **River Piles drainage pipeline in Asturias:** The works involve the widening of the interception drainage pipeline for the River Piles in the Viesques - Parque Isabel La Católica section. The new pipeline is 1,676 metres long and straightens out the current one. Four sections with a total length of 959 metres will be created from the new pipeline by jacking 1,800 and 2,000 mm diameter pipes with closed-shield horizontal directional drilling.
- **Project design and construction works to improve the treatment capacity of the Torremocha del Jarama WWTP:** The Torremocha de Jarama Wastewater Treatment

Plant is designed to treat wastewater from a design population of 8,476 inhabitants with a planned maximum residential limit of 12,713 inhabitants. The average design flow to be treated is 90.83 m³/h, with a planned limit of 136.25 m³/h.

- Remodelling of the WWTP at the Badajoz Prison:** The main units to be carried out include: execution of new inlet pipe, pre-screening, pumping of raw water, pre-treatment, membrane bioreactor, secondary sedimentation, disinfection, sludge pumping pit, thickener, dewatering and control building, and related infrastructure. The electrical and automation installations will also be executed.

The following large international hydraulic projects are currently continuing at a good pace:

- The “El Zapotillo” storage dam in Mexico:** Located on the Río Verde in Jalisco. The dam will serve to supply drinking water to Los Altos de Jalisco and the city of León. This gravity dam is constructed with roller compacted concrete (1.6 million m³), it has a curved ground plan and a length of 320 at its crest. This dam will enclose a 910 hm³ reservoir.
- Design and Construction of the El Realito Aquaduct in the State of San Luis Potosí in Mexico:** The project includes the construction and laying of 135 kilometres of various diameter pipes, three pumping plants, a flow-change tank, a water treatment plant, six delivery tanks and a service road. This project is currently underway and completion is expected in 2014.
- The PAC 4 Dam/ Water input into Miraflores Lake in Panama:** The work includes the construction of a new access channel to the Panama Canal from the Pacific, at the site of the third set of locks in Miraflores Lake. These works consist of the construction of 3.7 kilometres of channels to connect to the Pacific locks (200 metres wide) and include the excavation, transport and disposal of some 27 million cubic metres of rock material.
- Bajo Frío Dam in Panama:** The project involves the construction of a gravity and embankment dam, 56 metres high and 405 metres long.



Bajo Frío Dam in Panama

MARITIME WORKS

The most significant **contracts** awarded were:

- Extension of the Peruvian Port of El Callao:** The work comprises the extension of Wharfs 5 (560 metres long) and 11 (280 metres long) aimed at increasing berthing capacity and the building of new facilities (an administrative building, car park and leisure centre). The first of the two wharfs, Number 5, is aimed at managing containers and cargo containing minerals. Wharf 11, meanwhile, is equipped with silos that have a total capacity of 25,000 tonnes for imported agricultural products. During the extension work, FCC will have to do some dredging in order to achieve a depth of 16 metres and create a superstructure supported by steel piles and concrete beams. The execution period is 23 months.

Progress in the construction work at one of the largest ports in Latin America is described below due to its significance:



Port of Açú (Brazil)

- Port of Açú in Brazil:** The project consists of the construction of the TX-1 terminal for the Brazilian port of Açú located in the municipality of São João Barra. The works involve the construction of a 2,438 metre long caisson dock by manufacturing and submerging 49 reinforced concrete caissons, and the construction of a 600 metre sloping breakwater.

RAILWAY INFRASTRUCTURE

In 2013, rail transport was one of the most dynamic sectors, thanks to the plans for extending the high-speed rail network and the construction of new metro lines in cities in the Middle East, North Africa and America. Undoubtedly, the most important project in 2013 was the awarding of the Riyadh Metro in Saudi Arabia, currently the largest international construction project in the world:

- The construction of the Riyadh Metro:** The Riyadh Development Authority (RDA) has awarded Package 3 to the FCC-led consortium. Package 3 comprises the design and construction of Lines 4, 5 and 6 consisting of 25 stations, for which a total of 64.6 kilometres of tracks, 29.8 kilometres of viaducts, 26.6 kilometres of underground tracks and 8.2 kilometres of surface track will be required. Three tunnel boring machines (TBMs) measuring nearly 10 metres in diameter will be used to build the three lines. The trains running on these lines will have two carriages and will operate without a driver. The project design includes four types of stations: elevated, surface, underground and intermodal transfer facilities to connect to the different lines.

The most relevant recently completed and/or ongoing projects abroad are listed below:

- Railway line that will run west of the capital, Algiers, and connect the cities of Relizane, Tiaret and Tissemsilt in Algeria.** The new 185 kilometre line will have a single high-performance track suitable for a maximum speed of 160 km/h.
- Metro Line 1 in Panama City:** The project is 14 kilometres long and has 11 stations, some of them on the surface.

NON-RESIDENTIAL CONSTRUCTION

The most relevant references in non-residential buildings in 2013 are highlighted below, including: sports centres, schools, industrial buildings and health centres.



Metro Line 1 in Panama City

- Haren Prison in Belgium:** This is FCC's first contract in Belgium; the project completion time will be 32 months. The prison will serve 1,190 inmates and consists of 18 buildings that blend into the surroundings. The total floor area is 108,000 m² over which the buildings, which have different colours and shapes, are distributed.
- The Joint Public Services Centre (JPSC) in Northern Ireland:** The project involves the construction of the training and preparation facilities for the police force and fire-fighters in Northern Ireland on a 112 hectare plot yet to be developed; in total 65,000 m² will be built. The project also includes the provision of the infrastructure required, such as roads and car parks. The completion time will be 27 months.
- Sports complex in Trujillo, Peru:** The project involves the construction of a 5,505 seat athletic stadium with a total surface area of 23,587 m², an enclosed coliseum with a capacity for 2,514 spectators and an area of nearly 4,000 m², the sports centre and

complementary infrastructure. The new facilities will have an open-air car park with 235 places and a pedestrian promenade with central gardens serving to connect the coliseum and the sports centre. The project also includes a building to house general services.

- Healthcare Centre in Lerma, Burgos:** The project involves the demolition of an outbuilding and the construction of a new module. The total surface area built for the resulting building is 1,650 m².
- Expansion of the LPG facilities in the Peruvian Port of El Callao:** The project will result in an increased capacity for storing LPG (liquefied petroleum gas) in the Port of Callao. This is a turnkey project that includes engineering, procurement, construction and commissioning.



Sports complex in Trujillo (Peru)

- Construction of sports centres in FC Barcelona’s Ciudad Deportiva on Sant Joan Despí: This rectangular building is designed to house two sports pavilions and ancillary facilities (changing rooms, storage areas, etc.).
- Construction of Building II of the Instituto Tecnológico Agroalimentario de Extremadura in Badajoz (INATAEX): This is an administrative building with 3 above-ground floors and one underground floor used to house the numerous infrastructure elements used for research (R+D+I). The building has a surface area of 3,179.90 m².
- Las Dehesas bio-methane plant: The project consists of three upgrade actions: 1. The construction of a 398 meters long and 7 meters wide road for accessing the bio-methane plant. 2. The construction of a 146 m² workshop. 3. Miscellaneous activities within the plant: electrical conduit banks, water supply pipes, slope protection mesh.



Port of El Callao (Peru)

HOUSING ESTATES AND PARKING AREAS

The most significant contracts awarded during 2013 were:

- Lusail City development in Qatar: This contract is part of the set of development projects for Lusail City: Located 22 kilometres north of Doha, it will feature residential buildings for 195,000 residents, shopping centres, hotels, community services and recreational areas. The works will comprise the construction of twin pedestrian walkways of an identical type of cable-stayed post-tensioned concrete deck measuring 120 meters in total length, with three spans distribution.
- Remodelling and maintenance in Barcelona: Works contract under the Comprehensive Public Space Management Plan (PMI) for the 2013-2015 period, Lot 3: the districts of Nou Barris, Sant Andreu and Sant Martí (Districts 8-10): The works consist of implementing the renovation and maintenance plan for thirty-five Barcelona streets, including the renovation of road surfaces, drainage, sewerage, replacing pavements, street furniture, lighting, traffic lights and landscaping maintenance.
- Land development works in the area around the Sants market in Barcelona
- Rehabilitation works for the infrastructure on San Benito Street in Villanueva de la Serena, Extremadura: This project is divided into three sections and covers a total surface area of 2,546 m². It includes demolishing road surfaces, installing sewers, water supply and lighting in order to build new sewerage and water supply pipelines, carry out a complete renovation of public lighting, installing a drip irrigation network for landscaping and paving with tiles or stones. The works also include road signage, street furniture and urban underground waste containers.



Construction of 86 new homes in the Nuevo Tres Cantos housing estate, Madrid (Spain).

HOUSING

The most significant contracts awarded were:

- Construction of 86 new homes in the Nuevo Tres Cantos housing estate, Madrid:** on plot 2.3 B in Nuevo Tres Cantos, Madrid. This new housing estate is divided into three five- or six-storey blocks of flats plus a basement and semi-basement for parking and retail premises.
- Construction of 196 homes in "El Canaveral", Vicálvaro, Madrid:** This housing estate is arranged in four separate blocks, two with six floors and a penthouse, and two with five floors and a penthouse. It also has two basement floors for parking and storage rooms. The ground floor has 12 doorways, retail premises and colonnades, as well as a common interior area. The construction time is 20 months.

Renovation and maintenance

The following maintenance contracts in the Community of Madrid are included among the company's renovation and maintenance projects:

- Rehabilitation, repair, maintenance and demolition of the Madrid City Council's own buildings:** The contract is a framework agreement for 24 months, that can be extended a further 12 months, to undertake any works that the City Council deems necessary for the rehabilitation or maintenance of its own buildings.
- Rehabilitation of the "Colegio Mayor Pío XII" university hall of residence on Paseo Juan XXIII in Madrid:** Modification of 112 rooms and toilets, upgrading the electrical, plumbing, drainage and ventilation systems to suit the new layout. The owner is the Pablo VI Foundation.
- Rehabilitation and restoration of the Capuchin Convent of Jesus de Medinaceli, Madrid:** This six-storey, U-shaped building has a total built surface area of 2,640 m². The interior of the building will be demolished, leaving the façades and structure, which will be reinforced. Two vertical communication areas (two staircases and two lifts) will be created.
- Rehabilitation of the Ríos Rosas Shopping Centre, Madrid:** This project is aimed at rehabilitating three buildings built around a common central courtyard. Two of the buildings are on Ríos Rosas Street (3 and 5); the third is located on Cristóbal Bordini Street.

MANAGEMENT SYSTEMS

In FCC Construcción's international expansion phase, its Management and Sustainability System has been adapted so it can be reliably implemented in all the company's business units. Thus, processes, procedures, software, formats and records are gradually being updated to meet these new needs that are arising due to the start of international projects. Our priority continues to be customer satisfaction beyond their expectations with the commitment to fulfilling quality assurance requirements that is so characteristic of us.

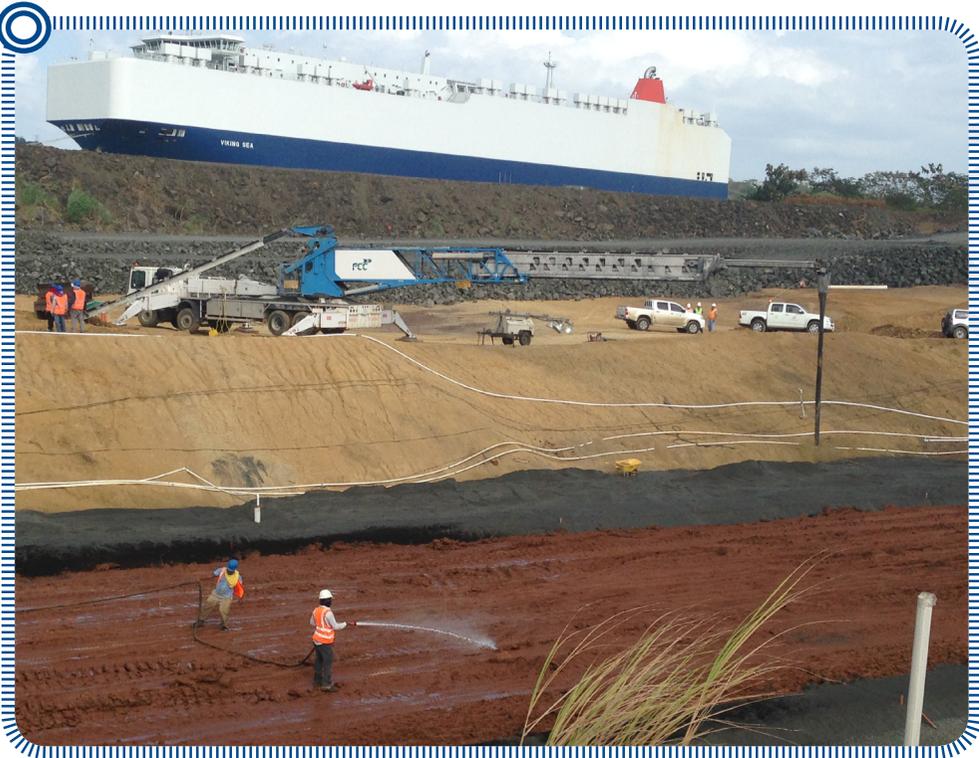
Information security

Part of our commitment to customers concerns Information Security. FCC Construcción, the only nationally operating Spanish construction company that is certified by AENOR for

the ISO 27001 Information Security Management System, is introducing new indicators to measure the suitability of the countermeasures established from the security standpoint. The aim of this is to keep any possible threats to our information assets under control, and to protect our customers' assets.

Risk management

Promoted by Senior Management, the risks and opportunity management was established systematically at FCC Construcción this year. The adoption of procedures based on risk management makes it possible to identify opportunities that are not



Pac4-Panama

visible a priori, to transform threats into opportunities, and avoid fully or partially any possible losses, strengthening our business strategy and differentiating ourselves from competitors.

Based on a reliable and internationally recognised methodology, the detection and assessment of risks, and their subsequent control, are an ongoing review process, applicable to all phases of each project. In terms of contracts, it facilitates entry into new markets with very demanding customers, and thus reinforces the company's objective to develop international business.

Environment

FCC Construction believes that, in a culture of responsibility, the achievements and processes developed should be the standard of behaviour and part of the cultural heritage in the construction industry worldwide. Consequently, it participates in and leads a number of national (AEN/CTN 198/SC2 "Sustainability in infrastructure" of which it is Chair) and international technical committees, such as the CEN-TC 165 Wastewater Engineering, CEN/TC 350 "Sustainability of construction works", ISO/TC 59/ SC 17 "Building construction/sustainability in building construction", in which it heads the Sustainability in Civil Works Committee (WG5) and the ISO/TC 207 "Environmental Management" committees, among others. In addition, it participates actively in the technical associations most relevant to its business activity (Scientific/Technical Association of Structural Concrete, Technical Association of Ports and Coasts-PIANC, Committees on Large Dams, chairing the Technical Committee, "Engineering Activities in Planning" for SPANCOLD and being the Spanish representative at ICOLD internationally, etc.).

Occupational risk prevention

In a context of the rapid growth in FCC Construcción's international business, 2013 was marked by intense international activity in occupational risk prevention.

