Citizen Services

1Q2019

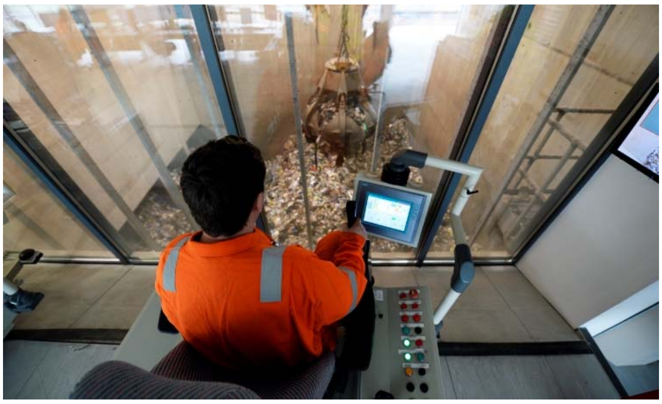
EARNINGS REPORT

Environmental

Water

Infrastructures

1)	SIGNIFICANT EVENTS	2
2)	EXECUTIVE SUMMARY	3
3)	SUMMARY BY BUSINESS AREA	4
4)	INCOME STATEMENT	5
5)	BALANCE SHEET	10
6)	BUSINESS PERFORMANCE	13
7)	SHARE DATA	20
8)	DISCLAIMER	21
9)	CONTACT DETAILS	21



FCC Environment to build and operate one of Europe's largest energy-from-waste plants, in the United Kingdom

1. SIGNIFICANT EVENTS

FCC Environment is to develop a comprehensive waste management facility in the United Kingdom at an investment of £480 million

FCC Environment, the parent company of the Environmental Services area in the United Kingdom, and Copenhagen Infrastructure Partners (CIP) fund, owning 60% and 40%, respectively, signed a deal to develop and operate an energy-from-waste plant in Lostock, in Northwest England. The project represents an investment of £480 million and, once it is operational, it will be one of Europe's largest energy-from-waste plants.

The company also obtained a contract worth over £26 million to operate 11 recycling centres in Suffolk, United Kingdom. It already operates close to 100 household recycling centres in the UK, recycling and recovering 1.6 million tons of waste each year.

Aqualia strengthens its position in the United Arab Emirates with two new contracts worth €100 million

The UAE subsidiary of FCC Aqualia, the parent company of the Water division, has obtained the contract for operation and maintenance (O&M) of the wastewater system in the city of Abu Dhabi and in the adjacent islands of Al Reem, Al Maryah and Al Saadiyat, which is worth a total of €40 million. Additionally, the client administration has renewed the sanitation contract for the city of Al Ain, in the east of the Emirates, for seven years, representing €60 million in revenues.

As a result, Aqualia's contracts in the Arabian Peninsula (Saudi Arabia, UAE, Qatar and Oman) amount to over €600 million. The projects, which are mostly medium- and long-term concessions, reflect the growing success and acceptance of the public-private partnership (P3) model for developing and operating essential infrastructure in the region, where the company serves a total of 6 million people.

FCC Construction expands backlog in Spain by 15.4% to €1,241 million

In the first quarter of the year, the Group's Construction division increased intake of new projects by close to €300 million, including refurbishment of Plaza España, in downtown Madrid, and the construction of a new data centre. As a result, the area's backlog increased to €4,587.2 million at the end of March (+1.6% vs. December 2018).

Enhanced position in the US, supported by Environmental Services

Palm Beach Country (Florida) has awarded FCC Environmental Services, the parent company of the Environment division in the United States, a municipal solid waste collection contract worth $215 million which runs for 7 years from 1 October 2019. FCC will deliver the service using a fleet of 108 vehicles, including 90 garbage trucks and a range of light vehicles.

FCC already has a sizeable footprint in Florida, as it has three other contracts in Orlando (Orange County) and Lakeland (Polk County). FCC's backlog in municipal services in the US, which also includes ten contracts in Texas, amounts to $1,100 million, and it serves a total population of 8 million.

