



1Q2016 EARNINGS REPORT



**Environmental
Services**



Water



Infrastructures

1. HIGHLIGHTS

Successful execution of the €709.5 million capital increase in March

The capital increase approved by the Board of Directors of FCC, S.A. on 17 December 2015 was successfully completed in the first quarter. The transaction, amounting to €709.5 million, was completed and registered on 4 March 2016 having been almost fully subscribed for in the ordinary subscription period. The new shares, which have identical rights to the existing shares, were listed on 7 March. Upon conclusion of this process, at the date of this publication, the significant shareholders of FCC, based on notifications of voting rights to the CNMV, are as follows: Inversora Carso (32.87%) and Esther Koplowitz (22.50%), who are represented on the Board; and the Gates Group (5.73%) which does not have Board representation.

This transaction resulted in further progress in the process of consolidating and optimising the capital structure, providing a sound funding platform with strong capacity and operational flexibility.

Inversora Carso announced a mandatory takeover bid for 100% of FCC

After completion of the capital increase on 4 March, Inversora Carso, FCC's largest shareholder, announced a mandatory takeover bid for 100% of FCC at €7.6 per share. This takeover bid is the result of that shareholder being deemed to hold over 30% of the voting rights, by virtue of the provisions of the Royal Decree on Takeover Bids (RD 1066/2007). After the end of the quarter, on 5 April Inversora Carso filed an application with the CNMV (Spanish Stock Exchange Regulator) for authorisation to make the takeover bid. At the date of publication of this report, the takeover bid and its terms are awaiting approval by the regulator.

Proposal to delist CPV

In March, the Board of Directors of FCC resolved to consider the study of a tender offer in order to delist the percentage that is listed of our Cement subsidiary, CPV, in which FCC owns 77.9%. That transaction and its terms will require authorisations from the companies concerned and the regulators.

Progress with divesting GVI and subscription of equity issue by Realia

The sale of GVI (Globalvia) was completed in March and the first payment of €83 million under the agreement reached in 2015 was collected; another payment of up to €137 million is due by February 2017. In March, FCC subscribed for its proportional share (36.91%) of the capital increase by Realia, amounting to €32.9 million. This avoided dilution of the company's stake, which is particularly important given the good share performance by Realia since it commenced financial restructuring.

Implementation of proprietary technology in the Water area

FCC Aqualia has launched a new patented technology (ELAN) for wastewater treatment. This allows for considerable energy savings and also greatly reduces the amount of sludge that is produced. Implementation follows years of research and testing; ELAN has been included in new bids for projects in Spain and other countries.

2. EXECUTIVE SUMMARY

- ◊ Compared with the first quarter of 2015, group revenues declined by 6.8% to €1,382.1 million, mainly as a result of the contraction by the Construction business in Spain. The Group's international activities expanded to account for 47.8% of the total.
- ◊ The Group's operating expenses declined by 5% and general and administration expenses by 11% in year-on-year terms in the first quarter, due to saving and efficiency measures in place. Progress is continuing in this area with a view to enhancing the Group's operating performance.
- ◊ EBITDA was reduced by 9.3% to €153.6 million due to the decline in revenues and earnings from certain international projects, and to recognition of certain provisions (both effects occurred in the Construction area). Overall, the EBITDA margin was 11.1%.
- ◊ Environmental activities (services and water) gained in importance to account for 91.3% of EBITDA, which lends greater stability and visibility to the bottom line and cash flow.
- ◊ There was an attributable net loss of -€16.7 million due to the impact of discontinued operations amounting to -€7.3 million, as a result of completion of the sale of GVI, the operating profit loss in the Construction area (-€9.1 million) and exchange losses amounting to -€10.9 million. Adjusting for these extraordinary effects, net profit in the period would have been positive in the amount of €10.6 million despite sharp contraction in the construction sector.
- ◊ Net financial debt was reduced by €771.7 million with respect to the end of 2015 due to the capital increase made in March and also to containment of costs and capex, the sale of GVI, and measures to protect and enhance cash flow in the period.

NOTE: The stake in GVI was derecognised from the "assets held for sale" item following completion of the sale in the first quarter of 2016. At the end of the period, this item contained only the assets and liabilities of Cemusa Portugal (see Note 5.2). The P&L of this investment and that from the sale of GVI are recognised under "income from discontinued operations" (Note 4.5.2).

KEY FIGURES

(M€)	Mar. 16	Mar. 15	Chg. (%)
Net sales	1,382.1	1,482.4	-6.8%
EBITDA	153.6	169.3	-9.3%
<i>EBITDA margin</i>	11.1%	11.4%	-0,3 p.p.
EBIT	52.8	70.9	-25.5%
<i>EBIT margin</i>	3.8%	4.8%	-1.0 p.p.
Income attributable to equity holders of the parent company	(16.7)	6.2	n/a
Operating cash flow	(9.8)	(167.7)	-94.2%
Investing cash flow	13.0	(94.1)	n/a

(M€)	Mar. 16	Dec. 15	Chg. (%)
Equity	1,164.7	487.2	n/a
Net interest-bearing debt	4,701.9	5,473.6	-14.1%
Backlog	32,385.5	32,499.7	-0.4%

3. SUMMARY BY BUSINESS AREA

Area	Mar. 16	Mar. 15	Chg. (%)	% of 2016 total	% of 2015 total
(M€)					
REVENUES BY BUSINESS AREA					
Environmental Services	659.0	692.3	-4.8%	47.7%	46.7%
Water	232.1	239.6	-3.1%	16.8%	16.2%
Construction	352.6	433.3	-18.6%	25.5%	29.2%
Cement	129.8	121.8	6.6%	9.4%	8.2%
Corp. services and adjust.	8.6	(4.6)	n/a	0.6%	-0.3%
Total	1,382.1	1,482.4	-6.8%	100.0%	100.0%
REVENUES BY GEOGRAPHIC AREA					
Spain	721.2	794.7	-9.2%	52.2%	53.6%
United Kingdom	211.0	242.7	-13.1%	15.3%	16.4%
MENA	177.6	103.5	71.6%	12.9%	7.0%
Central Europe	115.2	123.0	-6.3%	8.3%	8.3%
Latin America	65.2	138.3	-52.9%	4.7%	9.3%
US and Canada	57.0	42.7	33.5%	4.1%	2.9%
Others	34.9	37.5	-7.0%	2.5%	2.5%
Total	1,382.1	1,482.4	-6.8%	100.0%	100.0%
EBITDA					
Environmental Services	99.0	99.8	-0.8%	64.5%	58.9%
Water	49.6	47.0	5.5%	32.3%	27.8%
Construction	(9.1)	20.5	n/a	-5.9%	12.1%
Cement	11.6	6.3	83.5%	7.5%	3.7%
Corp. services and adjust.	2.5	(4.3)	n/a	1.7%	-2.5%
Total	153.6	169.3	-9.3%	100.0%	100.0%
EBIT					
Environmental Services	50.3	49.7	1.2%	95.3%	70.1%
Water	25.9	27.2	-4.8%	49.1%	38.4%
Construction	(17.5)	9.7	n/a	-33.1%	13.7%
Cement	(4.3)	(9.8)	-56.1%	-8.1%	-13.8%
Corp. services and adjust.	(1.6)	(5.9)	-72.9%	-3.0%	-8.3%
Total	52.8	70.9	-25.5%	100.0%	100.0%
Area	Mar. 16	Dec. 15	Chg. (%)	% of 2016 total	% of 2015 total
NET DEBT					
With recourse	2,542.9	3,254.3	-21.9%	54.1%	59.5%
Without recourse					
Environmental Services	610.8	659.6	-7.4%	13.0%	12.1%
Water	248.1	249.8	-0.7%	5.3%	4.6%
Construction	0.0	0.0	n/a	0.0%	0.0%
Cement	1,238.4	1,248.9	-0.8%	26.3%	22.8%
Corporate	61.7	61.0	1.1%	1.3%	1.1%
Total	4,701.9	5,473.6	-14.1%	100.0%	100.0%
BACKLOG					
Environmental Services	11,841.9	11,825.7	0.1%	36.6%	36.4%
Water	14,988.4	14,443.7	3.8%	46.3%	44.4%
Construction	5,555.2	6,230.3	-10.8%	17.2%	19.2%
Total	32,385.5	32,499.7	-0.4%	100.0%	100.0%

