Citizen Services

1Q2018
EARNINGS REPORT

Environmental

Water

Infrastructures

Aqualia is to develop the Guaymas desalination plant (Baja California)

1. SIGNIFICANT EVENTS

FCC sold 49% of Aqualia to IFM for €1,024 million

In March, FCC agreed to sell a minority stake in FCC Aqualia, the parent company of its Water division, to IFM Global Infrastructure Fund. The main features of the transaction are as follows: (i) the FCC Group sold 49%; consequently, it retains control of the subsidiary. (ii) IFM is to pay €1,024 million for 49% of Aqualia, which implies that 100% of Aqualia is worth €2,090 million. (iii) Completion of the deal is subject to the usual conditions precedent (competition, authorisation from the financial authorities, etc.). (iv) The proceeds will be used mainly to pay down debt and, to a lesser extent, to cover other funding needs in the group. (v) FCC Aqualia, the head of the Water division, plans to maintain its current strategy, operations and commercial relations (with public administrations, private customers, suppliers, etc.), while strengthening and developing new markets, benefiting from the active involvement of its new shareholder, the resulting synergies, and the continuity of the company's current management.

FCC Construction obtains a contract in Ireland worth €220 million

The FCC Group's Construction division has obtained a contract to design and build two buildings on the Grangegorman campus of Dublin Institute of Technology (DIT). The project has a budget of €220 million and is to be completed in 26 months. It is being developed as a public-private partnership (PPP), being Macquarie Capital and local company John Sisk&Son the concession companies and clients of the constructor.

FCC Environment order intake reached €1,243 million in the first quarter

In the first quarter, the Environmental Services area obtained a number of municipal services contracts in Spain (notably Logroño and Gran Canaria), and recycling and waste recovery contracts in other countries, with the result that the backlog at the end of March was 5.5% higher than at 2017 year-end and amounted to €10,849.7 million, equivalent to four years' work on the basis of the revenue track record.

Aqualia obtains first contracts in Oman and Panama

In February, SAOC, a joint venture of Aqualia and Majis Industrial Services (owned by Oman Investment Fund) obtained a contract to develop, operate and maintain, for 20 years, all water-related services (capture, desalination, distribution and waste water treatment) in the Sohar port area, the most important district in northern Oman. Revenues over the contract term will amount to close to €120 million.

Panama's Ministry of Health has chosen Aqualia's proposal to design, build, operate and maintain the Arraiján Este waste water treatment plant. Worth €75 million, it is the Water division's first project in Panama.

In Mexico, this division is to design, outfit, construction and commission the Guaymas (Sonora) desalination plant and operate and maintain it over a total period of 20 years. The project represents a backlog of close to €110 million.

METHAmorphosis project picked as an example by the European Commission's LIFE programme

The European Commission highlighted METHAmorphosis, a project to obtain biomethane from municipal and agro-industrial waste, as an example in the report entitled "Two Years after Paris. Progress towards meeting the EU's climate commitments".

The report analyses the degree of progress and effort of the EU countries in the commitment to reduce greenhouse gas emissions that was adopted at the Paris summit in 2015. This is a significant mention since METHA appears within the EU's five policies related to climate change and allows up to 70% energy savings in leachate treatment while reducing vehicles' carbon footprint by around 80% when compared with the use of fossil fuels.

2. EXECUTIVE SUMMARY

◊ Net attributable income in 1Q18 amounted to €50.3 million, 135% more than the €21.4 million booked in the same period of 2017. This notable increase is due to better operating performance in all business as well as financial efficiency gains.

◊ Consolidated revenues amounted to €1,332.7 million, -0.8% less than in 2017. This reduction is due primarily to the ongoing strong performance by the euro against the Group's other operating currencies, and also to a slight reduction in Construction activity, which was broadly offset by the increase in "utilities" business (i.e. environmental services and water). At constant exchange rates, Group revenues would have increased by 1.9%.

◊ EBITDA increased strongly, by 15.3% to €199.6 million, up from €173.1 million in the first quarter of 2017**.** The EBITDA margin increased by 2.1 percentage points to 15%, a level never before attained at consolidated level by the FCC Group. This was achieved due to ongoing efforts to prioritise profitability by combining efficiency improvements (corporate and support expenses were cut by -11.8% year-on-year), new synergies and a number of measures to improve productivity.

◊ Net financial expenses were cut by -29.7% to €40.3 million in the period. This sharp reduction reflects the lower funding costs achieved through a number of measures to refinance and optimise finances in the last year.

◊ Consolidated net interest-bearing debt amounted to €3,780.9 million at the end of March 2018, up 5.6% with respect to December 2017, due to the seasonal upswing in working capital that normally arises in the first half of the year and tends to revert in the second half.

KEY FIGURES

(M€)	**Mar. 18**	**Mar. 17**	**Chg. (%)**
Net sales	1,332.7	1,343.3	-0.8%
EBITDA	199.6	173.1	15.3%
EBITDA margin	*15.0%*	*12.9%*	*2.1 p.p.*
EBIT	109.0	78.2	39.4%
EBIT margin	*8.2%*	*5.8%*	*2.4 p.p.*
Income attributable to equity holders of the parent company	50.3	21.4	135.0%

(M€)	**Mar. 18**	**Dec. 17**	**Chg. (%)**
Net equity	728.4	938.5	-22.4%
Net financial debt	3,780.9	3,579.5	5.6%
Backlog	29,663.0	29,377.4	1.0%