FCC Board of Directors proposes shareholders adopt flexible dividend equivalent to €0.4 per share

In March, the Board of Directors of FCC referred a proposal to establish a flexible dividend to the Shareholders' Meeting, scheduled for 8 May. The proposal, to be executed by the Board, represents the resumption of shareholder remuneration, which was interrupted in 2013. It offers the option to receive the dividend, amounting to €0.4 per share, in newly-issued shares or in cash. Shareholders may also elect to receive a combination of stock and cash in any proportion.

FCC Group joins FTSE4Good index

FCC has been included in the prestigious FTSE4Good index, which is reviewed every six months, in recognition of its outstanding performance in environmental, social and governance (ESG) practices. The index is used by many investors to make sustainable investing decisions.

2. EXECUTIVE SUMMARY

- ◊ Net attributable income in the first quarter of 2019 amounted to €72.4 million, 43.9% more than the €50.3 million reported in the year-ago quarter. This sizeable increase is attributable broadly to the reduction in interest expenses associated with a lower and more competitive level of debt, and to a larger contribution from subsidiaries and associated companies.

- ◊ Group revenues amounted to €1,437.7 million, a 7.9% increase year-on-year. Revenues increased in all areas, particularly those linked to the infrastructure cycle — Construction and Cement — which registered over 10% growth.

- ◊ EBITDA increased by 4.1% to €207.8 million**,** resulting in an EBITDA margin of 14.5%, due to the higher contribution by the businesses related to Construction. Meanwhile, the utility-type areas, Environmental Services and Water, generated 77.4% of consolidated EBITDA in the period.

- ◊ Contributions by equity-accounted affiliates increased to €24.8 million, including notably €12.4 million at parent company level mainly from the Energy business.

- ◊ Consolidated net interest-bearing debt amounted to €2,805.1 million at the end of March 2019, up 4.2% with respect to December 2018, due to the seasonal upswing in working capital and current investments, though it was significantly lower in year-on-year terms, explaining the substantial reduction in debt servicing expenses.

- ◊ Group equity at end-March 2019 amounted to €2,181.4 million, 11.4% more than at 2018 year-end.

KEY FIGURES

(M€)	**Mar. 19**	**Mar. 18**	**Chg. (%)**
Net sales	1,437.7	1,332.7	7.9%
EBITDA	207.8	199.6	4.1%
EBITDA margin	*14.5%*	*15.0%*	*-0.5 p.p.*
EBIT	98.9	109.0	-9.3%
EBIT margin	*6.9%*	*8.2%*	*-1.3 p.p.*
Income attributable to equity holders of the parent company	72.4	50.3	43.9%

(M€)	**Mar. 19**	**Dec. 18**	**Chg. (%)**
Net equity	2,181.4	1,958.8	11.4%
Net financial debt	2,805.1	2,691.4	4.2%
Backlog	30,557.7	28,990.8	5.4%

3. SUMMARY BY BUSINESS AREA

Area	Mar. 19	Mar. 18	Chg. (%)	% of 2019 total	% of 2018 total
(M€)					
REVENUES BY BUSINESS AREA					
Environment	703.0	679.3	3.5%	48.9%	51.0%
Water	268.9	244.9	9.8%	18.7%	18.4%
Construction	363.4	324.3	12.1%	25.3%	24.3%
Cement	100.7	82.1	22.7%	7.0%	6.2%
Corporate serv., etc.	1.7	2.1	-17.9%	0.1%	0.2%
Total	**1,437.7**	**1,332.7**	**7.9%**	**100.0%**	**100.0%**
REVENUES BY GEOGRAPHIC AREA					
Spain	802.3	743.1	8.0%	55.8%	55.8%
United Kingdom	180.3	183.0	-1.5%	12.5%	13.7%
Middle East and Africa	143.7	150.5	-4.5%	10.0%	11.3%
Rest of Europe & Others	137.2	102.1	34.4%	9.5%	7.7%
Latin America	86.9	70.2	23.8%	6.0%	5.3%
Czech Republic	70.2	69.1	1.6%	4.9%	5.2%
US and Canada	17.1	14.8	15.5%	1.2%	1.1%
Total	**1,437.7**	**1,332.7**	**7.9%**	**100.0%**	**100.0%**
EBITDA*					
Environment	102.0	103.2	-1.2%	49.1%	51.7%
Water	58.9	51.9	13.5%	28.3%	26.0%
Construction	22.7	16.5	37.8%	10.9%	8.3%
Cement	14.9	18.4	-18.6%	7.2%	9.2%
Corporate serv., etc.	9.2	9.6	-4.3%	4.4%	4.8%
Total	**207.8**	**199.6**	**4.1%**	**100.0%**	**100.0%**
EBIT					
Environment	43.2	50.2	-13.9%	43.7%	46.1%
Water	33.8	29.7	13.8%	34.2%	27.2%
Construction	16.9	15.1	11.9%	17.1%	13.9%
Cement	5.9	9.0	-34.4%	6.0%	8.3%
Corporate serv., etc.	(0.9)	5.0	-118.0%	-0.9%	4.6%
Total	**98.9**	**109.0**	**-9.3%**	**100.0%**	**100.0%**