4. INCOME STATEMENT

(M€)	Mar. 16	Mar. 15	Chg. (%)
Net sales	1,382.1	1,482.4	-6.8%
EBITDA	153.6	169.3	-9.3%
<i>EBITDA margin</i>	<i>11.1%</i>	<i>11.4%</i>	<i>-0.3 p.p.</i>
Depreciation and amortisation	(102.9)	(95.1)	8.2%
Other operating income	2.1	(3.3)	n/a
EBIT	52.8	70.9	-25.5%
<i>EBIT margin</i>	<i>3.8%</i>	<i>4.8%</i>	<i>-1.0 p.p.</i>
Financial income	(93.0)	(86.1)	8.0%
Other financial results	(11.4)	10.8	n/a
Equity-accounted affiliates	40.6	2.2	n/a
Earnings before taxes (EBT) from continuing operations	(10.9)	(2.2)	n/a
Corporate income tax expense	(2,8)	20.2	-113.9%
Income from continuing operations	(13.6)	18.0	n/a
Income from discontinued operations	(7.3)	(17.4)	-58.0%
Net profit	(20.9)	0.6	n/a
Minority interests	4.2	5.6	-25.0%
Income attributable to equity holders of the parent company	(16.7)	6.2	n/a

4.1 Revenues

Consolidated Group revenues declined by 6.8% in the first quarter to €1,382.1 million. This was due to the combination of a reduction in Construction activity in Spain, because of a persistent decline in demand for infrastructure investment, and the lower revenues generated by the construction of an incineration plant in the Environmental Services area, which is close to completion and commissioning, on schedule.

In Spain, revenues fell by 9.2% to €721.2 million due mainly to the aforementioned contraction of the domestic Construction business. Cement registered a 6.1% decline caused by a reduction in average prices as regions where prices are lower than average made a greater contribution to the total.

The Group's two more stable business areas, Water and Environment, exhibited differing performance in Spain. Environmental Services expanded by 0.7% to €369.3 million, with no change in the consolidation scope and in a context of generally stable prices. Water revenues declined by 4.3% to €172.7 million, due entirely to the contraction of the Technology and Networks area (design, engineering and outfitting of water infrastructure) because of cutbacks in government spending to address the budget deficit. This performance will be offset by growth in this business area internationally in the remainder of the year.

Revenue breakdown, by region			
(M€)	Mar. 16	Mar. 15	Chg. (%)
Spain	721.2	794.7	-9.2%
United Kingdom	211.0	242.7	-13.1%
Middle East & North Africa	177.6	103.5	71.6%
Central Europe	115.2	123.0	-6.3%
Latin America	65.2	138.3	-52.9%
US and Canada	57.0	42.7	33.5%
Others	34.9	37.5	-7.0%
Total	1,382.1	1,482.4	-6.8%

Construction revenues expanded by a notable 71.6% in the Middle East and North Africa due to progress with major projects such as the Doha Metro and, very particularly, the Riyadh Metro. Network contracts in Saudi Arabia in the Water division also made a larger contribution.

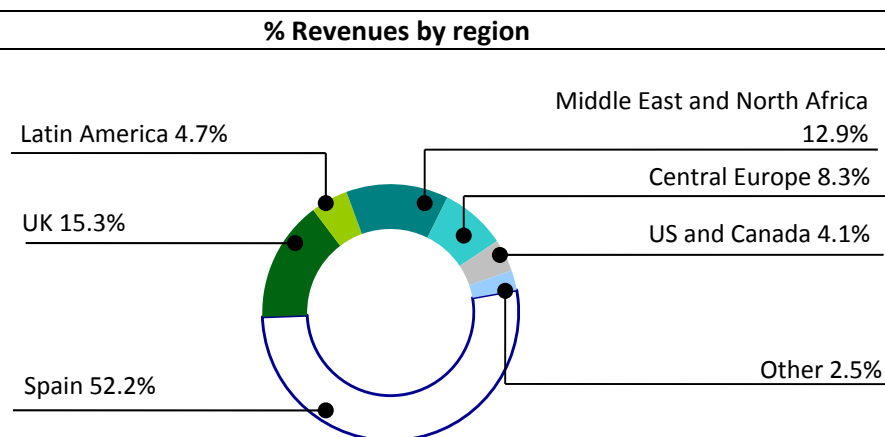
Revenues in the UK declined by 13.1% for a number of reasons: sterling's depreciation (3.4%), the lower level of execution on treatment plants that are close to commissioning, and the effect of the steady closure of landfills in the Environmental Services area, which resulted in lower collection of landfill taxes on behalf of the public administrations.

Revenues in Central Europe declined by 6.3% as a result of the completion of several projects in the Construction area, notably in Poland, and the smaller contribution from other minor projects in Romania, contrasting with stable business volume in Environmental Services and Water.

Revenues in Latin America fell by 52.9% due to the time lag between the completion of major Construction works, such as Panama Metro Line 1 and projects in Colombia and Costa Rica, and the start of other projects such as Lima Metro, Panama Metro line 2 and the Toyo tunnel in Colombia. This situation was partly mitigated by increased road construction work in Chile.

Revenues in the United States and Canada increased by 33.5% as a result of growth in demand for Cement, progress with the Gerald Desmond Bridge in Los Angeles (in the Construction area), and the positive dollar exchange rate effect (2.3%).

The 7% decline in Other markets was due broadly to completion of a number of construction contracts in Portugal.



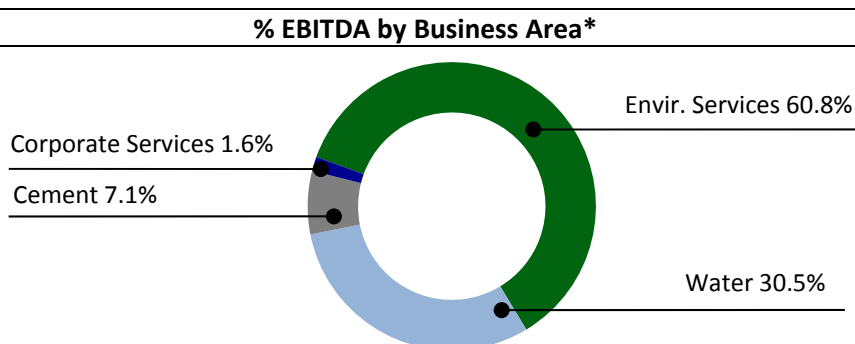
4.2 EBITDA

EBITDA amounted to €153.6 million in the period, a decrease of 9.3% over the previous year due to the Construction area, affected mainly by extraordinary provisions and lack of contribution at completion of projects.