3. SUMMARY BY BUSINESS AREA

Area	Mar. 18	Mar. 17	Chg. (%)	% of 2018 total	% of 2017 total
(M€)					
REVENUES BY BUSINESS AREA					
Environment	679.3	659.2	3.0%	51.0%	49.1%
Water	244.9	231.4	5.8%	18.4%	17.2%
Construction	324.3	362.6	-10.6%	24.3%	27.0%
Cement	82.1	83.5	-1.8%	6.2%	6.2%
Corp. serv. & adjustments	2.1	6.6	-67.5%	0.2%	0.5%
Total	**1,332.7**	**1,343.3**	**-0.8%**	**100.0%**	**100.0%**
REVENUES BY GEOGRAPHIC AREA					
Spain	743.1	742.2	0.1%	55.8%	55.3%
United Kingdom	183.0	195.9	-6.6%	13.7%	14.6%
Middle East and Africa	150.5	150.4	0.1%	11.3%	11.2%
Rest of Europe and RoW	102.1	95.7	6.7%	7.7%	7.1%
Latin America	70.2	84.2	-16.6%	5.3%	6.3%
Czech Republic	69.1	62.1	11.3%	5.2%	4.6%
US and Canada	14.8	12.7	16.5%	1.1%	0.9%
Total	**1,332.7**	**1,343.3**	**-0.8%**	**100.0%**	**100.0%**
EBITDA*					
Environment.	103.2	92.6	11.4%	51.7%	53.5%
Water	51.9	51.2	1.4%	26.0%	29.6%
Construction	16.5	15.9	3.8%	8.3%	9.2%
Cement	18.4	13.5	35.9%	9.2%	7.8%
Corp. serv. & adjustments	9.6	(0.1)	N/A	4.8%	-0.1%
Total	**199.6**	**173.1**	**15.3%**	**100.0%**	**100.0%**
EBIT					
Environment	50.2	35.8	40.2%	46.1%	45.8%
Water	29.7	30.1	-1.3%	27.2%	38.5%
Construction	15.1	47.4	-68.1%	13.9%	60.6%
Cement	9.0	4.8	87.5%	8.3%	6.1%
Corp. serv. & adjustments	5.0	(39.9)	-112.5%	4.6%	-51.0%
Total	**109.0**	**78.2**	**39.4%**	**100.0%**	**100.0%**

Area	Mar. 18	Dec. 17	Chg. (%)	% of 2018 total	% of 2017 total
NET FINANCIAL DEBT*					
With recourse	1,416.1	1,283.1	10.4%	37.5%	35.8%
Without recourse					
Environment	359.6	374.4	-4.0%	9.5%	10.5%
Water	1,480.8	1,383.8	7.0%	39.2%	38.7%
Construction	0.0	0.0	N/A	0.0%	0.0%
Cement	465.3	475.6	-2.2%	12.3%	13.3%
Corporate	59.1	62.6	-5.6%	1.6%	1.7%
Total	**3,780.9**	**3,579.5**	**5.6%**	**100.0%**	**100.0%**
BACKLOG*					
Environment	10,849.7	10,285.9	5.5%	36.6%	35.0%
Water	15,004.8	14,791.6	1.4%	50.6%	50.4%
Construction	3,808.5	4,299.9	-11.4%	12.8%	14.6%
Total	**29,663.0**	**29,377.4**	**1.0%**	**100.0%**	**100.0%**

** See page 21 for a definition of the calculation in accordance with ESMA rules (2015/1415en).*

4. INCOME STATEMENT

(M€)	**Mar. 18**	**Mar. 17**	**Chg. (%)**
Net sales	**1,332.7**	**1,343.3**	**-0.8%**
EBITDA	**199.6**	**173.1**	**15.3%**
EBITDA margin	***15.0%***	***12.9%***	***2.1 p.p.***
Depreciation and amortisation	(95.0)	(91.3)	4.1%
Other operating income	4.4	(3.6)	N/A
EBIT	**109.0**	**78.2**	**39.4%**
EBIT margin	***8.2%***	***5.8%***	***2.4 p.p.***
Financial income	(40.3)	(57.3)	-29.7%
Other financial results	(7.7)	0.7	N/A
Equity-accounted affiliates	8.6	3.8	126.3%
Earnings before taxes (EBT) from continuing operations	**69.5**	**25.4**	173.6%
Corporate income tax expense	(17.7)	(3.9)	N/A
Income from continuing operations	**51.9**	**21.5**	**141.4%**
Net income	**51.9**	**21.5**	**141.4%**
Non-controlling interests	(1.5)	(0.1)	N/A
Income attributable to equity holders of the parent company	**50.3**	**21.4**	**135.0%**

4.1 Net sales

The Group's consolidated revenues declined by 0.8% in the first quarter of 2018 to €1,332.7 million, as a result mainly of lower construction activity, particularly outside Spain, due to the depreciation of certain currencies against the euro (in particular, the US dollar depreciated by -13.4% year-on-year). At constant exchange rates, consolidated revenues increased by 1.9% in the period.

Environmental Services increased revenues by 3%; revenues in municipal services increased slightly in Spain and more strongly in other countries, notably Central Europe and the US, while the UK contribution was hampered by the currency effect (-2.6%), but the recycling and waste recovery businesses improved in underlying terms.

The Water business increased revenues by 5.8%, including a higher contribution by Technology and Networks (design, engineering and equipment of water infrastructure) and new water facility operation and maintenance contracts, mostly in Spain.

In the Infrastructure areas, Construction revenues declined by 10.6% due both to effect of the dollar's depreciation on a number of international contracts priced in that currency and to the completion of large projects in Spain last year. The slight 1.8% reduction in revenues in the Cement area was due entirely to the adverse performance of the Tunisian currency and the calendar effect in Spain.