Area	Mar. 19	Dec. 18	Chg. (%)	% of 2019 total	% of 2018 total
NET FINANCIAL DEBT*					
With recourse	846.5	741.4	14.2%	30.2%	27.5%
Without recourse					
Environment	367.2	361.8	1.5%	13.1%	13.4%
Water	1,215.3	1,197.6	1.5%	43.3%	44.5%
Construction	0.0	0.0	N/A	0.0%	0.0%
Cement	325.1	337.9	-3.8%	11.6%	12.6%
Corporate	51.0	52.7	-3.2%	1.8%	2.0%
Total	**2,805.1**	**2,691.4**	**4.2%**	**100.0%**	**100.0%**
BACKLOG*					
Environment	10,487.1	9,804.1	7.0%	34.3%	33.8%
Water	15,455.8	14,651.4	5.5%	50.6%	50.5%
Construction	4,587.2	4,516.4	1.6%	15.0%	15.6%
Real Estate	27.6	18.9	46.0%	0.1%	0.1%
Total	**30,557.7**	**28,990.8**	**5.4%**	**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. 19**	**Mar. 18**	**Chg. (%)**
Net sales	**1,437.7**	**1,332.7**	**7.9%**
EBITDA	**207.8**	**199.6**	**4.1%**
EBITDA margin	*14.5%*	*15.0%*	*-0.5 p.p.*
Depreciation and amortisation	(109.1)	(95.0)	14.8%
Other operating income	0.2	4.4	-95.5%
EBIT	**98.9**	**109.0**	**-9.3%**
EBIT margin	*6.9%*	*8.2%*	*-1.3 p.p.*
Financial income	(25.9)	(40.3)	-35.7%
Other financial results	9.9	(7.7)	N/A
Equity-accounted affiliates	24.8	8.6	188.4%
Earnings before taxes (EBT) from continuing operations	**107.7**	**69.5**	55.0%
Corporate income tax expense	(22.3)	(17.7)	26.0%
Income from continuing operations	**85.5**	**51.9**	**64.7%**
Net income	**85.5**	**51.9**	**64.7%**
Non-controlling interests	(13.1)	(1.5)	N/A
Income attributable to equity holders of the parent company	**72.4**	**50.3**	**43.9%**

4.1 Net sales

Consolidated Group revenues increased by 7.9% in the first quarter to €1,437.7 million due to growth in all areas, particularly Construction and Cement, as a result of development of certain projects on schedule and the better demand tone in the Group's main geographies.

The largest contribution was from Environmental Services, where revenues increased by 3.5%, particularly in Spain, due to the development of new treatment plants and the entry into service of new contracts; in the UK, the completion of the development phase of the Edinburgh treatment and energy-from-waste plant at the end of last year prior to its commissioning had a negative impact.

The Water business, which increased revenues by 9.8%, logged substantial growth in the Technology and Networks business (design, engineering and equipment of water infrastructure) related to the development of plants for subsequent operation, particularly in the international arena, together with more moderate revenue growth in the end-to-end water business.

