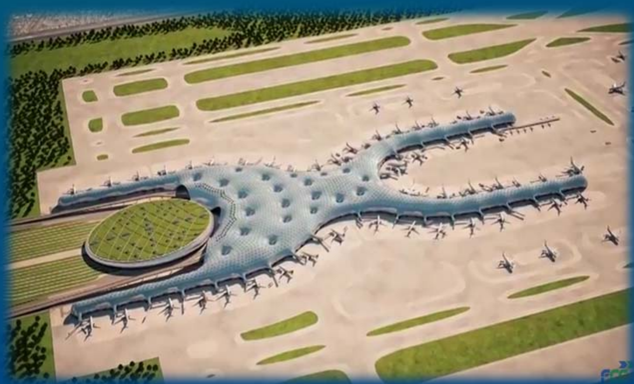
Citizen Services

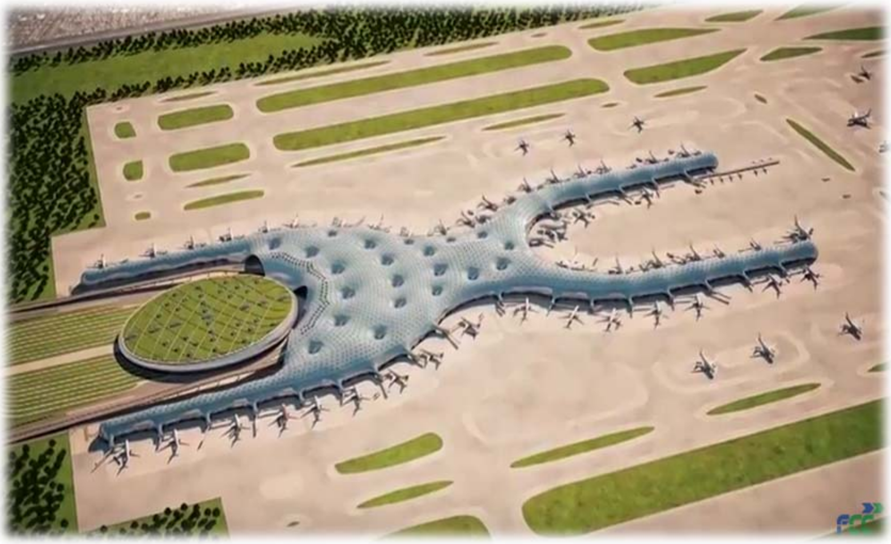
1Q2017
EARNINGS REPORT

Environmental

Water



Infrastructures



A consortium of which FCC Construction is a member was awarded the contract to build the new Mexico City Airport terminal for €3,900 million

1. SIGNIFICANT EVENTS

FCC Construction is a member of the consortium that was awarded the Mexico City Airport contract worth €3,900 million

On 6 January, Mexico City's public airport authority awarded a contract to build the terminal building for the New International Airport for Mexico City to a consortium of companies headed by Grupo Carso, in which FCC and other companies in the industry are also members, since its bid was rated the best in economic and technical terms. The contract amounts to €3,900 million and is to be completed in 44 months. The project will give Mexico City one of the most modern airports in the world, with capacity for 125 million passengers per year.

FCC Medio Ambiente commissions its ninth energy-from-waste plant

In March, the Environmental Services division started up its ninth energy-from-waste plant, to serve Worcestershire and Herefordshire, in the United Kingdom. The complex was designed, developed and built by Mercia Waste Management, owned 50% by FCC. The plant will be able to process up to 200,000 tons of waste per year and has 15.5 MW installed capacity to generate electricity, which will be fed to the grid.

The Environmental Services division now has nine plants for reusing and obtaining energy from municipal solid waste, making it a world leader in end-to-end treatment of municipal waste.

FCC Environment lands two additional contracts in Texas, reaching seven contracts in the US

In February, FCC Environmental Services was awarded five-year contracts to transport, treat and commercialise recyclable waste from the Texan cities of Garland and Mesquite, worth over €7.9 million. This assures FCC a minimum volume of 75,000 tons of recyclable waste this year for processing at its recently-inaugurated treatment and recovery plant in Dallas. FCC has signed seven contracts in the US in the last two years (five in Texas).

Progress with optimising the Group's finances

During the first quarter of 2017, in the context of refinancing the FCC parent company's debt, the company reached an agreement with all the lenders in the Group's syndicated loan to refinance and restructure the existing agreements. The deal entails issuing debt instruments in the capital markets, subject to conditions that are currently being in the process of being fulfilled.

FCC continues to work towards optimising the Group's operations and finances by identifying opportunities and executing strategies and plans that will give us a solid, competitive capital structure and enable us to respond to current and future opportunities and challenges.

Conclusion of the delisting bid for CPV

The period for acceptance of the delisting bid for 100% of the shares representing the capital stock of Cementos Portland Valderrivas concluded on 13 February; as a result, FCC achieved 96% of the capital of its subsidiary. The CNMV announced the outcome of the bid on 17 February, stating that 9,356,605 shares of CPV had accepted the bid, i.e. 87.81% of the shares to which it was addressed, representing 18.07% of capital stock. Upon conclusion of the transaction, the shares of CPV, S.A. were delisted.

UN rates New Cairo wastewater treatment plant as an international benchmark PPP in water management

The new WWTP for Egypt's capital city, developed and managed by FCC Aqualia, has been classified by the UN as an international benchmark in the area of public private partnerships (PPP) in water management.

It was the first water PPP project in Egypt, and serves one million people. The new plant contributes to the achievement of the UN's Sustainable Development Goals.

2. EXECUTIVE SUMMARY

◊ In the first quarter of 2017, net profit attributable to the Group's majority shareholders amounted to €21.4 million, which compares favourably with the loss of €-16.7 million booked in the first quarter of 2016. With these first-quarter results, FCC has been in the black continuously for almost twelve months (eliminating extraordinary items).

◊ Revenues in the first quarter amounted to €1,343.3 million, a -2.8% decline year-on-year. This was due mainly to deconsolidation of Giant (cement business in the US) since November 2016, and to the impact of the sterling exchange rate. Adjusting for both effects, FCC Group revenues would have increased by +2.2% year-on-year in the first quarter.