The occupational risks management system under the OHSAS 18001 standard has been implemented and is in the review process. This is done using international audits that, through detailed monitoring and verification processes, verify the proper implementation of the risk prevention management system, especially in Latin America.

Nationally, the occupational risks management system has been fully implemented under OHSAS 18001 certification in the construction division. It is worth highlighting that in



Vidin Bridge (Bulgaria)

2013 external maintenance audits of the OSHAS 18001 Certification were carried out in all the Division companies with excellent results. Moreover, the system has an optimal prevention management tool that incorporates a scorecard to measure performance which streamlines the control and substantially optimises the monitoring of objectives in this division.

The reduction of the accident rate is unquestionably FCC Construcción's top priority. Given that the profiles of accidents in the industry are changing as the activities, personnel and global circumstances change, the information obtained daily from the Accident and Incident Reports received by FCC Construcción is especially valuable, and is a basic work tool for achieving "0 Accidents". By limiting values achieved in the frequency, severity, incidence and absenteeism rates, thanks to the objectives, accident control is further reinforced at the local and global levels of our organisation.

Managing training, as a fundamental resource to achieve FCC Construction's objectives, is a key indicator that satisfactory results were achieved in 2013, such as the "Training in Ergonomics" in the workplace, "Risk Training in Offices" and "Road Safety Training". Equally important was the development of the "Basic Training Guide

on Preventing Risks in the Workplace", which provides the necessary training on the subject for all work centres and jobs at the companies in the Infrastructure Division, including training activities as stipulated in the new "Fifth Construction Employment Agreement".

At the same time, the risk prevention campaigns have focused on the health of workers' hearts and backs, in collaboration with Fremap, the mutual health insurance company, with titles like "Listen to your heart" and "Taking care of your back". All this has been a continuation of the campaign initiated in 2012 called "In my job, prevention IS worth it. Yes, it IS." In every work centre, the hard work of distributing posters and leaflets, as well as the results from the awareness-raising of workers who attended educational talks, can be clearly seen.

In the area of Research, Development and Innovation (R+D+i), the company has participated in projects with a significant technological base that help reduce accidents, both in linear infrastructure (PRECOIL Project), buildings and infrastructure with structural defects (SETH and SORTI project) and various areas in the construction industry (SEIRCO Project).

In addition, FCC Construcción actively participates in and collaborates with the most outstanding agencies and platforms in the field of health and safety both nationally and internationally, such as the National Commission on Occupational Health and Safety, the National Institute, the Regional Institute, the European Agency, the ENCORD Platform, culminating in the decision-making process at European level through the chair of the European Construction Industry Federation (IFAC), a social partner officially recognised by the European Commission.

TECHNOLOGICAL DEVELOPMENT (R+D+i)

FCC Construcción promotes an active policy for technological development and is constantly incorporating innovation into its works, as part of their firm commitment to research and development, to sustainability and to contribute to the quality of life of society as a competitive factor.

FCC Construcción develops its own R+D+i projects aimed at improving building processes which, combined with the impetus from the machinery and auxiliary means at its disposal, allow it to offer its customers a range of technical.

Accordingly, it is worth mentioning that the company participates in a large number of European R+D+i organisations, such as the European Construction Technology Platform (ECTP), the E2BA (Energy Efficient Buildings Association), the recent initiative reFINE (Research for Future Infrastructure Networks in Europe) and the Joint Task Force on Transport Infrastructure, both related to the new Horizon 2020 programme and ENCORD (European Network of Construction Companies for Research and Development). It has also entered into a Memorandum of Understanding to participate in the European JTI Shift2Rail initiative aimed at research, development and innovation. Nationally, FCC Construcción participates in the Spanish Construction Technology Platform, and is active in the Spanish Construction Technology Platform Foundation, its standing committee and its working groups, and Seopan's R+D+i committees, whose Chair FCC Construcción has held since 2012.

The goal of all of these organisations is to boost the presence of the building and infrastructure industries in the world of research, development and innovation, serving as a meeting point for companies, universities, technology centres and other R+D+i stakeholders. The company is also active in ADIF's Railway Technology Centre in Málaga.

FCC Construcción and its subsidiaries carry out a large number of R+D+i projects, some of which are in partnership with public administrations, e.g., with ADIF in the European LIFE "Zero Impact" project, awarded in 2013.

Projects started in previous years still continue, such as the IISIS (Integrated Research on Sustainable Islands) project, in collaboration with the majority of FCC Group's business divisions; RS project, on the sustainable refurbishment of buildings; NEWCRETE, on new concretes; APANTALLA, to develop new nanostructured materials with improved properties for shielding against electromagnetic radiation; and others.

New projects were started in 2013: SEIRCO, an intelligent expert system for assessing risks in different construction industry settings; BOVETRANS, aimed at developing a system of light-transition vaults in road tunnels to make the most of sunlight; AUSCULTACIÓN CONTINUA, on the design, development and validation of a system for the distributed continuous auscultation of building structures in urban environments.

On a European level, work continues on the following projects: BUILDSMART, energy efficient solutions ready for the market; CETIEB, cost effective tools for better indoor

environment in retrofitted energy efficient buildings; and SMARTBLIND, development of an active film for smart windows with inkjet method.

Finally, it is worth mentioning that FCC Construcción structures and organises all the innovation and development performed, within the framework of the Company's ordinary course of business, and its value is enhanced by the corresponding certification processes.

Materials Technology

In terms of materials technology, active participation in R+D projects continues. In collaboration with Cementos Portland Valderrivas, it has participated in the CEMESMER, CEMESFERAS and NANOMICRO projects, among others. In addition to participating in the materials-related aspects of almost all the projects underway at FCC Construcción, such as IISIS, APANTALLA, DEPOSITS, etc.



Concesiones

INFRASTRUCTURE CONCESSIONS

The Concessions Department has carried out its activity in 2013 along the lines of actions set out in the Group's Strategic Plan in relation to:

- A) Generating enough cash to be able to reduce the Group's net debt. To this end, special emphasis has been placed on the divestment of existing contracts and appropriate actions to sell the assets in the portfolio have been taken.

In 2013, the following divestments took place, generating capital gains for FCC:

1. **Enniskillen Hospital - "New Acute Hospital for the South West", Northern Ireland:** The 39% holding was sold. The contract was signed in May 2009 and the works were finished in May 2012. The visit of Queen Elizabeth II and the Duke of Edinburgh on 26 June 2012 marked the official opening of the facility. This hospital was the first to be developed through a private finance initiative (PFI) in Northern Ireland and is considered an icon for hospitals in Europe, with single rooms and sustainable energy generation.
2. **San Jose – San Ramon Motorway (Costa Rica):** The holding was 48% (35% directly and the rest through M&S Concesiones). The Concession Agreement dated from 2004. The transfer and sale agreement was concluded in 2012, taking effect in 2013 with the signing of the fourth "Addendum" and the receipt of the total amount of the sale.
3. **Tramways in Barcelona:** in mid-2013, almost all the shares in Tramvia Metropolità S.A. were sold to Globalvía (17%) and Tramvia Metropolità del Besòs, S.A. (18%); concessionaires for the construction and 25-year operation of the transport infrastructure linking south Barcelona with towns in Baix Llobregat (15.1 kilometres) (Tramvia Metropolità S.A.); and the tramway that links the Olympic Village in Barcelona to Sant Adrià del Besòs and Badalona (14 kilometres) for 27 years (Tramvia Metropolità del Besòs, S.A.). FCC Construcción maintains a 1% stake in each company.

- B) Managing existing contracts in order to generate recurring EBITDA and/or minimise contributions from shareholders. To achieve this goal, negotiations aimed at improving (rebalancing) the contracts for several concessions are underway with the public administration that awarded them. For the remaining contracts, the actions taken are aimed at improving the project cash flows, in order to restructure them and optimise their value in terms of divestment.
- C) Bidding for international projects in solvent and safe markets with medium-term growth perspectives. This goal is in line with the strategy set out in general terms by FCC Group. Likewise, to bid for contracts with solvent partners and to make offers that are more solid and can be financed, under the premise of bringing investors (investment funds, public pension funds) into the consortium through the sale of our stake (or part thereof) so that the overall cash flow for the Group is not negative.

CONCESSION ACTIVITY

The following are the concession companies in which FCC has holdings along with the most important events in 2013:

FCC Construcción, S.A (Concessions Department)

● National

● **Tranvía de Murcia (50%):**

The tram operated normally in 2013, consolidating demand. The Murcia City Council has begun to prepare the feasibility study to extend the line to the El Carmen district.

● **Tranvía de Zaragoza (16.62%):**

In 2013, all the works for Line 1 were completed and it became fully operational. The number of users on a working day was around 90,000 passengers.

● **Urbicsa (29%):**

The main management activities in 2013 for the maintenance of the "City of Justice Complex in Barcelona and l'Hospitalet de Llobregat" focused on the development of information tools to support the services, as well as activities to save energy, improve comfort and re-organise maintenance services.

● **Autovía Conquense (100%):**

By the end of 2013, about 70% of the works had been completed and they are expected to be finished in the last quarter of 2014. The concessionaire continues to operate smoothly and maintain the motorway as it executes the planned works.

In 2013, negotiations began to refinance the concession with a loan from the E.I.B. (European Investment Bank) and it is expected that this will be successfully concluded in the first quarter of 2014.

In addition, the request for an economic and financial balance of the contract was submitted to the Ministry of Public Works.

● **Hospital de Torrejón de Ardoz (5%):**

In August 2009, the Community of Madrid awarded the 30 year contract for the total management of Torrejón Hospital. It is the second hospital in the Community in which both healthcare and non-healthcare services are included in the Agreement. It will have a surface area of 62,000 m², 240 beds and will provide services for 133,144 people. The total investment amounts to 101 million euros, 63.5 million euros of which correspond to the construction work. FCC represents 66.67% of the construction company and has a 5% holding in the capital.

● **Centros de Salud en Mallorca (33%):**

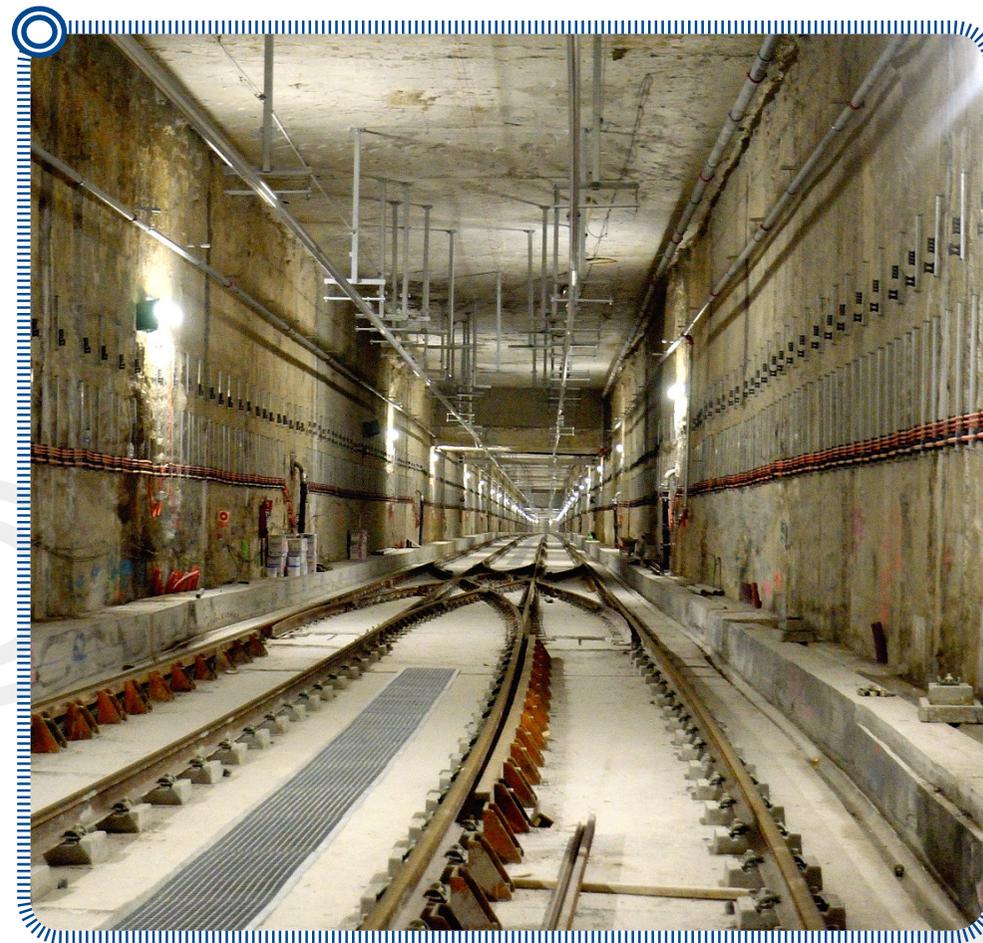
At the end of 2009, the Healthcare Services in the Autonomous Community of the Balearic Islands provisionally awarded the public works concession contract for the construction, conservation and operation of 5 healthcare centres and 5 basic healthcare units to the consortium, in which FCC Construcción participated. The service levels required have been successfully met since operations began, which shows that the management of the work defined in the contract and the resolution of incidents raised have been a success.

● **Cedinsa Eix Llobregat (27.2%):**

In November 2003, the concession was awarded for the construction and operation of the shadow toll road between Puig-Reig and Berga, and the conservation and maintenance of the Sant Fruitós Bages - Puig-Reig section, all along the C-16 road (Llobregat Intersection). 2013 is the sixth full year of operation, with an average daily traffic intensity of 18,568 vehicles.

● **Cedinsa d'Aro (27.2%):**

In December 2005, Cedinsa was awarded the 33 year concession for 27.7 kilometres of the Maçanet-Platja d'Aro shadow toll motorway. The concession comprises the design, construction and operation of stretches of the C-35 between Vidreres and Alou and Maçanet and Vidreres, the Alou-Santa Cristina d'Aro stretch of the C-65 and the Santa Cristina d'Aro-Platja d'Aro stretch of the C-31. 2013 was the fifth full year of operation, reaching an average daily traffic intensity of 23,912 vehicles.



Málaga Metro

● **Cedinsa Ter (27.2%):**

In 2006, Cedinsa was awarded the shadow toll motorway concession for the 48.6 km Centelles – Vic – Ripoll section, of which 25.2 km are new, between the towns of Centelles and Ripoll. The concession is for 33 years, with a 3 year construction period and a 30 year operation period. On 30 July 2011, the 3B stretch (the section of the C-17 main road, between Sora and Ripoll) was inaugurated and fully opened to traffic. The average daily traffic intensity in 2013 was 22,471 vehicles.

● **Cedinsa Eix Transversal (27.2%):**

In June 2007, the 33 year concession was awarded for 150 kilometres of the shadow toll motorway intersection, for an investment of 838 million euros. The contract consists of the definition of the design, construction and operation of the Cervera – Caldes de Malavella (C-25) section, and most of the work is related to the widening of the current C-25.

The motorway began operating in February 2013 with a traffic forecast of 11,159 vehicles (average daily traffic).