Revenue breakdown, by region			
(M€)	**Mar. 18**	**Mar. 17**	**Chg. (%)**
Spain	743.1	742.2	0.1%
United Kingdom	183.0	195.9	-6.6%
Middle East and Africa	150.5	150.4	0.1%
Rest of Europe and RoW	102.1	95.7	6.7%
Latin America	70.2	84.2	-16.6%
Czech Republic	69.1	62.1	11.3%
US and Canada	14.8	12.7	16.5%
Total	**1,332.7**	**1,343.3**	**-0.8%**

Revenues were stable in Spain: +0.1% to €743.1 million. This performance was due to the completion of a number of major construction projects last year. Environmental Services revenues increased by 1.8% due to both contract extensions and new contracts. Water revenues rose by 3.3% due to higher activity in concessions and services and a minor increase in network and technology work under contracts signed last year. Cement revenues rose by a limited 0.4% due to the calendar effect (the first quarter of 2018 had fewer business days than the year-ago quarter).

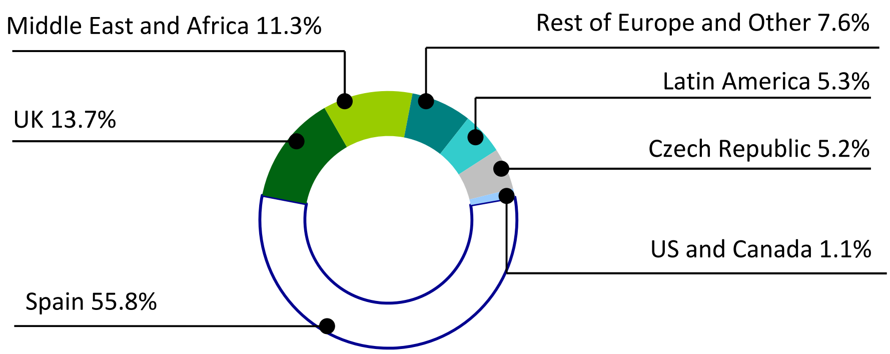
Revenues declined by 6.6% in the UK, basically as a result of completion of the Mersey Gateway Bridge by the Construction division in the second half of 2017. Other factors were the euro's strength (the pound sterling depreciated by 2.6% in the period) and the persisting decline in Environmental Services revenues due to the decline in receipt of landfill fees collected for the local administrations, though this was offset in the first quarter by higher recycling and waste abatement activities.

Elsewhere in the EU, revenues increased by 11.3% in the Czech Republic and 6.7% in Rest of Europe-Other, due to stronger demand for Environmental Services in most of the countries where the company operates and an increase in Water business in the Czech Republic.

Outside the EU, revenues were stable (+0.1%) in the Middle East and Africa, due to a number of effects. Egypt and Qatar made a higher contribution due both to faster progress with existing contracts (Water) and to new contracts (Construction); in Saudi Arabia, the pace of Construction work was maintained. There was a negative currency effect in both Saudi Arabia and Tunisia, which was the main reason for the reduced contribution by both markets in the period.

Revenues in Latin America declined by 16.6% due to slower progress with a number of projects, partly because they are coming to a conclusion (Mexico, Chile, etc.); this effect was partly offset by higher activity in other contracts, such as Panama City Metro Line 2. Water continued to be affected by the conclusion of certain development projects in Mexico and Uruguay in the Networks and Technology business, which were not offset by other contracts which are at the early stages. Revenues in the US and Canada increased by 16.5% due to commencement of a number of waste collection and treatment contracts (Florida and Texas) in the Environmental Services area.

% Revenues by region



4.2 EBITDA

EBITDA amounted to €199.6 million in the first quarter, a 15.3% increase year-on-year. This increase was supported by higher profitability in all areas of operations, a greater focus on profitability, synergies, and an 11.8% reduction in corporate and support expenses Group-wide.

Performance in the business areas was as follows:

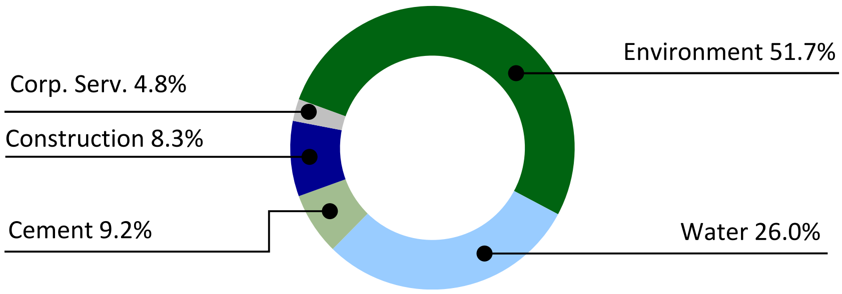
Environmental Services increased EBITDA by 11.4% to €103.2 million. This was due mainly to the greater contribution from higher-margin businesses (recycling and incineration), while the reduction in revenues from treatment plant development and from landfill tax collection in the UK had no impact on EBITDA.

The Water area reported €51.9 million in EBITDA, 1.4% more than in the same period of 2017, supported by higher returns in the concessions in Spain. Increased activity in the Technology and Networks business, whose margin is lower, explains the overall reduction in the EBITDA margin to 21.2% in the period.

EBITDA in the Construction area amounted to €16.5 million, 3.8% more than in 2017, and the EBITDA margin improved to 5.1%, compared with 4.4% in 2017. This improvement is also attributable to a sharp reduction in headcount expenses due to adjustments implemented in previous years as well as to efforts to improve operating profitability.

The Cement division increased EBITDA by 35.9% to €18.4 million, supported by a higher contribution from Spain, whereas stable business performance in Tunisia in local currency terms was tarnished by the sharp depreciation (-17.9%) of the Tunisian dinar in the period.

% EBITDA by Business Area



The Utilities areas — Environmental Services and Water — contributed 77.7% of EBITDA in the period, while infrastructure construction, building, the parent company and other lesser activities accounted for 22.3%.

4.3 EBIT

EBIT amounted to €109 million in the period, a 39.4% increase on the €78.2 million reported in the first quarter of 2017. The inter-year difference is due to higher EBITDA and a positive contribution this year from other operating income, contrasting with a €5.7 million impairment booked in the previous year.