◊ EBITDA increased by 12.7% in the first quarter to €173.1 million, from €153.6 million in the same period of 2016. The EBITDA margin climbed to 12.9% in the quarter, compared with 11.1% in the year-ago quarter. This EBITDA performance reflects sustained growth in operating profitability in the various business areas due to focusing on the most profitable operations, improving overhead costs (-20% year-on-year), synergies, and measures to enhance productivity.

◊ Net financial expenses declined by -38.4% to €57.3 million in the first quarter of 2017. This was the outcome of a set of actions in previous periods under the ongoing plan to optimise the capital structure and attain a sounder funding framework with funding sources that are more efficient in cost terms and with maturities more in line with the Group's operational needs and goals.

◊ The Group's net interest-bearing debt amounted to €3,856.6 million at 31 March 2017, a reduction of -18% year-on-year. So far this year, net debt has increased by €265.7 million, mainly as a result of a seasonal increase in working capital that is normal in the first quarter and of the €56.1 million paid to buy out minority shareholders in the Cement division in February.

KEY FIGURES

(M€)	**Mar. 17**	**Mar. 16**	**Chg. (%)**
Net sales	1,343.3	1,382.1	-2.8%
EBITDA	173.1	153.6	12.7%
EBITDA margin	*12.9%*	*11.1%*	*1.8 p.p.*
EBIT	78.2	52.8	48.1%
EBIT margin	*5.8%*	*3.8%*	*2.0 p.p.*
Income attributable to equity holders of the parent company	21.4	(16.7)	n/a

(M€)	**Mar. 17**	**Dec. 16**	**Chg. (%)**
Net equity	908.0	936.8	-3.1%
Net financial debt	3,856.6	3,590.9	7.4%
Backlog	30,650.0	30,589.9	0.2%

3. SUMMARY BY BUSINESS AREA

Area	Mar. 17	Mar. 16	Chg. (%)	% of 2017 total	% of 2016 total
(M€)					
REVENUES BY BUSINESS AREA					
Environmental	659.2	659.0	0.0%	49.1%	47.7%
Water	231.4	232.1	-0.3%	17.2%	16.8%
Construction	362.6	352.6	2.8%	27.0%	25.5%
Cement	83.5	129.8	-35.6%	6.2%	9.4%
Corp. serv. & adjustments	6.6	8.6	-23.8%	0.5%	0.6%
Total	**1,343.3**	**1,382.1**	**-2.8%**	**100.0%**	**100.0%**
REVENUES BY GEOGRAPHIC AREA					
Spain	742.2	721.2	2.9%	55.3%	52.2%
United Kingdom	195.9	211.0	-7.2%	14.6%	15.3%
Middle East & N. Africa	150.7	177.6	-15.1%	11.2%	12.9%
Central Europe	125.6	115.2	9.0%	9.4%	8.3%
Latin America	78.6	65.2	20.6%	5.9%	4.7%
US and Canada	12.7	57.0	-77.7%	0.9%	4.1%
Other	37.6	34.9	7.7%	2.8%	2.5%
Total	**1,343.3**	**1,382.1**	**-2.8%**	**100.0%**	**100.0%**
EBITDA*					
Environmental	92.6	99.0	-6.5%	53.5%	64.5%
Water	51.2	49.6	3.2%	29.6%	32.3%
Construction	15.9	(9.1)	n/a	9.2%	-5.9%
Cement	13.5	11.6	16.8%	7.8%	7.5%
Corp. serv. & adjustments	(0.1)	2.5	-103.9%	-0.1%	1.7%
Total	**173.1**	**153.6**	**12.7%**	**100.0%**	**100.0%**
EBIT					
Environmental	35.8	50.3	-28.8%	45.8%	95.3%
Water	30.1	25.9	16.2%	38.5%	49.1%
Construction	7.4	(17.5)	-142.3%	9.5%	-33.1%
Cement	4.8	(4.3)	n/a	6.1%	-8.1%
Corp. serv. & adjustments	0.1	(1.6)	-106.3%	0.1%	-3.0%
Total	**78.2**	**52.8**	**48.1%**	**100.0%**	**100.0%**

Area	Mar. 17	Dec. 16	Chg. (%)	% of 2017 total	% of 2016 total
NET DEBT					
With recourse	2,624.7	2,329.1	12.7%	68.1%	64.9%
Without recourse					
Environmental	414.7	439.0	-5.5%	10.8%	12.2%
Water	242.0	246.2	-1.7%	6.3%	6.9%
Construction	0.0	0.0	n/a	0.0%	0.0%
Cement	504.4	511.4	-1.4%	13.1%	14.2%
Corporate	70.8	65.2	8.6%	1.8%	1.8%
Total	**3,856.6**	**3,590.9**	**7.4%**	**100.0%**	**100.0%**
BACKLOG*					
Environmental	11,180.0	11,151.7	0.3%	36.5%	36.5%
Water	14,894.7	14,955.9	-0.4%	48.6%	48.9%
Construction	4,575.3	4,482.3	2.1%	14.9%	14.7%
Total	**30,650.0**	**30,589.9**	**0.2%**	**100.0%**	**100.0%**

** See definition on page 22, in accordance with ESMA rules (2015/1415en).*

4. INCOME STATEMENT

(M€)	**Mar. 17**	**Mar. 16**	**Chg. (%)**
Net sales	**1,343.3**	**1,382.1**	**-2.8%**
EBITDA	**173.1**	**153.6**	**12.7%**
EBITDA margin	*12.9%*	*11.1%*	*1.8 p.p.*
Depreciation and amortisation	(91.3)	(102.9)	-11.3%
Other operating income	(3.6)	2.2	n/a
EBIT	**78.2**	**52.8**	**48.1%**
EBIT margin	*5.8%*	*3.8%*	*2.0 p.p.*
Financial income	(57.3)	(93.0)	-38.4%
Other financial results	0.7	(11.4)	-106.1%
Equity-accounted affiliates	3.8	40.6	-90.6%
Earnings before taxes (EBT) from continuing operations	**25.4**	**(10.9)**	**n/a**
Corporate income tax expense	(3.9)	(2.8)	39.3%
Income from continuing operations	**21.5**	**(13.6)**	**n/a**
Income from discontinued operations	0.0	(7.3)	-100.0%
Net income	**21.5**	**(20.9)**	**n/a**
Non-controlling interests	(0.1)	(4.2)	-97.6%
Income attributable to equity holders of the parent company	**21.4**	**(16.7)**	**n/a**

4.1 Net sales

Consolidated group revenues declined by 2.8% in the first quarter to €1,343.3 million, due almost entirely to deconsolidation of the Cement business in the US since November 2016. Simply adjusting for this change in the Group's consolidation scope results in a slight increase in revenues (+0.5% year-on-year). Additionally, UK operations were affected by sterling's depreciation (-10.5% in the first quarter with respect to the year-ago quarter). Adjusting for the aforementioned two effects, consolidated revenues would have increased by 2.2%.