Construction revenues increased by 12.1% due to the entry into production of a number of projects and the greater degree of progress with other projects awarded in previous years in Spain and other countries, such as three railway lines in Romania, a treatment plant in Spain and network installations in Riyadh (Saudi Arabia).
The Cement area expanded revenues by 22.7%, mainly as a result of growth in demand in Spain and a recovery in exports, particularly to the UK.

Revenue breakdown, by region			
(M€)	**Mar. 19**	**Mar. 18**	**Chg. (%)**
Spain	802.3	743.1	8.0%
United Kingdom	180.3	183.0	-1.5%
Middle East and Africa	143.7	150.5	-4.5%
Rest of Europe and Others	137.2	102.1	34.4%
Latin America	86.9	70.2	23.8%
Czech Republic	70.2	69.1	1.6%
USA	17.1	14.8	15.5%
Total	**1,437.7**	**1,332.7**	**7.9%**

Revenues in Spain increased by 8% to €802.3 million. Environmental Services obtained a sustained 7.6% increase as a result of developing two treatment projects and a number of extensions and new contracts in municipal waste treatment and street cleaning. Water revenues increased by 1.1% as a result of the combination of moderate growth in tariffs and consumption in the concessions as well as a higher volume of network and technology work related to operational contracts. Construction revenues rose by 11.1%, boosted by the startup of new projects. Cement revenues surged by 25.9% due to higher volumes and prices supported by the better overall tone of the construction industry.

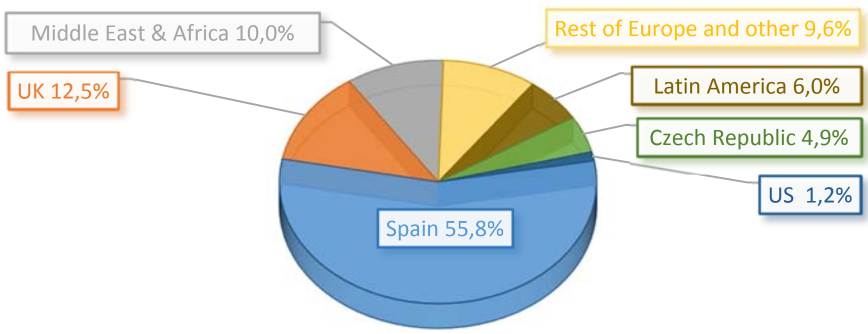
Revenues declined by 1.5% in the United Kingdom due broadly to the completion of a new energy-from-waste plant at the end of last year, whose development phase, prior to commissioning, also contributes revenues, together with the effect in this first quarter of the scheduled shutdown of the company's largest energy-from-waste plant.
Elsewhere in the EU, revenues increased by 34.4% in the Rest of Europe-Other area due to the startup of new contracts in Belgium and Portugal plus the faster pace of progress with contracts in Ireland and Romania in the Construction areas, as well as sustained performance in the Environmental Services in most of the countries where the Group operates. The 1.6% increase in the Czech Republic in the period is due to 1.1% year-on-year depreciation by the Czech koruna offset by sustained performance by the Water concession business.

Outside the EU, one of the largest areas in terms of volume is the Middle East and Africa, where revenues eased by 4.5% due to a number of factors. On the one hand, Saudi Arabia increased its contribution due to progress with executing extensions to the Riyadh Metro contract, while activity stepped up in Egypt as a result of development of a number of water treatment plants by the Water division. Conversely, revenues were adversely affected by the completion of the railway contract in Doha (Qatar) within the Construction division.

Latin America increased revenues by a notable 23.8% in the period, mostly as a result of the commencement of a Technology and Networks project in the Water area in Colombia, plus greater Construction activity in Peru. That offset the effect of Construction projects that were completed in Chile.

Revenues in the United States increased by 15.5%, assisted by favourable exchange rate performance and by the startup of a number of waste collection and treatment contracts (Environmental Services area) in Florida and Texas, plus exports by the Cement area.