● **Línea 9 del Metropolitano de Barcelona (49%):**

In late 2008, IFERCAT (Catalonian Railway Infrastructure) awarded the 32 year contract for the construction, maintenance and conservation of 13 stations and the associated ventilation shafts on section I of Line 9 of the Barcelona Metro. The total investment amounts to 1,000 million euros, of which 876 million are for construction works. Of this latter amount, already-contracted work has been carried out for about 628 million euros. FCC has a 33% interest in the construction joint venture, and the rest will be under new contracts (which will include modifications of the first contract). The concessionaire will be remunerated with an annual fee.

The construction work was completed in 2012 and all the stations of this public works concession are now in operation. During 2013, negotiations were held with IFERCAT on the new economic conditions it proposed, which will allow the public entity to be funded and the remaining construction works will be performed (outside the scope of the contract) so that the entire line will be operational.

● **World Trade Center Barcelona, S.A. (16.52%):**

The concessionaire will manage the World Trade Centre building in the Port of Barcelona for 50 years. The port has a 36,000 m² area of office and retail space, 6,000 m² of conference and meeting rooms and a 280 bed hotel.

● **Parc Tecnològic World Trade Center Cornellà, S.A. (12.5%):**

This company is building a complex that includes seven office buildings, a shopping

area and a 27 storey apartment-hotel. The first phase building work has been completed and consists of three buildings with a built surface area of 37,500 m², an underground car park for 500 cars and a 10,000 m² landscaped square.

● **Metro de Málaga (24.50%):**

Concessionaire responsible for the design, construction and operation of Lines 1 and 2 of the Málaga Metro. The length of the tracks is 16.5 km, of which 71% are underground with 19 stations along the route. The contract works were completed in 2013. To finish the entire project that covers the whole line, one section still has to be done and is being charged to the regional government's budget. Partial operation is expected to begin in 2014.

● **Autovía Ibiza-San Antonio (50%):**

Construction and shadow-toll operation of the Ibiza-San Antonio widened road. One unique feature of the project is the burial of 1.3 kilometres of the motorway in the San Rafael area. The road is 14 kilometres long and the concession is for 25 years. The average daily traffic intensity in 2013 was 32,500 vehicles.

● **International**

● **Túnel Sumergido de Coatzacoalcos (México):**

In 2004, the concession contract was signed for the construction, financing, maintenance and operation of the underwater toll tunnel in Coatzacoalcos in the state of Veracruz (Mexico), which connects the city of Coatzacoalcos to the Allende greater urban area. The tunnel is 2,200 metres long, of which 1,200 metres are underwater. The concession is for 37 years and the works began in 2007.

The process of submerging the caissons used to make the underwater tunnel, the most complex milestone, was successfully completed in 2013.



The 2013 milestone for Globalvia Group was the completion in December 2013 of its fundraising process to enable the development of its existing portfolio of concessions, as well as making future investments, USS has made a commitment to contribute 150 million euros. This gives continuity to the agreement signed two years ago with the PGGM (Netherlands) and OPTrust (Canada) pension funds, which enables Globalvia to reach its goal to raise the 750 million euros planned.

As an important event that took place after the end of the year worthy of mention is the approval on the 29 January 2014 obtained from European Union competition authorities to allow Globalvia to include USS in the convertible bond transaction already entered into by PGGM and OPTrust in 2011.

The following transactions took place during the year 2013:

- Globalvia bought a **35% stake** from Sacyr in **Autopista del Sol** (concessionaire of the road connecting San José with Caldera in **Costa Rica**). For Globalvia, the purchase of 100% of the shares in Autopista del Sol represents a further step to ensure its leading position worldwide in the management of transport infrastructure, consolidating once again its portfolio in the Latin American market. In this market, in addition to Costa Rica, it operates toll roads in Chile and Mexico.
The 76.8 kilometre long motorway is a direct corridor that reduces travel time from the Port of Caldera (40% of the country's goods enter via this port) to San José, the capital of Costa Rica. The motorway began operation in January 2010 and in 2013 the average daily traffic intensity was 35,126 vehicles.
- Globalvia purchased almost all the shares owned by FCC Construcción in the companies operating the two tram lines in Barcelona: **Tramvia Metropolitana, S.A. (17%)** and **Tramvia Metropolitana del Besòs S.A. (18%)**. For Globalvia, this transaction represents

the consolidation of its portfolio as well as a new step forward towards a leading position, both nationally and globally, in the management of transport infrastructure. In Spain, Globalvia already manages rail infrastructure such as the Parla Tram (Madrid), the Sanchinarro Light Railway (Madrid), the Barajas Metro (Line 8 of the Madrid Metro) and rail transport in Madrid (Line 9B of the Madrid Metro).

The Baix Llobregat line runs along Avenida Diagonal, passing through Sant Feliú de Llobregat to Cornellà. The project was awarded in 2000 by the Barcelona Autoritat del Transport Metropolità (ATM) and began operating in 2004. This infrastructure has 29 stops, 3 modal interchanges with the underground metro system and 1 with Renfe railways and a total length of 15.1 kilometres.

The second tramway line in Barcelona, Tramvia Metropolità del Besòs, links the north-eastern part of Barcelona with the neighbouring cities of Sant Adrià del Besòs and Badalona. The concession was awarded by the MTA in 2002. The first phase began operation in May 2004 and the complete system in 2008. It has 27 stops, 8 modal interchanges with the underground metro system and 1 with Renfe railways and is 14.1 kilometres long. The annual number of passengers on both lines exceeds 24 million.

- Globalvia was awarded the contract for the operation and maintenance of the toll-free radial motorways in the Dublin metropolitan area. The 35 million euro contract has an initial term of five years, with the possibility of a further two-year extension. Globalvia will be responsible for winter road maintenance, response to incidents and motorway maintenance. In addition to the 161 miles of radial motorways, the contract includes 109 additional kilometres of access and service roads. Currently, Globalvia operates the M-50 Dublin ring road, which is the starting point for all these radial motorways, and the N-6 Galway-to-Ballinasloe toll motorway in the west of Ireland. This contract consolidates Globalvia position in Ireland as the main operator of the road network that carries most of the country's traffic, with sections that are used by over 100,000 vehicles per day.
- **Autopista Central Gallega (ACEGA)**, the concessionaire for the AP-53 toll motorway, last July was able to refinance its total bank debt of 169 million euros for a period of three years with a syndicate made up of seven Spanish financial institutions. ACEGA, whose majority shareholder Globalvia Group, has thus overcome in the medium term the difficult times that the motorway industry is experiencing in Spain, pending the improvement of the macroeconomic scenario and the final implementation of structural measures regulated by the awarding authority. ACEGA is the concessionaire responsible for the construction and operation of the Santiago de Compostela - Alto de Santo Domingo toll motorway. The road is 56.8



Tramvia Metropolità del Besòs

kilometres long and the first 34 kilometres (Santiago de Compostela - Silleda) began operating in 2002 and the remainder in 2005. Globalvia's has a 61.39% holding in this concession. The Santiago de Compostela-Orense toll motorway is a high-capacity road that is the main connection between Santiago and Orense, facilitating travel between the main population centres in the area it crosses.

- **Terminal Polivalente de Castellón, S.A.** managed to conclude the restructuring of its entire bank debt in July, so it could adapt to changes in the business and activity. The process consisted of reducing the amount of the senior debt repayment instalments for the next four years and to postpone the final maturity of the stand-by loan from 2013 to mid-2015. With this new arrangement and its positive business performance, TPC is now in a comfortable situation focused on re-launching its activity, on increasing both the quality of its services and its customer portfolio.
- **A4 Autopista Transmontana**, in northern Portugal was completely opened to traffic in 2013. With the two sections opened to traffic, the entry into service of 132 kilometres of high-capacity road is finished. The first stretch corresponds to a 19.2 kilometre section of motorway between the Amendoeira/IP2 link road and Santa Comba de Rossas, areas near the city of Bragança. The second 6.6 kilometre stretch corresponds to the southern bypass in Vila Real and provides a new access to the city of Vila Real via the industrial estate located south of the city.
- **The entry into service of the entire A4 Autopista Transmontana** is a challenge for Operestradas XXI, the operating company responsible for the operation and maintenance of the motorway, user assistance and the operation of two free-flow toll gantries. The A4 motorway connecting the Oporto metropolitan area to the Spanish border is one of the priorities of the Trans-European Transport Network (TEN-T). Finally, in 2013 Globalvia and FCC continue to consolidate their leading position worldwide in the management of transport infrastructure. According to the 2013 ranking by the prestigious journal Public Works Financing, Globalvia continues to rank second in the number of concessions it manages for the fifth consecutive year.

Concessions added to the Globalvia Group as of 31 December 2013 are as follows:

- **Autopista del Itata (100%):** Holder of the 13 year concession for the construction and operation of the Concepción-Chillán toll motorway. It has a total length of 98 kilometres and the annual average daily traffic in 2013 was 4,983 vehicles.
- **Autopista del Aconcagua (100%):** Company responsible for the administrative concession of the construction and operation of the toll-road along the Route 5

Santiago-Los Vilos stretch of motorway. It has a total length of 218 kilometres and the concession is for 30 years, consisting of three main toll stations that are operated bidirectionally. Annual average daily traffic in 2013 was 15,501 vehicles.

- **Concesiones de Madrid (100%)**: Administrative concession of the section of the M-45 ring road to Madrid between the O'Donnell junction and the N II. It is 14.1 kilometres long, with a concession period of 25 years under the shadow toll system. The concession has been in operation since 2002 and in 2013 had an annual average daily traffic of 73,003 vehicles.
- **Ruta de los Pantanos (100%)**: This 25 year concession is for the construction, management and maintenance of the 21.8 long duplication of the width of the M-511 and M-501 roads between the M-40 and M-522 in the Region of Madrid. The concession has been operating since 2002 and in 2013 had an annual average daily traffic of 36,721 vehicles.
- **Autopista San José – Caldera (100%)**: Company responsible for the administrative concession designed to construct and operate the San José - Caldera toll motorway in Costa Rica that connects the capital with one of the Pacific's major ports. The road is 76.8 kilometres long and the concession is for 25 years. It began operation in January 2010 and the annual average daily traffic in 2013 was 35,126 vehicles.
- **Túnel de Sóller (89.23%)**: Company responsible for the administrative concession to construct and operate the Soller toll tunnel that crosses the Alfabia mountain range in the Palma de Mallorca to Sóller corridor. The tunnel is 3.1 kilometres long and the concession is for 33 years. The tunnel has been in operation since 1989 and in 2013 had an annual average daily traffic of 7,606 vehicles.
- **Túnel D'Envalira (80%)**: Company responsible for the administrative concession to design, construct and operate the D'Envalira toll tunnel motorway that links the winter resort of Grau Roig with Pas de la Casa. It serves as the connecting route between Andorra and France on the Barcelona – Toulouse corridor. The tunnel is 3.2 kilometres long and the concession is for 50 years. The tunnel has been in operation since 1998 and had an annual average daily traffic of 1,544 vehicles in 2013.
- **Autopista Central Gallega (61.39%)**: Company responsible for the administrative concession to build and operate the Santiago de Compostela - Alto de Santo Domingo toll motorway for a period of 75 years. The road is 56.8 kilometres long and began operating in 2005. The annual average daily traffic in 2013 was 4,611 vehicles.
- **AutoEstrada Trasmontana (50%)**: Holder of the 30 year concession for the construction and operation of the mixed toll motorway between Vilareal and Braganza, Portugal. It has a total length of 194 kilometres and began to fully operate in September 2013, with an annual average daily traffic of 4,834 vehicles.



D'Envalira toll tunnel motorway

- **M-407 (50%)**: This concession company is responsible for the design, construction, maintenance and operation of 11.6 kilometres of the M-407 between M-404 and M-506 as a shadow toll motorway. The concession was awarded in August 2005 and it has been in operation since 2007. In 2013 it had an annual average daily traffic of 29,341 vehicles.
- **Nuevo Necaxa-Tihuatlán (50%)**: This concession company is responsible for the design, construction and operation of the 85 kilometre Nueva Necaxa-Tihuatlán motorway located between the states of Veracruz and Puebla and is part of the main intersection road linking Mexico City and Veracruz. This motorway is divided into two sections: TC1 Nuevo Necaxa - Ávila Camacho, 36.6 kilometres long, 4 four lanes, to be constructed and operated under the availability payment basis, and TC2 Ávila Camacho - Tihuatlán, 48.1 kilometres long, 2 lanes, to be operated under a user toll scheme. The Ávila Camacho - Tihuatlán subsection, which is co-owned by Globalvia and Grupo ICA, was inaugurated on 25 November 2012. The following day, the

26 November, the section opened to traffic and began operating under the user toll scheme in the Miahuapan toll area. The subsection comprises a 2 lane, 48.1 kilometre long road and in 2013 the road had an annual average daily traffic of 1,535 vehicles.

- **M-50 Dublin (50%)**: Concession awarded for the construction and 35 year operation of the M-50 motorway, the city's main ring road, in Dublin. The project consisted of widening 24 kilometres of dual carriageway and operating and maintaining it along with a further 19.3 kilometres. This was executed on an availability payment basis that began operation in September 2010. In 2013 it had an annual average daily traffic of 113,569 vehicles.
- **N6 Galway – Ballinasloe (45%)**: Concession for the construction and operation of the N6 Galway – Ballinasloe motorway along the east-west strategic corridor from Galway to Dublin. It fulfils the requirements of the National Development Plan and consists of a 56 kilometres toll motorway between the localities of Galway and Ballinasloe, a 7 kilometre junction to the Loughrea bypass (single carriageway) and approximately 32 kilometres of access roads. This 30 year concession began operating in December 2009. The annual average daily traffic was 9,139 vehicles in 2013.
- **Autopista de la Costa Cálida (35.75%)**: Company awarded the administrative concession for the construction and operation of the Cartagena – Vera toll motorway for a period of 36 years. The toll road is 98 kilometres long, and there are a further 16 kilometres of toll-free road for internal ring road traffic in Cartagena. The annual average daily traffic in 2013 was 1,553 vehicles.
- **Circunvalación de Alicante (25%)**: Company awarded the construction and operation of the 28.5 kilometre Alicante ring road for 36 years. The concession has been in operation since 2007 and in 2013 had an annual average daily traffic of 4,679 vehicles.
- **Scutvias, Autoestradas da Beira Interior (22.22%)**: Company responsible for the administrative concession for the construction and operation of a shadow toll motorway between Abrantes and Guarda. The road is 198 kilometres long, of which 95 kilometres are part of an existing road and 103 kilometres are newly built. The concession runs for 30 years and includes the operation of 3 petrol stations. It has been operating since 2005 and the annual average daily traffic in 2013 was 5,565 vehicles.
- **R-2 Autopista de Henares (10%)**: Company awarded the construction and operation of the R2 toll motorway which runs for 62 kilometres between the M-40 and Guadalajara. It consists of two sections: the inner section, from the M-40 to M-50, is the alternative to avoid traffic jams on the A-1 at San Sebastian de los Reyes and Alcobendas; the outer section is the alternative to the heavy traffic on the A2 between Guadalajara and the

M-50. The concession is for 24 years and the annual average daily traffic during the past year was 4,558 vehicles.