Cement registered strong growth (83.5%), Water expanded more moderately (5.5%), and Environment saw a slight decline (0.8%).

In Cement, in addition to higher prices and volumes in the US, demand increased in all international markets, coupled with a generalised decline in energy costs. In Water, concessions increased their contribution, particularly those with greater added value. The slight contraction in Environmental Services was due to lower revenues in the recycling plant development business (Buckinghamshire), where margins are lower up until the plant is commissioned.

EBITDA was also impacted by savings on Corporate Services, which made a net positive contribution of €2.5 million in the quarter, contrasting with a negative contribution of €4.3 million in 2015.



**Adjusted for Construction*

In the first quarter of 2016, the Environmental Services and End-to-End Water Management areas represented 91.3% of Group EBITDA, whereas cyclical businesses, related to infrastructure construction and building, accounted for 8.7%.

4.3 EBIT

EBIT amounted to €52.8 million in the first quarter, i.e. 25.5% less than the €70.9 million reported in 2015; this was due primarily to the aforementioned reduction in EBITDA.

Depreciation and amortisation increased by 8.2% to €102.9 million, linked to a number of concessions, particularly water treatment and distribution plant. This item includes €10.7 million for assets that were written up on acquisition (€11.1 million in the same period of 2015).

4.4 Earnings before taxes (EBT) from continuing operations

Earnings before taxes from continuing operations were negative in the amount of -€10.9 million as a result of performance by EBIT and the following items:

4.4.1 Financial result

Net financial expenses increased by 8% year-on-year to €93 million in the quarter, due to lower financial revenues and greater discounting of financial provisions. The amount in the period included €6.3 million of capitalised interest accrued on Tranche B of the corporate syndicated

loan, with no effect on cash flow. This item does not reflect the impact of the Dutch auction process agreed with most of the institutions holding Tranche B bank debt. This transaction was completed on schedule in April and will be reflected in the second quarter results.

4.4.2 Other financial results

The main variation in this item was the negative exchange difference amounting to €10.9 million, contrasting with the positive €11.5 million contribution in the same period of 2015.

4.4.3 Equity-accounted affiliates

Companies accounted for using the equity method contributed €40.6 million in income, mainly as a result of the €20.7 million haircut on Realia debt agreed upon with the lenders, and the €16.4 million in refund of contributions from the stake in a renewable energy company. The remainder is attributable to transport concession operators.

4.5 Income attributable to the parent company

Net attributable income was negative in the amount of €16.7 million in the first quarter. Excluding extraordinary negative items, this account would have been positive in the amount of €10.6 million. This was the result of incorporating the following items into EBT:

4.5.1 Income tax

The corporate income tax expense amounted to €2.8 million in the period, contrasting with a revenue of €20.2 million in the previous year due to application of tax credits in the Environmental Services area.

4.5.2 Income from discontinued operations

Discontinued operations contributed a loss of €7.3 million, corresponding to GVI, mainly because of the impact of value adjustments, which must be recognised at the time of sale in accordance with current regulations.

4.5.3 Minority interests

Non-controlling interests, concentrated mainly in the Cement business, were attributed a loss of €4.2 million, compared with €5.6 million in 2015.

5. BALANCE SHEET

(M€)	Mar. 16	Dec. 15	Chg. (M€)
Intangible assets	2,979.2	3,026.4	(47.2)
Property, plant and equipment	3,028.9	3,146.4	(117.5)
Equity-accounted affiliates	571.3	587.0	(15.7)
Non-current financial assets	408.4	392.8	15.6
Deferred tax assets and other non-current assets	1,061.7	1,031.8	29.9
Non-current assets	8,049.6	8,184.3	(134.7)
Non-current assets available for sale	15.9	235.9	(220.0)
Inventories	663.9	648.6	15.3
Trade and other accounts receivable	2,067.4	2,217.1	(149.7)
Other current financial assets	329.1	230.7	98.4
Cash and cash equivalents	1,970.7	1,345.5	625.2
Current assets	5,047.1	4,677.8	369.3
TOTAL ASSETS	13,096.7	12,862.1	234.6
Equity attributable to equity holders of parent company	967.2	280.7	686.5
Non-controlling interests	197.5	206.5	(9.0)
Net equity	1,164.7	487.2	677.5
Grants	241.8	248.3	(6.5)
Non-current provisions	1,263.7	1,254.1	9.6
Long-term interest-bearing debt	5,182.1	5,612.2	(430.1)
Other non-current financial liabilities	72.0	66.6	5.4
Deferred tax liabilities and other non-current liabilities	495.1	536.7	(41.6)
Non-current liabilities	7,254.6	7,717.8	(463.2)
Liabilities linked to non-current assets available for sale	15.9	15.9	0.0
Non-current provisions	190.9	194.7	(3.8)
Short-term interest-bearing debt	1,819.8	1,437.6	382.2
Other current financial liabilities	42.0	91.8	(49.8)
Trade and other accounts payable	2,608.7	2,917.0	(308.3)
Current liabilities	4,677.3	4,657.0	20.3
TOTAL LIABILITIES	13,096.7	12,862.1	234.6

5.1 Equity-accounted affiliates

The investment in equity-accounted companies (€571.3 million) comprised the following at 31 March 2016:

- 1) €140.9 million for the 36.9% stake in Realia.
- 2) €77.6 million for investments in companies in the Water area, mainly concession companies in other countries (Algeria, Mexico and Egypt).
- 3) €81 million for holdings in companies in the Environmental Services area (recycling and municipal services).
- 4) €271.8 million for the other holdings (infrastructure concessions and cement and renewable energy companies) and loans to affiliated companies.

5.2 Non-current assets and liabilities available for sale

The entire balance of €15.9 million in non-current assets available for sale at the end of the period related to the residual business of Cemusa in Portugal. Those assets had associated liabilities amounting to €15.9 million.

The decline in the balance with respect to 2015 year-end is due to completion of the sale of GVI in the first quarter of 2016.

5.3 Cash and cash equivalents

The substantial increase of €625.2 million in the period, to a balance of €1,970.7 million, is due mainly to the influx of funds from the capital increase completed in March (€709.5 million) and receipt of the first payment (€83 million) from the sale of GVI.

5.4 Net equity

At the end of the quarter, net equity amounted to €1,164.7 million, a sizeable increase over 2015 year-end due to the additional capital raised in the period, which strengthened the Group's structure and finances.