% Revenues by region



4.2 EBITDA

EBITDA expanded by 4.1% year-on-year to €207.8 million. This growth was supported by all the Group's business areas and also, mainly, by three other factors: the entry into force on 1 January 2019 of IFRS 16 "Leases", under which operating leases are now capitalised and their payment is recognized mainly as period depreciation as a function of the remaining time over which they will contribute to producing revenues; the practical non-existence of revenues from the sale of CO2 emission rights in the first quarter; and the reduction in revenues and expenses as a result of the scheduled shutdown of the Group's largest energy-from-waste plant.

Performance in the business areas was as follows:

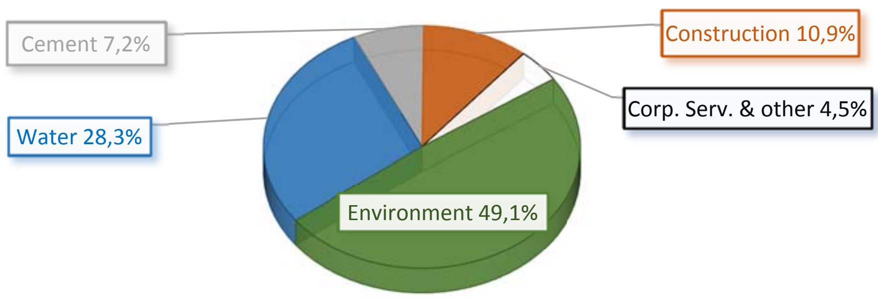
Environmental Services increased EBITDA by 1.2% to €102 million. This slight contraction was concentrated in the United Kingdom due to the effect of the scheduled overhaul of the largest energy-from-waste plant (Allington), which had an impact of €5.5 million in the period. Performance in the other geographies and businesses was positive, particularly in Spain, in line with positive revenue performance.

The Water area registered €58.9 million in EBITDA, 13.5% more, supported in particular by the higher contribution from BOT concessions and the substantial increase in Technology and Networks business. Their combined contribution boosted the EBITDA margin to 21.9%.

The Construction area reported €22.7 million in EBITDA, 37.8% more than in 2018, and an EBITDA margin of 6.3%, shaped by performance of contracts under execution, including notably Riyadh Metro, which is very advanced in terms of both infrastructure and installations.

Cement saw EBITDA decline by 18.6% to €14.9 million, due to offsetting impacts of good demand performance, particularly in Spain, and a reduction of €6 million year-on-year in the sale of CO2 emission rights.

% EBITDA by Business Area



The utilities-type areas — Environmental Services and Water — continued to account for a sizeable percentage of EBITDA (77.4% in the first quarter) while the areas linked to demand for infrastructures and building accounted for 18.1%. The other 4.5% relates to the parent company and other lesser businesses (basically transport concessions).

4.3 EBIT

EBIT amounted to €98.9 million in the first quarter, 9.3% less than in the year-ago quarter. The variation between years is explained by the 14.8% increase in period depreciation recognised in 2019, largely as a result of the application from 1 January of IFRS 16, under which operating leases are capitalised on the balance sheet and their contribution to the generation of revenues is recognised as depreciation over the years of the contract.

4.4 Earnings before taxes (EBT) from continuing operations

Earnings before taxes from continuing operations amounted to €107.7 million, a 55% increase on the €69.5 million reported in the same period of 2018, due particularly to better financial results and a higher contribution from affiliates.

4.4.1 Financial income

Net financial income amounted to €-25.9 million, i.e. 35.7% less than in the same period of 2018. This sharp reduction was due to the combined effect of two different factors: the reduction in interest-bearing debt, by €975.8 million (25.8%) year-on-year, and the reduction in the average cost of debt.

4.4.2 Other financial results

This item amounted to €9.9 million, contrasting with €-7.7 million in the same period of the previous year. This difference is due mainly to translation differences (€13.6 million in 2019, vs. €-8.3 million in 2018) caused by the Euro's performance with respect to most of the other currencies in which the Group operates.