Depreciation and amortisation charges increased by 4.1%, concentrated in the Environmental Services areas and related to an increase in operational assets in recycling.

4.4 Earnings before taxes (EBT) from continuing operations

Earnings before taxes from continuing operations amounted to €69.5 million, more than double the €25.4 million reported in the same period of 2017, due to performance by EBIT and the effect of the following items:

4.4.1 Financial income

Net financial income amounted to €-40.3 million, a 29.7% decline year-on-year. The reduction in the cost of interest-bearing debt is a result of the steps taken the previous year to optimise the funding structure and its associated cost. Agreements reached in the Water division in the first quarter of 2018 and ongoing optimisation efforts are expected to continue improving the amount and cost of debt.

4.4.2 Other financial results

This item amounted to €-7.7 million, contrasting with €0.7 million in the same period of the previous year. A significant part of this item is due to exchange losses (€-8.3 million, vs. €-1 million in the first quarter of 2017) as a result of the euro's strength against most of the other currencies in which the Group operates.

4.4.3 Equity-accounted affiliates

Equity-accounted affiliates contributed €8.6 million in the period. The main positive contributions were from a number of environmental services and transport concession affiliates, whereas the Cement business in the US (Giant Cement) contributed losses. Growth in this item was boosted by the positive baseline effect at a number of Construction affiliates.

4.5 Income attributable to the parent company

Net attributable income amounted to €50.3 million in the first quarter of 2018, a sharp increase from the €21.4 million booked in the same period of 2017, and was due to the items referred to above plus the following factors:

4.5.1 Income tax

The corporate income tax expense was €17.7 million, contrasting with €3.9 million in the same period of 2017, in line with the increase in profits in the period.

4.5.2 Non-controlling interests

Non-controlling interests were attributed a profit of €1.5 million in the first quarter of 2018, contrasting with €0.1 million in the same period of 2017. This increase is attributable to improved performance by the Construction division.

5. BALANCE SHEET

(M€)	**Mar. 18**	**Dec. 17**	**Change (M€)**
Intangible assets	2,504.7	2,485.2	19.5
Property, plant and equipment	2,432.1	2,459.0	(26.9)
Equity-accounted affiliates	663.7	650.6	13.1
Non-current financial assets	336.7	328.4	8.3
Deferred tax assets and other non-current assets	834.3	837.4	(3.1)
Non-current assets	**6,771.5**	**6,760.8**	**10.7**
Non-current assets available for sale	29.0	41.4	(12.4)
Inventories	598.1	569.6	28.5
Trade and other accounts receivable	1,672.2	1,798.3	(126.1)
Other current financial assets	143.9	158.6	(14.7)
Cash and cash equivalents	987.6	1,238.3	(250.7)
Current assets	**3,430.7**	**3,806.2**	**(375.5)**
TOTAL ASSETS	**10,202.2**	**10,566.9**	**(364.7)**
Equity attributable to equity holders of parent company	698.1	863.9	(165.8)
Non-controlling interests	30.3	74.6	(44.3)
Net equity	**728.4**	**938.5**	**(210.1)**
Grants	219.0	215.4	3.6
Non-current provisions	1,162.6	1,141.0	21.6
Long-term interest-bearing debt	4,171.9	4,224.6	(52.7)
Other non-current financial liabilities	53.0	55.0	(2.0)
Deferred tax liabilities and other non-current liabilities	488.8	476.8	12.0
Non-current liabilities	**6,095.3**	**6,112.7**	**(17.4)**
Liabilities linked to non-current assets available for sale	0.0	14.2	(14.2)
Non-current provisions	227.3	165.8	61.5
Short-term interest-bearing debt	740.5	751.7	(11.2)
Other current financial liabilities	80.1	75.8	4.3
Trade and other accounts payable	2,330.6	2,508.1	(177.5)
Current liabilities	**3,378.5**	**3,515.7**	**(137.2)**
TOTAL LIABILITIES	**10,202.2**	**10,566.9**	**(364.7)**

5.1 Equity-accounted affiliates

The investment in equity-accounted companies (€663.7 million) comprised the following at 31 March 2018:

1) €210.3 million for the 36.9% stake in Realia.
2) €72 million for investments in companies in the Water area, mainly service concession companies in other countries (North Africa and Mexico).
3) €85.4 million for holdings in companies in the Environmental Services area (recycling and municipal services, mainly in Spain and the UK).
4) €27.4 million for the 44.6% stake in Giant Cement Holding, the parent company of the Cement division in the US, and €22.1 million for other companies in which the Cement area's parent company has a stake.
5) €246.4 million for other holdings (mainly transport infrastructure concessions and renewable energy companies) and loans to affiliated companies.

5.2 Cash and cash equivalents

Cash and cash equivalents amounted to €987.6 million at the end of the period, 20.2% less than the balance at 2017 year-end due to the seasonal increase in working capital that takes place in the first half every year and also to a number of investments made with cash.

5.3 Net equity

At 31 March 2018, equity amounted to €724.8 million, including the accounting impact of the entry into force on 1 January 2018 of the new European standards on revenue recognition, which did not have any effect on profit or cash flow in the period.

