Citizen Services

Environmental Services

Water

Infrastructures

1Q2014
EARNINGS REPORT

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FCC consortium to build Lima Metro (Peru) for 3.9 billion euro

1. HIGHLIGHTS

FCC Construction obtains two major international railway contracts

In the first quarter of 2014, two consortia led by the Construction area obtained contracts totalling 4.4 billion euro for two notable metro projects, in addition to the major contracts obtained last year.

In March, a consortium including FCC Construction was awarded the contract to design, build, finance, operate and maintain line 2 of Lima Metro and a branch of line 4 for 3.9 billion euro. The execution period envisioned is five years, after which the 30-year operation period will commence. Additionally, FCC Construction signed a new contract in the Middle East to build the Red line of the Doha metro (Qatar) for 506 million euro.

These contracts are not yet included in the backlog; however, the new contract to build a hydroelectric power plant and a sewer in Costa Rica for 70 million euro helped increase the backlog to 6,257.5 billion euro at the end of March, guaranteeing 29 months' work.

FCC signed a syndicated loan for 4,512 million euro, a key support to enable it to fully achieve the objectives set out in the Strategic Plan

FCC arranged the Group's largest ever loan facility on 31 March. The 4-year syndicated loan, amounting to 4,512 million euro, had the support of 99.98% of the banks involved. Several other agreements were signed that greatly extend the maturity of the Group's debt and strengthen the capital structure. The deal also allows the group to obtain and renew revolving credit lines (leasing, factoring, reverse factoring, etc.) and expand international guarantee lines by 250 million euro, which can be increased up to 450 million euro. This refinancing was a key factor to enable the Group to fully attain the objectives set out in the Strategic Plan; it is subject to compliance with specific conditions precedent, as discussed in section 5.4 of this report.

Additional progress with the divestment plan, which has raised 1,670 million euro

Since the Strategic Plan was implemented in April 2013, the group has completed and agreed on divestments of non-core assets amounting to 1,670 million euro. In addition to those completed last year, in the first quarter the company sold Cemusa (urban furniture) for 80 million euro and the Logistics business for 32 million euro. As a result, the Plan to focus on strategic activities has achieved more than 75% of its objective within just one year.

Second Supplier Payment Fund concludes; FCC collected 71 million euro in payments in the first quarter

Additional progress was achieved in the first quarter in normalising the payment periods of certain public administrations in Spain with the completion of the second phase of the Second Supplier Payment Fund, approved in July 2013. That fund was structured in two phases of payment: in the fourth quarter of 2013 and the first quarter of 2014, when the company received 71 million euro.

This Plan, together with new laws passed by the Spanish government on trade accounts payable and electronic invoicing, aims to reduce the average period of payment by the public sector to its suppliers. Nevertheless, at 31 March, FCC had close to 500 million euro in past-due trade receivables from public administrations in Spain.

FCC Medio Ambiente recognised for its electric vehicle

The Group's environmental services subsidiary received an innovation and sustainability award for its proprietary technology, which provides a competitive advantage over its rivals in public tenders with a cost-effective, low-energy, zero-emission alternative to conventional fuels in delivering municipal waste collection services.

2. EXECUTIVE SUMMARY

- Revenues increased slightly (2.7%) to 1,435.4 million euro, despite the ongoing decline in investment in construction in Spain.
- There was a substantial recovery in the EBITDA margin, which reached 11.7%, due to the impact of the adjustments and the increase in international activity.
- EBITDA expanded by 72.5% (168 million euro), supported by the increase in operating profitability.
- Net interest-bearing debt increased slightly, to 6,205 million euro, due to the seasonal increase in working capital.
- The backlog increased by 1.8% in the period, to 33,446 million euro, due to major new contracts in the Water and Environmental Services businesses.

NOTE: ASSETS HELD FOR SALE

The assets and liabilities corresponding to Versia and FCC Energy have been designated as "*available for sale*", the former since 30 June 2013 and the latter since 1 July 2011. The stakes in FCC Environmental (industrial waste in the US), GVI and Realia have been so classified since 31 December (Note 5.2). Accordingly, their earnings are recognised under "*income from discontinued operations*" (Note 4.5.2).

As a result of these changes, the income statement and cash flow statement for the first quarter of 2013 have been restated to enable comparison.

KEY FIGURES

(million euro)	**Mar. 14**	**Mar. 13**	**Chg. (%)**
Net sales	1,435.4	1,397.7	2.7%
EBITDA	168.0	97.4	72.5%
EBITDA margin	*11.7%*	*7.0%*	*4.7 p.p.*
EBIT	69.3	99.3	-30.2%
EBIT margin	*4.8%*	*7.1%*	*-2.3 p.p.*
Result attributable to equity holders of the parent company	(31.0)	(140.2)	-77.9%
Operating cash flow	(152.6)	(125.1)	22.0%
Investing cash flow	(22.0)	(47.8)	-54.0%

(million euro)	**Mar. 14**	**Dec. 13**	**Chg. (%)**
Equity	187.5	242.8	-22.8%
Net interest-bearing debt	6,205.0	5,963.8	4.0%
Backlog	33,446.3	32,865.1	1.8%

3. SUMMARY BY BUSINESS AREA

Area	Mar. 14	Mar. 13	Chg. (%)	% of 2014 total	% of 2013 total
(million euro)					
REVENUES BY BUSINESS AREA					
Environmental Services	670.0	648.2	3.4%	46.7%	46.4%
Water	213.8	211.8	0.9%	14.9%	15.2%
Construction	449.0	454.7	-1.3%	31.3%	32.5%
Cement	111.3	121.8	-8.6%	7.8%	8.7%
Corp. services & adjust.	(8.7)	(38.8)	-77.6%	-0.6%	-2.8%
Total	**1,435.4**	**1,397.7**	**2.7%**	**100.0%**	**100.0%**
REVENUES BY GEOGRAPHIC AREA					
Spain	815.5	857.8	-4.9%	56.8%	61.4%
Latin America	184.0	123.9	48.6%	12.8%	8.9%
United Kingdom	200.8	178.4	12.6%	14.0%	12.8%
Central & Eastern Europe	113.0	125.0	-9.6%	7.9%	8.9%
USA	32.4	35.9	-9.6%	2.3%	2.6%
Middle East & North Africa	51.8	34.1	52.1%	3.6%	2.4%
Others	37.8	42.7	-11.5%	2.6%	3.1%
Total	**1,435.4**	**1,397.7**	**2.7%**	**100.0%**	**100.0%**
EBITDA					
Environmental Services	95.4	95.8	-0.3%	56.8%	98.4%
Water	42.0	37.8	11.1%	25.0%	38.8%
Construction	21.6	(18.1)	-219.3%	12.9%	-18.6%
Cement	15.6	5.6	177.5%	9.3%	5.8%
Corp. Services & adjust.	(6.6)	(23.7)	-72.2%	-3.9%	-24.4%
Total	**168.0**	**97.4**	**72.5%**	**100.0%**	**100.0%**
EBIT					
Environmental Services	42.3	40.9	3.4%	61.0%	41.2%
Water	22.2	19.3	15.0%	32.0%	19.4%
Construction	13.3	(24.9)	-153.4%	19.2%	-25.1%
Cement	(1.3)	88.7	-101.5%	-1.9%	89.3%
Corp. services & adjust.	(7.2)	(24.7)	-70.8%	-10.4%	-24.9%
Total	**69.3**	**99.3**	**-30.2%**	**100.0%**	**100.0%**