Environmental Services and Water registered sustained strong growth in revenues. Environmental Services absorbed the UK currency effect (€-20 million in the period) due to expanded activity by recycling plants in the UK as well as new contracts in the US and greater activity in certain contracts in Central Europe. Revenues were practically flat in the Water division despite the slight decline in the Technology and Networks business (which deals with water infrastructure design, engineering and equipment) due to lower volumes in certain international contracts.

The Infrastructure division reported a 2.8% increase in Construction revenues due to greater activity in certain Latin American countries, including notably Panama and Peru, while the 35.6% decline in the Cement area is due broadly to deconsolidation of Giant in the US. But for the changes in consolidation scope, this area's revenues were broadly in line with last year, combining higher demand in Spain with a decline in Tunisia and in exports to neighbouring markets.

Revenue breakdown, by region			
(M€)	**Mar. 17**	**Mar. 16**	**Chg. (%)**
Spain	742.2	721.2	2.9%
United Kingdom	195.9	211.0	-7.2%
Middle East & North Africa	150.7	177.6	-15.1%
Central Europe	125.6	115.2	9.0%
Latin America	78.6	65.2	20.6%
US and Canada	12.7	57.0	-77.7%
Others	37.6	34.9	7.7%
Total	**1,343.3**	**1,382.1**	**-2.8%**

Revenues increased by 2.9% in Spain to €742.2 million, supported by balanced growth in all business areas. In particular, Cement registered a 12.8% increase due mainly to higher demand. Construction revenues increased by 4.3% due to greater private sector activity. Revenues increased by 2.7% in Water and 1.4% in Environmental Services as a result of higher volumes in certain areas of water demand and the entry into service of a number of new contracts.

In other geographical areas, Latin America recovered, as revenues increased by 20.6% due to a larger contribution from certain railway projects such as Lima Metro and Panama City Metro line 2. In the Water division, the Networks and Technology area completed a number of water projects in Chile and Mexico.

Revenues in Central Europe increased by a sizeable 9% due to increased activity in the Environmental Services division in many countries in the region, particularly the Czech Republic due to special winter contracts and, to a lesser extent, due to more moderate growth in the other markets in the region.

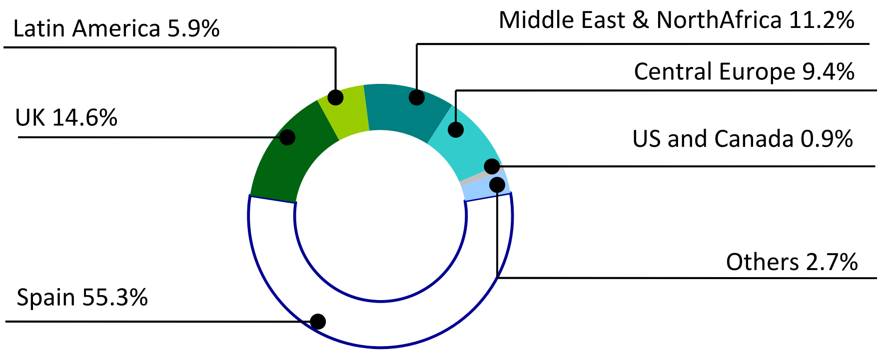
In the UK, the Group's second-largest geographical market, revenues declined by 7.2% due to a combination of factors, including the adverse exchange rate effect. Adjusting for this effect, revenues would have increased by 3.7% due to the higher contribution of energy-from-waste plant operation and development revenues, offset by the reduction in landfill management revenues and in landfill tax collection for local authorities.

Revenues in the Middle East and North Africa declined due to adjusting the degree of progress with Riyadh Metro, in the Construction area, while in Tunisia, the domestic cement market shrank, the currency depreciated and exports to neighbouring countries declined.

In the United States and Canada, revenues declined 77.7% as a result of deconsolidating the parent company of the Cement business in that region in November 2016. Excluding that business, revenues in that region increased by 5.8% in like-for-like terms as a result of the entry into service of a number of waste collection and treatment contracts (Florida and Texas) in mid-2016 in the Environmental Services area.

Revenues in Other markets increased by 7.7%, due entirely to start-up of a new industrial installation contract at Dublin airport (Ireland).

% Revenues by region



4.2 EBITDA

EBITDA increased by 12.7% year-on-year to €173.1 million due to a notable reduction in overhead and administration expenses Group-wide into line with demand, as well efficiency measures and synergies. Overall, G & A expenses continued to decline, having fallen by 20% in the period.

EBITDA performance by business area was as follows:

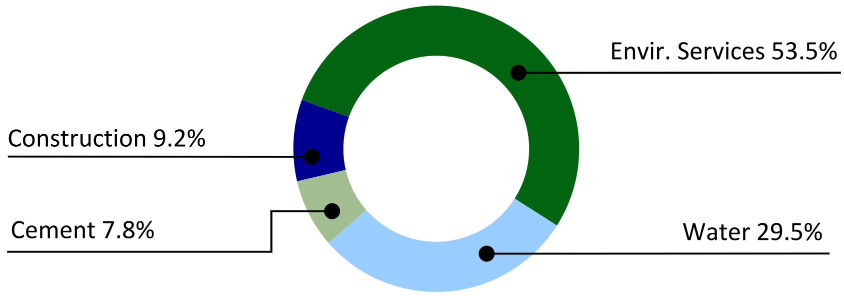
Environmental Services achieved €92.6 million in EBITDA in the first quarter, a 6% decline year-on-year. This reduction was due mainly to the exchange rate effect (pound sterling and Egyptian pound), which had a €3.4 million impact, and the baseline effect of certain one-off items in 2016 (interest on arrears and the Spanish tax on retail sale of hydrocarbons).