4.4.3 Equity-accounted affiliates

The contribution by jointly-managed companies and affiliates increased to €24.8 million, up sharply from the €8.6 million registered in the same period of 2018. In particular, renewable energy affiliates contributed €11.3 million, with lesser recurring contributions by Environmental Services companies and transport concessions.

4.5 Income attributable to the parent company

Net attributable income amounted to €72.4 million in the period, 43.9% more than the €50.3 million reported in the same period of 2018, and was due to the items referred to above plus the following factors:

The corporate income tax expense was €22.3 million, up from €17.7 million in the same period of 2018, in line with the increase in profits in the period.

Non-controlling interests were attributed €13.1 million in profit in the period, compared with €1.5 million in the same period of 2018. This substantial increase is due broadly to the disclosure of a minority interest in the Water division from September 2018, with the result that this area accounts for €11.8 million attributable to non-controlling interests.

5. BALANCE SHEET

(M€)	**Mar. 19**	**Dec. 18**	**Change (M€)**
Intangible assets	2,446.6	2,426.4	20.2
Property, plant and equipment	2,860.3	2,426.8	433.5
Equity-accounted affiliates	735.4	763.0	(27.6)
Non-current financial assets	582.2	380.6	201.6
Deferred tax assets and other non-current assets	608.9	610.4	(1.5)
Non-current assets	**7,233.5**	**6,607.2**	**626.3**
Inventories	699.1	691.0	8.1
Trade and other accounts receivable	1,852.0	1,780.8	71.2
Other current financial assets	208.1	178.8	29.3
Cash and cash equivalents	1,189.4	1,266.2	(76.8)
Current assets	**3,948.6**	**3,916.8**	**31.8**
TOTAL ASSETS	**11,182.1**	**10,524.0**	**658.1**
Equity attributable to equity holders of the parent company	1,765.1	1,684.0	81.1
Non-controlling interests	416.3	274.8	141.5
Equity	**2,181.4**	**1,958.8**	**222.6**
Grants	230.6	211.3	19.3
Non-current provisions	1,170.5	1,162.0	8.5
Long-term interest-bearing debt	3,772.1	3,839.1	(67.0)
Other non-current financial liabilities	443.4	61.3	382.1
Deferred tax liabilities and other non-current liabilities	312.9	301.0	11.9
Non-current liabilities	**5,929.5**	**5,574.7**	**354.8**
Non-current provisions	199.4	209.3	(9.9)
Short-term interest-bearing debt	430.4	297.3	133.1
Other current financial liabilities	122.0	83.6	38.4
Trade and other accounts payable	2,319.5	2,400.3	(80.8)
Current liabilities	**3,071.3**	**2,990.5**	**80.8**
TOTAL LIABILITIES	**11,182.1**	**10,524.0**	**658.1**

5.1 Equity-accounted affiliates

The investment in equity-accounted companies (€735.4 million) comprised the following at the end of March 2019:

1) €269.9 million from the 36.9% holding in Realia, a substantial increase after subscribing for the equity issue by this investee in December.
2) €31.2 million for investments in companies in the Water area, mainly service concession companies in other countries (North Africa and Mexico).
3) €90.3 million from holdings in companies in the Environmental Services area (recycling and municipal services, mainly in Spain and the UK).
4) €15.2 million from the 44.6% stake in Giant Cement Holding, the parent company of the Cement division in the US, and €24.3 million from other companies in which the Cement area's parent company has a stake.
5) €304.5 million from 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 €1,189.4 million at the end of the first quarter, 6.1% less than at end-December 2018 because of normal seasonal fluctuations in working capital. Of that amount, 37.6% corresponds to the Group parent company, and the other 62.4% to other undertakings without recourse.

5.3 Equity

Equity amounted to €2,181.4 million at the end of the quarter, 11.3% more than at the end of December 2018. This increase was due to a number of factors, notably net profit in the period, €85.5 million, plus the increase in non-controlling interests as a result of full consolidation of a company in the Water division.