Area	Mar. 14	Dec. 13	Chg. (%)	% of 2014 total	% of 2013 total
NET DEBT					
Environmental Services	2,302.2	2,220.0	3.7%	37.1%	37.2%
Water	352.6	395.3	-10.8%	5.7%	6.6%
Construction	7.7	(164.1)	-104.7%	0.1%	-2.8%
Cement	1,379.2	1,363.7	1.1%	22.2%	22.9%
Corp. services & adjust.[1]	2,163.3	2,148.9	0.7%	34.9%	36.0%
Total	**6,205.0**	**5,963.8**	**4.0%**	**100.0%**	**100.0%**
BACKLOG					
Environmental Services	12,007.3	11,883.7	1.0%	35.9%	36.2%
Water	15,181.5	14,373.3	5.6%	45.4%	43.7%
Construction	6,257.5	6,608.1	-5.3%	18.7%	20.1%
Total	**33,446.3**	**32,865.1**	**1.8%**	**100.0%**	**100.0%**

[1] *Includes funding of stakes in various undertakings and acquisition debt in Environmental Services companies.*

4. INCOME STATEMENT

(million euro)	**Mar. 14**	**Mar. 13** [(1)]	**Chg. (%)**
Net sales	**1,435.4**	**1,397.7**	**2.7%**
EBITDA	**168.0**	**97.4**	**72.5%**
EBITDA margin	*11.7%*	*7.0%*	*4.7 p.p.*
Depreciation and amortisation	(100.1)	(102.8)	-2.6%
Other operating income	1.4	104.7	-98.7%
EBIT	**69.3**	**99.3**	**-30.2%**
EBIT margin	*4.8%*	*7.1%*	*-2.3 p.p.*
Financial income	(110.1)	(91.3)	20.6%
Other financial results	3.0	(0.7)	N/A
Equity-accounted affiliates	2.1	8.0	-73.8%
Earnings before taxes (EBT) from continuing operations	**(35.7)**	**15.3**	**N/A**
Income tax	5.7	12.3	-53.7%
Income from continuing operations	**(30.0)**	**27.6**	**N/A**
Income from discontinued operations	(8.8)	(154.7)	-94.3%
Net profit	**(38.7)**	**(127.1)**	**-69.6%**
Non-controlling interests	7.7	(13.1)	-158.8%
Income attributable to equity holders of the parent company	**(31.0)**	**(140.2)**	**-77.9%**

(1) Figures have been restated for the sole purpose of complying with IFRS 11, which requires that economic interest groups and joint arrangements be proportionately consolidated instead of equity accounted.

4.1 Revenues

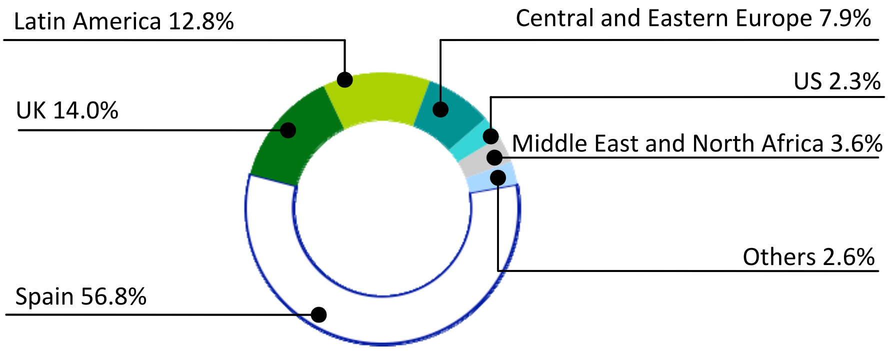
Consolidated revenues totalled 1,435.4 million euro in 1Q14, an increase of 2.7% year-on-year. This slight improvement is due to growth of 14.8% in international revenues, particularly in the Construction area, which registered growth of 49.3%. In Spain, revenues declined by 4.9% due mainly to the negative impact of the sharp adjustment in public spending on infrastructure in the Construction and Cement areas. Accordingly, the good performance of contracts executed in other countries enabled the group to begin to offset the ongoing decline in construction in Spain, which is still lagging other activities that are more advanced in the cycle.

Revenue breakdown, by region

(million euro)	**Mar. 14**	**Mar. 13**	**Chg. (%)**
Spain	815.5	857.8	-4.9%
Latin America	184.0	123.9	48.6%
United Kingdom	200.8	178.4	12.6%
Central & Eastern Europe	113.0	125.0	-9.6%
Middle East & North Africa	51.8	34.1	52.1%
USA	32.4	35.9	-9.6%
Others	37.8	42.7	-11.5%
Total	**1,435.4**	**1,397.7**	**2.7%**

Revenues in Latin America increased by a notable 48.6%, driven by the execution of various projects in Panama, toll roads in Chile and Costa Rica, and the expansion of an airport in Colombia and of a port in Peru. The 12.6% increase in the United Kingdom is due mainly to increased recycling activity and to the construction of two waste treatment and incineration plants by the Environmental Services area. In Central and Eastern Europe, revenues fell by 9.6%, broadly as a result of lower waste collection prices in Austria and the effect of the gradual implementation of a landfill tax in countries in that region. In contrast, revenues from the Middle East and North Africa expanded by 52.1%, boosted by the start of construction of the Riyadh Metro. In the US, revenues declined by 9.6% due to lower sales in the Cement area, which was affected by the especially harsh winter in the north-east.