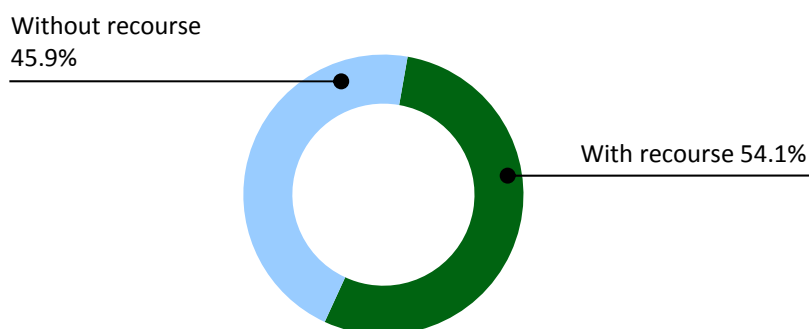
5.5 Net interest-bearing debt

(M€)	Mar. 16	Dec. 15	Chg. (M€)
Bank borrowings	5,614.9	5,647.7	(32.8)
Debt instruments and other loans	1,088.0	1,088.5	(0.5)
Accounts payable due to financial leases	57.9	62.1	(4.2)
Derivatives and other financial liabilities	241.3	251.5	(10.2)
Gross interest-bearing debt	7,002.1	7,049.8	(47.7)
Cash and other current financial assets	(2,300.1)	(1,576.2)	(723.9)
	Mar. 16	Dec. 15	Chg. (M€)
Net interest-bearing debt	4,701.9	5,473.6	(771.7)
<i>With recourse</i>	2,542.9	3,254.3	(711.4)
<i>Without recourse</i>	2,159.0	2,219.3	(60.3)

At the end of 1Q16, net interest-bearing debt amounted to €4,701.9 million, a notable €771.7 million reduction with respect to 2015 year-end. This reduction is mainly due to the proceeds from the capital increase completed in March and to exchange differences on the balance of debt in foreign currencies (mainly sterling). Additionally, the balance of "Other current financial assets" includes €137 million for the second instalment, receivable in February 2017, for the sale of GVI, which was completed in the first quarter.

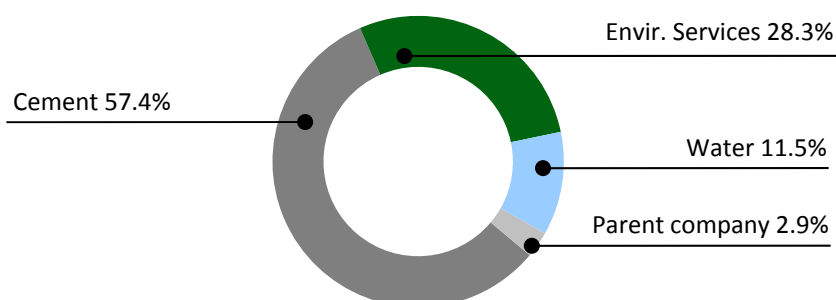
Gross financial debt, which is the source of financial expenses, decreased slightly, by €47.7 million, to €7,002.1 million, due to the aforementioned currency exchange effect. The €382.2 million increase in the balance of short-term debt largely reflects the reclassification of the amount of Tranche B of the syndicated loan, based on the expectation, at the date of accounts closure, that it would be repaid immediately. That payment was made in April, under the mechanism provided for in the contract and in accordance with the framework agreed by the lenders who participated.

Debt with and without recourse



Net financial debt is divided between corporate debt (54.1%) and debt without recourse (45.9%). Net debt with recourse amounted to €2,542.9 million at 31 March 2016, including legacy debt from the acquisition of a number of operating companies in the various divisions, excluding Cement, and is structured mainly as a syndicated loan and a €450 million convertible bond issued by the parent company.

Net debt without recourse, by area



Net interest-bearing debt without recourse to the Group parent company amounted to €2,159 million at the end of the period. A large proportion of that is connected to the Cement area (€1,238.4 million). Environmental Services accounts for €610.8 million: €520.4 million in the UK, €61.5 million in Central Europe and the remainder in other waste treatment and recycling plants in Spain and Portugal. Net debt without recourse in the Water area amounted to €248.1 million, of which €174.5 million relate to the Czech Republic and the other €73.6 million to a number of end-to-end water concessions in Spain. The €61.7 million at parent company level are the net project debt of the concession companies for the Coatzacoalcos tunnel in Mexico and the Conquense highway in Spain.

5.6 Other current and non-current financial liabilities

The balance of other current and non-current financial liabilities, which do not qualify as interest-bearing debt, was €114 million at the end of March. It includes financial liabilities such as those associated with hedging derivatives, suppliers of fixed assets, and deposits and guarantees received.

6. CASH FLOW

(M€)	Mar. 16	Mar. 15	Chg. (%)
EBITDA	153.6	169.3	-9.3%
(Increase)/decrease in working capital	(173.6)	(288.5)	-39.8%
Income tax (paid)/received	(5.1)	(18.0)	-71.7%
Other operating cash flow	15.3	(30.5)	n/a
Operating cash flow	(9.8)	(167.7)	-94.2%
Investment payments	(108.2)	(105.2)	2.9%
Divestment receipts	106.4	12.1	n/a
Other investing cash flow	14.8	(1.0)	n/a
Investing cash flow	13.0	(94.1)	n/a
Interest paid	(84.3)	(49.9)	68.9%
(Payment)/receipt of financial liabilities	12.3	(51.3)	n/a
Other financing cash flow	708.0	(15.6)	n/a
Financing cash flow	636.0	(116.8)	n/a
Exchange differences, change in consolidation scope, etc.	(14.0)	32.5	n/a
Increase/(decrease) in cash and cash equivalents	625.2	(346.2)	n/a

6.1 Operating cash flow

Operating cash flow in the first quarter was negative in the amount of €9.8 million, a notable €157.9 million improvement on the figure one year earlier.

This was due to better cash conversion and to efforts to optimise working capital. This effect is particularly important since the capital increase performed in the first quarter included the payment of €39.4 million in taxes deferred from prior years. In 2016 as a whole, cash outflows under this heading are expected to amount to €109 million, to almost completely settle the deferred tax payments.

(M€)	Mar. 16	Mar. 15	Chg. (M€)
Environmental Services	(6.9)	(91.0)	84.1
Water	(5.1)	(19.8)	14.7
Construction	(125.7)	(162.3)	36.6
Cement	(1.2)	18.0	(19.2)
Corporate services and adjustments	(34.7)	(33.4)	(1.3)
(Increase)/decrease in working capital	(173.6)	(288.5)	114.9

Other operating cash flow includes €23 million in dividends, of which €16 million were from the refund contribution from the stake in a renewable energy company, and the application of a number of minor provisions in the Water and Environmental Services areas.

6.2 Investing cash flow

Investing cash flow amounted to €13 million, contrasting with a negative €94.1 million in 2015.

Investment payments in the first quarter included €32.9 million (in proportion to the Company's 36.9% stake) as part of the €89 million capital increase at Realia which was completed in the period.

Excluding this effect, investment payments declined in Environmental Services, one of the most capital-intensive areas, due to impending completion of construction of the waste incineration plant in Buckinghamshire (UK) and to containment of this item in all other units of this business area.

Divestment receipts refer to the first payment received in accordance with the GVI sale agreement, amounting to €83 million, which will be followed by a second (and final) instalment of approximately €137 million in February 2017.