The Water area reported €51.2 million in EBITDA, 3.2% more than in the same period of 2016, supported by higher profitability in international concessions, which improved the EBITDA margin to 22.1% in the period.

EBITDA in the Construction area amounted to €15.9 million, and the EBITDA margin increased to 4.4% in the first quarter of 2017, contrasting the negative EBITDA in the year-ago quarter. This substantial improvement is due mainly to the positive effect of higher revenues, a sharp reduction in G & A expenses, with the incipient favourable effect of the latest adjustment, implemented throughout 2016.

The main impact in Cement was the deconsolidation on 1 November 2016 of the Cement business in the US; that business ceased to contribute revenues and is now equity-accounted. EBITDA increased by 16.8% to €13.5 million due to the baseline effect of seasonal losses reported in 2016 which did not recur in 2017. In like-for-like terms, excluding operations in the US in both periods, EBITDA in the area declined slightly as demand growth in Spain was offset by lower sales in Tunisia, exchange rate effects and the general impact of higher energy costs.

% EBITDA by Business Area*



**Adjusted for corporate services*

As a result of the aforementioned performance, and despite the higher contribution from Infrastructure-related activities, Environmental Services and Water accounted for 83% of Group EBITDA in the first quarter of 2017, compared with 17% from infrastructure construction and cement.

4.3 EBIT

EBIT amounted to €78.2 million, a 48.1% increase with respect to the €52.8 million booked in the same period of 2016. The year-on-year increase reflects the positive trend in EBITDA as well as an 11.3% reduction in depreciation and amortisation expenses attributable to two factors: the aforementioned deconsolidation in the Cement area, and a slight reduction in the depreciation charge taken on assets written up when they were acquired in the past.

4.4 Earnings before taxes (EBT) from continuing operations

Earnings before taxes from continuing operations amounted to €25.4 million, contrasting with a loss of €-10.9 million in the same period of 2016, due to EBIT performance and the effect of the following items:

4.4.1 Financial income

Net financial expenses declined by a notable 38.4% year-on-year, down to €57.3 million in the first quarter of 2017 mainly due to the progressive impact of measures taken to reduce indebtedness and the related interest expenses. Gross interest-bearing debt was reduced by €1,880 million representing close to a 28% reduction.

4.4.2 Other financial results

This item amounted to €0.7 million, contrasting with €-11.4 million in 2016, reflecting the scant impact this year of variations in the value of financial instruments and of exchange differences (the latter amounted to €-10.9 million in the first quarter of 2016)

4.4.3 Equity-accounted affiliates

Companies carried by the equity method contributed €3.8 million to earnings in the first quarter, as a result of the positive contribution by affiliates in the Water, Environmental Services and transport concession businesses, offset by seasonal losses in the Cement business in the US (Giant Cement). This contrasts with the €40.6 million recognised in 2016, which included the €20.7 million haircut agreed upon with Realia's lenders and €16.4 million in dividends from a holding in a renewable energy company.

4,5 Income attributable to equity holders of the parent company

Net attributable income in 1Q17 amounted to €21.4 million, compared with a loss of €-16.7 million in the same period of 2016. This was the result of incorporating the following items into EBT:

4.5.1 Income tax

The corporate income tax expense amounted to €3.9 million, contrasting with €2.8 million the previous year, which included a larger tax credit in the Cement division (€2.4 million).

4.5.2 Income from discontinued operations

Discontinued operations contributed zero in the first quarter of 2017, contrasting with a loss of €-7.3 million in the same period of 2016, corresponding to the impact of the sale of GVI mainly because of the cancellation of the related financial instruments.

4.5.3 Non-controlling interests

Non-controlling interests were attributed a profit of €0.1 million in the first quarter of 2017, contrasting with a loss of €-4.2 million in 2016. The improvement was due mainly to better performance in the Cement area.

5. BALANCE SHEET

(M€)	**Mar. 17**	**Dec. 16**	**Change (M€)**
Intangible assets	2,561.7	2,536.3	25.4
Property, plant and equipment	2,480.8	2,534.6	(53.8)
Equity-accounted affiliates	674.3	669.0	5.3
Non-current financial assets	332.8	322.3	10.5
Deferred tax assets and other non-current assets	945.7	946.6	(0.9)
Non-current assets	**6,995.3**	**7,008.7**	**(13.4)**
Non-current assets available for sale	14.9	14.9	0.0
Inventories	596.2	581.6	14.6
Trade and other accounts receivable	1,794.8	1,754.7	40.1
Other current financial assets	126.2	263.7	(137.5)
Cash and cash equivalents	1,080.2	1,146.1	(65.9)
Current assets	**3,612.4**	**3,761.1**	**(148.7)**
TOTAL ASSETS	**10,607.7**	**10,769.8**	**(162.1)**
Equity attributable to equity holders of parent company	827.2	791.3	35.9
Non-controlling interests	80.9	145.5	(64.6)
Net equity	**908.0**	**936.8**	**(28.8)**
Grants	237.0	225.5	11.5
Non-current provisions	1,148.8	1,175.6	(26.8)
Long-term interest-bearing debt	4,601.9	4,590.1	11.8
Other non-current financial liabilities	67.5	69.2	(1.7)
Deferred tax liabilities and other non-current liabilities	522.0	535.3	(13.3)
Non-current liabilities	**6,577.2**	**6,595.6**	**(18.4)**
Liabilities linked to non-current assets available for sale	14.9	14.9	0.0
Non-current provisions	199.8	202.9	(3.1)
Short-term interest-bearing debt	461.1	411.0	50.1
Other current financial liabilities	93.2	82.2	11.0
Trade and other accounts payable	2,353.4	2,526.3	(172.9)
Current liabilities	**3,122.5**	**3,237.3**	**(114.8)**
TOTAL LIABILITIES	**10,607.7**	**10,769.8**	**(162.1)**

5.1 Equity-accounted affiliates

The investment in equity-accounted companies (€674.3 million) comprised the following at 31 March 2017:

1) €206.8 million for the 36.9% stake in Realia.
2) €75.8 million for investments in companies in the Water area, mainly service concession companies in other countries (North Africa and Mexico).
3) €79.2 million for holdings in companies in the Environmental area (recycling and municipal services, mainly in Spain and the UK).
4) €42.4 million for the 45% stake in Giant Cement Holding, the parent company of the Cement division in the US, which is now equity-accounted, whereas it was fully consolidated through November 2016.
5) €270.1 million for other holdings (transport infrastructure concessions and renewable energy companies) and loans to affiliated companies.