% Revenues by region

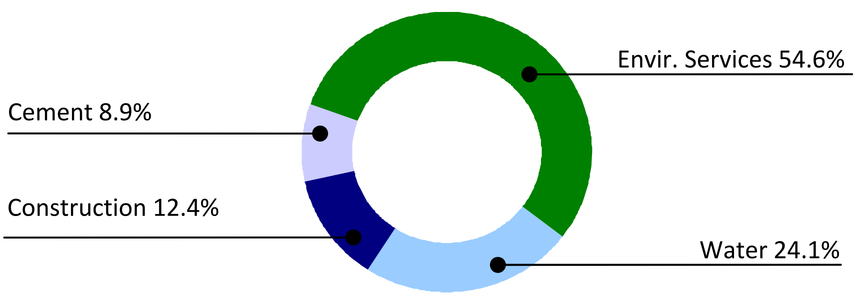


4.2 EBITDA

EBITDA amounted to 168 million euro, 72.5% more than in the same period last year, attributable to the increase in all activities, especially in Construction, resulting from the incipient effect of adjustments implemented in Spain and the increase in profitability in various international projects.

The EBITDA margin was 11.7%, compared with 7% in the same period last year. This performance reflects the gradual recovery in the Construction business as well as the more moderate increase in Water and Cement.

% EBITDA by Business Area*



**Adjusted for corporate services*

4.3 EBIT

The depreciation and amortisation charge in 1Q14 decreased by 2.6% with respect to 1Q13, to 100.1 million euro, due to changes in consolidation scope during the period. That figure includes 14.4 million euro for assets that were stepped up on consolidation in the FCC Group (16.1 million euro in 1Q13).

It's worth noting that other operating income amounted to 104.7 million euro in 1Q13, including 104.8 million euro in capital gains on the asset swap and sale of a terminal in the Cement area.

As a result, EBIT amounted to 69.3 million euro in 1Q14, compared with 99.3 million euro in 1Q13, which included the above-mentioned capital gains.

4.4 Earnings before taxes (EBT) from continuing operations

Earnings before taxes from continuing operations were negative in the amount of 35.7 million euro after incorporating the following to EBIT:

4.4.1 Financial result

Net financial expenses amounted to 110.1 million euro in the period, 20.6% more than in 1Q13.

4.4.2 Equity-accounted affiliates

The contribution from equity-accounted affiliates amounted to 2.1 million euro in 1Q14, compared with 8 million euro in 1Q13. This decline is attributable to the smaller contribution from investees, following the reclassification of those in the process of being divested as "assets held for sale" and the divestments already completed.

4.5 Income attributable to the parent company

Net attributable income amounted to -31 million euro (compared with -140.2 million euro in 1Q13), after including the following items in EBT:

4.5.1 Income tax

The corporate income tax expense includes a tax credit of 5.7 million euro, compared with 12.3 million euro one year ago.

4.5.2 Income from discontinued operations

This item represents a loss of -8.8 million euro, notably lower than the -154.7 million euro in the first quarter of 2013, which was due to impairment of renewable assets at FCC Energy. The sale of that unit was completed in April 2014.

4.5.3 Non-controlling interests

Income attributable to non-controlling interests, concentrated in the Cement area, amounted to a loss of 7.7 million euro, compared with 13.1 million euro profit in 1Q13 that was attributable to the above-mentioned capital gains in that area.

5. BALANCE SHEET

(million euro)	**Mar. 14**	**Dec. 13** [(1)]	**Change (M€)**
Intangible assets	2,871.5	2,864.3	7.2
Property, plant and equipment	3,705.2	3,753.1	(47.9)
Equity-accounted affiliates	309.8	372.3	(62.5)
Non-current financial assets	393.2	386.8	6.4
Deferred tax assets and other non-current assets	1,077.6	1,082.0	(4.4)
Non-current assets	**8,357.4**	**8,458.4**	**(101.0)**
Non-current assets available for sale	2,109.9	2,172.5	(62.6)
Inventories	824.6	798.3	26.3
Trade and other accounts receivable	2,731.1	2,815.2	(84.1)
Other current financial assets	358.1	396.4	(38.3)
Cash and cash equivalents	930.9	987.0	(56.1)
Current assets	**6,954.6**	**7,169.4**	**(214.8)**
TOTAL ASSETS	**15,312.0**	**15,627.8**	**(315.8)**
Equity attributable to equity holders of parent company	(46.6)	3.2	(49.8)
Non-controlling interests	234.1	239.6	(5.5)
Net equity	**187.5**	**242.8**	**(55.3)**
Grants	231.8	228.7	3.1
Long-term provisions	1,079.5	1,092.4	(12.9)
Long-term interest-bearing debt	1,562.8	1,070.7	492.1
Other non-current financial liabilities	63.9	66.3	(2.4)
Deferred tax liabilities and other non-current liabilities	1,044.5	1,017.2	27.3
Non-current liabilities	**3,982.5**	**3,475.2**	**507.3**
Liabilities linked to non-current assets available for sale	1,698.9	1,729.2	(30.3)
Short-term provisions	300.6	341.4	(40.8)
Short-term interest-bearing debt	5,931.2	6,276.5	(345.3)
Other current financial liabilities	111.9	116.9	(5.0)
Trade and other accounts payable	3,099.3	3,445.8	(346.5)
Current liabilities	**11,142.0**	**11,909.8**	**(767.8)**
TOTAL LIABILITIES	**15,312.0**	**15,627.8**	**(315.8)**

(1) Figures have been restated for the sole purpose of complying with IFRS 11, which requires that economic interest groups and joint arrangements be proportionately consolidated instead of equity accounted. The net impact is 25.9 million euro.

5.1 Equity-accounted affiliates

The investment in equity-accounted companies (309.8 million euro) comprised the following at the end of March:

1) 95.4 million euro in Environmental Services companies.
2) 77.6 million euro in stakes in Water concessions companies.
3) 75.3 million euro in Construction concession companies not contributed to GVI.
4) 61.5 million euro for all other stakes in, and loans to, equity-accounted undertakings.

5.2 Non-current assets and liabilities available for sale

Of the 2,109.9 million euro in non-current assets available for sale at 31 March 2014, 936.9 million euro correspond to FCC Energy, 849.8 million euro to Versia and FCC Environmental, and 323.1 million euro to the stakes in GVI and Realia. FCC Energy had been so classified since 1 July 2011 and it was sold in April 2014, Versia since 30 June 2013 and the remainder since 31 December.

Those assets had associated liabilities amounting to 1,698.9 million euro, of which 921.8 million euro correspond to FCC Energy and 777.1 million euro to Versia and to FCC Environmental. They include 754.9 million euro in net interest-bearing debt consisting of non-recourse project finance in the Energy area.