The breakdown of net investments by area, in terms of investment payments and divestment receipts, is as follows:

(M€)	Mar. 16	Mar. 15	Chg. (M€)
Environmental services	(31.1)	(70.6)	39.5
Water	(15.0)	(11.4)	(3.6)
Construction	(17.6)	(5.2)	(12.4)
Cement	(2.2)	(4.1)	1.9
Corporate services and adjustments	64.1	(1.8)	65.9
Net investments (Payments - Receipts)	(1.8)	(93.1)	91.3

6.3 Financing cash flow

Consolidated financing cash flow was positive, amounting to €636 million, which includes €708 million from the capital increase performed on 4 March. The difference between the final amount settled and the nominal amount of the capital increase (€709.5 million) is due mainly to the expenses incurred in the transaction.

Interest expenses amounted to €84.3 million in the first quarter of 2016, compared with €49.4 million the previous year, which is due to differences in the settlement and payment schedule between periods.

6.4 Exchange differences, change in consolidation scope, etc.

This item was negative in the amount of €14 million, contrasting with the positive difference of €32.5 million in 2015. This change is due to the impact of currency fluctuations on cash, concentrated in the Environmental Services area (UK).

6.5 Variation in cash and cash equivalents

Combining the foregoing flows, the Group's net cash position increased sharply, by €625.2 million, to €1,970.7 million at the end of the quarter.

7. BUSINESS PERFORMANCE

7.1 Environmental Services

The Environmental Services area accounted for 60.8% of Group EBITDA. A total of 95.1% of its activities involve municipal solid waste collection, treatment and disposal, along with other municipal services such as street cleaning and green area upkeep. The other 4.9% corresponds to industrial waste collection and management.

FCC's business in Spain focuses on municipal waste management and street cleaning; in the UK, it is involved principally in municipal waste treatment, recovery and disposal; in Central and Eastern Europe, mainly Austria and the Czech Republic, it has a balanced presence throughout the municipal waste management chain (collection, processing and disposal). In Portugal and other countries, FCC is involved in both industrial and municipal waste management.

7.1.1 Results

(M€)	Mar. 16	Mar. 15	Chg. (%)
Revenues	659.0	692.3	-4.8%
<i>Environmental Services</i>	627.0	660.3	-5.0%
<i>Industrial Waste</i>	32.0	32.0	0.0%
EBITDA	99.0	99.8	-0.8%
<i>EBITDA margin</i>	15.0%	14.4%	0.6 p.p.
EBIT	50.3	49.7	1.2%
<i>EBIT margin</i>	7.6%	7.2%	0.5 p.p.

Revenues in the Environmental Services area declined by 4.8% to €659 million in the first quarter of 2016, mainly as a result of a decline in revenues in the United Kingdom.

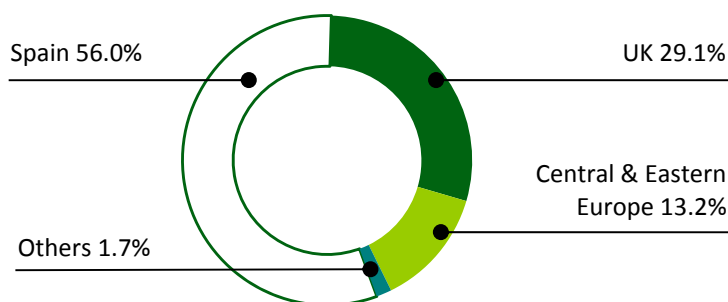
Revenue breakdown, by region			
(M€)	Mar. 16	Mar. 15	Chg. (%)
Spain	369.3	366.8	0.7%
United Kingdom	191.7	226.0	-15.2%
Central Europe	86.7	86.6	0.1%
Portugal, etc.	11.3	12.9	-12.4%
Total	659.0	692.3	-4.8%

In Spain, revenues amounted to €369.3 million, an increase of 0.7% year-on-year, due mainly to new soil decontamination contracts in the Industrial Waste division.

Revenues in the UK fell by 15.2% to €191.7 million due to the lower revenue contribution from the construction of the Buckinghamshire waste incineration plant. This infrastructure is scheduled to be commissioned and handed over to the client in the second quarter of 2016. This trend was accompanied by the depreciation of the pound sterling (3.4% in the first quarter), and the reduction in the contribution from the landfill business, which is being wound down; however, the latter effect will be broadly offset by an increase in revenues from municipal solid waste treatment and incineration.

Revenues in Central Europe were stable, while they declined in other markets mainly because of completion of the decontamination contract in Portugal (Industrial Waste business).

Revenue breakdown, by region



EBITDA declined slightly, by 0.8% year-on-year, to €99 million, but the EBITDA margin increased by 0.6 percentage points to 15%. This increase is mainly due to the lower proportion of revenues from the construction of the Buckinghamshire waste incineration plant, whose margins are lower in the development phase, as well as the aforementioned effect of winding down the landfill business. In addition, the industrial waste business improved in Spain due to the impact on margins of the soil decontamination activity in Catalonia.

EBIT amounted to €50.3 million, a 1.2% increase year-on-year, due mainly to lower depreciation and amortisation.

Backlog breakdown, by region

(M€)	Mar. 16	Dec. 15	Chg. (%)
Spain	7,215.5	7,112.0	1.5%
International	4,626.4	4,713.7	-1.9%
Total	11,841.9	11,825.7	0.1%

The area's backlog was stable at the end of March with respect to 2015 year-end. The backlog in Spain increased by 1.5% to account for 60.9% of the total. Notable events in the period include the 5-year extension of the street cleaning and waste collection contract in Oviedo, worth €83.6 million. The international backlog declined by 1.9%, mainly as a result of the depreciation of sterling against the euro. The total backlog amounts to over 4 times revenues in the last twelve months.

7.1.2 Cash flow

(M€)	Mar. 16	Mar. 15	Chg. (%)
EBITDA	99.0	99.8	-0.8%
(Increase)/decrease in working capital	(6.9)	(91.0)	-92.4%
Income tax (paid)/received	(1.3)	(3.2)	-59.4%
Other operating cash flow	(3.2)	(0.3)	n/a
Operating cash flow	87.6	5.3	n/a
Investment payments	(31.7)	(71.8)	-55.8%
Divestment receipts	0.6	1.2	-50.0%
Other investing cash flow	0.6	7.7	-92.2%
Investing cash flow	(30.5)	(62.9)	-51.5%
Interest paid	(23.0)	(20.3)	13.3%
(Payment)/receipt of financial liabilities	(9.0)	(36.7)	-75.5%
Other financing cash flow	0.3	(0.1)	n/a
Financing cash flow	(31.7)	(57.1)	-44.5%
Exchange rate variations, etc.	(12.4)	13.1	n/a
Increase/(decrease) in cash and cash equivalents	13.0	(101.6)	n/a

(M€)	Mar. 16	Dec. 15	Chg. (M€)
Net interest-bearing debt without recourse	610.8	659.6	(48.8)

Operating cash flow in the Environmental Services area increased sharply, to €87.6 million, €82.3 million more than in the same period of 2015. This was due mainly to good working capital performance (which, in 2015, included a €47 million reduction in factoring). The average collection period improved, falling to 3 months for the area as a whole.

Investment payments amounted to €31.7 million, compared with €71.8 million in 2015, mainly as a result of the slower pace of construction of the Buckinghamshire incineration plant in the UK, which is scheduled to be handed over by mid-year, and also of the containment of capital expenditure in this area as a whole.