5.2 Non-current assets and liabilities available for sale

The balance of €14.9 million in non-current assets available for sale at the end of the first quarter was unchanged and related entirely to the residual business of Cemusa in Portugal. Those assets had associated liabilities for the same amount: €14.9 million.

5.3 Cash and cash equivalents

Cash and cash equivalents amounted to €1,080.2 million at the end of the quarter, 5.7% less than the balance at 2016 year-end due to the seasonal increase in working capital that takes place in the first half every year.

5.4 Net equity

Net equity amounted to €908 million at the end of March 2017, 3% less than at 2016 year-end as a result of the reduction in the amount corresponding to non-controlling interests, which shrank by €64.6 million mainly due to buying out most of the minority interests in the Cement division during the period.

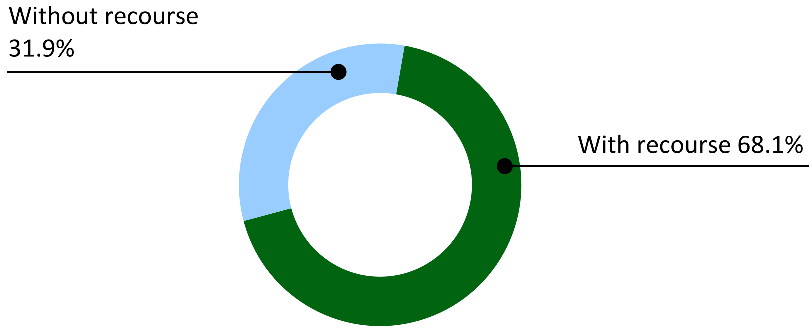
5.5 Net interest-bearing debt

(M€)	**Mar. 17**	**Dec. 16**	**Change (M€)**
Bank borrowings	4,556.1	4,536.1	20.0
Debt instruments and other loans	232.4	232.4	0.0
Accounts payable due to financial leases	49.6	49.4	0.2
Derivatives and other financial liabilities	224.9	183.1	41.8
Gross interest-bearing debt	**5,063.0**	**5,001.1**	**61.9**
Cash and other current financial assets	(1,206.4)	(1,410.1)	203.7
Net interest-bearing debt	**3,856.6**	**3,590.9**	**265.7**
With recourse	*2,624.7*	*2,329.1*	295.6
Without recourse	*1,231.9*	*1,261.8*	(29.9)

At the end of 1Q17, net interest-bearing debt amounted to €3,856.6 million, €265.7 million more than at 2016 year-end. This increase was the result of several factors, including notably: A €201.5 million increase in working capital that takes places normally in the first quarter every year and which tends to reverse in the second quarter, and the €56.1 million spent in February to buy out the minority shareholders in the Cement area.

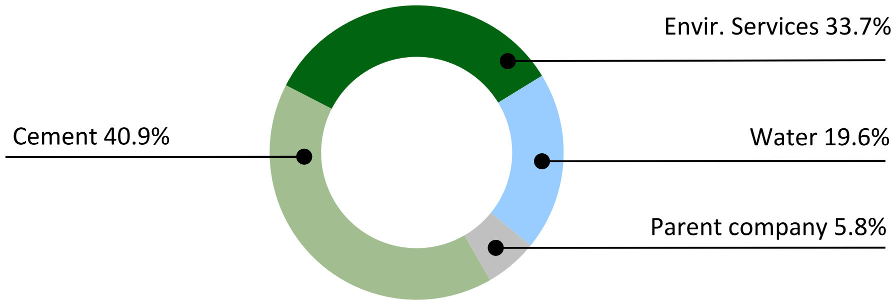
Gross interest-bearing debt, which is the basis of the financial expenses, was practically unchanged at €5,063 million. No material amounts of debt were arranged or cancelled in the period.

Debt with and without recourse



Net financial debt is divided between parent company debt (68.1%) and debt without recourse (31.9%). Net debt with recourse amounted to €2,624.7 million at 31 March 2017, including mainly legacy debt from the acquisition of a number of operating companies in the various divisions (excluding Cement) which is structured as a syndicated loan.

Net debt without recourse, by area



Net interest-bearing debt without recourse to the Group parent company amounted to €1,231.9 million at the end of the first quarter. A large proportion of that is connected to the Cement area (€504.4 million). Environmental accounts for €414.7 million (€319.7 million in the UK, €72.1 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 €242 million, of which €177.1 million relate to the Czech Republic and the other €64.9 million to a number of end-to-end water concessions in Spain. The €70.8 million at parent company level is 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 €160.7 million at the end of the first quarter. It includes financial liabilities such as those associated with hedging derivatives, suppliers of fixed assets, and deposits and guarantees received.

6. BUSINESS PERFORMANCE

6.1 Environmental

The Environmental area accounts for 53.5% of FCC 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, FCC has a balanced presence throughout the municipal waste management chain (collection, processing and disposal). In Portugal and other countries, such as the US, FCC is involved in both industrial and municipal waste management.

6,1.1. Results

(M€)	**Mar. 17**	**Mar. 16**	**Chg. (%)**
Revenues	659.2	659.0	0.0%
Environment	*627.1*	*627.0*	*0.0%*
Industrial Waste	*32.1*	*32.0*	*0.3%*
EBITDA	92.6	99.0	-6.5%
EBITDA margin	*14.0%*	*15.0%*	*-1.0 p.p.*
EBIT	35.8	50.3	-28.8%
EBIT margin	*5.4%*	*7.6%*	*-2.2 p.p.*

Revenues in the Environmental Services area totalled €659.2 million in the first quarter of 2017, practically the same as in 1Q16.