5.3 Net equity

Net equity amounted to 187.5 million euro as of 31 March 2014. The change with respect to 31 December 2013 is mainly due to the inclusion of period income and foreign exchange differences.

5.4 Net interest-bearing debt

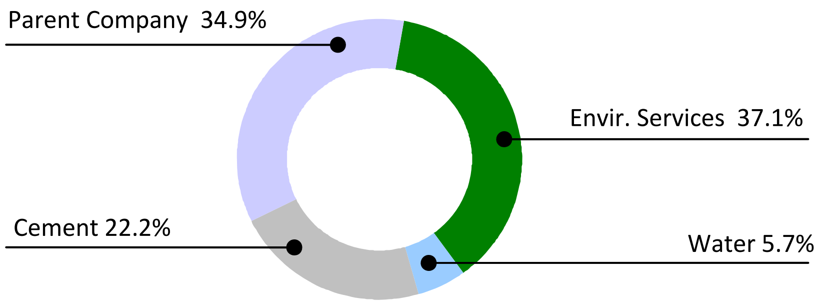
At 31 March 2014, net interest-bearing debt amounted to 6,205 million euro, i.e. an increase of 241.2 million euro compared with the end of 2013, due primarily to the seasonal increase in working capital in the first half of the year.

(million euro)	**Mar. 14**	**Dec. 13**	**Change (M€)**
Bank borrowings	6,399.4	6,227.2	172.2
Debt instruments and other loans	871.3	851.1	20.2
Accounts payable due to financial leases	46.8	48.3	(1.5)
Derivatives and other financial liabilities	176.6	220.6	(44.0)
Gross interest-bearing debt	**7,494.0**	**7,347.2**	**146.8**
Cash and other financial assets	(1,289.0)	(1,383.4)	94.4
Net interest-bearing debt	**6,205.0**	**5,963.8**	**241.2**
With recourse	*4,074.2*	*3,804.5*	269.7
Without recourse	*2,130.8*	*2,159.3*	(28.5)

The large balance of gross interest-bearing debt maturing in the short term, amounting to 5,931.2 million euro, is because the bulk of that debt was pending conversion into the new 4-year credit facility at the end of the quarter. That facility was approved and signed on 31 March and its core features are aligned with the current Strategic Plan. This item also includes a 450 million euro convertible bond maturing in October 2014, for which the novation process has already begun and is expected to be completed before the end of June.

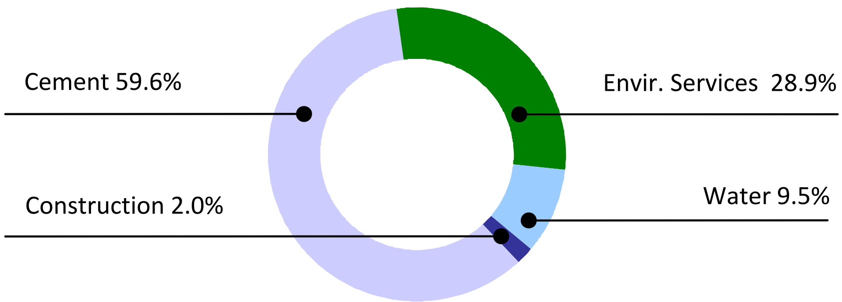
Environmental Services and Water accounted for 42.8% of net debt, connected to regulated long-term public service contracts; 22.2% of net debt corresponds to Cement, which represents a large proportion of fixed assets on the balance sheet. Just 0.1% corresponds to the Construction area, and the remaining 34.9%, which includes a 450 million euro convertible bond, funding for investees in the process of being divested (GVI, Realia, etc.) and acquisition debt in connection with several operating companies in the various business areas, corresponds to the parent company.

Net debt by Area



Net interest-bearing debt without recourse to the Parent company amounted to 2,130.8 million euro at the end of March, accounting for 34.3% of the total. The breakdown by business area is as follows:

Net debt without recourse, by area



It's worth noting that almost all of the debt linked to the Cement area is without recourse to FCC Group. The remaining debt without recourse corresponds to FCC Environment UK (458.6 million euro) and to funding of projects in the Water and Environmental Services–Waste Management areas.

5.5 Other current and non-current financial liabilities

The balance of other current and non-current financial liabilities amounted to 175.8 million euro and includes financial liabilities not classified as interest-bearing debt, such as those linked to suppliers of property, plant and equipment, deposits and guarantees received, and stock options.

6. CASH FLOW

(million euro)	Mar. 14	Mar. 13 [1]	Chg. (%)
Funds from operations	**132.7**	**85.8**	**54.7%**
(Increase)/decrease in working capital	(248.9)	(187.8)	32.5%
Income tax (paid)/received	(13.4)	(13.5)	-0.7%
Other operating cash flow (provisions, dividends, etc.)	(23.0)	(9.6)	139.6%
Operating cash flow	**(152.6)**	**(125.1)**	**22.0%**
Investment payments	(64.9)	(81.5)	-20.4%
Divestment receipts	42.9	33.7	27.3%
Investing cash flow	**(22.0)**	**(47.8)**	**-54.0%**
Interest (paid)/received	(64.3)	(66.6)	-3.5%
(Repayment)/issuance of financial liabilities	179.3	269.5	-33.5%
Other financing cash flow	2.7	13.5	-80.0%
Financing cash flow	**117.7**	**216.4**	**-45.6%**
Exchange differences, change in consolidation scope, etc.	0.8	(190.9)	-100.4%
Increase/(decrease) in cash and cash equivalents	**(56.1)**	**(147.5)**	**-62.0%**

(1) Figures have been restated for the sole purpose of complying with IFRS 11, which requires that economic interest groups and joint arrangements be proportionately consolidated instead of equity accounted.

6.1 Operating cash flow

Operating cash flow totalled -152.6 million euro in 1Q14, compared with -125.1 million euro in 1Q13. That balance reflects a notable increase in funds from operations, amounting to 46.9 million euro, together with a 61.1 million euro increase in working capital with respect to the same period of 2013.

Working capital exhibited a seasonal increase, in line with expectations, mainly in the Environment and Construction areas. This item also reflects the effect of the Second Supplier Payment Plan in Spain, under which the group received 71 million euro in February, along with the reduction in factoring by 113.9 million euro with respect to December 2013, down to 176.6 million euro at 31 March 2014.