Net financial debt without recourse declined by €48.8 million in this area, driven by the positive impact of sterling's depreciation. Of that amount, €520.4 million relates to the UK, €61.5 million to Central Europe and the remaining €28.9 million to waste treatment and recycling plants in Spain and Portugal.

7.2 End-to-End Water Management

The Water area accounted for 30.5% of FCC Group EBITDA in the period. Public concessions and end-to-end water management (capture, purification, distribution and treatment) account for 88.4% of total revenues, and Technology and Networks (development, engineering and outfitting of water infrastructure) accounted for the other 11.6%.

FCC serves more than 13 million people in over 850 municipalities in Spain. In Central Europe, FCC serves 1.3 million users, mainly in the Czech Republic. It also has a strong presence in Italy and Portugal. FCC designs, equips and operates water treatment plants in Latin America and the Middle East and North Africa. Overall, FCC Aqualia provides water supply and/or sewage treatment services to over 23 million people.

7.2.1 Results

(M€)	Mar. 16	Mar. 15	Chg. (%)
Revenues	232.1	239.6	-3.1%
<i>Concessions and services</i>	205.2	199.8	2.7%
<i>Technology and networks</i>	26.9	39.8	-32.4%
EBITDA	49.6	47.0	5.5%
<i>EBITDA margin</i>	21.4%	19.6%	1.8 p.p.
EBIT	25.9	27.2	-4.8%
<i>EBIT margin</i>	11.2%	11.4%	-0.2 p.p.

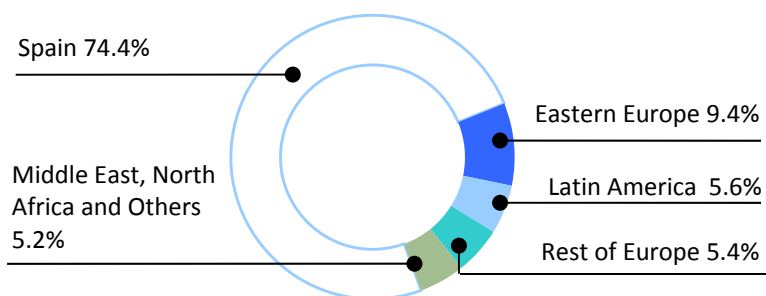
This area's revenues declined slightly, by 3.1% year-on-year, to €232.1 million, mainly as a result of the decline in technology and networks business in the domestic market as public administrations cut back investment in water infrastructure. This decline will be offset in the year as a whole by revenues from new contracts in other countries.

Revenue breakdown, by region			
(M€)	Mar. 16	Mar. 15	Chg. (%)
Spain	172.7	180.4	-4.3%
Central Europe	21.9	20.8	5.3%
Latin America	13.0	20.8	-37.5%
Rest of Europe (Portugal and Italy)	12.6	12.7	-0.8%
Middle East, North Africa and Others	11.9	4.9	n/a
Total	232.1	239.6	-3.1%

Central Europe increased by 5.3% as a result of updated tariffs and higher billing volumes in the end-to-end contract in the Czech Republic, operated through subsidiary SmVAK.

The decline in revenues in Latin America is due to the completion of two major groundwater extraction projects in Mexico. This was offset by growth in the Middle East and North Africa due to work on networks in Riyadh and treatment plants in Mecca (Saudi Arabia).

Revenue breakdown, by region



EBITDA rose by 5.5% with respect to 2015, to €49.6 million, due to an improvement mainly in the domestic business. This factor, coupled with the lower contribution by technology and networks, whose margins are lower than those of the concession business, resulted in a sizeable increase in the EBITDA margin to 21.4% in the period.

Backlog breakdown, by region

(M€)	Mar. 16	Dec. 15	Chg. (%)
Spain	9,028.5	9,924.2	-9.0%
International	5,959.9	4,519.5	31.9%
Total	14,988.4	14,443.7	3.8%

The backlog expanded by 3.8% with respect to 2015 year-end, to €14,988.4 million, i.e. 14 times revenues in the last 12 months. The international backlog increased by 31.9% to €5,959.9 million, driven by the extension of business in the Czech Republic. The international backlog does not yet include the Abu Rawash (Egypt) wastewater treatment plant contract, worth about €2,400 million, which is approaching completion of the project finance required to develop and commission it.

7.2.2 Cash flow

(M€)	Mar. 16	Mar. 15	Chg. (%)
EBITDA	49.6	47.0	5.5%
(Increase)/decrease in working capital	(5.1)	(19.8)	-74.2%
Income tax (paid)/received	(1.3)	(2.5)	-48.0%
Other operating cash flow	1.0	5.6	-82.1%
Operating cash flow	44.2	30.3	45.9%
Investment payments	(15.0)	(16.5)	-9.1%
Divestment receipts	0.0	5.1	n/a
Other investing cash flow	14.4	(27.4)	n/a
Investing cash flow	(0.6)	(38.8)	-98.5%
Interest paid	(10.3)	(6.3)	63.5%
(Payment)/receipt of financial liabilities	(38.0)	(2.4)	n/a
Other financing cash flow	(0.1)	0.2	n/a
Financing cash flow	(48.4)	(8.5)	n/a
Exchange rate variations, etc.	(0.1)	0.5	n/a
Increase/(decrease) in cash and cash equivalents	(4.9)	(16.5)	n/a

(M€)	Mar. 16	Dec. 15	Chg. (M€)
Net interest-bearing debt without recourse	248.1	249.8	(1.7)

Operating cash flow increased by 45.9% to €44.2 million due to improved working capital management, favoured by a significant reduction in customer receivables during the first quarter. Deferred taxes amounting to €5.6 million were paid in the first quarter of 2016, a similar figure to that paid in the same period of 2015.

Payments for investments declined to €15 million, while other investing cash flow had a positive balance of €14.4 million, mainly due to the repayment of loans that were granted to other Group companies in the previous year. This effect is offset at Group level and, consequently, has no impact on the consolidated cash flow statements.

Interest payments amounted to €10.3 million in the quarter, an increase of €4 million over the previous year due to differences in the timing of interest payments. Overall, funding costs are expected to decline in the full year as a result of the refinancing in July 2015 of the debt associated with the Czech subsidiary, which led to a significant reduction in the applicable interest rate.

As a result, the area's net cash balance was reduced by €4.9 million. Net debt without recourse amounted to €248.1 million, and was stable with respect to 2015 year-end. Of that amount, €174.5 million related to the business in the Czech Republic and the other €73.6 million to a number of end-to-end water concessions in Spain.

7.3 Construction

The Construction area is mainly involved in the design and construction of large civil engineering and industrial works, and building in certain geographies. It operates in highly complex public works such as railways, tunnels and bridges, which, with industrial installation and maintenance projects, account for a large part of its activity.

7.3.1 Results

(M€)	Mar. 16	Mar. 15	Chg. (%)
Revenues	352.6	433.3	-18.6%
EBITDA	(9.1)	20.5	n/a
<i>EBITDA margin</i>	-2.6%	4.7%	-7.3 p.p.
EBIT	(17.5)	9.7	n/a
<i>EBIT margin</i>	-5.0%	2.2%	-7.2 p.p.