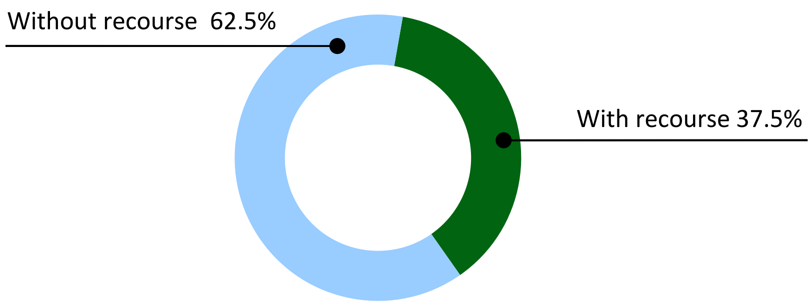
5.4 Net interest-bearing debt

(M€)	**Mar. 18**	**Dec. 17**	**Change (M€)**
Bank borrowings	3,091.5	3,157.2	(65.7)
Debt instruments and other loans	1,619.3	1,609.2	10.1
Accounts payable due to financial leases	54.6	59.8	(5.2)
Derivatives and other financial liabilities	147.0	150.1	(3.1)
Gross interest-bearing debt	**4,912.4**	**4,976.3**	**(63.9)**
Cash and other current financial assets	(1,131.5)	(1,396.8)	265.3
Net interest-bearing debt	**3,780.9**	**3,579.5**	**201.4**
With recourse	*1,416.1*	*1,283.1*	*133.0*
Without recourse	*2,364.8*	*2,296.4*	*68.4*

Net interest-bearing debt amounted to €3,780.9 million at the end of the quarter, 5.6% more than at the end of December 2017. This change was due primarily to the increase in working capital (€229.2 million) and the payment of €92.5 million in January to buy out the entire stake of the non-controlling shareholder in the Water business in the Czech Republic.

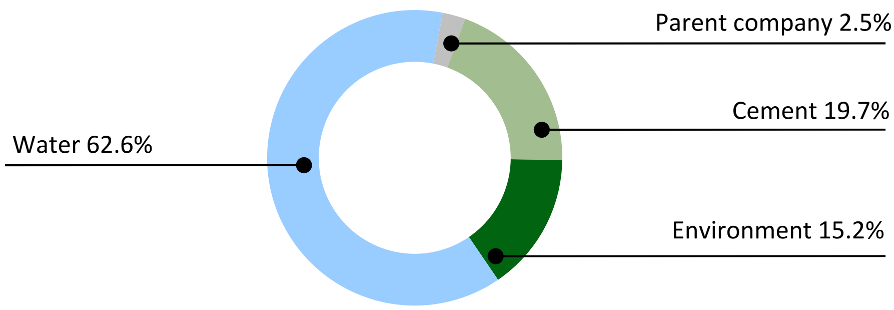
Gross interest-bearing debt also declined slightly, by 1.3% to €4,912.4 million.

Debt with and without recourse



Net financial debt is divided between corporate debt (37.5%) and debt without recourse (62.5%). Net debt with recourse, which accounts for a minority of the Group's debt, includes mainly legacy debt from acquired operating companies in the various divisions and is structured mostly as a syndicated loan at parent company level.

Net debt without recourse, by area



Net interest-bearing debt without recourse to the Group parent company amounted to €2,364.8 million at the end of the first quarter. Water is the division with the largest amount of non-recourse net debt (€1,480.8 million), which includes not only the bonds issued by the parent company but also €193.1 million attributable to the business in the Czech Republic and the remainder to end-to-end water concessions, mainly in Spain. The Cement area accounts for €465.3 million, while Environmental Services accounts for €359.6 million (€285.8 million in connection with UK activities, €53.9 million related to Central Europe, and the remainder to other waste treatment and recycling plants in Spain and Portugal). The €59.1 million at parent company level is the project debt of the Coatzacoalcos tunnel concession company in Mexico and of the Conquense highway and Tema concession companies, both in Spain.

5.5 Other current and non-current financial liabilities

The balance of other current and non-current financial liabilities amounted to €133.1 million, similar to the €130.8 balance at 2017 year-end, and includes other liabilities not classified as interest-bearing debt, such as those linked to hedging derivatives, suppliers of property, plant and equipment, and deposits and guarantees received.

6. BUSINESS PERFORMANCE

6.1. Environment

The Environmental Services area accounted for 51.7% of Group EBITDA in the first quarter of 2018. The bulk of its activities (95.8% in the period) involve municipal solid waste collection, treatment and disposal, along with other municipal services such as street cleaning and green area upkeep for municipalities. The other 4.2% 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 is present throughout the waste management chain (collection, processing and disposal). In Portugal and other countries, such as the US, FCC is involved in both industrial and (principally) municipal waste management.

6.1.1. Results

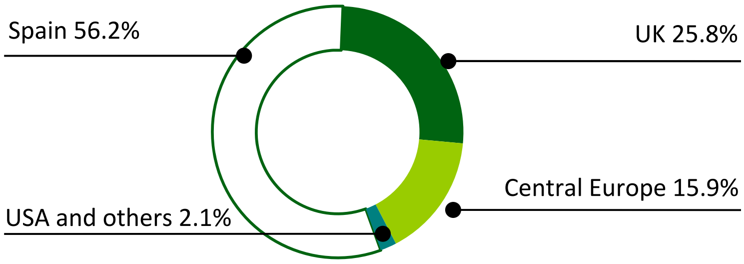
(M€)	**Mar. 18**	**Mar. 17**	**Chg. (%)**
Revenues	679.3	659.2	3.0%
Municipal waste	*650.7*	*632.4*	*2.9%*
Industrial Waste	*28.6*	*26.8*	*6.6%*
EBITDA	103.2	92.6	11.4%
EBITDA margin	*15.2%*	*14.0%*	*1.1 p.p*
EBIT	50.2	35.8	40.2%
EBIT margin	*7.4%*	*5.4%*	*2.0 p.p*

The Environmental Services area achieved €679.3 million in revenues in the first quarter, 3.0% more than in the same period of the previous year. This increase was due to growth in all the area's activities, supported by balanced growth in demand from clients and new operational contracts, particularly in waste recycling and incineration.