(million euro)	Mar. 14	Mar. 13	Change (M€)
Environmental Services	(90.3)	(51.3)	(39.0)
Water	7.1	(17.0)	24.1
Construction	(151.5)	(135.5)	(16.0)
Cement	(5.6)	(9.4)	3.8
Corporate services and adjustments	(8.6)	25.4	(34.0)
(Increase)/decrease in working capital	**(248.9)**	**(187.8)**	**(61.1)**

Past-due accounts receivable from local government sector clients in Spain amounted to close to 500 million euro at the end of the first quarter of 2014. The Act to Control Trade Accounts Payable by the Public Sector and the Electronic Invoice Act were approved at the end of last year. These Acts seek to reduce the average payment period to suppliers of the public sector to 30 days by establishing an automatic progressive payment control system.

"Other operating cash flow" was -23.0 million euro, including the application of 15.7 million euro in provisions for risks and expenses.

6.2 Investing cash flow

Consolidated investing cash flow amounted to 22.0 million euro in the first quarter, compared with 47.8 million euro in the same period of 2013. This period included the receipt of 30.5 million euro from assets available for sale, whereas the first quarter of 2013 included the receipt of 22.1 million euro from the sale of a port terminal by the Cement area.

The breakdown of net investments by activity is as follows:

(million euro)	**Mar. 14**	**Mar. 13**	**Change (M€)**
Environmental services	(28.3)	(17.5)	(10.8)
Water	(14.2)	(10.0)	(4.2)
Construction	(10.1)	(16.9)	6.8
Cement	1.6	(0.8)	2.4
Corporate services and adjustments	29.0	(2.6)	31.6
Investing cash flow	**(22.0)**	**(47.8)**	**25.8**

6.3 Financing cash flow

Consolidated financing cash flow increased by 117.7 million euro in 1Q14, compared with the 216.4 million euro increase in 1Q13. In addition to interest payments and other financing flows, this item also includes 146.8 million euro of gross interest-bearing debt in the period.

6.4 Others

The 0.8 million euro increase in this item reflects the effect of exchange differences on cash. Last year's figure includes a 190 million euro reduction in the Construction area, attributable to the deconsolidation of Alpine.

7. BUSINESS PERFORMANCE

7.1 Environmental Services

Note: FCC Environmental assets and liabilities (Industrial Waste in the US) have been designated as "*available for sale*" since 31 December 2013 (Note 5.2). Its earnings are recognised under "*income from discontinued operations*" (Note 4.5.2). Accordingly, to enable comparison, the income statement and cash flow statement for 1Q13 have been restated.

The Environmental Services area accounts for 54.6% of FCC Group EBITDA. A total of 96% 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% corresponds to industrial waste collection and management.

The business in Spain focuses on municipal waste management and street cleaning; in the UK, it is involved notably in municipal waste treatment and disposal; in Central and Eastern Europe, mainly Austria and the Czech Republic, it engages in end-to-end municipal waste management (collection, processing and disposal); and in Portugal and Italy it is involved in industrial waste management.

7.1.1 Results

(million euro)	**Mar. 14**	**Mar. 13**	**Chg. (%)**
Revenues	670.0	648.2	3.4%
Environmental	*641.8*	*613.3*	*4.6%*
Industrial Waste	*28.2*	*34.9*	*-19.0%*
EBITDA	95.4	95.8	-0.3%
EBITDA margin	14.2%	14.8%	*-0.5 p.p.*
EBIT	42.3	40.9	3.4%
EBIT margin	6.3%	6.3%	*0.0 p.p.*

Revenues in this area amounted to 670 million euro in the first quarter of 2014, i.e. up 3.4% with respect to the same period last year. The positive performance of the Environment activity in Spain and the increase in recycling in the UK offset the 19.0% decline in revenues from the Industrial Waste business.

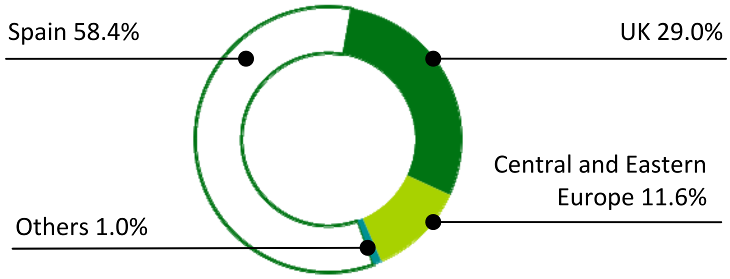
Revenue breakdown, by region

(million euro)	**Mar. 14**	**Mar. 13**	**Chg. (%)**
Spain	391.5	379.1	3.3%
United Kingdom	194.4	171.3	13.5%
Central and Eastern Europe	77.5	85.8	-9.7%
Others (Portugal, Italy, etc.)	6.6	12.0	-45.0%
Total	**670.0**	**648.2**	**3.4%**

Revenues increased by 3.3% in Spain, to 391.5 million euro, due to the positive performance of the Municipal Environmental Services business, offsetting the 4.5% contraction in Industrial Waste activity in Spain.

The 13.5% increase in revenues in the UK is due mainly to greater recycling activity and the construction of two waste treatment and incineration plants in the counties of Wrexham and Buckinghamshire. In contrast, revenues declined by 9.7% in Central and Eastern Europe due to the negative currency effect, lower waste collection prices in Austria and the gradual implementation of a landfill fee in several countries. The 45% decline in revenues in other markets is due to the completion of a large sludge removal contract in Italy.

Revenue breakdown, by region



EBITDA fell slightly (-0.3%), to 95.4 million euro, providing for an EBITDA margin of 14.2%, compared with 14.8% in the first quarter of 2013. In Spain, this item was affected by the increase in Social Security contributions due to recent regulatory changes. The EBITDA margin in international markets reflects the construction of two waste treatment plants in the UK (with a smaller margin) together with lower waste collection prices in Austria and the higher landfill fee in several countries.

Backlog breakdown, by region

(million euro)	**Mar. 14**	**Dec. 13**	**Chg. (%)**
Spain	7,495.1	7,436.2	0.8%
International	4,512.2	4,447.5	1.5%
Total	**12,007.3**	**11,883.7**	**1.0%**

The area's backlog increased by 1% with respect to 2013 year-end, to 12,007 million euro.