This area's revenues amounted to €352.6 million in the period, down 18.6% year-on-year due mainly to the 35% contraction in Spain. This decline was attributable to the steady reduction in public investment in infrastructure.

The reduction in revenues in Spain was partly offset by a sustained increase in business in international markets, which now account for 62% of total area revenues; international revenues declined by 3.7% in the first quarter due to the combined effect of the completion of certain projects during the past year that was not fully offset by the commencement of new projects (mainly Lima Metro and Panama Metro Line 2).

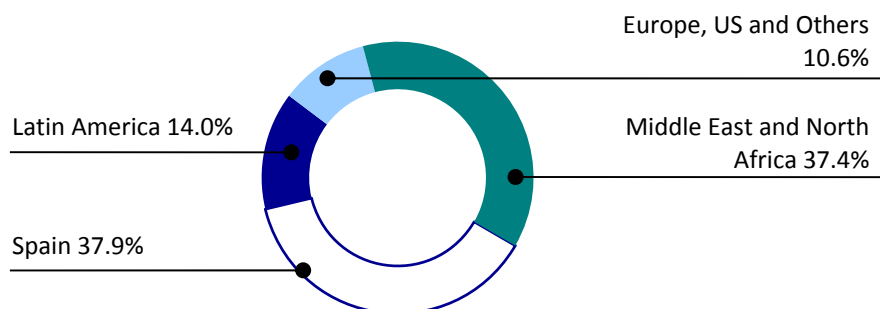
Revenue breakdown, by region			
(M€)	Mar. 16	Mar. 15	Chg. (%)
Spain	133.8	206.0	-35.0%
Middle East and North Africa	131.9	67.1	96.6%
Latin America	49.5	115.6	-57.2%
Europe, US, etc.	37.4	44.6	-16.1%
Total	352.6	433.3	-18.6%

Revenues surged in the Middle East and North Africa (+96.6%) due mainly to the execution of the Riyadh Metro and Doha Metro projects.

Revenues in Latin America continued to decline, as in previous periods, having fallen by 57.2% year-on-year due to the completion and lower contribution of major projects, such as Panama Metro Line 1 and the expansion of the port of Callao in Lima, while new projects are making only a very limited contribution as yet.

The 16.1% decline in revenues in Europe, United States and other markets was due to completion of certain road projects in Portugal and Romania and the closing of operations in Poland.

Revenue breakdown, by region



EBITDA was negative, amounting to -€9.1 million, in the first quarter of 2016, contrasting with €20.5 million in the same period of 2015. This was due to continuing low volume of activity, recognition of losses on international projects, and a provision for taxes.

EBIT was negative in the amount of €17.5 million, after including €7.6 million of depreciation and amortisation.

Backlog breakdown, by region

(M€)	Mar. 16	Dec. 15	Chg. (%)
Spain	1,315.0	1,358.8	-3.2%
International	4,240.2	4,871.5	-13.0
Total	5,555.2	6,230.3	-10.8%

The area's backlog declined to €5,555.2 million, -10.8% with respect to 2015 year-end. The decline in the backlog in Spain is due to persisting low demand for civil engineering. The reduction in the international backlog (-13% to €4,240.2 million) is due to the low order intake in the period, with bids being concentrated in large infrastructure projects, while exchange rate fluctuations impacted the value of future revenues in certain geographies (Saudi Arabia).

Backlog breakdown, by business segment

(M€)	Mar. 16	Dec. 15	Chg. (%)
Civil engineering	4,424.2	5,008.2	-11.7%
Building	805.0	907.2	-11.3%
Industrial projects	326.0	314.9	3.5%
Total	5,555.2	6,230.3	-10.8%

Civil engineering and industrial projects maintained their share of the total at 85.5%, while building (almost entirely non-residential) accounted for the remaining 14.5%.

7.3.2 Cash flow

(M€)	Mar. 16	Mar. 15	Chg. (%)
EBITDA	(9.1)	20.5	n/a
(Increase)/decrease in working capital	(125.7)	(162.3)	-22.6%
Income tax (paid)/received	(2.2)	(3.9)	-43.6%
Other operating cash flow	(6.2)	(34.7)	-82.1%
Operating cash flow	(143.2)	(180.4)	-20.6%
Investment payments	(22.8)	(9.2)	n/a
Divestment receipts	5.2	4.0	30.0%
Other investing cash flow	(8.6)	68.4	n/a
Investing cash flow	(26.2)	63.2	n/a
Interest paid	(5.2)	(0.9)	n/a
(Payment)/receipt of financial liabilities	76.4	6.4	n/a
Other financing cash flow	0.0	0.0	n/a
Financing cash flow	71.2	5.5	n/a
Exchange rate variations, etc.	0.1	15.0	-99.3%
Increase/(decrease) in cash and cash equivalents	(98.1)	(96.8)	1.3%

(M€)	Mar. 16	Dec. 15	Chg. (M€)
Net interest-bearing debt without recourse	0.0	0.0	0.0

The area's operating cash flow amounted to -€143.2 million, a substantial €37.2 million improvement. This was due to good working capital performance despite the regular seasonal deterioration in the first half of the year, since it amounted to €36.6 million less than in the same period last year. Additionally, other operating cash flow last year (€34.7 million) included a larger amount of released provisions. These effects have allowed offsetting the lower operating profit in the period.

Working capital this year included the payment of €9.5 million in tax that had been deferred in previous years (€10.8 million in the same period last year).

Investment payments amounted to €22.8 million (€9.2 million in 2015), including mainly the investment in specialised machinery for certain contracts, particularly underground civil engineering work, and investment payments by companies in the area. Other investing cash flow, which was negative in the amount of €8.6 million, basically refers to changes in loans to Group companies.

This area had no net interest-bearing debt without recourse at the end of 2015 since the stakes in the two companies where the debt was located were transferred to the Group parent company during last year. Consequently, the balance of net debt relating to those two concession companies (Coatzacoalcos tunnel, in Mexico, and Conquense highway, in Spain) was retired from this area.

7.4 Cement

The Cement area accounted for 7.1% of FCC Group EBITDA in the first quarter of 2016, through the 77.9% stake in Cementos Portland Valderrivas (CPV). This area produces mainly cement; it has seven factories in Spain, three in the US and one in Tunisia.

7.4.1 Results

(M€)	Mar. 16	Mar. 15	Chg. (%)
Revenues	129.8	121.8	6.6%
<i>Cement</i>	114.5	106.4	7.6%
<i>Other</i>	15.3	15.4	-0.6%
EBITDA	11.6	6.3	83.5%
<i>EBITDA margin</i>	8.9%	5.2%	3.7 p.p.
EBIT	(4.3)	(9.8)	n/a
<i>EBIT margin</i>	-3.3%	-8.0%	4.7 p.p.

The area's revenues increased by 6.6% year-on-year to €129.8 million, driven by 7.6% growth in revenues in the cement business. Other activities were stable, after closure of the less profitable concrete, mortar and aggregate plants in Spain in the last two years.