- **Autovía del Camino (9.1%)**: Company awarded the contract to build and operate the Pamplona-Logroño motorway under the shadow toll system. It has a total of 70.25 kilometres and has been operating since late 2004. The annual average daily traffic in 2013 was 11,165 vehicles.
- **Metro Barajas (100%)**: Concessionaire responsible for the administrative concession for the development, construction and operation of the Barajas-New Terminal Building T-4 metropolitan metro section of line 8. The track length is 2.5 kilometres and the concession lasts for 20 years. It has been in service since 2007 and in 2013, the number of passengers was 1,641,390.
- **Tranvía de Parla (75%)**: Company awarded the 40 year contract for the construction, supply of rolling stock, operation and maintenance of the 8.5 kilometres of double tramway track in Parla (Madrid). This contract was awarded in 2005 and began operating in June 2007, with an annual traffic of 4,517,978 passengers in 2013.
- **Transportes Ferroviarios de Madrid (49.37%)**: Holder of the 32 year concession to extend Line 9 of the Madrid Metro between Vicálvaro and Arganda; it has a total length of 20 kilometres and 3 intermediate stations and was used by 5,868,348 passengers in 2013.
- **Metro Ligero de Sanchinarro (42.5%)**: In 2006, Metro Ligero de Madrid, S.A. awarded the 30 year concession contract for the operation and maintenance of 5.4 kilometres of the Pinar de Chamartín-Sanchinarro-Las Tablas light railway line that connects Lines 1 and 4 of the Madrid Metro. This line has been in operation since May 2007 and in 2013, 5,073,131 people used this light railway.
- **Tramvia Metropolità - Trambaix (30.66%)**: The Baix Llobregat line runs along Avenida Diagonal, passing through S. Feliú de Llobregat to Cornellá. The project was awarded in 2000 by the Barcelona Autoritat del Transport Metropolità (ATM) and began operating in 2004. The infrastructure has 29 stops, 3 modal interchanges with the underground metro system and 1 with Renfe railways. The total length is 15.1 kilometres and it was used in 2013 by 16,061,000 passengers.
- **Tramvia Metropolità del Besòs – Trambesòs (35%)**: This links the north-eastern part of Barcelona with the neighbouring cities of Sant Adrià del Besòs and Badalona. The concession was awarded by the ATM in 2002. The first phase began operation in May 2004 and the complete system began operation in 2008. It has 27 stops, 8 modal interchanges with the underground metro system and 1 with Renfe. It is 14.1 kilometres long and in 2013 it was used by 7,721,095 people.



Ruta de los pantanos

will be between Benloch and Villanueva de Alcolea, a privileged setting located within 50 miles of any point in the province.

- **Hospital de Son Espases (33%)**: Concession company awarded the contract for the construction and operation of a new referral hospital in the Balearic Islands. The hospital has a surface area of 193,088 m², 987 beds and will serve over a million people. The concession runs for 30 years and was opened to the public in 2010.
- **Port Torredembarra (24.08%)**: Concessionaire responsible for the administrative concession to build, operate and maintain a 714 berth marina in the city of Torredembarra (Tarragona), plus retail space and ships' stores. It is currently in operation.
- **Aeropuerto de Santiago de Chile (14.78%)**: Concessionaire responsible for the administrative concession of the construction and operation of the Arturo Merino Benítez International Airport in Santiago de Chile. The second runway built by the Ministry of Public Works entered into service in September 2005, and improved airport operations. During 2013 the airport registered 15,350,500 passengers.

- **Terminal Polivalente de Castellón (78.68%)**: Company awarded the contract for the construction and operation of a 9.5 hectare terminal in the Port of Castellón to handle containers and general cargo. It has been in operation since 2006 and in 2013 a total of 154,960 container movements took place.
- **Phunciona Gestión Hospitalaria, S.A. - Hospital del Sureste (66.66%)**: Company awarded the administrative concession for the construction and integral maintenance management: preventive, corrective and replacement; cleaning, urban and sanitary waste collection, internal-external transport, orderlies, administrative staff, reception, information services and switchboard, surveillance and security, sterilisation service, laundry, restaurant/catering, insect and rat control, warehouse and distribution management, and maintenance of roads and gardens. The hospital had 110 inpatient beds in 2007, extendable to 148 in 2017, and an estimated surface area of 37,000 m². It has been in operation since 2007.
- **Aeropuerto de Castellón (47%)**: Concession company awarded the 50 year contract for the development, construction and operation of Castellón Airport. The future airport

To summarise, the table below shows all the infrastructure concessions managed by Globalvia and FCC as of 31 December 2013:

CONCESSION	COMPANY	TYPE	INVESTMENT (millions of €)	DURATION (YEARS)
Autopista Central Gallega	GLOBALVIA	Toll motorway	303	75
Autopista de la Costa Cálida (Murcia)	GLOBALVIA	Toll motorway	649	36
Autopista San José - Caldera (Costa Rica)	GLOBALVIA	Toll motorway	264	25
N6 Galway - Ballinasloe (Irlanda)	GLOBALVIA	Toll motorway	340	30
Accesos de Madrid R3-R5	GLOBALVIA	Toll motorway	1.003	50
R-2 Autopista del Henares	GLOBALVIA	Toll motorway	563	24
Circunvalación de Alicante	GLOBALVIA	Toll motorway	445	36
Túnel d'Envalira (Andorra)	GLOBALVIA	Toll tunnel	54	50
Túnel de Sóller	GLOBALVIA	Toll tunnel	51	33,5
Autovía del Camino (Navarra) (*)	GLOBALVIA	Shadow toll motorway	356	30
M-45 (Madrid)	GLOBALVIA	Shadow toll motorway	214	34
M-407 (Madrid)	GLOBALVIA	Shadow toll motorway	74	30
M-404 (Madrid)	GLOBALVIA	Shadow toll motorway	162	30
Desdoblamiento Ibiza-San Antonio	FCC	Shadow toll motorway	101	25
Autoestradas da Beira Interior (Portugal)	GLOBALVIA	Shadow toll motorway	933	30
Ruta de los Pantanos	GLOBALVIA	Shadow toll motorway	107	25
Túnel de Coatzacoalcos (México)	FCC	Toll tunnel	185	30
N. Necaxa - Tihuatlán (México)	GLOBALVIA	Toll motorway	493	30
M-50 Dublín (Irlanda)	GLOBALVIA	Availability payment motorway	419	35
Autopista del Itata (Chile)	GLOBALVIA	Toll motorway	198	15
Autopista del Aconcagua (Chile)	GLOBALVIA	Toll motorway	457	13
Autopista Trasmontana (Portugal)	GLOBALVIA	Shadow toll and real toll motorway	706	30
Cedinsa Eix Llobregat	FCC	Shadow toll motorway	174	33
Cedinsa d'Aro	FCC	Shadow toll motorway	54	33

CONCESSION	COMPANY	TYPE	INVESTMENT (millions of €)	DURATION (YEARS)
Cedinsa TER (Vic-Ripoll)	FCC	Shadow toll motorway	221	32
Cedinsa Eix Transversal	FCC	Shadow toll motorway	712	33
Autovía Conquense	FCC	Shadow toll motorway	120	19
Tranvía de Parla	GLOBALVIA	Railway infrastructure	104	40
Tramvía del Baix Llobregat	GLOBALVIA	Railway infrastructure	249	25
Tramvía del Besòs	GLOBALVIA	Railway infrastructure	225	27
Tranvía de Murcia	FCC	Railway infrastructure	183	40
Tranvía de Zaragoza	FCC	Railway infrastructure	345	35
Línea 9 del Metropolitano de Madrid	GLOBALVIA	Railway infrastructure	124	32
Metro Barajas	GLOBALVIA	Railway infrastructure	47	20
Metro de Málaga	FCC/ GLOBALVIA	Railway infrastructure	504	35
Metro Ligero de Sanchinarro (Madrid)	GLOBALVIA	Railway infrastructure	293	30
Línea 9 del Metropolitano de Barcelona	FCC	Railway infrastructure	1.000	32
Marina de Laredo (Cantabria)	FCC	Sports marina	70	40
Port Torredembarra	GLOBALVIA	Sports marina	15	30
Terminal Polivalente de Castellón	GLOBALVIA	Logistics marina	35	30
Terminal de graneles Puerto de Gijón	GLOBALVIA	Logistics marina	17	30
Terminal Aéreo de Santiago (Chile)	GLOBALVIA	Airport	249	21.5
Hospital del Sureste (Madrid)	GLOBALVIA	Hospital	71	30
Hospital de Son Dureta (Mallorca)	GLOBALVIA	Hospital	243	31.5
Hospital de Torrejón	FCC	Hospital	137	30
Centros de Salud Mallorca	FCC	Health care building	22	11
World Trade Center Barcelona	FCC	Services building	134	50
Ciudad de la Justicia de Barcelona y Hospitales (URBICSA)	FCC	Services building	263	35

SUBSIDIARIES AND HOLDING COMPANIES



BBR Pretensados y Técnicas Especiales, S.L.

BBR PTE

BBR Pretensados y Técnicas Especiales, S.L.

Throughout 2013, BBR PTE the group company specialising in post-tensioning and special techniques has continued working on developing and implementing building solutions and processes, including the work done on the following construction projects.

Arch bridge in Almonte:

The temporary cable-stayed system for the viaduct in Almonte is composed of a total of 208 non-simultaneous temporary cables made of a variable number of strands,



Hospital Complex in Panama

divided into two branches (north and south) each comprising two pulling bundles and two retaining bundles. The pulling cables are anchored in the arch and the retaining cables are anchored in the shoes of the two piles closest to the base of the arch. The installation of the temporary cables for the construction of the arch for the viaduct in Almonte began in the last quarter of 2013.

The temporary cable system used is the Hiam CONA Stay Cable System. Two sizes of anchors are used in its construction: 3706 and 5506.

The cables have clamps, which are elements that compact the cable bundle. These clamps are located every five metres along the cable. Their function is to improve the aerodynamic performance of the cable, forcing the cable bundle to work together, thus preventing vibration in the strands.

Pedestrian footbridges in Doha:

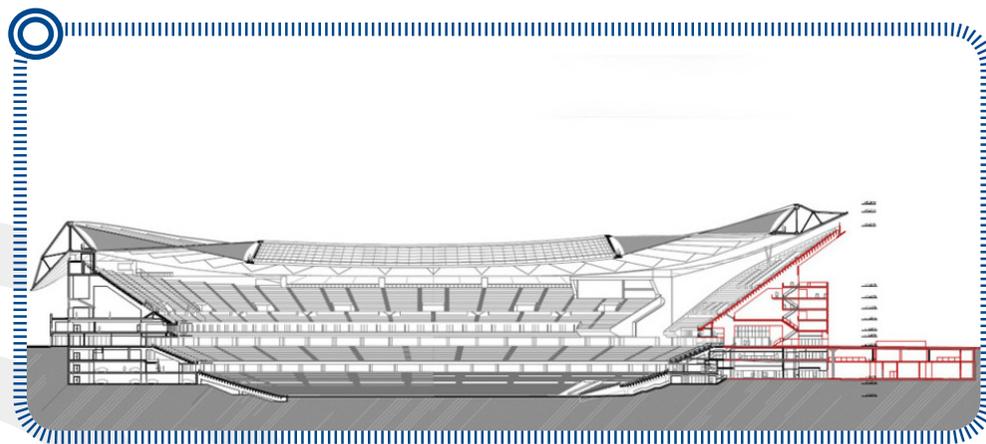
BBR PTE S.L. is taking part in the construction of footbridges in Doha (Qatar). This work consists of two identical cable-stayed footbridges. Each footbridge has two pylons with a total of 92 stainless steel locked coil cables.

BBR PTE S.L. is doing the deck post-tensioning work for the two footbridges. These have a "unique", three-dimensional curve with tendons of 7/0.6" and 19/0.6" measuring between 33 and 38 metres long. Subsequently, the cables making up both footbridges will be installed and tensioned.

Hospital Complex in Panama:

The new hospital complex in Panama is located on the outskirts of the capital. It has a total surface area of 200,000 m² under construction. The structures of the various modules making up the hospital complex are made with pillars and retaining walls that hold post-tensioned slabs between 22 and 25 centimetres thick. Altogether, the structures have about 1,000,000 kilograms of post-tensioned materials distributed in 50,000 tendons measuring from 15 to 100 meters long.

To build these structures, BBR PTE S.L. uses the post-tensioning non-adherent, single-strand system with a post-tensioning strand 0.5" in diameter (13 millimetres in diameter unsheathed). When constructing the large slabs, they are divided into smaller pieces measuring 30 to 40 meters long. In these cases, continuity anchoring is used to construct the slab in different stages.



New Atlético Madrid Stadium (plan)

New Atlético Madrid Stadium:

The new Atlético de Madrid Stadium has a structure comprising four levels of post-tensioned slabs. BBR PTE S.L. has introduced the new BBR VT CONA CMF system for post-tensioning slabs. The size chosen is 4/0.6" with a 150 mm² Y 1860 S7 strand.

This system has the particularity of being able to use a flat sheath and can adapt perfectly to the post-tensioned lines for slabs that are not too thick. In this case, a galvanised flat sheath measuring 70x21 was used.

The structure has approximately 300,000 kilograms of post-tensioned materials distributed in 2,700 tendons measuring from 15 to 35 meters long.

When tensioning operations are complete, the tendons are injected to protect them against corrosion. The slurry for the injection is made from I-42.5 Portland-Valderrivas I-42.5 cement from the factory in Alcalá de Guadaíra. This slurry meets all EN Standard requirements for this type of product, and gives excellent results in terms of mixing, volume changes, workability and bleeding.

PROSER

PROYECTOS Y SERVICIOS, S.A.

ENGINEERING

Proser carries out engineering studies and project planning. Among the contracts awarded during the year, apart from the various work performed for FCC Construcción, are:

Motorways and roads

- Construction project for the C-4 motorway, Belltall bypass, between KP 53+000 and 55+650 for the Catalanian Regional Government. Their representative elements include four intersections and five structures.
- Layout and construction project design of the Pont de Molins-La Junquera (Girona) section of the N-II. It consists in widening an 8.7 kilometre section of the road to convert it into a motorway, and has 4 junctions and 9 structures.

Hydraulic works

- Structural analysis of the pipeline at the Pampaneira (Granada) plant and associated feasibility reports.
- Renovation projects for the water supply network and other services in the district of La Florida de Santa Perpetua de Mogoda (Barcelona).

Technical assistance to the site manager

- Technical assistance for new mineral treatment plants in Minas de Aguas Teñidas (Huelva).

R+D+i

- During 2013, as part of its R+D+i programme, PROSER worked on optimising the geometric cross section of tunnels, which are part of the project called "Urban tunnels: Research in new methodologies of analysis, design and construction of tunnels in urban areas". This R+D+i project was certified as R & D in 2013.



FCC INDUSTRIAL E INFRAESTRUCTURAS ENERGÉTICAS, S.A.

FCC Industrial is the FCC Group company specialising in design, project implementation and execution of industrial works. For the company, 2013 was a year of consolidation in the industrial sector, as it explored the international perspective, an area that continues to receive a major boost from all public and private sectors.

In 2013 the fusion took place of two of the companies making up FCC Industrial: FCC Servicios Industriales y Energéticos (FCC SIE) and FCC Actividades de Construcción Industrial (FCC ACI). The outcome of this merger was the creation of FCC Industrial e Infraestructuras Energéticas, S.A. The company has four areas of activity, depending on the business and its implementation:

- Electromechanical Installations, Maintenance and Systems Division (IMS)
- Electrical Distribution Grids Division
- LNG Projects and Industrial Construction Division
- Oil & Gas Logistics and Warehousing Division

The activity of the merged company during the year achieved a production of 216.8 million euros and contracts totalling 184.2 million euros, resulting in orders of 231.35 million euros as of 31 December 2013. The most important works, listed by division are as follows:

FCC Industrial IMS

Throughout 2013, FCC Industrial División IMS (formerly FCC Servicios Industriales y Energéticos, S.A.) consolidated its leadership in the integration of electromechanical, railway maintenance and energy efficiency installations, as well as its systems area.