7.1.2 Cash flow

(million euro)	Mar. 14	Mar. 13	Chg. (%)
Funds from operations	**104.0**	**100.2**	**3.8%**
(Increase)/decrease in working capital	(90.3)	(51.3)	76.0%
Income tax (paid)/received	(9.5)	(6.9)	37.7%
Other operating cash flow (provisions, dividends, etc.)	(6.9)	(7.1)	-2.8%
Operating cash flow	**(2.7)**	**34.9**	**-107.7%**
Investment payments	(32.0)	(18.5)	73.0%
Divestment receipts	3.7	1.0	N/A
Investing cash flow	**(28.3)**	**(17.5)**	**61.7%**
Interest (paid)/received	(31.3)	(26.4)	18.6%
(Repayment)/issuance of financial liabilities	130.6	32.9	N/A
Other financing cash flow	1.3	(0.1)	N/A
Financing cash flow	**100.6**	**6.4**	**N/A**
Exchange differences, change in consolidation scope, etc.	(1.8)	(13.6)	-86.8%
Increase/(decrease) in cash and cash equivalents	**67.7**	**10.3**	N/A

(million euro)	Mar. 14	Dec. 13	Change (M€)
Net interest-bearing debt	**2,302.2**	**2,220.0**	**82.2**
With recourse	*1,686.6*	*1,560.4*	*126.2*
Without recourse	*615.6*	*659.6*	(44.0)

Operating cash flow in the Environmental Services area amounted to -2.7 million euro in 1Q14 due to the 90.3 million euro increase in working capital mainly as a result of the payment of outstanding landfill fees from previous months. Additionally, in the first quarter the group collected 10 million euro outstanding as part of the Second Supplier Payment Plan, while factoring was reduced by 38.2 million euro. At 31 March, the average collection period in the Environment business in Spain was 4.9 months, compared with 5.0 months at 2013 year-end.

As a result, the area's net interest-bearing debt increased by 82.2 million euro in the quarter, to 2,302.2 million euro. Net interest-bearing debt without recourse to the Group parent company includes FCC Environment UK debt (458.6 million euro) and funding for various municipal waste treatment and abatement plants in the UK and Austria.

7.2 Water

The Water area accounts for 24.1% of FCC Group EBITDA. Public concessions for end-to-end water management (capture, distribution and treatment) account for 95% of total revenues, and water infrastructure design and construction for the other 5%.

FCC serves more than 13 million people in over 850 municipalities in Spain. In Eastern Europe, FCC serves 1.3 million users, mainly in the Czech Republic; it also operates in Italy through an end-to-end water management in Sicily, and also in Portugal. In Latin America, the Middle East and North Africa, the company is engaged mainly in water infrastructure design, construction and management.

7.2.1 Results

(million euro)	**Mar. 14**	**Mar. 13**	**Chg. (%)**
Revenues	213.8	211.8	0.9%
Concessions	*202.3*	*193.6*	4.5%
Water Infrastructure	*11.5*	*18.2*	-36.8%
EBITDA	42.0	37.8	11.1%
EBITDA margin	*19.6%*	*17.8%*	*1.8 p.p.*
EBIT	22.2	19.3	15.0%
EBIT margin	*10.4%*	*9.1%*	*1.3 p.p.*

Water revenues expanded by 0.9% in the first quarter, to 213.8 million euro. Revenues from concessions increased by 4.5% due to new end-to-end water management contracts in Spain and tariff revisions in Italy and Algeria, while revenues from the construction of water infrastructure declined by 36.8% due to the completion of several plants in Latin America.

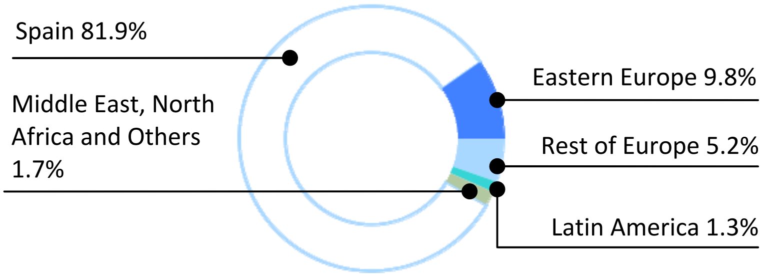
Revenue breakdown, by region

	Mar. 14	**Mar. 13**	**Chg. (%)**
Spain	175.1	167.2	4.7%
Eastern Europe	21.0	23.4	-10.3%
Rest of Europe	11.2	9.7	15.5%
Middle East, North Africa and Others	3.7	3.2	15.6%
Latin America	2.8	8.3	-66.3%
Total	**213.8**	**211.8**	**0.9%**

Revenues in Spain increased by 4.7% due to the commencement of new end-to-end water management contracts, notably in Jerez de la Frontera, Alcalá de Henares and Cartaya (Huelva).

Revenues declined (-10.3%) in Eastern Europe due to the completion of two waste water treatment plants in Romania and Montenegro, while growth of 15.5% in the rest of Europe is due to the revision of tariffs in Italy. The decline in revenues in Latin America is due to the completion of several sewage treatment plants in Mexico and a desalination plant in Chile. Growth in other markets is due to the revision of the fees for operating two desalination plants in Algeria.

Revenue breakdown, by region



EBITDA increased by 11.1% to 42 million euro, and the EBITDA margin was 19.6%, compared with 17.8% in 1Q13, due in large part to the cancellation of a loss-making contract in Spain and the revision of tariffs in Italy and Algeria.

Backlog breakdown, by region

	Mar. 14	Dec. 13	Chg. (%)
Spain	10,579.1	10,166.7	4.1%
International	4,602.4	4,206.6	9.4%
Total	**15,181.5**	**14,373.3**	**5.6%**

The area's backlog increased by 5.6% compared with the end of 2013, to 15,181.5 million euro.

7.2.2 Cash flow

(million euro)	Mar. 14	Mar. 13	Chg. (%)
Funds from operations	**45.3**	**40.1**	**13.0%**
(Increase)/decrease in working capital	7.1	(17.0)	-141.8%
Income tax (paid)/received	(1.5)	2.1	-171.4%
Other operating cash flow (provisions, dividends, etc.)	1.2	(0.5)	N/A
Operating cash flow	**52.1**	**24.7**	**110.9%**
Investment payments	(16.2)	(17.0)	-4.7%
Divestment receipts	2.0	7.0	-71.4%
Investing cash flow	**(14.2)**	**(10.0)**	**42.0%**
Interest (paid)/received	(2.6)	(16.3)	-84.0%
(Repayment)/issuance of financial liabilities	11.4	(0.8)	N/A
Other financing cash flow	0.2	0.1	N/A
Financing cash flow	**9.0**	**(17.0)**	**-152.9%**
Exchange differences, change in consolidation scope, etc.	(0.1)	0.3	-133.3%
Increase/(decrease) in cash and cash equivalents	**46.6**	**(2.0)**	**N/A**

(million euro)	Mar. 14	Dec. 13	Change (€mn)
Net interest-bearing debt	**352.6**	**395.3**	**(42.7)**
With recourse	*149.2*	*192.9*	*(43.7)*
Without recourse	*203.4*	*202.4*	1.0

Operating cash flow in the Water area totalled 52.1 million euro in 1Q14, compared with 24.7 million euro in the same period of 2013, due to lower working capital. A total of 16 million euro was collected in the quarter under Spain's Second Supplier Payment Plan.