Revenue breakdown, by region			
(M€)	**Mar. 18**	**Mar. 17**	**Chg. (%)**
Spain	381.5	374.6	1.8%
United Kingdom	175.2	178.0	-1.6%
Central Europe	108.1	96.1	12.5%
USA and others	14.5	10.5	38.1%
Total	**679.3**	**659.2**	**3.0%**

Revenues increased by 1.8% in Spain to €381.5 million, supported by the performance of existing contracts that were renewed in previous years. Revenues in the UK fell 1.6% to €175.2 million, as a result mainly of sterling's depreciation (-2.6%) and of the smaller contribution from landfill levies in the landfill business and from development of waste treatment plants for operation. At constant exchange rates and excluding the aforementioned factors, revenues in the UK would have increased by 12.6% in first quarter.
Revenues in Central Europe increased by 12.5% to €108.1 million, due to a general increase in activity in all the main countries, including notably Austria and the Czech Republic, plus favourable performance of the Czech koruna. Revenues in the USA and other markets increased by 38.1% due mainly to the steadily rising contribution from new waste management contracts in Texas and Florida.

Revenue breakdown, by region



EBITDA amounted to €103.2 million, an 11.4% increase over the first quarter of 2017 due broadly to revenue growth and to increased profitability as a result of the higher contribution from waste recycling and abatement activities during the period, primarily in the UK. The EBITDA margin increased notably to 15.2% in the period.

EBIT increased by 40.2% year-on-year to €50.2 million due to the aforementioned EBITDA performance and the positive comparison with the previous year, when an extraordinary expense in the amount of €13.3 million was recognised for the settlement of a claim, filed in previous years, in connection with the sale of industrial activities in the US.

Backlog breakdown, by region

(M€)	**Mar. 18**	**Dec. 17**	**Chg. (%)**
Spain	6,205.7	6,129.9	1.2%
International	4,644.1	4,156.0	11.7%
Total	**10,849.7**	**10,285.9**	**5.5%**

The area's backlog increased by 5.5% with respect to 2017 year-end, to €10,849.7 million, due to a combination of contract renewal without major changes in Spain and the addition of new recycling contracts in other countries, particularly the US, and despite the adverse exchange rate in certain countries where this division operates. The backlog is equivalent to four years' business on the basis of 2017 revenues.

6.1.2. Financial debt

(M€)	**Mar. 18**	**Dec. 17**	**Change (M€)**
Without recourse	359.6	374.4	(14.8)

Net interest-bearing debt without recourse to the parent company was reduced by €14.8 million at the end of the period. The bulk of that amount (€285.8 million) corresponds to the UK, €53.9 million relates to the parent company of the business in Central Europe, and the remaining €19.9 million relate to two waste treatment and recycling plants in Spain.

6.2. End-to-End Water Management

The Water area contributed 26% of Group EBITDA in the first quarter. Public concessions and end-to-end water management (capture, potabilisation, distribution and sanitation) account for 88.2% of total revenues, and Technology and Networks (water infrastructure design, engineering and equipment) account for the other 11.8%.

This area serves more than 13 million people in over 850 municipalities in Spain. In Central Europe, it serves 1.3 million users, mainly in the Czech Republic, and it also operates in Italy and Portugal. FCC designs, equips and operates water treatment plants in Latin America, the Middle East and Africa. Overall, the Water division supplies water and/or sewage treatment services to over 23.6 million people.

6.2.1 Earnings

(M€)	**Mar. 18**	**Mar. 17**	**Chg. (%)**
Revenues	244.9	231.4	5.8%
Concessions and services	*215.9*	*211.8*	1.9%
Technology and networks	*29.0*	*19.6*	48.0%
EBITDA	51.9	51.2	1.4%
EBITDA margin	*21.2%*	*22.1%*	*-0.9 p.p*
EBIT	29.7	30.1	-1.3%
EBIT margin	*12.1%*	*13.0%*	*-0.9 p.p*

This area's revenues amounted to €244.9 million in the first quarter, a 5.8% increase on the same period of the previous year, due to strong growth in the technology and networks business in other countries. Concession and services revenues increased, though more moderately, particularly in Spain.

Revenue breakdown, by region

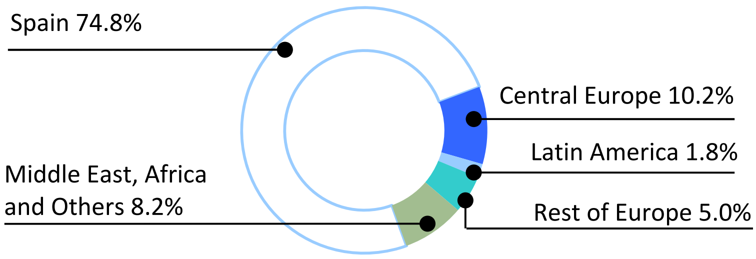
(M€)	**Mar. 18**	**Mar. 17**	**Chg. (%)**
Spain	183.3	177.4	3.3%
Central Europe	25.0	21.7	15.5%
Rest of Europe (Portugal and Italy)	12.1	11.7	3.4%
Latin America	4.4	6.6	-32.5%
Middle East, Africa and Others	20.1	14.0	42.9%
Total	**244.9**	**231.4**	**5.8%**

Revenues in Spain increased by 3.3% to €183.3 million. In the concessions and services area, new contracts for the Burgos, Gavia and La Rioja waste water treatment plants made a notable contribution, as did the increase in revenues from contracts that are already operational and the upswing in water consumption, particularly in coastal areas and among non-residential users. The technology and networks business revived due to a number of projects at operational concessions and other lesser works, even though government capital expenditure in water infrastructure remains very low.