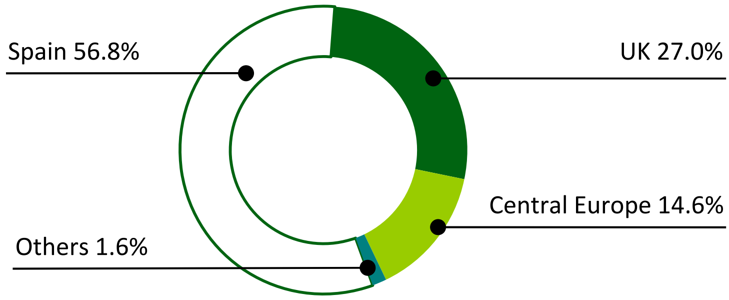
Revenue breakdown, by region

(M€)	**Mar. 17**	**Mar. 16**	**Chg. (%)**
Spain	374.6	369.3	1.4%
United Kingdom	178.0	191.7	-7.1%
Central Europe	96.2	86.6	11.1%
Portugal, etc.	10.4	11.4	-8.8%
Total	**659.2**	**659.0**	**0.0%**

Revenues in Spain amounted to €374.6 million, a 1.4% increase year-on-year, while revenues in the UK fell 7.1% to €178 million, as a result mainly of sterling's depreciation (-10.5%) and, to a less extent, of the smaller contribution from the landfill business, which is being wound down. Adjusting for the exchange rate effect, revenues in the UK would have increased by 3.3% due to greater activity at end-to-end waste treatment and energy-from-waste plants.

Revenues in Central Europe increased by 11.1% to €96.2 million, mainly due to a larger volume of winter business in the Czech Republic and a general increase in business in the other countries in the region, including notably Austria, Slovakia and Romania. Revenues in other markets declined by 8.8% as a result of the decline in Egypt, attributable entirely to the 53% year-on-year depreciation of the Egyptian pound.

Revenue breakdown, by region



EBITDA amounted to €92.6 million, a 6.5% reduction year-on-year, affected by sterling's depreciation (-10.5%, equivalent to €2.9 million), higher energy costs, and the baseline effect of certain one-off items booked in 2016 (interest on arrears and the Spanish tax on retail sale of hydrocarbons). The decline in EBITDA was also partly due to the larger proportion of revenues from the development of the Edinburgh and Midlothian incinerator, which commenced in year-end 2016.

EBIT declined by 28.8% year-on-year to €35.8 million due to extraordinary expenses booked in connection with the adjustment resulting from the sale of assets in the industrial waste management assets in the US in 2014.

Backlog breakdown, by region

(M€)	**Mar. 17**	**Dec. 16**	**Chg. (%)**
Spain	6,624.5	6,663.9	-0.6%
International	4,555.5	4,487.8	1.5%
Total	**11,180.0**	**11,151.7**	**0.3%**

The area's backlog increased by 0.3% with respect to 2016 year-end. The backlog declined slightly in Spain (-0.6%) but expanded by 1.5% in the international arena despite sterling's depreciation against the euro. The total backlog amounts to over 4 times revenues in the last twelve months.

6,1.2. Financial debt

(M€)	**Mar. 17**	**Dec. 16**	**Change (M€)**
Without recourse	414.7	439.0	(24.3)

The area's net interest-bearing debt without recourse declined by €24.3 million in the period. Of the total outstanding debt, €319.7 million relates to the UK, €72.1 million to Central Europe and the remaining €22.9 million to waste treatment and recycling plants in Spain and Portugal.

6.2 Water Management

The Water area accounted for 29.5% of FCC Group EBITDA in the period. Public concessions and end-to-end water management (capture, potabilisation, distribution and sanitation) account for 91.5% of total revenues, and Technology and Networks (design, engineering and outfitting of water infrastructure) account for the other 8.5%.

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, the Middle East and North Africa. Overall, FCC Aqualia supplies water and/or sewage treatment services to over 23 million people.

6.2.1. Results

(M€)	**Mar. 17**	**Mar. 16**	**Chg. (%)**
Revenues	231.4	232.1	-0.3%
Concessions and services	*211.8*	*206.1*	2.8%
Technology and networks	*19.6*	*26.0*	-24.6%
EBITDA	51.2	49.6	3.2%
EBITDA margin	22.1%	21.4%	*0.8 p.p.*
EBIT	30.1	25.9	16.2%
EBIT margin	13.0%	11.2%	*1.8 p.p.*

The area's revenues amounted to €231.4 million, slightly lower than in the same period of 2016, due to a reduction in the technology and networks business in the international arena, offset partly by higher concession and services revenues in Spain.

Revenue breakdown, by region

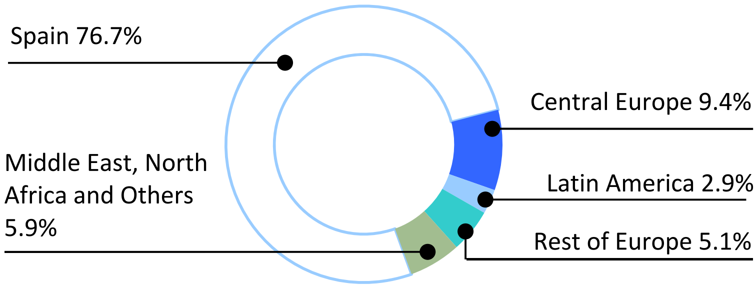
(M€)	**Mar. 17**	**Mar. 16**	**Chg. (%)**
Spain	177.4	172.7	2.7%
Central Europe	21.7	21.9	-0.9%
Latin America	6.6	13.0	-49.2%
Rest of Europe (Portugal and Italy)	11.7	12.6	-7.1%
Middle East, North Africa and Others	14.0	11.9	17.6%
Total	**231.4**	**232.1**	**-0.3%**

As discussed in the preceding section, domestic revenues increased by 2.7% due basically to growth in the concession business, where revenues increased slightly.