As a result, the area's net interest-bearing debt declined by 42.7 million euro with respect to 2013 year-end, to 352.6 million euro. Net interest-bearing debt without recourse to the Group amounted to 203.4 million euro, and corresponds mainly to debt at the Czech water subsidiary, Aqualia Czech.

7.3 Construction

Note: The Construction activity does not include subsidiary Alpine, which was deconsolidated in June 2013 since it was placed in liquidation. Accordingly, and to enable comparison, the income statement and cash flow statement for 1Q13 have been restated.

The Construction area accounts for 12.4% of FCC Group EBITDA. It 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

(million euro)	**Mar. 14**	**Mar. 13**	**Chg. (%)**
Revenues	449.0	454.7	-1.3%
EBITDA	21.6	-18.1	N/A
EBITDA margin	*4.8%*	*-4.0%*	*8.8 p.p.*
EBIT	13.3	-24.9	-153.4%
EBIT margin	*3.0%*	*-5.5%*	*8.4 p.p.*

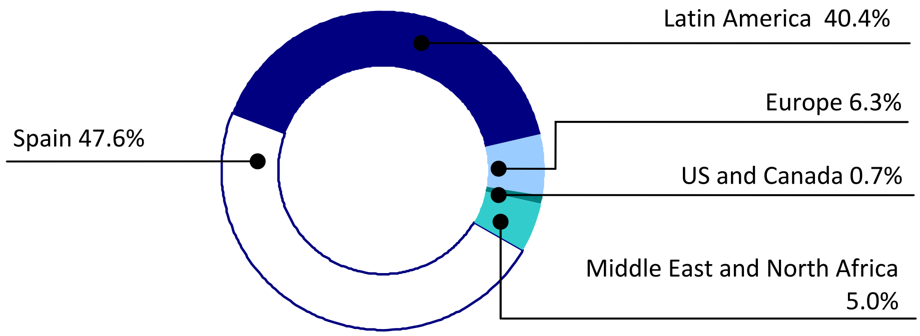
The area obtained 449 million euro in revenues in the first quarter, a decline of just 1.3% with respect to the same period of 2013. Sound 49.3% growth in international markets offset the 28% decline in revenues in Spain that was due to the sharp adjustment in public spending on infrastructure in the last years. Nevertheless, the pace of the decline in activity is Spain is expected to ease over the course of the year.

Revenue breakdown, by region

(million euro)	**Mar. 14**	**Mar. 13**	**Chg. (%)**
Spain	213.9	297.2	-28.0%
Latin America	181.2	115.6	56.8%
Europe	28.3	28.1	0.8%
Middle East, North Africa and Others	22.3	5.3	N/A
US and Canada	3.3	8.6	-61.7%
Total	**449.0**	**454.7**	**-1.3%**

Revenues in Latin America increased notably, by 56.8%, driven mainly by the execution of a number of projects in Panama, roads in Chile and Costa Rica, and the expansion of an airport in Colombia and a port in Peru. Revenues in Europe remained stable, while they quadrupled in the Middle East and North Africa due to the commencement of work on the Riyadh Metro. Revenues in the US and Canada fell by 61.7% as a result of the completion of the Toronto subway.

Revenue breakdown, by region



EBITDA amounted to 21.6 million euro in the quarter, compared with -18.1 million euro in the same period of 2013. This notable recovery is due to the measures implemented to adapt the cost structure in Spain to current demand, and to the improvements in the average profitability of international contracts.

Backlog breakdown, by region

(million euro)	**Mar. 14**	**Dec. 13**	**Chg. (%)**
Spain	2,446.5	2,520.6	-2.9%
International	3,811.0	4,087.5	-6.8%
Total	**6,257.5**	**6,608.1**	**-5.3%**

The area's backlog shrank by 5.3% with respect to 2013 year-end, to 6,257.7 million euro. This balance does yet not include major new contracts, such as the Mersey Gateway bridge in Liverpool, a prison complex in Haren (Belgium), and the Doha and Lima metros, worth a total of over 1 billion euro.

Backlog breakdown, by business segment

(million euro)	**Mar. 14**	**Dec. 13**	**Chg. (%)**
Civil engineering	4,751.4	5,095.3	-6.7%
Building	1,240.4	1,237.1	0.3%
Industrial projects	265.7	275.7	-3.6%
Total	**6,257.5**	**6,608.1**	**-5.3%**

Civil engineering and industrial projects continued to account for the bulk of the backlog, i.e. 80.2% of the total, while building (basically non-residential) accounted for the remaining 19.8%. In total, the backlog at the end of the period guaranteed 29 months' activity.

7.3.2 *Cash flow*

(million euro)	**Mar. 14**	**Mar. 13**	**Chg. (%)**
Funds from operations	**(23.8)**	**(34.1)**	**-30.2%**
(Increase)/decrease in working capital	(151.5)	(135.5)	11.8%
Income tax (paid)/received	(0.3)	(0.8)	-62.5%
Other operating cash flow (provisions, dividends, etc.)	(15.8)	(1.2)	N/A
Operating cash flow	**(191.4)**	**(171.6)**	**11.5%**
Investment payments	(11.8)	(18.3)	-35.5%
Divestment receipts	1.7	1.4	21.4%
Investing cash flow	**(10.1)**	**(16.9)**	**-40.2%**
Interest (paid)/received	(9.6)	(8.6)	11.6%
(Repayment)/issuance of financial liabilities	54.8	280.1	-80.4%
Other financing cash flow	1.1	0.0	N/A
Financing cash flow	**46.3**	**271.5**	**-82.9%**
Exchange differences, change in consolidation scope, etc.	1.7	(186.0)	-100.9%
Increase/(decrease) in cash and cash equivalents	**(153.4)**	**(102.9)**	**49.1%**

(million euro)	**Mar. 14**	**Dec. 13**	**Change (€mn)**
Net interest-bearing debt	**7.7**	**(164.1)**	**171.8**
With recourse	*(35.1)*	*(205.9)*	*170.8*
Without recourse	*42.8*	*41.8*	1.0

The Construction area's operating cash flow was -191.4 million euro in the period due to a 151.5 million euro increase in working capital as a result of the seasonal reduction in the balance of supplier accounts payable. Additionally, 44 million euro was collected under the Second Supplier Payment Plan, while factoring declined by 75.1 million euro.