During this period, some of the opportunities studied and discussed for International business were specified, specifically in the zone known as "America I", which includes Mexico, Panama (Central America) and Colombia.

Electromechanical Installations Divisions

- Electromechanical and communication installations for the rehabilitation of the old Palacio de Albaida, for the conversion into the new headquarters of Omega Capital, S.A. on Fortuny Street in Madrid.
- Electromechanical and communication installations for the expansion and rehabilitation works at the El Porvenir school (Federico Fliedner Foundation) in Madrid.
- Integrated facilities in Nueva Torre Castellana (former Windsor) in Madrid.
- Electromechanical and communication installations at the new headquarters of the General Treasury of the Social Security in San Sebastián.
- Electrical and special installations at the new fish market at the Port of Pasaia (Pasajes) in Guipúzcoa.
- Electrical installations, systems and signage in the tunnels on the A8 stretch of the Muros-Dueñas motorway in Asturias.
- Electromechanical and communication installations for the refurbishment and expansion of the National Court building on Génova Street in Madrid.
- Heating and cooling system installations for the new R & D building at the "La Fe" University Hospital in Valencia; new Biopolo building for the Regional Government of Valencia's Minister of Health.
- Heating and cooling system installations in the new main Spanish headquarters of the MSC shipping line in Valencia.
- Various contracts for electromechanical work in Orange's buildings and sub-centres:
 - Sub-centres in Vara de Quart, Valencia
 - Sub-centre in Pedrosa, Barcelona
 - Sub-centre in Alicante
 - Sub-centre in Silvota (Asturias)



Castellana Tower

- Electromechanical installations in the Montilla (Córdoba) Secondary School.
- Refurbishment and modernisation of facilities in various hotels belonging to the H10 Hotels chain.
- Electromechanical and communication installations in the new theatre in Coslada.
- Electromechanical and communication installations in the new library in Coslada.
- Electrical and intelligent transport system in tunnels in Mogán, Gran Canaria.
- Expansion of airfield beacon installation at Malaga Airport for AENA.
- Comprehensive rehabilitation and upgrade of the cooling system equipment in the Torre Picasso to new standards.
- Electromechanical installations in the Nuevo Necaxa tunnels, Mexico.
- Electromechanical and communication installations for the new Chicho Fábrega Hospital in Panama.
- Electromechanical installations, Phase 1, for the new hospital complex in Panama.
- Lighting and power installations on Vía Brasil, Panama City.

Operation and Maintenance of Renewable Energy:

- Operation and maintenance of a 50 MW solar thermal power generation plant in Palma del Río in Córdoba belonging to Enerstar Villena, part of FCC Energía.
- Operation and maintenance of a 20 MW photovoltaic power generation plant in Espejo.
- Operation and maintenance of a photovoltaic farm in Sardinia, Italy owned by Eland and built by FCC Industrial which was commissioned in December 2010.

Railway Division:

- Catenary for the Atlantic high-speed railway line for ADIF. The works include implementing 400 kilometres of catenary power lines, of which 160 are already in service, leaving 240 kilometres pending execution.
- Málaga Metro Lines 1 and 2. Remarkable progress in the electromechanical, ventilation and catenary installations, traction systems, accesses, systems and control.

Maintenance and Energy Efficiency Division

- Cervantes Institute headquarters on Alcalá Street, Madrid.
- Realia
 - Eisenhower Business Centre, Madrid
 - East Tower (KIO Towers)
 - Méndez Álvaro Business Centre
 - Ferial Plaza Shopping Centre in Guadalajara and Plaza Norte in Leganés

- Abbot Laboratories and Amo (Famar) pharmaceutical laboratories
- Southern Regional Air Navigation Control Centre for AENA
- Terminal 2 at Barcelona Airport for AENA

In addition, the coverage for comprehensive maintenance that it already provided for Prisa Group was expanded:

- Sogecable production centre in Tres Cantos
- Storage and distribution warehouse for Santillana publishing house
- Headquarters of the El País newspaper and the headquarters of the Ser radio station on Madrid's Gran Vía
- Signing of the framework agreement with the project company and operator of the Silken hotel chain to provide comprehensive maintenance for its hotels throughout Spain.
- Maintenance of Torre Castellana.

Of particular note is the contract won by FCC Industrial for the provision of the entire exterior lighting service for the City of Los Palacios y Villafranca in Seville, as well as a lighting maintenance contract for the city of Cádiz.

These are global, integrated actions for the maintenance and operation of street lighting for Town Councils, with planned investments of 500,000 euros aimed at improving the energy efficiency of the installation through actions aimed at saving, measuring and monitoring the consumption of energy.

Systems Division

FCC Industrial has been awarded a contract to manufacturing 83 gunner control replicas of Centauro tanks and another 24 gunner control replicas of Pizarro tanks. In addition, in December 2013, FCC Industrial was awarded the contract to manufacture 5 gunner control replicas for the RG31 vehicle. The Pizarro and Centauro units were designed and manufactured in less than 4 months and have been distributed to the Spanish Army's main simulation centres.

All these replicas are equipped with electronic cards developed by FCC Industrial specifically for these controls and enable interaction with the "Steel Beasts" simulation software, which is the simulation software most commonly used by NATO armies.

Others:

- Maintenance of systems and power in galleries and tunnels at Barajas Airport for AENA
- ITS systems in the Muros-Dueñas tunnels in Asturias
- ITS systems in the EIX-Transversal tunnels in Catalonia
- ITS systems in the Nuevo Necaxa tunnels in Mexico
- Maintenance of systems on various motorway in Catalonia

FCC Industrial, Division of Electrical Distribution Grids

Some of the most representative works are:

- Infrastructure for the construction of the 220 kV Collblanc – S.E. Valdonzella – S.E. Urgell line (Barcelona city) to be done for Endesa Ingeniería on behalf of REE (Red Eléctrica Española).
- Maintenance and construction of new works for MV/LV distribution grids in the following areas of Barcelona: Districts 5, 6, 7, 8, 9 and 10 - St. Adrià - Sta. Coloma - Badalona (Catalunya Centros Division) to be done for Endesa Distribución Eléctrica during the June 2013 - May 2016 period.
- Maintenance and construction of new works for MV/LV distribution grids in the following areas: Pozuelo/Villalba, Albacete, León, Zamora, Levante and Toledo for Iberdrola. Awarded framework contract for the next three years.
- Maintenance and construction of new works for MV/LV distribution grids and substation maintenance for Gas Natural Fenosa, continuing with the zones under contract in previous periods.
- Construction and assembly of the 500 kV single-circuit overhead line between the Balata and Nueva Esperanza substations for Empresas Públicas de Medellín, E.S.P., Colombia.
- Project for a 115 kV overhead line and 40 MVA substation for CFE in Mexico.

FCC Industrial, LNG Projects and Industrial Construction Division

This is a branch of the former FCC Actividades de Construcción Industrial, S.A. construction company and its activity has focused primarily on industrial projects and, more specifically, on comprehensive EPC projects.

The most significant works carried out during 2013 are as follows:

- Solar thermal power generation plant in Villena, Alicante. This project is very similar to the plant in Palma del Río, another turnkey project (50 MW) belonging to Enerstar Villena, which is part of FCC Energía.

- Expansion of the LNG regasification plant in Quintero (Chile). This includes engineering, supply of all the equipment and construction as well as testing and commissioning for the increased regasification capacity and delivering the gas to the Chilean LNG network. It is equivalent to expanding the plant's production capacity by 50%.

The following projects remained active during the year:

- Theatre and Cultural Centre in Coslada for Hipercor.
- Phase II of the construction of the Torre Castellana: Installations and preparation of the interior for Ason Inmobiliaria, the customer.
- Centre for the Conservation and Maintenance of the A6 motorway for the state customer Demarcación de Carreteras of the Ministry of Public Works.
- Guzmán solar thermal operation for Guzmán Energía, a private customer.



Yela-Villar de Arnedo oil pipeline.

FCC Industrial, Oil & Gas Logistics and Warehousing Division

The year's most representative works are as follows:

- EPC contract to increase LPG storage capacity at the Callao Terminal (Peru) for private customer VOPAK Perú. This project entails the construction and commissioning of a system with three LPG storage spheres which will double the reserve capacity in the port installations currently owned by PetroPerú. The Dutch company Vopak, a world leader in this type of facility, current has the concession.
- Torrejón Barajas oil pipeline, Section I, for Compañía Logística de Hidrocarburos (CLH).
- A crossing for the River Tajo made using horizontal directional drilling, for the customer Enagas.
- Musel-Llanera oil pipeline, for the customer Enagas.
- Yela-Villar de Arnedo oil pipeline, for the customer Enagas.
- The contract for the construction of the Mariña-Lucense gas pipeline in Galicia for the customer Gas Natural Fenosa was recently awarded.

R+D+i projects

Project on intelligence and safety-related decision strategies in railway tunnels (ADIF). Start: December, 2013; completion: March 2015.

The topics under study are ventilation strategies and intelligent decision algorithms in situations of serious incidents in railway tunnels. The participants in this R & D project will be from Technical University of Madrid laboratories: CEMIM (Centre for Modelling in Mechanical Engineering) and DIA (Department of Artificial Intelligence), as well as the Systems Division. The first phase of the project will be implemented in the AVE access tunnel in the city of Vigo. This is a twin-tube tunnel measuring 8.5 kilometres long with 17 emergency galleries.

Matinsa

MANTENIMIENTO DE INFRAESTRUCTURAS, S.A.

MATINSA, CONSERVATION OF INFRASTRUCTURE

The FCC Group operates in the sector through Mantenimiento de Infraestructuras, S.A. (Matinsa) in the following areas of activity:

Motorways and roads

Maintenance of over 1,550 kilometres of motorways and 2,110 kilometres of roads in the conventional road network belonging to various public administration bodies, (Ministry of Public Works, autonomous communities, provincial councils, district councils, etc.).

Worthy of note is the access to Madrid via the A-6 motorway from Villalba which includes the BUS-HOV lane, which is a pioneer in Europe as a model of transport infrastructure reserved for high-occupancy transport with a reversible roadway.



Highways maintenance

Matinsa provides conservation services for ring roads in Barcelona, the Ronda de Dalt and the Ronda Litoral, the traffic along these roads exceeds 270,000 vehicles daily.

Following are significant contracts and renewals awarded during 2013:

- The award of two new conservation contracts in Santander and Huesca.
- The renewal of conservation contracts in Palencia and Albacete.
- The extension of contracts in Madrid (A-6), Guipúzcoa, Murcia (Aucosta), Badajoz and Cáceres.

Maintenance of transport systems

Matinsa maintains the urban tramways in the cities of Zaragoza and Murcia. Included in these contracts is the 2013 five-year renewal of the Murcia Tramway maintenance contract.

Hydraulic infrastructure maintenance

Matinsa continues its activity in the maintenance of water infrastructure, maintaining the channels of the irrigation area of the River Árrago basin, which includes 178 kilometres of channels and 9,300 ha of irrigation area.

Management of emergency and forest fire services

- The award of the fire and rescue service at the fire stations in Bueu, Porrino, Ribadumia and Vilagarcía de Arosa in Pontevedra for a period of 8 years, with a total of 74 staff members.
- The fire brigade services for the eastern zone of the Community of Madrid continue with a total of 234 workers, eight heavy forest fire engines, 15 light engines, two high mobility vehicles (VAMTAC), one twin-engine helicopter and 14 forestry engineers. These services have continued interruptedly since 1998.
- Fire extinguishing devices in the Casa de Campo in Madrid since 2003, that have been extended in 2013.

Environmental restoration

Significant contracts awarded this year include:

- Restoring an area once used to process aggregates in the locality of El Bosque de Rivas Vaciamadrid for the Community of Madrid.



Execution of forestry works

Environmental services

Contracts awarded this year include:

- Pruning, clearing, preservation and maintenance of parks, gardens, roads and pavements in the municipality of Torrelodones for a period of three years.
- Conservation and management of Southeast Regional Park, the Regajal-Mar de Ontígola Nature Reserve and cleaning the recreational areas in Forest Region VIII.
- Extension of the conservation and maintenance services for earthen areas, pavements and civil works elements in Casa de Campo Park.
- Extension of the conservation service for the River Manzanares where it passes through the municipal limits of Madrid.

Forestry works

Significant forestry works include the reforestation and silvicultural improvement of forests in the communities of Madrid, Andalucía and Valencia, for various governmental agencies: autonomous communities, confederations, city councils and ministries.

R+D+i projects

Matinsa participates in the SIDEINFO project, which is a defence system for forest fires.



CORPORATE IMAGE

Megaplas S.A. is the FCC Group company that provides corporate image services for interior and exterior elements within a Europe-wide scope. Implementation is done through its two production and management facilities, in Madrid and Turin.

In October 2013, Volkswagen AG (Volkswagen's European headquarters) approved Megaplas as a European-wide supplier for the manufacture and installation of the main entrances on the façades of its authorised car dealers, which are the most significant elements in the company's current corporate image. In 2013, the two types of main entrances were installed in two Volkswagen dealers in Spain: one in Seville – Sevilla Wagen – and the other in Alicante.

Within the diversification of services that Megaplas provides to its customers and in line with our philosophy of focusing on customers needs, Fiat Industrial chose Megaplas as its image suppliers for the interiors of their NH Agriculture brand dealerships. The implementation of this internal identification program started this year in Spain, and will be extended over the next two years to the rest of Europe. It encompasses everything from interior and emergency signage to furniture, including merchandising items.

In the Las Caletillas Service Station on the island of Tenerife, Megaplas installed the first Disa bird image on its two canopies. Each canopy, technically developed by Megaplas, is a separate element made of fibreglass and decorated with Disa colours and logo, lit by LEDs. The canopies are 10 meters long, almost 8 metres high with petrol pumps on both sides.

During 2013, Megaplas made advertising columns for 11 domestic airports for Cemusa.

In 2013, Renault España, which has been a customer for over 40 years, entrusted Megaplas not only to handle the exterior image of their car dealers, but also to identify its network of MOTRIO garages. Furthermore, during the next three years, as part of the

“store” programme, Megaplas will renovate the interiors of the car dealers by installing an interior structure that will serve as a reception and rest area, along with an information centre and interior signage.

Megaplas has supplied and installed the internal signage inside Málaga Metro’s Line 1 and 2 stations.

Fiat Group remains one of Megaplas’s key customers, it is the exclusive supplier of exterior images for all its brands (Alfa Romeo, Fiat, Lancia, Jeep and Abarth) in Spain, Portugal, France, Belgium, Holland, Italy and Greece, besides being an approved supplier for the sale of their logos worldwide. In December 2013, Megaplas Italia was awarded the tender contract for the interiors of Fiat Group’s dealers at European level; this tender entails carrying out work in over 500 car dealers.



Disa AVE



PREFABRICADOS DELTA, S.A.