In the international arena, Central Europe expanded revenues by 15.5%, driven particularly by growth in end-to-end water distribution in the Czech Republic, good performance by the Czech koruna (which appreciated by 6.4%), tariff reviews and an increase in works related to service delivery.
In Latin America, revenues declined by 32.5% due to the conclusion of projects in the technology and networks business such as Cutzamala Line 3 in Mexico and the Montevideo mains in Uruguay.

Revenues increased by 3.4% in Portugal and Italy due to operational concessions, and by 42.9% in the Middle East and Africa, mainly as a result of the development of the El Alamein seawater desalination plant in Egypt.

Revenue breakdown, by region



EBITDA increased by 1.4% year-on-year to €51.9 million. This was in line with revenue performance in the concessions and services business, where profit margins are highest. The contribution by the technology and services area was limited by the fact that a larger proportion was from projects at early stages of development.

Backlog breakdown, by region

(M€)	**Mar. 18**	**Dec. 17**	**Chg. (%)**
Spain	8,398.0	8,274.9	1.5%
International	6,606.8	6,516.7	1.4%
Total	**15,004.8**	**14,791.6**	**1.4%**

The backlog increased by 1.4% in the quarter with respect to 2017 year-end, to €15,004.8 million. Notable new contracts in Spain included the La Alcaidesa (Cádiz) end-to-end water contract, the Mazarrón water supply contract and the Madrid sewer contract. The division also obtained a DBO contract for the Arraiján (Panama) waste water treatment plant, with an associated backlog of €74.7 million, including a 10-year operation agreement.

6.2.2. Financial debt

(M€)	**Mar. 18**	**Dec. 17**	**Change (M€)**
Without recourse	1,480.8	1,383.8	97.0

Net interest-bearing debt, all of which is without recourse to the Group parent company, increased by €97 million with respect to 2017 year-end, to €1,480.8 million. The bulk of this increase was due to the €92.5 million investment in January to buy out a minority shareholder (49%) in the parent company of the concession business in the Czech Republic. As a result, FCC again owns 100% of that company. Most of the debt relates to long-term bonds issued by the division parent company, with a balance of €1,365.6 million at the end of the quarter.

6.3. Construction

The Construction area contributed 8.3% of FCC Group EBITDA in the first quarter of 2018. It is mainly involved in the design and construction of large civil engineering projects and, to a lesser extent, landmark buildings and industrial works in certain geographies. In particular, it undertakes highly complex public works such as railways, tunnels and bridges, which account for the bulk of its activity.

(M€)	**Mar. 18**	**Mar. 17**	**Chg. (%)**
Revenues	324.3	362.6	-10.6%
EBITDA	16.5	15.9	3.8%
EBITDA margin	*5.1%*	*4.4%*	*0.7 p.p.*
EBIT	15.1	47.4	-68.1%
EBIT margin	*4.7%*	*13.1%*	*-8.4 p.p.*

The area's revenues declined by 10.6% to €324.3 million due broadly to the negative impact of the dollar exchange rate, as most major international contracts in this area are denominated in dollars, and also to a reduction in business in Spain as major projects were completed in 2017. Adjusting for the exchange rate effect, revenues in this area fell by 3%, concentrated in Spain.

Revenue breakdown, by region			
(M€)	**Mar. 18**	**Mar. 17**	**Chg. (%)**
Spain	129.3	139.5	-7.3%
Middle East and Africa	109.4	111.3	-1.7%
Latin America	63.7	71.4	-10.8%
Europe, US, etc.	21.9	40.4	-45.8%
Total	**324.3**	**362.6**	**-10.6%**

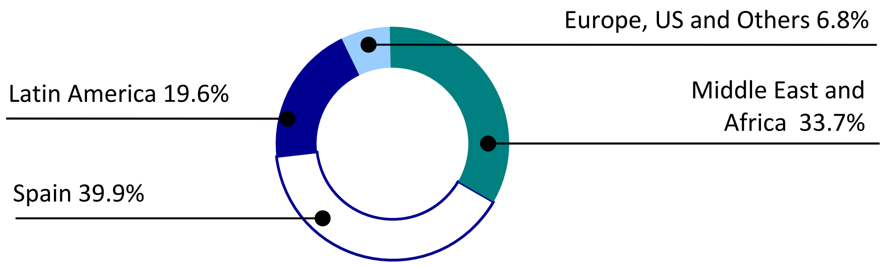
Revenues in Spain declined by 7.3%, mainly as a result of completion of work on the new Atlético de Madrid stadium and the Port of Granadilla, plus the fact that government spending on public works remains very low.

In the Middle East and Africa, revenues declined by 1.7%, mainly because of the dollar exchange rate effect (-13.4% in the period), as it is the reference currency for most of the contracts in this area.

Revenues in Latin America declined by €7.7 million (-10.8%) due both to the pace of execution of a number of contracts under way and also to the completion of other contracts, such as the Santiago-Lampa highway in Chile. The dollar exchange rate also had an impact.

Revenues in Europe, the US and other countries declined by 45.8% because of completion of a number of projects that were under way last year, such as the Mersey Gateway Bridge in the UK and the work at Dublin airport.

Revenue breakdown, by region



EBITDA increased by 3.8% year-on-year to €16.5 million. This was because the contribution by Bucharest Metro and Panama Metro Line 2 offset the completion of projects in Spain.

Backlog breakdown, by region

(M€)	**Mar. 18**	**Dec. 17**	**Chg. (%)**
Spain	1,008.9	998.2	1.1%
International	2,799.6	3,301.7	-15.2%
Total	**3,808.5**	**4,299.9**	**-11.4%**

The area's backlog declined by 11.4% in the first quarter to €3,808.5 million. This reduction was due to a 15.2% decline in the international backlog caused by a combination of factors: the dollar exchange rate effect, the pace of progress with certain contracts that has not yet been offset by newly awarded contracts, and the reassignment of certain water projects to the Water division.