As a result, the net cash position declined by 171.8 million euro with respect to December 2013, and net debt amounted to 7.7 million euro at the end of March. The 42.8 million euro in net interest-bearing debt without recourse to the Group's parent company corresponds to the Coatzacoalcos tunnel and Conquense road concession companies.

7.4 Cement

The Cement area accounts for 8.9% of FCC Group EBITDA through the 69.8% stake in Cementos Portland Valderrivas. This area focuses mainly on cement, concrete, aggregate and mortar production. That company has seven cement factories in Spain, three in the US and one in Tunisia.

7.4.1 Results

(million euro)	**Mar. 14**	**Mar. 13**	**Chg. (%)**
Revenues	111.3	121.8	-8.6%
Cement	*92.3*	*89.9*	*2.6%*
Other	*19.0*	*31.9*	*-40.3%*
EBITDA	15.6	5.6	177.5%
EBITDA margin	*14.0%*	*4.6%*	*9.4 p.p.*
EBIT	(1.3)	88.7	-101.5%
EBIT margin	*-1.2%*	*72.8%*	*-74.0 p.p.*

The area's revenues amounted to 111.3 million euro in the quarter, down 8.6% with respect to the same period of 2013.

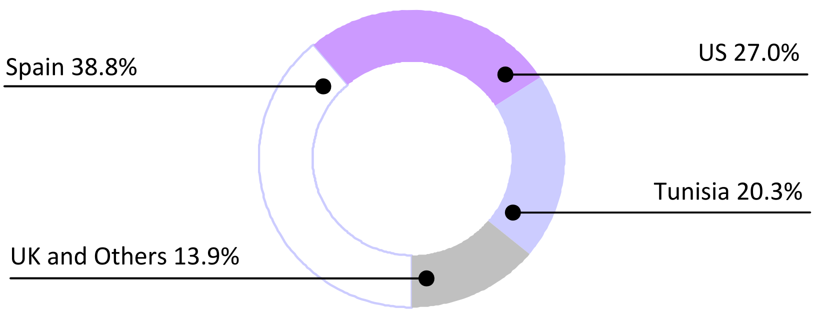
Revenue breakdown, by region

(million euro)	**Mar. 14**	**Mar. 13**	**Chg. (%)**
Spain	43.2	52.8	-18.2%
USA	30.1	33.7	-10.7%
Tunisia	22.6	22.3	1.3%
UK and others	15.4	13.0	18.8%
Total	**111.3**	**121.8**	**-8.6%**

Revenues in Spain declined by 18.2%, compared with the 2.2% decline in domestic cement consumption in the period; this was due to the deconsolidation of Cementos Lemona in the first quarter of 2013 and to the closure of less profitable concrete, mortar and aggregate plants.

In the US, revenues fell by 10.7% in the quarter, impacted by especially adverse weather conditions. In contrast, revenues from exports to the UK and other markets increased by a notable 18.8%, while revenues in Tunisia remained stable, with very high capacity utilisation.

Revenue breakdown, by region



EBITDA totalled 15.6 million euro in the quarter, which includes 8.4 million euro in sales of emission rights. Excluding emissions right sales, the area's EBITDA increased by 28.6% with respect to the first quarter of 2013, due to cost saving measures implemented in Spain in recent quarters.

The 88.7 million euro in EBIT reported in 1Q13 included 104.9 million euro in capital gains from the swap and sale of assets with CRH.

7.4.2 Cash flow

(million euro)	**Mar. 14**	**Mar. 13**	**Chg. (%)**
Funds from operations	**14.6**	**4.3**	**239.5%**
(Increase)/decrease in working capital	(5.6)	(9.4)	-40.4%
Income tax (paid)/received	(1.1)	1.1	N/A
Other operating cash flow (provisions, dividends, etc.)	(1.4)	(0.9)	55.6%
Operating cash flow	**6.4**	**(4.8)**	**N/A**
Investment payments	(2.7)	(24.9)	-89.2%
Divestment receipts	4.3	24.1	-82.2%
Investing cash flow	**1.6**	**(0.8)**	**N/A**
Interest (paid)/received	(0.4)	(20.7)	-98.1%
(Repayment)/issuance of financial liabilities	0.0	(28.4)	-100.0%
Other financing cash flow	0.4	13.7	-97.1%
Financing cash flow	**0.0**	**(35.4)**	**-100.0%**
Exchange differences, change in consolidation scope, etc.	1.0	8.5	-88.2%
Increase/(decrease) in cash and cash equivalents	**9.1**	**(32.5)**	**-128.0%**

(million euro)	**Mar. 14**	**Dec. 13**	**Change (€mn)**
Net interest-bearing debt	**1,379.2**	**1,363.7**	**15.5**
With recourse	*110.2*	*108.3*	1.9
Without recourse	*1,269.0*	*1,255.4*	13.6

The Cement area's operating cash flow amounted to 6.4 million euro in the quarter, compared with -4.8 million euro in the same period of 2013, in line with the improvement in EBITDA.

Investing cash flow amounted to 1.6 million euro, due to the divestment of fixed assets, amounting to 4.3 million euro, and cutbacks in capex. The balance in the first quarter of 2013 also included the collection of 22.1 million euro from the sale of a terminal in the UK.

As a result, net interest-bearing debt increased by 15.5 million euro, to 1,379.2 million euro. Of that amount, 110.2 million euro is debt owed to the Group's parent company, while the remainder is without recourse to FCC.

8. SHARE DATA

8.1 Share performance

	Jan.-Mar. 2014	Jan.-Mar. 2013
Closing price (euro)	16.54	7.44
Appreciation	*2.4%*	*(24.5%)*
High (euro)	21.16	11.50
Low (euro)	14.52	7.44
Average daily trading (shares)	1,538,444	639,876
Average daily trading (million euro)	26.8	5.8
Market capitalisation at end of period (million euro)	2,106	947
No. of shares outstanding at end of period	127,303,296	127,303,296

8.2 Dividends

On 20 December 2012, applying the principle of prudence and in the best interests of all the shareholders, the Board of Directors of FCC decided not to distribute a dividend, with the result that no dividends have been paid since then.

8.3 Own shares

At 31 March 2014, the FCC Group held a total of 308,074 own shares directly and indirectly (0.24% of the company's capital).

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.

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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.

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This document contains financial information prepared in accordance with International Financial Reporting Standards (IFRS). This financial information has not been audited and is subject to changes.

10. CONTACT DETAILS

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