On the international front, revenues declined in Latin America as a result of a slower pace of project execution as several technology and network contracts, basically in Chile and Mexico, entered the final phase or were concluded. This decline was offset by growth in revenues in the Middle East and North Africa due to the faster pace of work on the treatment plant in Djerba (Tunisia).

Revenues in the Rest of Europe fell by 7.1% as a result of a smaller volume of extraordinary work in the Acque di Caltanissetta concession in Italy.

Revenue breakdown, by region



EBITDA increased by 3.2% year-on-year, to €51.2 million, favoured by the increase in the EBITDA margin to 22.1%. That performance was driven fundamentally by the increase in the contribution by concession businesses whose margins are higher than those of technology and networks.

Backlog breakdown, by region

(M€)	**Mar. 17**	**Dec. 16**	**Chg. (%)**
Spain	8,664.0	8,753.0	-1.0%
International	6,230.7	6,202.9	0.4%
Total	**14,894.7**	**14,955.9**	**-0.4%**

The backlog shrank by 0.4% with respect to 2016 year-end, to €14,894.7 million, due to a slight decline in Spain. Despite this reduction, the area's backlog is close to 15 times revenues in the last twelve months.

6.2.2. Financial debt

(M€)	**Mar. 17**	**Dec. 16**	**Change (M€)**
Without recourse	242.0	246.2	(4.2)

Net debt without recourse declined with respect to 2016 year-end, to €242 million. Of that amount, €177.1 million is related to the business in the Czech Republic and the other €64.9 million to an end-to-end water concession in Spain (Aquajerez).

6.3. Construction

The Construction area is mainly involved in the design and construction of large civil engineering and industrial works 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.

6.3.1. Results

(M€)	**Mar. 17**	**Mar. 16**	**Chg. (%)**
Revenues	362.6	352.6	2.8%
EBITDA	15.9	-9.1	n/a
EBITDA margin	*4.4%*	*-2.6%*	*7.0 p.p.*
EBIT	7.4	(17.5)	-142.3%
EBIT margin	*2.0%*	*-5.0%*	*7.0 p.p.*

After declining for several periods, the area's revenues increased by 2.8% in the first quarter, to €362.6 million, due to an overall improvement in international and domestic operations.

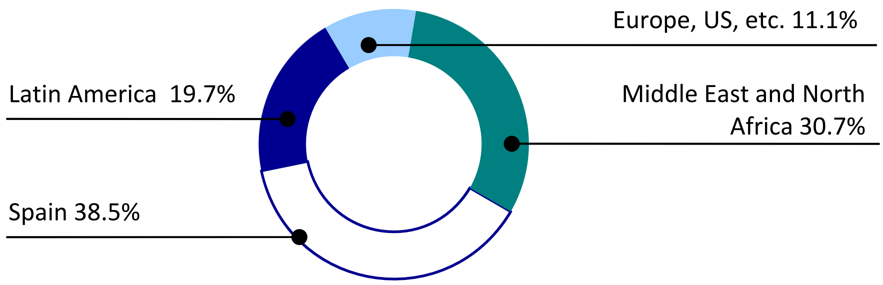
Revenue breakdown, by region			
(M€)	**Mar. 17**	**Mar. 16**	**Chg. (%)**
Spain	139.5	133.8	4.3%
Middle East and North Africa	111.3	131.9	-15.6%
Latin America	71.4	49.5	44.2%
Europe, US, etc.	40.4	37.4	8.0%
Total	**362.6**	**352.6**	**2.8%**

Revenues in Spain increased by 4.3% due to greater progress with projects for private sector customers and in spite of the adverse situation of public investment in infrastructure.

Revenues in the Middle East and North Africa fell by 15.6% due mainly to a readjustment of the degree of progress with the Riyadh Metro in Saudi Arabia. That decline was offset by 44.2% year-on-year growth in revenues in Latin America, attributable mainly to the larger contribution by Lima Metro (Peru) and Panama City Metro line 2.

Revenues in Europe, the US and other markets increased by 8% due to faster progress with projects in Europe, including notably the project to upgrade aircraft fuelling facilities at Dublin airport (Ireland).

Revenue breakdown, by region



EBITDA amounted to €15.9 million, contrasting with a loss of €-9.1 million reported in the same period of 2016 that was due mainly to recognition of losses on certain international projects and to tax provisions. This year and without these non-recurring effects, the division's margin increased by 700 basis points to 4.4%.

EBIT improved to €7.4 million, basically as a result of the improved EBITDA performance.

Backlog breakdown, by region

(M€)	**Mar. 17**	**Dec. 16**	**Chg. (%)**
Spain	1,040.8	1,038.7	0.2%
International	3,534.5	3,443.6	2.6%
Total	**4,575.3**	**4,482.3**	**2.1%**

The area's backlog increased by 2.1% with respect to 2016 year-end, to €4,575.3 million. The backlog in Spain remained stable despite the persisting low level of capital expenditure in public infrastructure, while the international backlog expanded by 2.6% due to the addition of new contracts in Latin America.

Backlog breakdown, by business segment

(M€)	**Mar. 17**	**Dec. 16**	**Chg. (%)**
Civil engineering	3,545.6	3,467.2	2.3%
Building	670.6	654.9	2.4%
Industrial projects	359.1	360.2	-0.3%
Total	**4,575.3**	**4,482.3**	**2.1%**

Civil engineering accounts of 77.5% of the total backlog, and building for 14.7%. Industrial contracts account for the remaining 7.8%.

6.4. Cement

The Cement area accounted for 7.8% of FCC Group EBITDA in 2017, through the 96% stake in Cementos Portland Valderrivas (CPV). This area produces mainly cement; it has seven factories in Spain and one in Tunisia, as well as a 45% stake in Giant Cement, which has three cement factories on the Eastern Seaboard of the United States.