The 2013 production of Prefabricados Delta factories experienced a marked recovery when compared to the previous year, focused primarily on the increase of both fibreglass-reinforced polyester as well as pipes made of steel-jacketed concrete. Thus, the global production for the year by product type was as follows:

- Over 47 kilometres of fibreglass-reinforced polyester pipes (FRP).
- 13,343 metres of steel-jacketed concrete pipes.
- 97,000 pre-stressed monoblock sleepers of different types.

The most significant supplies per industrial sector were:

SUPPLIES FOR HYDRAULIC LINES

During 2013, over 60 kilometres of pipes were manufactured and supplied: 47,082 meters were made of fibreglass-reinforced polyester and 13,343 meters were made of steel-jacketed prestressed concrete pipe with elastic gasket.

The most significant works include the following:

- Supply of steel-jacketed prestressed concrete pipe with elastic gasket for the water supply to the County of Huelva and the area surrounding Doñana (Huelva); these works are dependent on the Andalusian Regional Government’s Environment and Water Agency. The contract is for the manufacture and supply of 18.3 kilometres of prestressed pipe with interior diameters of 700 and 600 mm and maximum design pressures of up to 16 atmospheres. Almost 50% of the contracted amount was supplied during 2013.
- Supply of 3,300 meters of steel-jacketed prestressed concrete pipe with elastic gasket with interior diameters of 1,400 and 1,200 mm and design pressures of between 5 and



SUPPLY OF RAILROAD SLEEPERS

In 2013, 97,024 pre-stressed monoblock sleepers, for both the AI-04 (standard gauge sleepers) and PR-01 (standard and national gauge type), were supplied.

The most significant works were:

- Sleepers for the high-speed Olmedo-Zamora section of the Northern-Northwest High-Speed Corridor, Phase I, with 113,000 sleepers for international track width as per contract.
- A total of 44,900 sleepers for the Utrera-Jerez airport line, Utrera-Las Cabezas de San Juan (Seville) subsection of the Seville-Cádiz high-speed railway line.
- The supply of 20,400 multi-purpose sleepers for the Chiclana-San Fernando (Cádiz) Tramway for the Andalusian Regional Government's Public Works Agency.



8.5 atmospheres for the modernisation of the Riegos de Levante (left side) irrigation community, Phase III, within the municipal limits of Elche and Crevillente.

- Works for the project to improve and consolidate irrigation for the Sindicato de Cuevas irrigation community in Almanzora (Almería). Fibreglass-reinforced polyester pipes (FRP) with diameters of between 700 and 300 millimetres and a rated pressure of 16 bar were supplied.
- Supply of fibreglass-reinforced polyester (FRP) pipes and special parts for the irrigation modernisation works for the Canal del Páramo Bajo (León) dependent zone, Irrigation Sector II, Phase I, with nominal diameters of between 450 and 1,400 mm and nominal pressure of 10 bar. For this work, 25.3 kilometres of pipe and 170 special parts made of FRP were manufactured.



CEMENT

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**CEMENTOS
PORTLAND
VALDERRIVAS**

Cementos Portland Valderrivas, S.A.

Fomento de Construcciones y Contratas' portfolio of outstanding control securities of Cementos Portland Valderrivas, S.A. at year-end 2013 was 69.83%.

ECONOMIC ENVIRONMENT AND PERFORMANCE OF THE CONSTRUCTION AND CEMENT SECTOR

Spain

According to data from the Spanish National Association of Cement Manufacturers (OFICEMEN), cement consumption in Spain in 2013 was 10.98 million tonnes, a decrease of -19% compared to 2012 and -80% compared to the highs reached in 2007. However, it is important to point out the relative improvement shown in the decline of cement consumption over the year. Therefore, while in the first quarter the fall in consumption was -29% compared to the same period last year, in the second quarter it decreased to -19%, in the third to -17%, while in the fourth the fall moderated to -9%. If this trend continues, cement consumption in the domestic market is close to touching bottom.

Given this situation of low activity and by way of compensation, Spanish manufacturers have continued to increase their presence in international markets in order to partially alleviate the lack of domestic demand. Thus, since 2007, exports of cement and clinker increased by 536%, from 1.1 million tonnes in 2007 to 6.9 million tonnes in 2013. This figure is, in turn, 12.2% higher than in 2012 and in absolute terms represents an increase of 1.0 million tonnes.

On the other hand, imports of cement and clinker in 2013 were limited to 0.4 million tonnes, 18% lower than in 2012.

Estimates for 2014 by the Spanish National Association of Cement Manufacturers (OFICEMEN) indicate a further fall in cement consumption that could reach 8% at the national level.

United States

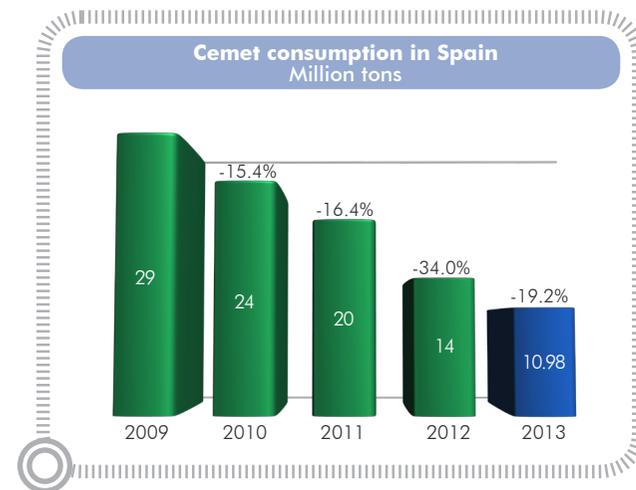
Data from the residential construction market are positive; the number of homes being built in November 2013 experienced strong growth (29.6%), recording the best results since February 2008. This should undoubtedly carry the construction sector to strong levels of growth in the coming months.

Cement consumption data to December (data from the US Geological Survey) totalled 82.3 million tonnes, an increase of 4% compared to the same period last year.

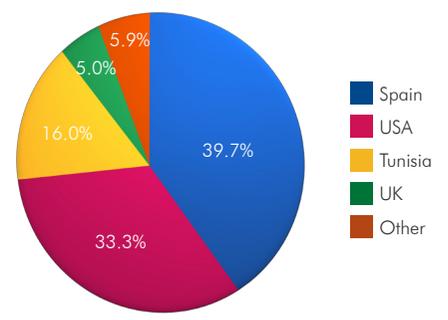
For the next few years, the Portland Cement Association (PCA) forecasts growth of 9.7% for 2014 and 2015 and 11% for 2016, based on an increase in public investment.

Tunisia

Construction activity is maintaining a healthy pace, with a favourable outlook concentrated mainly on the residential construction.



Distribution of revenues by country in 2013



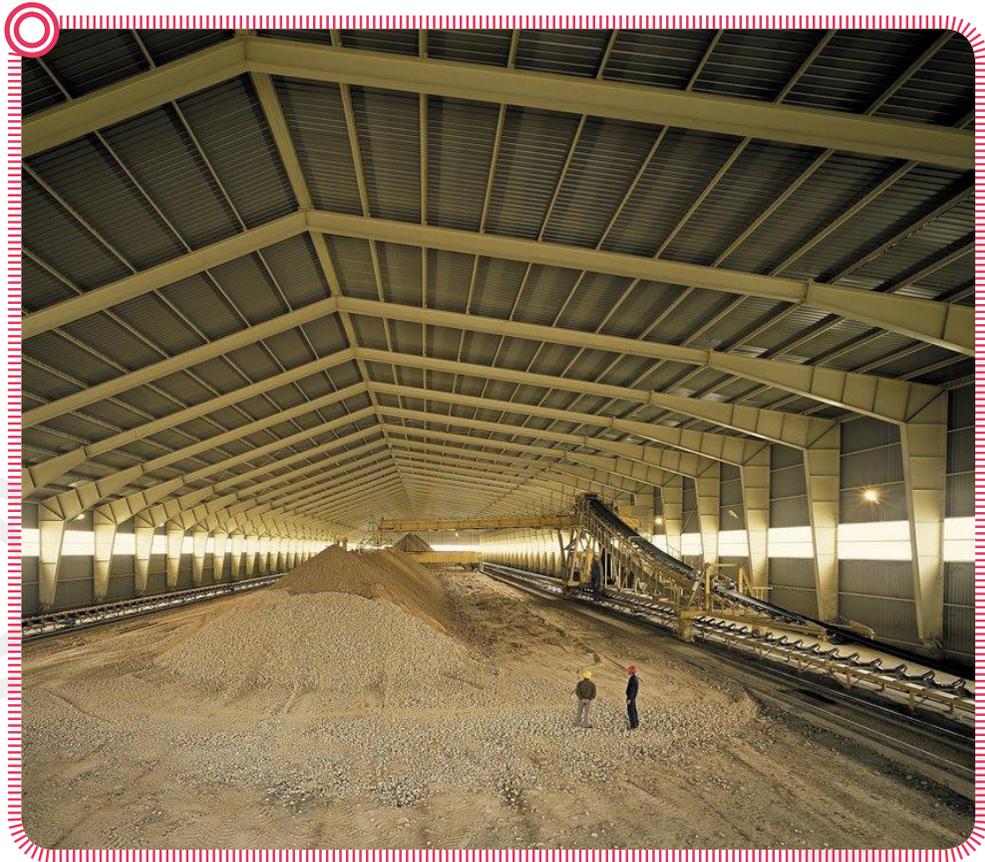
In this context, cement consumption in 2013 reached 7.7 million tonnes, an increase of 2.5% compared to 2012, beating the record highs reached in 2012.

The good performance of the local market has been accompanied by strong growth in exports of cement and clinker throughout the year, reaching 582 thousand tonnes, up 130% compared to 2012.

The year 2014 offers a more stable political situation following the adoption of the new constitution and a new transitional government supported by all political parties. Expectations anticipate that local demand for cement will be maintained, with a significant increase in exports primarily aimed at neighbouring countries.

United Kingdom

The data on cement consumption in Britain show a favourable trend throughout the year. Thus, while the first quarter recorded a decrease of 10%, which was offset in the second quarter with a growth of 10%, third quarter data indicate the consolidation of growth with an increase of 11%. Accumulated figures up to September, the latest available, show a 4% growth of cement consumption compared to the same period last year.



Forecasts for 2014 indicate a 4% growth in cement consumption in the country as a result of the increase in residential construction.

GROUP PERFORMANCE

The Cementos Portland Valderrivas Group's main activities are the production, sale and distribution of cement, concrete, aggregates and mortar. All of these are directly related to the construction sector and depend on its performance.

For the entire Cementos Portland Valderrivas Group, the 2013 sales of cement and clinker were 7.2 million tonnes, compared to 8.2 million tonnes in 2012, a decrease of 12%.

Concrete sales were 1 million cubic metres with sales of aggregates totalling 3.6 million tonnes, a decrease of 52% and 48%, respectively. In terms of mortar, the Group achieved sales of 0.5 million tonnes, down 26% from last year.

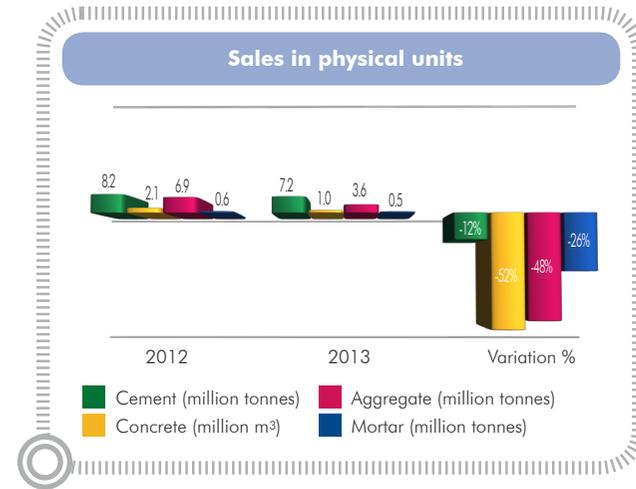
Cement

The sales of cement and clinker by Cementos Portland Valderrivas Group in 2013 were affected by the fact that Southern Cement and all the companies belonging to Lemona Group left the Group, as well as by the contraction of cement demand in Spain.

Total aggregate sales were 7.2 million tonnes, with a 12% year on year rate of decrease which, in physical units, led to a reduction of 1 million tonnes. Excluding the tonnes sold by Cementos Lemona and Southern Cement in both years, the variation is -9%, with a reduction of 0.7 million tonnes.

The volume of grey cement sold in the Spanish market during 2013, excluding the Lemona Group, fell by 21% compared to the previous year. 2.3 million tonnes were sold and 1 million tonnes were exported, i.e., 30% of total sales, thereby offsetting in part the decline in domestic demand.

In the United States, the Group's activity continued to show a positive trend and the increases were greater than those recorded in the market. 1.7 million tonnes of cement and clinker were sold, which was 15% more than in 2012. Of this volume, 112,000 tonnes were exported to Canada, a figure that represents an increase of 7% over the previous year.



The Group's activities in Tunisia during 2013 show great strength and stability. This is indicated by the volumes sold, which increased 2.8% compared to 2012, standing at 1.8 million tonnes of cement, of which 110 thousand tonnes were for export to Libya and Algeria. Also worthy of note is the liberalisation of prices and exports in the cement market which took place in January 2014, until now this had been regulated by the Tunisian government. In turn, the subsidy for energy costs was eliminated. The combined effect of these measures will be positive for our operations in the country.

The volumes sold in the UK, excluding sales originating from the Ipswich terminal, grew 23% compared to the previous year.

The sales volume in international markets currently represents 67% of the total. Of significance is the growing importance of sales in the United States, with a 6 percentage point increase over the same period last year, reaching 24% of the total volume of cement sold by the Group

Mortar, concrete and aggregates

Sales of mortar, concrete and aggregates by Cementos Portland Valderrivas Group in 2013 were also affected by the fact that Southern Cement and all the companies belonging

to the Lemona Group left the Group, due to the contraction in the demand for these materials in Spain and essentially due to the transfer or closure of unprofitable plants for these businesses in Spain.

The Group's aggregate sales of dry mortar in 2013 amounted to 493,197 tonnes, a decrease of 26.4% compared to the 669,668 tonnes sold the previous year.



Almost all this was sold in Spain, with a decrease of 26.5% over the previous year. Of the 17 plants belonging to the Group in Spain, 6 remain operational, 4 have been leased and 7 temporarily closed.

Some of the unique construction works in the domestic market that were supplied with mortar in 2013 are:

- Palencia: new city council building for the Guardo City Council, San Juan de Dios School
- Soria: Soria prison
- Navarra: Ezkaba secondary school (Pamplona), Iribas and Andosilla water treatment plants
- Seville: Pelli Tower
- Cordoba: El Cabril nuclear waste dump in Hornachuelos
- Huelva: Aguas Teñidas Mines in Almonaster, La Real and the Carrefour shopping centre in Huelva
- Barcelona: Sabadell railway tunnel for Ferrocarrils de la Generalitat

As regards concrete, the 2013 aggregate total sales by Cementos Portland Valderrivas Group were 1.0 million cubic metres, which was a decrease of 52% over the previous year's sales.

Of the Group's total sales of concrete, 85% which is equivalent to 874,103 cubic meters, were sold in Spain; this figure has resulted in the negative year on year variation of 54.4%. Of the Group's 107 concrete plants in Spain, 56 are temporarily closed and 18 leased to third parties.