Backlog breakdown, by business segment

(M€)	**Mar. 18**	**Dec. 17**	**Chg. (%)**
Civil engineering	2,887.0	3,366.7	-14.2%
Building	519.9	574.6	-9.5%
Industrial projects	401.6	358.7	12.0%
Total	**3,808.5**	**4,299.9**	**-11.4%**

Civil engineering accounts for 75.9% of the total backlog, and building for 13.6%. Industrial contracts account for the remaining 10.5%.

6.4. Cement

The Cement area contributed 9.2% of the FCC Group's EBITDA in the first quarter. It operates through the Cementos Portland Valderrivas Group, in which FCC owns 99.04%. This area produces mainly cement; it has seven factories in Spain and one in Tunisia, as well as a minority (44.6%) stake in Giant Cement, which has three cement factories on the Eastern Seaboard of the United States.

6.4.1. Results

(M€)	**Mar. 18**	**Mar. 17**	**Chg. (%)**
Revenues	82.1	83.5	-1.8%
Cement	*74.5*	*75.7*	*-1.6%*
Other	*7.6*	*7.8*	*-2.9%*
EBITDA	18.4	13.5	35.9%
EBITDA margin	*22.4%*	*16.2%*	*6.2 p.p.*
EBIT	9.0	4.8	87.5%
EBIT margin	*11.0%*	*5.7%*	*5.2 p.p.*

This area's revenues declined by 1.8% with respect to the same period of the previous year, to €82.1 million, due to a number of factors, notably the impact of the Tunisian dinar exchange rate and other temporary factors in Spain that resulted in revenue underperforming underlying demand, which is concentrated in the private sector.

Revenue breakdown, by region

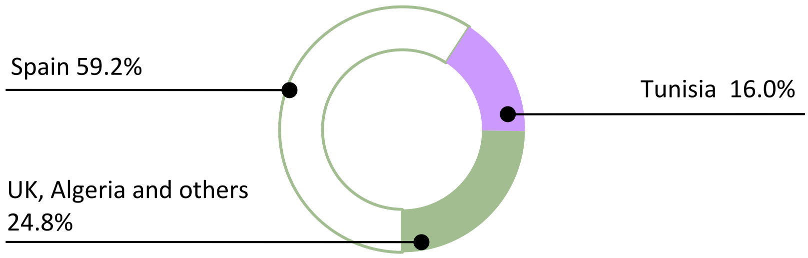
(M€)	**Mar. 18**	**Mar. 17**	**Chg. (%)**
Spain	48.6	48.4	0.4%
Tunisia	13.1	17.8	-26.4%
UK and others	20.4	17.3	17.5%
Total	**82.1**	**83.5**	**-1.8%**

Revenues in Spain increased slightly, by 0.4%, even though sustained growth in demand volume in the private sector was offset by a negative calendar effect, which resulted in fewer working days this year than in the first quarter of 2017, as well as by very adverse weather in March.

Revenues in Tunisia fell 26.4% due to the depreciation of the Tunisian dinar (17.9% year-on-year) and also to a decline in domestic volume demand, which was mitigated by better price performance.

Revenues from exports to the UK and other markets increased by 17.5% due to growth in exports, particularly from Tunisia.

Revenue breakdown, by region



EBITDA increased by 35.9% to €18.4 million, from €13.5 million in the same period of 2017. This was due mainly to the higher sale of CO_2 rights (€6.8 million) in the first quarter of 2018 and also to the persisting impact of the increase in energy costs that occurred in previous periods.

EBIT increased to €9.0 million due to the aforementioned increase in EBITDA.

6.4.2. Financial debt

(M€)	**Mar. 18**	**Dec. 17**	**Change (M€)**
Without recourse	465.3	475.6	(10.3)

The area's net interest-bearing debt, which is entirely without recourse to the FCC Group parent company, consists mainly of a syndicated loan granted to the area's parent company which amounted to €411.7 million at the end of March 2018. The €10.3 million reduction with respect to previous year is due broadly to repayment of €8 million of principal.

7. SHARE DATA

7.1. Share performance

	Jan. – Mar. 2018	Jan. – Mar. 2017
Closing price (euro)	9.94	8.51
Change in the period	*15.2%*	*12.75%*
High (euro)	10.06	8.74
Low (euro)	8.63	7.55
Average daily trading (shares)	98,499	109,607
Average daily trading (M€)	0.9	0.9
Market capitalisation at end of period (M€)	3,766	3,225
No. of shares outstanding	378,825,506	378,825,506

7.2. Dividends

No dividends were paid in the first quarter of 2017.

7.3. Own shares

At 31 March 2018, the FCC Group held a total of 230,100 own shares directly and indirectly (0.06% of the company's capital); there was no variation in own shares in the period.

8. DISCLAIMER

The interim financial information contained in this document was obtained from the consolidated interim financial statements as of 31 March 2018, 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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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, grants, net changes in provisions and other non-recurring revenues and expenses.

BACKLOG

The FCC Group uses backlog as a non-IFRS measure to track performance in certain of our businesses. We calculate the backlog for our Environmental Services, Water and Construction Business Areas because these businesses are characterised 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 have already been recognised 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 the Environmental Services area, we recognize the backlog for our waste management contracts only when the relevant contract grants us exclusivity in the geographical area where the plant, landfill or other facility 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.

NET FINANCIAL DEBT

Net financial debt is defined as total gross financial debt (current and non-current) less current financial assets, cash and other current financial assets.

9. CONTACT DETAILS

FINANCE AND ADMINISTRATION DEPARTMENT

CAPITAL MARKETS DEPARTMENT

> Postal address:	Avda. Camino de Santiago, 40 Edificio 2, Planta 5 - 28050- Madrid. SPAIN.
> Telephone:	+34 91 757 47 51
> Web site:	www.fcc.es
> E-mail:	ir@fcc.es