6.4.1. Results

(M€)	**Mar. 17**	**Mar. 16**	**Chg. (%)**
Revenues	83.5	129.8	-35.6%
Cement	75.7	114.5	*-33.9%*
Other	*7.8*	*15.3*	*-49.0%*
EBITDA	13.5	11.6	16.8%
EBITDA margin	*16.2%*	*8.9%*	*7.3 p.p.*
EBIT	4.8	(4.3)	n/a
EBIT margin	*5.7%*	*-3.3%*	*9.1 p.p.*

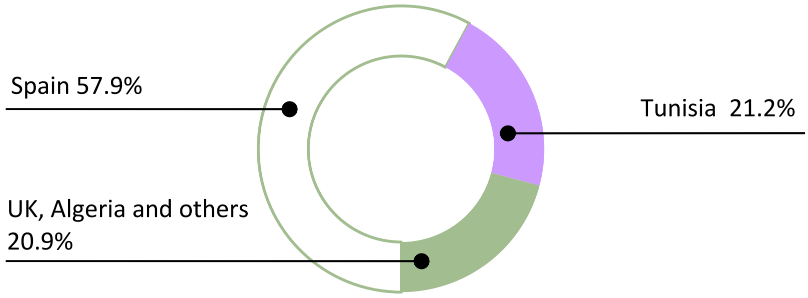
Revenues in this area shrank by 35.6% year-on-year to €83.5 million, mainly as a result of deconsolidating the US subsidiary, Giant Cement, in November 2016. But for that effect, revenues would have declined by 1.4%.

Revenue breakdown, by region			
(M€)	**Mar. 17**	**Mar. 16**	**Chg. (%)**
Spain	48.4	42.9	12.8%
US and Canada	0.0	45.0	-100.0%
Tunisia	17.7	21.0	-15.9%
UK and others	17.4	20.9	-16.4%
Total	**83.5**	**129.8**	**-35.6%**

Revenues in Spain increased sharply, by 12.8%, due to a slight improvement in average selling prices and a notable increase in cement volumes, favoured by overall growth in domestic demand.

Revenues declined by 15.9% in Tunisia because of a combination of 8.4% year-on-year depreciation by the Tunisian dinar and a decline in domestic market prices.
Revenues from exports to the UK declined by 16.4% due to falling prices and to 10.5% depreciation by sterling with respect to the same period of 2016.
No revenues were recognised in the US or Canada in the period since the business in that region was deconsolidated in November 2016, as described in the preceding section.

Revenue breakdown, by region



EBITDA improved by 16.8% to €13.5 million, from €11.6 million in the same period of 2016. This performance was due mainly to the baseline effect since the figures for the first quarter of 2016 included seasonal losses in the US that did not recur this year. In like-for-like terms, excluding operations in the US in both periods, the area's EBITDA declined slightly since growth in demand in Spain was offset by the exchange rate effect, lower sales in Tunisia and the general impact of higher energy costs.

As in the first quarter of 2016, no revenues for CO_2 rights sales were booked in EBITDA.

EBIT increased by €9.1 million to €4.8 million, a significant 910-basis point improvement in the EBIT margin due basically to the 46.1% decline in depreciation expenses following deconsolidation of the US business in 2016.

6.4.2. Financial debt

(M€)	**Mar. 17**	**Dec. 16**	**Change (M€)**
Without recourse	504.3	511.4	(7.1)

The area's net interest-bearing debt to third parties consists mainly of a syndicated loan that is without recourse to FCC. The €7.1 million decline with respect to 2016 year-end is attributable mainly to a slight increase in cash and cash equivalents in the period.

7. SHARE DATA

7.1. Share performance

	Jan. – Mar. 2017	Jan. – Mar. 2016
Closing price (€)[1]	8.51	7.58
Change in the period	*12.75%*	*11.21%*
High (€)[1]	8.74	7.61
Low (€)[1]	7.55	6.03
Average daily trading (shares)	109,607	3,115,443
Average daily trading (M€)	0.9	21.6
Market cap. at end of period (M€)	3,225	2,871
No. of shares outstanding	378,825,506	378,825,506

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

7.2. Dividends

No dividends were paid in the period.

7.3. Own shares

At 31 March 2017, the FCC Group held a total of 415,500 own shares directly and indirectly (0.11% of the company's capital).

Explanatory note

EBITDA

We define EBITDA as earnings from continuing operations before income tax, results of companies accounted for using the equity method, financial result, depreciation and amortization charges, impairment, gains or losses on disposals of non-current assets, non-recurring operating provisions and expenses, other non-recurring operating gains or losses and grants.

Backlog

The FCC Group uses backlog as a non-IFRS measure to track performance in certain of our businesses. We calculate backlog for our Environmental Services, Water and Construction Business Areas because these businesses are characterized by medium- and long-term contracts. Because of its typically short-term purchase cycle, we do not calculate backlog for our Cement Business Area.

As at any given date, our backlog reflects pending production, that is, amounts under contracts or customer orders, net of taxes on production, less any amounts under those contracts or orders that we have recognized as revenue. We value pending production according to the expected number of units at current prices as at the date of calculation. We include in backlog only amounts to which customers are obligated by a signed contract or firm customer order.

In our Environmental Services Business Area, we recognize backlog for our waste treatment management contracts only when the relevant contract grants us exclusivity in the geographical area where the plant, landfill or other installation is located.

In our Water Business Area, we calculate initial backlog on the basis of the same long-term volume estimates that serve as the basis for our contracts with customers and for the tariffs set in those contracts.

In our Construction Business Area, we recognize the backlog only when we have a signed contract with, or a firm order from, the end customer.

Once we have included a contract in our backlog, the value of pending production under that contract remains in backlog until fulfilled or cancelled. However, we do adjust the values of orders in the backlog as needed to reflect price and schedule changes that are agreed with customers. For example, after the date of calculation, a price may increase or decrease as a result of changes in contractual production due to additional works to be performed. Due to a number of possible factors, we could fail to realize as revenue part or all of our calculated backlog with respect to a given contract or order. Our backlog is subject to adjustments and project cancellations and is, therefore, an uncertain indicator of future earnings.

8. DISCLAIMER

The interim financial information contained in this document was obtained from the consolidated interim financial statements as of 31 March 2017, prepared in accordance with the International Financial Reporting Standards (IFRSs) that had been adopted by the European Union at the end of the period, in conformity with Regulation (EC) no 1606/2002 of the European Parliament and of the Council of 19 July 2002,

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9. CONTACT DETAILS

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