Concrete sales of 136,749 cubic metres in Tunisia fell by 14.5% compared to the previous year with a specific weight of 13% of total concrete activity.

In the US, there was a decrease of 57%, with 22,800 cubic meters sold in 2013. It should be mentioned that this decline is also due to closures of unprofitable concrete plants. Currently, only 3 of the 9 concrete plants owned by the Group in the state of Maine are operational.

In Spain, the unique construction projects supplied with concrete by the Group in 2013 include:



- ◉ Madrid: Barceló Multipurpose Centre, construction of the Pinto landfill, CNS military service on the Torrejon airbase and the completion of the expansion of the third lane of the A-2 motorway.
- ◉ Tarragona: the C51 road (Albinyana-Valls-Tarragona section) and the chemical dock at Tarragona port
- ◉ Palencia: expansion of Sidenor factories in Matamorosa, the Palencia-Venta Baños section of the high-speed railway and the San Luis Hospital extension.
- ◉ Seville: Phase 2 of the platform at Seville airport, Phase 2 of the Pelli Tower development, the new Huerta la Princess secondary school and the COSTCO shopping centre.

Meanwhile, the Group's total sales of aggregates in 2013 amounted to 3.6 million tonnes, resulting in an annual year on year decrease of 48.3%.

The Group currently has 49 plants for extracting and processing aggregates: 46 operate in Spain, 2 in the US and 1 in Tunisia. It should be mentioned that, of the 46 plants in Spain, 14 are still operating, 9 are leased and 23 temporarily closed.

Different types of aggregates were supplied to the Spanish market in 2013; one of the most important sales was for the Flix reservoir landfill in Tarragona.

Sustainability, the environment, energy and material recovery and R+D+I

Sustainability

In 2013, we continued to progress with the 2012-2014 Sustainability Strategic Plan aimed at consolidating sustainable development as the future strand that is present in our business decisions.

This plan is organised in seven fundamental lines of action:

1. Commitment and transparency
2. Human capital
3. Occupational health and safety
4. Connection with groups of stakeholders

5. Participation and volunteering
6. Protecting the environment
7. Innovation

Despite the difficult market environment, the Group continues to be steadfast in its commitment to sustainability, applying practices of good governance, respect and care for the environment with an active collaboration with society.

Environment

The environmental policy is our key working principal to maintain our commitment to environmental protection and conservation.

The Group continues on its path to excellence in environmental management as it operates all its workplaces in Spain within the ISO 14001 Standard certification, and they are also registered with EMAS (EU Eco-Management Regulation and Audit Scheme). The environmental statements are public and available on the Group's website www.valderrivas.es.

One of the Group's objectives is to extend the environmental management system to its factories in the US and Tunisia. This means that all the factories will be certified under the same standard in the near future. To this end, benchmarking is a great tool, and will make it possible to globally value all the knowledge gained over many years in all its factories.

Material and energy recovery

During 2013, the Group continued working on the development policy for its Material and Energy Recovery Plan in its cement factories. Despite the drop in the levels of its own production and that of other industries in our country, the Group has maintained the energy recovery at its factories at a level of 20%.

One important milestone reached last year was to obtain a new Integrated Environmental Authorisation for the factory in El Alto located in Morata de Tajuña (Madrid). This meant that substitution levels of nearly 40% in the second half of the year were achieved.

Group plants in the US slightly increased their level of thermal substitution, to 41%. In addition, the company is preparing to include the factory located in Thomaston in Maine in energy recovery plans, and this will substantially increase the level of thermal

substitution in the coming years. The fuel supplies to be recovered and the projects for storage, transportation and provision of alternative fuels are currently being studied and negotiated.

Material substitution, which consists of preserving natural resources by recovering other industrial by-products to be used to manufacture clinker in the Spanish Group plants, has been slightly penalised due to the drop in activity of other industries, which reduces the availability of materials to be recovered. For this reason, the final value is 4.2%, slightly less than in the previous year (4.8%).

Innovation and R+D+I

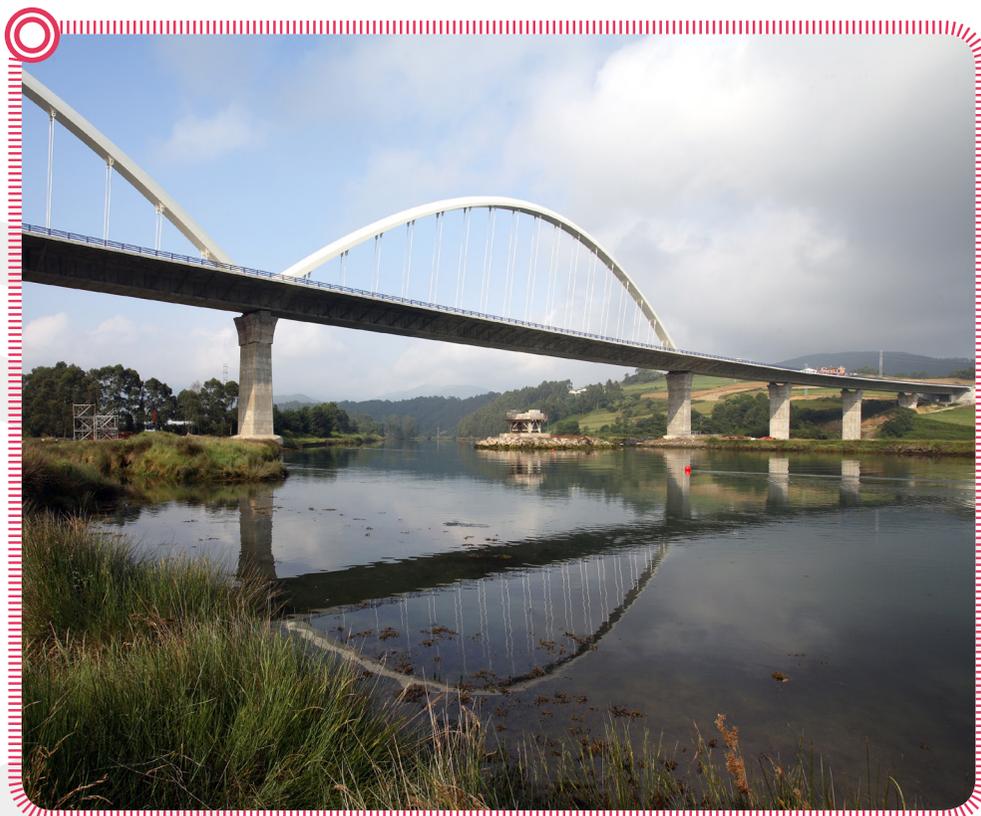
Despite the unfavourable situation marked by industry trends, Cementos Portland Valderrivas Group continues to maintain its lead over competitors in terms of innovation in Spain.

While its innovation activities in 2012 focused on increasing the portfolio of research projects, 2013 was a year of hard work aimed at the development and consolidation of the projects implemented.

The Group works on innovation through a series of linked stages that begin with research activities within the framework of research projects and ends with the marketing of the product and/or sale of the technology, all of which takes place after undergoing an industry-scale laboratory testing phase for the manufacture of new products and their development and application in actual construction works.

These phases of innovation were carried out in conjunction with the pilot experience known as "open innovation". Implemented in 2012, it has played a key role in this regard, identifying the major projects planned worldwide and the different groups of prescribers and potential clients with whom contact was necessary in order to present the Group and its new products. As result of this initiative, it has been possible to test new, high-performance cements, Ultraval and Ultraval SR, in various construction works such as the Garrovillas Bridge (Cáceres), Rail One (Toro-Palencia) and La Biennial-Venice (Italy).

In relation to technology sales, in 2013 the Group focused on designing a marketing and sales strategy for its new products and technology, making initial contacts with potential customers with the aim of opening new business opportunities by selling technology.



Throughout this process, intellectual property is an essential element to protect the technologies developed and five new patents are being processed to date.

Human resources, occupational health and safety, information systems and process optimisation

As in previous years, the Group has continued to adapt its organisational and human resources structures to the situation of the markets where it operates. For this reason, there was a reduction of 652 employees (650 job losses in Spain, 25 hires in the US, 18 job losses in Tunisia and 9 in the UK), bringing the total workforce as of 31 December to 1,843 (854 in Spain, 617 in the US, 354 in Tunisia and 18 in the UK and Holland).

Throughout 2013, the Corporate HR Management and Resources Department, along with the rest of the corporate and business management departments, took part in the analysis of workforces and costs in Spain in order to prepare a proposal for savings. This concluded with the preparation of explanatory reports to negotiate the relevant Collective Redundancy Plans (“ERE”) in the cement and structure businesses and the concrete, aggregate, mortar and transport businesses, as well as in the preparation of the report to present the Temporary Redundancy Plan (“ERTE”) in the cement factories.

In July, the negotiation of the consultation periods opened in the Collective Redundancy Plans (EREs) for structure and cement business personnel, as well as concrete, aggregate, mortar and transport personnel, was successfully concluded with an agreement on a total of 444 redundancies. In the end, however, there were a total of 449 redundancies as more volunteers came forward.

An agreement was reached in October 2013 on the Temporary Redundancy Plan for the Group’s factories in Spain. This plan affects 620 employees from all the factories in Spain for the period October 2013 to December 2014.

With these redundancy plans, the Group has addressed the restructuring of its production capacity to fit the present and future market situation.

Apart from the above, the following agreements have been reached with regard to collective bargaining in 2013:

- Agreement with the Works Council and local branches of the trade unions at the El Alto factory and the José Abascal office within the framework of the negotiation of the applicable collective bargaining agreement.
- Agreement with the Works Council and local branches of the trade unions at the Mataporquera factory within the framework of the applicable collective bargaining agreement to adjust labour costs to the factory’s production situation in 2013.
- Agreement with the Works Council and local branches of the trade unions at the Monjos factory to sign the collective bargaining agreement.
- Agreement with the Works Council and local branches of the trade unions at the Alcalá de Guadaíra factory within the framework of the negotiation of the applicable collective bargaining agreement.

In addition to negotiating these agreements, throughout 2013 agreements were reached in all the factories regarding geographical and functional mobility, flexibility in shifts, hours and schedules that will enable an increase in organisational efficiency and costs.

Human resources in the US

Negotiations for the labour contract at Giant Cement were finalised in January 2013. The key issues included in these negotiations were: a wage freeze for the duration of the agreement, a change from the defined-benefit pension plan to a defined-contribution pension plan, the elimination of pensioner health benefit coverage and greater flexibility.

In addition, labour contract negotiations were carried out at Keystone Cement. The main topics included in the negotiations were: a wage freeze for the first year, a change from the defined-benefit pension plan to a defined-contribution pension plan, the elimination of pensioner health benefit coverage and some changes related to outsourcing and the skills of the plant supervisors that will help the work to be done in a more flexible and operative fashion.

Apart from this, GCHI's headquarters were moved from their previous location in Summerville, South Carolina to the new facility in Alexandria, Virginia.

Human resources in Tunisia

In August and September, Mr Pablo Hidalgo Blázquez joined the staff of the Société des Ciments d'Enfidha in Tunisia, as Business Director for North Africa, taking on the responsibilities of François Cherpion who left voluntarily and Mr Ramón Salvatella Plans joined taking up the management responsibilities for the Enfidha factory.

Organisation and development

A total of 22,099 hours of training were offered in 2013, which was 1,745 hours more than in 2012. The training subject that received the greatest investment in training hours was Occupational Health and Safety.

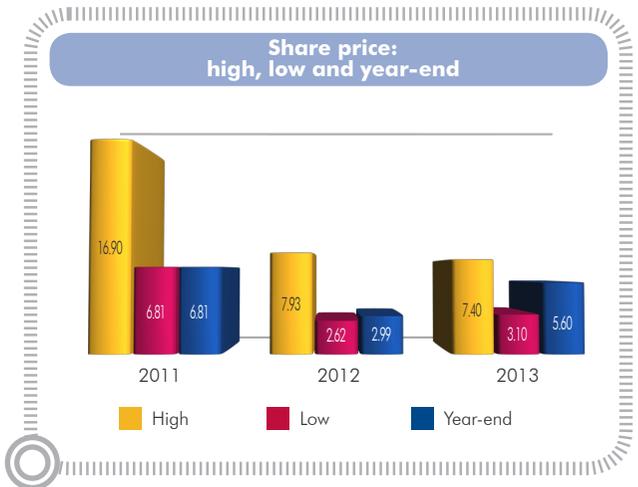
Group in-house training continues to be encouraged, and the number of hours taught by company personnel now stands at 39.5% of the total hours. Specifically, in the US, 65.7% of training (4,010 hours) was done in-house.

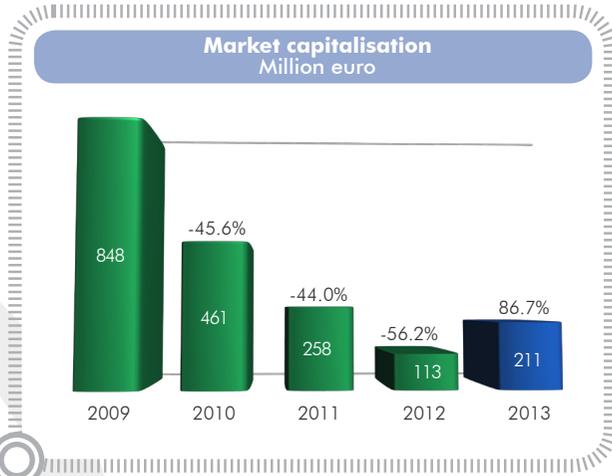
Occupational health and safety

With respect to occupational health and safety, it must be pointed out that, once again, there were no serious accidents in 2013 anywhere in the Group; the accidents that did occur were of a minor nature.

In Spain, the accident frequency rate remained similar to last year's, while the severity index (which essentially corresponds to the number of workdays lost due to accidents) has improved by 21% compared to the previous year, which reduced losses due to workplace accidents or occupational illnesses.

In order to maintain the level of safety achieved, all the occupational safety technicians in the Occupational Health and Safety Department carry out activities aimed at providing each Group company with: advice and support on occupational health and safety, ensuring that risk factors are assessed; planning of preventive actions and proposals for annual scheduling; emergency and first aid response plans; studies carried out aimed at improving safety in the implementation of work methods and ergonomic studies of workstations; monitoring of environmental conditions; assessments on compliance with internal and external regulations, establishing safety procedures and standards; training on occupational health and safety; activities related to health monitoring and regular health checks; as well as any other actions that might be required by law at any given time.





In addition, occupational health and safety audits were conducted by health and safety technicians in all of the Group's operational production facilities in Spain, the outcome of which has been the drawing up of extraordinary action plans with the objective of assessing and resolving any unsuitable facilities detected.

In order to verify compliance with established procedures, certification audits in accordance with the OHSAS 18001 Standard were carried out by AUDELCO in the seven cement factories in Spain.

Furthermore, the Technical Training on Multi-tasking was implemented in order to ensure that the job category changes resulting from the employee redundancy process are carried out in compliance with all established health and safety requirements.

Particularly notable is the U.S. accident frequency index, 3.06%, which is the best out of all the markets and continues at excellent levels in terms of the low accident rate achieved.

In Tunisia, the frequency rate has remained similar to that obtained in 2012, which was a significant improvement compared to the values of previous years.