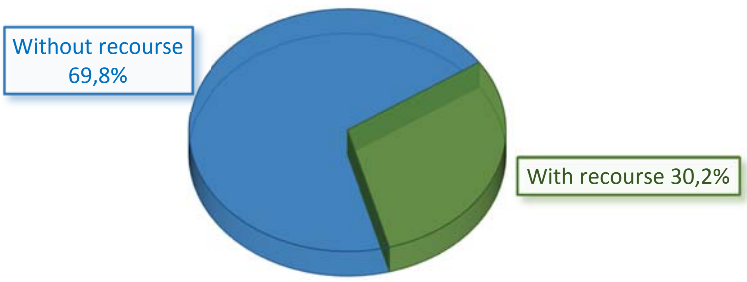
5.4 Net interest-bearing debt

(M€)	**Mar. 19**	**Dec. 18**	**Change (M€)**
Bank borrowings	1,998.3	2,200.0	(201.7)
Debt instruments and other loans	1,984.7	1,726.0	258.7
Accounts payable due to finance leases	53.2	51.5	1.7
Derivatives and other financial liabilities	166.4	158.9	7.5
Gross interest-bearing debt	**4,202.6**	**4,136.4**	**66.2**
Cash and other current financial assets	(1,397.5)	(1,445.0)	47.5
Net interest-bearing debt	**2,805.1**	**2,691.4**	**113.7**
With recourse	*846.5*	*741.4*	*105.1*
Without recourse	*1,958.6*	*1,950.0*	*8.6*

Net interest-bearing debt amounted to €2,805.1 million at the end of the first quarter, a slight 4.2% increase with respect to the end of December 2018. This variation is broadly due to the seasonal behaviour of working capital and also to minor investments, especially in the development of treatment plants in the Environmental Services area.

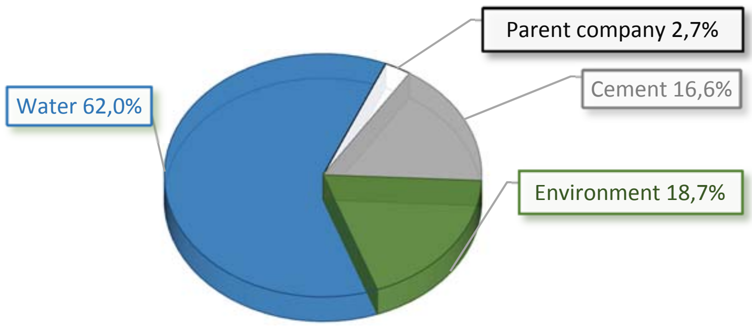
Gross interest-bearing debt remained practically stable: €4,202.6 million at the end of the first quarter.

Debt with and without recourse



Net interest-bearing debt is divided between corporate debt (30.2%) and debt without recourse (69.8%). Net debt with recourse, which represents a minority proportion of the Group's debt, is related mainly to Environmental Services contracts. It is structured as a syndicated loan arranged by FCC, S.A. that came into force in September 2018.

Net debt without recourse, by area



Net interest-bearing debt without recourse to the Group parent company amounted to €1,958.6 million at the end of the quarter. Water is the division with the largest amount of non-recourse net debt (€1,215.3 million), which includes not only the bonds issued by the area's parent company but also €190 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 €325.1 million, and Environmental Services for €367.2 million (€295.6 million in connection with UK activities, €47.1 million with Central Europe, and the remainder with three waste treatment and recycling plants in Spain). The remaining €51 million at parent company level is the project debt of the Coatzacoalcos tunnel concession company in Mexico and the Conquense highway concession company in Spain.

5.5 Other current and non-current financial liabilities

The balance of other current and non-current financial liabilities was €565.4 million at the end of March. The increase with respect to 2018 year-end reflects mainly the liability of €426.1 million associated with capitalising operating leases under the new accounting standards. It also includes other financial liabilities that do not qualify as interest-bearing debt, such as those associated with hedging derivatives, suppliers of fixed assets, and deposits and guarantees received.

6. BUSINESS PERFORMANCE

6.1. Environment

The Environmental Services area accounted for 49.1% of Group EBITDA in the period. A total of 79.4% of its activities involve municipal solid waste collection, treatment and disposal, along with street cleaning. The other 20.6% relates to industrial waste collection and management and to other activities such as garden upkeep and sewer maintenance.