Revenue breakdown, by region			
(M€)	Mar. 16	Mar. 15	Chg. (%)
Spain	42.9	45.7	-6.1%
US and Canada	45.0	37.2	21.0%
Tunisia	21.0	19.5	7.9%
UK and others	20.9	19.4	7.6%
Total	129.8	121.8	6.6%

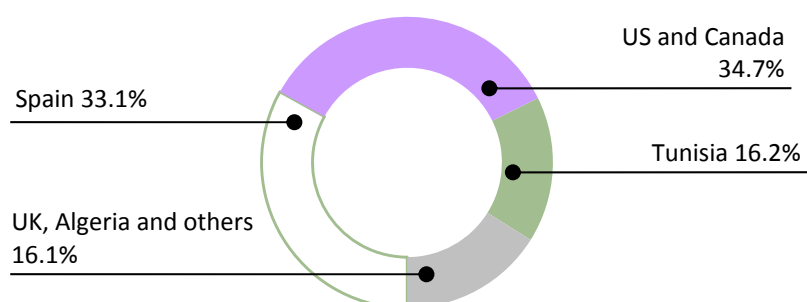
Revenues in Spain declined by 6.1%, mainly as a result of the change in the geographic mix, as lower-price regions gained in importance, and domestic cement consumption declined slightly year-on-year, in line with performance by the industry as a whole.

Revenues in the US and Canada increased by 21%, boosted by the market rebound, which is visible in the steady recovery in cement consumption and prices. Secondary businesses related to waste reuse also contributed to good performance, although to a lesser degree.

Revenues in Tunisia increased by 7.9% due to rising cement and concrete sales after the slight dip in 2015.

Revenues from exports to the UK and other markets increased by 7.6%, favoured by higher demand and entry into new markets. This growth was achieved in a context of adverse exchange rates, as the pound sterling depreciated by 3.4% year-on-year.

Revenue breakdown, by region



EBITDA increased to €11.6 million, i.e. 83.5% more than the €6.3 million booked in the same period last year. The EBITDA margin increased by 3.7 percentage points, mainly because of the reduction in variable energy costs, the favourable trends in international markets where this division operates, and a lower impact of plant and equipment maintenance and repair expenses in the period.

Profitability improved despite the adverse baseline effect derived from lower sales of CO₂ emission rights, which amounted to €2.3 million in the first quarter 2015 but zero in the first quarter of 2016.

7.4.2 Cash flow

(M€)	Mar. 16	Mar. 15	Chg. (%)
EBITDA	11.6	6.3	83.5%
(Increase)/decrease in working capital	(1.2)	18.0	n/a
Income tax (paid)/received	(0.2)	(1.3)	-84.6%
Other operating cash flow	0.7	(1.0)	n/a
Operating cash flow	10.9	22.0	-50.5%
Investment payments	(3.1)	(5.7)	-45.6%
Divestment receipts	0.9	1.6	-43.8%
Other investing cash flow	2.0	0.1	n/a
Investing cash flow	(0.2)	(4.0)	-95.0%
Interest paid	(10.7)	(34.2)	-68.7%
(Payment)/receipt of financial liabilities	8.9	2.3	n/a
Other financing cash flow	0.0	(0.2)	n/a
Financing cash flow	(1.8)	(32.1)	-94.4%
Exchange rate variations, etc.	(1.0)	3.9	n/a
Increase/(decrease) in cash and cash equivalents	7.8	(10.3)	n/a

(M€)	Mar. 16	Dec. 15	Chg. (M€)
Without recourse	1,238.4	1,248.9	(10.5)

Operating cash flow totalled €10.9 million in the first quarter of 2016, compared with €22 million in the same period of 2015. The decline is due to the sizeable improvement in working capital in 2015 (€18 million), partly offset by the increase in EBITDA this year.

Capital expenditure kept pace with demand and was confined to preventive and maintenance expenses. Cash outflows under this heading in the first quarter of 2016 amounted to €3.1 million.

Interest expenses amounted to €10.7 million in the quarter, compared with €34.2 million the previous year; the decrease was due mainly to differences in interest settlement calendars between years. Up to €300 million from the capital increase at FCC, S.A. that was completed in March may be allocated to refinancing and optimisation of CPV's main credit structure, which matures in July.

As is appropriate for a listed company that is managed independently and has minority shareholders, the bulk of the Cement area's debt is without recourse to FCC. The €10.5 million reduction in this item in the period is due to the positive impact of the dollar's depreciation against the euro in the first quarter of 2016.

8. SHARE DATA

8.1 Share performance

	Jan. – Mar. 2016	Jan. – Mar. 2015
Closing price (€) ⁽¹⁾	7.58	11.19
Appreciation	11.0%	(3.3%)
High (€) ⁽¹⁾	7.61	11.57
Low (€) ⁽¹⁾	6.03	10.22
Average daily trading (shares)	3,115,443	2,881,752
Average daily trading (M€)	21.6	31.8
Market cap. at end of period (M€)	2,871	2,960
No. of shares outstanding	378,825,506	260,572,379

⁽¹⁾ Data adjusted for the capital increase in 2016 (118.25 million shares).

8.2 Dividends

FCC has not declared a dividend since December 2012; consequently, no dividends have been paid since then.

8.3 Own shares

At 31 March 2016, the FCC Group held a total of 415,500 own shares directly and indirectly (0.11% of the company's capital).

On 18 December 2015, as required by current legislation, the Company announced suspension of the liquidity contract in force with an independent financial institution in view of the impending execution of the capital increase approved by the Board of Directors in December and completed in March 2016.

Subsequently, on 4 March 2016, Inversora Carso announced a mandatory takeover bid for FCC; consequently, by virtue of section 2.b) of Rule 5 of the CNMV Circular 3/2007, of 29 December, all operations under the liquidity contract are suspended from that date until the takeover bid concludes. That liquidity contract was still suspended as of 31 March 2016.

9. DISCLAIMER

This document may contain forward-looking statements regarding intentions, expectations or predictions by the FCC Group and its management as of the date of writing in connection with various aspects such as the growth of the business lines, FCC Group earnings, and other aspects related to its activity and situation.

By their nature, such forward-looking statements do not constitute guarantees of future performance and are affected by risks, uncertainties and other material aspects that could lead developments and final outcomes to differ materially from those expressed in these statements.

This document does not constitute an offering or an invitation to acquire or subscribe shares in accordance with Act 24/1988, of 28 July, on the Securities Market, Royal Decree-Act 5/2005, of 11 March, and/or Royal Decree 1310/2005, of 4 November, and their implementing regulations.

Additionally, this document is neither an offer to buy nor a solicitation to purchase, sell or exchange shares, nor is it a request for any kind of vote or approval in any other jurisdiction.

The contents of this statement should be taken into account by any person or entity that has to make decisions or prepare or distribute opinions about securities issued by FCC Group. They are all encouraged to consult FCC Group's public documentation filed with the Spanish National Securities Market Commission.

This document contains audited financial information prepared in accordance with International Financial Reporting Standards (IFRS).

10. CONTACT DETAILS

FINANCE DEPARTMENT

STOCK MARKET AND SHAREHOLDER RELATIONS DEPARTMENT

> Postal address:	Avda. Camino de Santiago, 40 Edificio 2, Planta 2 - 28050- Madrid. Spain.
> Telephone:	902 109 845
> Web site:	www.fcc.es
> E-mail:	ir@fcc.es