Information systems

Relevant disclosures in 2013 include the following:

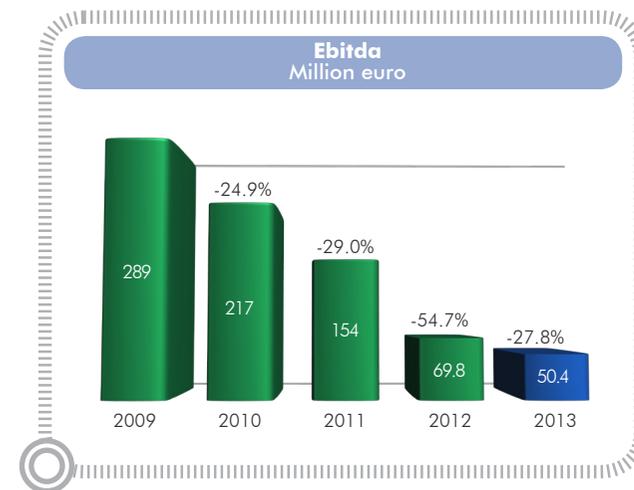
The launch of the CPV Group's new intranet with access for all employees. Deskless employees can access it from any internet-connected computer or tablet. The new intranet's main objective is to facilitate communication at all levels.

The SAP integration project at Cementos Alfa and Canteras de Alaiz was successfully completed. With its implementation, SAP becomes the only ERP for all companies and businesses in Spain.

In December 2013, the deployment of the new shipment control system (TRSNET) in four factories was completed: Alcalá de Guadaíra (April), Olazagutía (September), El Alto (October) and Hontoria (December).

Cost-saving measures implemented in 2013

The decline in cement consumption in Spain has forced the Group to take additional measures to adapt the production capacity and structure of the businesses to the current market situation.



The Group applied the following measures in 2013, and will continue to apply them in 2014, to reduce costs and increase profitability:

- Adaptation of the cement factories' activities in Spain to the market situation through temporary shutdowns.
The application of a temporary redundancy plan ("ERTE") began in 2013 and will continue throughout 2014; this affects 620 workers in cement factories in Spain and was negotiated and agreed with the workers' legal representation.
- Resizing of the concrete, mortar and aggregate businesses aimed at maintaining activity only in profitable facilities.
The Group has closed concrete, aggregate and mortar plants in Spain that were generating a negative EBITDA. Additionally, the Collective Redundancy Plan ("ERE") that was negotiated and agreed with the workers' legal representation in July 2013 affected 276 workers in the aforementioned businesses. A complementary adjustment (a continuation of the one carried out in 2013) is planned for next year through the closure of some plants that are generating a negative EBITDA which could affect another 40 workers.
- Adjustment of the corporate structure, in terms of both personnel and offices, to suit the operational needs of the Group.
The Collective Redundancy Plan (ERE), also negotiated and agreed with the workers' legal representation in July 2013, affected 173 workers.
- Reducing the wage bill.
The application of the reduction in the wage bill of the management team began in July 2013, and will be negotiated with the workers' legal representation in the collective bargaining agreements of the pertinent workplaces to be applied to the rest of the workforce.
- Simplification of the corporate structure.
The company has developed a plan, already underway, to reduce its corporate structure. This initiative will conclude in 2014.

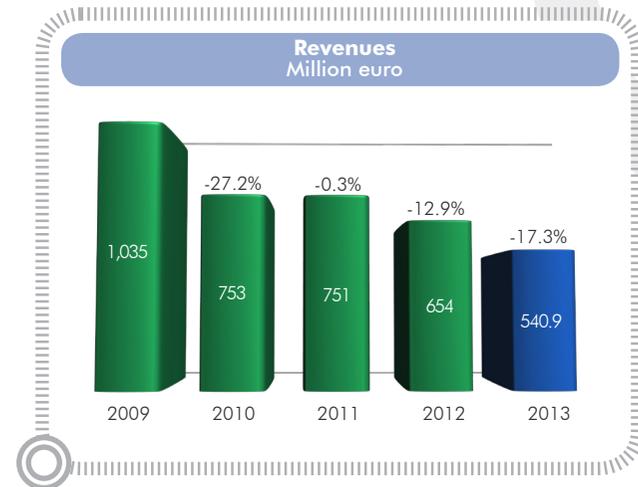
FINANCIAL/ECONOMIC DATA AND SHARE PERFORMANCE

The Group's results for 2013 were impacted significantly by four relevant facts, as detailed below:

1. The asset swap and sale carried out with CRH on 25 February CRH, that owned 26.34% of Corporación Uniland, swapped this ownership for 99.03% of Cementos Lemona (classified in the financial statements on 31/12/2012 as an "asset

held for sale"), which resulted in the CPV Group taking over 99.99% of Corporación Uniland. Additionally, the parties also agreed the sale and purchase of the Ipswich cement terminal UK, owned by GCPV, for 22.1 million euros. This operation generated pre-tax gains of 104.8 million euros, of which 89.8 million euros were from the asset swap and 15 million euros were from the sale of the terminal.

2. The measures taken as a result of the implementation of the NewVal Plan to adapt the Group's production capacity to current demand and the outlooks for the Spanish market.
These measures have generated an expenditure of 32.4 million euros in severance pay due to the restructuring of the workforce.
3. The provisions allocated for writedowns of unprofitable assets and provisions for other future actions.
Over the course of the year, the Group applied a total of 59.2 million euros to meet the costs of the writedowns, principally in the concrete, aggregate and mortar businesses in Spain, and has set aside 20.1 million euros as provisions for future actions.



4. The delay in the allocation of emission rights.

The beginning of the third phase of the EU/ETS directive that establishes the sale of emission rights covering the 2013/2020 cycle has led to delays in the allocations, making it impossible to carry out operations to value this year's surpluses in emission rights.

Turnover

The amount of the turnover, 541 million euros, is split between 215 million euros in Spain and 326 million euros in the international area, which currently represents 60% of the total.

The decrease of -17% in the Group's turnover is due to its decreased activity in the domestic market which is affected by the persistent decline in the country's consumption of cement and the progressive scheduled removal of unprofitable plants belonging to the mortar, concrete and aggregate businesses and the sale of the Lemona Group. The turnover in international markets remains stable. The good performance of the cement volumes sold in the US, Tunisia and the UK are offset by lower exports from Spain in 2013, the sale of the Ipswich terminal in the United Kingdom and a strong euro, which negatively affects the exchange rate.

If we exclude the sales of the Lemona Group and the Ipswich terminal from the comparison, the decrease in turnover is 69 million euros, -11% with respect to 2012.

Gross operating result (EBITDA)

EBITDA stood at 50.4 million euros, which is lower than the amount registered for the same period last year and was affected by the drop in sales of emission rights.

The only rights sold in 2013 were surplus allowances allocated in 2012, amounting to 2.6 million euros, well below sales in 2012, which reached 33.6 million euros.

The drop in the sale of emissions rights was due to the delay in their allocation linked to the new 2013-2020 framework, so these rights will be received and sold together with those for 2014.

If this item were excluded, the EBITDA would have improved by 40% as a result of the adjustment measures being implemented to adapt costs to market conditions and to increase the efficiency of operations.



Pre-tax result

The profit before tax reported, -129.8 million euros, includes the positive and negative exceptional items listed below.

The main positive exceptional item is due to capital gains amounting to 104.4 million euros from the asset swap and sale of the Ipswich terminal to CRH. However writedowns, the personnel restructuring programme carried out in 2013 and provisions made for future actions amounting to a total of 111.7 million euros had a negative effect.

Pre-tax result, excluding all exceptional items, was 138.0 million euros.

After-tax result attributable to parent company

After-tax result attributable to the parent company was -72.0 million euros, an improvement of 51.1% over the previous year.

Share performance

Share performance in 2013 was clearly positive. Shares started the year at €3 and ended at €5.6, achieving an appreciation of 86% during 2013 after five years of depreciation. Added to this strong appreciation is a significant increase in traded volumes, which reached 10.7 million shares in 2013, 314% more than in the previous year. The percentage of share rotation of the securities issued reached 28%, which is 103% when compared to the company's free float.

The year's high was reached on 10 October with shares at €7.4, and the year's low was registered on 2 January with €3.1 per share; the annual average price was €5.1.

Meanwhile, the Ibex 35 started off the year at 8,167 points and finished at 9,917, an increase of 21% over the course of the year.



FCC Energía has been making Group investments in electricity generation from renewable sources since 2008. Electricity generation from renewable sources is becoming consolidated worldwide, in spite of the fact that the current situation is not too favourable. Various organisations, such as the OECD, the IEA and the UN, believe that renewable technologies are helping to reduce greenhouse gas emissions. In Spain, electricity generation from renewable sources helps reduce dependence on foreign energy and, thus, improve the balance of payments. By generating electricity in this fashion, in 2013 FCC prevented 410,000 tonnes of CO₂ from being emitted and has produced the electricity needed to supply 240,000 homes.

The energy produced by wind, solar thermal and photovoltaic power generation amounted to 1,076,484 MWh, an increase of 19% compared to the previous year.



Industry analysis

Over the course of 2013, the Spanish Government made decisions that impaired the value of the assets when it amended the remuneration stipulated in the initial regulation. Approval is pending for the amended regulation that determines the final remuneration, leaving these revenues provisional and they will be charged to whatever the new statutory provision establishes.

Wind energy activities

FCC Energía operates fourteen wind farms in Spain with an installed capacity of 422 MW.

In 2013 wind energy production amounted to 945,963 MWh, an increase of 11% over the previous year and reached record production since the activity began.

Photovoltaic activities

FCC Energía owns two 10 MW photovoltaic facilities in Cordoba. These facilities have been in operation and uploading energy to the grid since September 2008. In 2013, production was 33,374 MWh, a decrease of 2.5% over the previous year.

Solar thermal activities

During 2013, the Guzman solar thermal power generation plant in Palma del Río (Córdoba) produced 87,193 MWh with an EBITDA of €17,486,864. Also, in November last year, after a full year of commercial operations, the plant was able to successfully pass the final acceptance testing (106.56% of performance, with an availability of 99.60%).

Final acceptance of the plant took place on 1 November 2013, which led to the release of the guarantees deposited with the banks.

FCC Energía acquired 67% of the company Enerstar Villena in June 2009 to build and operate a 50 MW solar thermal power generation plant in the municipality of Villena (Alicante). FCC Energía acquired the remaining 33% in 2011.

The construction works for this solar thermal power generation plant finished in August 2013, and the first turbo-generator synchronisation with the grid took place on 20 September. From that date until the end of the year the plant uploaded 9,740 MWh of electricity to the grid.

Likewise, the company Enerstar Villena signed the provisional acceptance of the plant on 1 December after the facility's operational and performance tests were successfully passed.

Potential for developing wind power

In 2010, FCC Energía was awarded the contract for wind power production capacity in the regions of Galicia and Catalonia.

Galicia

This 48 MW contract is for the municipalities of Laracha and Pico Cedeira. It was awarded to the company Sigenera, S.L., in which FCC Energía has a 50% stake. The other group with holdings in this company is Inveravante, which owns the other 50%. This facility will consist of 16 wind turbines, each capable of generating 3 MW. Project preparation and the submission of applications for relevant permits and authorisations began in 2011, the start of the development of the agreed industrial plan.

Preparation of the project designs continued throughout 2013 pending further decisions by the Galicia Regional Government.



Catalonia

With the 98 MW awarded in the contract, three projects are being developed: in the ZDPVIII (Priority Development Zone VIII), Anoia and Segarra. This contract was awarded to FCC Energía Catalunya, S.L., in which Ros Roca holds a 20% stake. The preparatory work for the project was carried out in 2011. An appeal filed against the call for tender by the autonomous region of Catalonia has created doubts about the viability of the project designs.

Innovation and technological development

FCC Energía is particularly interested in developing innovative solutions in the field of energy. Along with other areas within the Group, it is working on projects for electric mobility, energy efficiency and saving, renewable energy generation and R+D+I projects for generating and storing energy, as well as for sustainable building construction. Emphasis has been placed on work related to the “Energy Island” aimed at the development, enhancement and optimisation of procurement and storage systems for renewable energy with the ultimate goal of achieving a self-sufficient island.

Energy efficiency

Throughout the year, work has been carried out in coordination with other areas within the Group aimed at developing energy efficiency-related activities in municipalities and industries. This activity should enable FCC to expand its citizen services activities to the field of energy as a complement to its environmental services.

Divestment of FCC Energía

As part of the divestment plan set out in the FCC Group’s Strategic Plan, towards the end of 2013, 51% of FCC Energía was sold to Plenium GP, subject to pending unresolved conditions existing at the time this document was prepared.



FCC Logística provides services in the Iberian Peninsula through its specialised business units in accordance with logistic and geographical operation environments. The Company provides transport, storage, order preparation and distribution services, completing its offer with other added value services to leading companies in different sectors, such as: automobile, food, household/toiletry products, perfumery, cosmetics, personal hygiene, small appliances, pharmaceutical, optical, telecommunications, industry and technology. It also manages large distribution platforms, customs warehouses and goods transport. FCC Logística has become one of the leading companies in the sector in Spain and Portugal.

Divestment of FCC Logística

As part of the divestment plan established by FCC Group within its Strategic Plan, in February 2014 the company was sold to the venture capital fund Corpin Capital for 32 million euros.



CEMUSA

CEMUSA specialises in the design, manufacture, installation and maintenance of various types of street furniture and in the marketing of its advertising spaces. With 30 years of experience, CEMUSA is number one in its sector and one of the leading advertising groups worldwide. CEMUSA serves more than 170 municipalities in Europe and America, and cities like New York, Madrid, Rio de Janeiro, Barcelona, Boston, Lisbon and Brasilia are the best showcases for its designs, the result of its collaboration with world-renowned architects and designers.

The most significant contract won in 2013 was the one awarded by the Barcelona City Council for the **maintenance and advertising management of Barcelona's newsstands for a renewable period of five years**. This contract allows CEMUSA to continue and expand the services it has provided in the city since 1996. Moreover, for the first time, one single company is responsible for the maintenance and advertising-related operations of all the newsstands in Barcelona. Due to the expansion, this contract covers the largest number of newsstands managed by CEMUSA, even surpassing other major contracts such as the New York, Lisbon and Málaga ones.

The CEMUSA TEC brand, which is focused on the development and application of innovative technological solutions to improve the functionality of street furniture and to add value to it as a communication medium, has played a key role in various projects submitted this year:

- **Madrid City Council pilot project to optimise the city's public transport using new technologies.** Thus, a series of bus shelters and bus stops allow users to receive information on their smartphones about the bus service or tourist attractions, they provide free WiFi connection and the arrival times of the next buses can be read on e-ink display panels.



- **C-Vision augmented reality application.** This remarkable application provides access to digital content and encourages interactivity between consumers and brands, boosting and increasing the impact of their advertising campaigns.
- **New CEMUSA Airports digital furniture** in fourteen Spanish AENA-managed airports. The furniture range developed by King & Miranda Design has brought these airports' spaces up to date with these striking digital formats that multiply the influence of their advertising messages.

Divestment of Cemusa

As part of the divestment plan established by FCC Group within its Strategic Plan, in March 2014 a sale contract for this company was signed with JC Decaux for 80 million euros.