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 the United States, FCC focuses on end-to-end management of municipal waste.

6.1.1. Results

(M€)	**Mar. 19**	**Mar. 18**	**Chg. (%)**
Revenues	703.0	679.3	3.5%
Waste collection and street cleaning	*328.0*	*315.1*	*4.1%*
Waste treatment	*229.9*	*224.5*	*2.4%*
Other services	*145.1*	*139.7*	*3.9%*
EBITDA	102.0	103.2	-1.2%
EBITDA margin	*14.5%*	*15.2%*	*-0.7 p.p.*
EBIT	43.2	50.2	-13.9%
EBIT margin	*6.1%*	*7.4%*	*-1.2 p.p.*

The Environmental Services area obtained €703 million in revenues in the first quarter, up 3.5% year-on-year, due to positive performance by all business areas, particularly in Spain, as well as the impact of new contracts and the expansion of some existing contracts that are already operational.

Revenue breakdown, by region			
(M€)	**Mar. 19**	**Mar. 18**	**Chg. (%)**
Spain	410.5	381.5	7.6%
United Kingdom	168.6	175.2	-3.8%
Central Europe	111.9	108.1	3.5%
USA and others	12.0	14.5	-17.4%
Total	**703.0**	**679.3**	**3.5%**

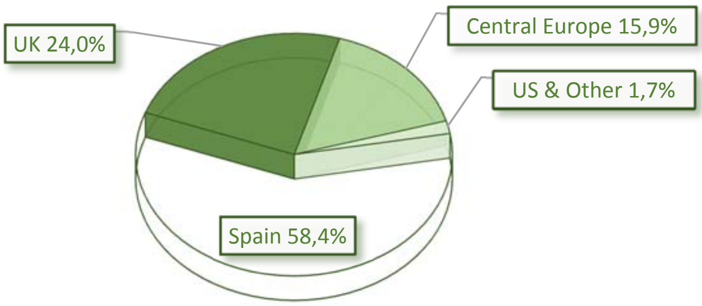
Revenues increased by 7.6% in Spain to €410.5 million due not only to new contracts and expansion of existing contracts but also to the greater progress with the new treatment plants in Alcalá de Henares (Madrid) and Guipúzcoa.

Revenues in the UK declined by 3.8% to €168.6 million due to the scheduled maintenance shutdown of the Allington energy-from-waste plant and to completion of construction of the Edinburgh recycling and waste-to-energy plant. Adjusting for those two effects, revenues would have increased by 2.3%.

Revenues in Central Europe increased by 3.5% to €111.9 million due to new decontamination projects in the Czech Republic and higher industrial volumes in Austria and Hungary, which amply offset the negative performance by the Czech koruna (-1.1%).

Revenues in the US and other markets declined by 17.4%, due entirely to the scheduled completion of the waste collection contract in Egypt. The company achieved moderate growth in the United States due to the combination of a good pace of execution on the new contract in Rowlett (Texas) and the entry into service of the recyclable waste plant in Houston, offset by lower sale prices of secondary recycled materials in the period.

Revenue breakdown, by region



EBITDA fell slightly, by 1.2% with respect to the year-ago quarter, to €102 million, due to the overhaul of the Allington incinerator and its associated costs. Adjusting for this effect, EBITDA would have increased by 4.2%.

EBIT declined to €43.2 million as a result of the EBITDA performance described above.

Backlog breakdown, by region

(M€)	**Mar. 19**	**Dec. 18**	**Chg. (%)**
Spain	5,534.6	5,606.5	-1.3%
International	4,952.5	4,197.6	18.0%
Total	**10,487.1**	**9,804.1**	**7.0%**

This area's backlog increased by 7% with respect to 2018 year-end, to €10,487.1 million. The backlog in Spain declined slightly, by 1.3%, due to the low volume of new tenders, as city governments, the main client in this business, are preferring to extend contracts rather than re-tender. The international backlog increased by 18% due to new contracts in several geographies, notably a new waste collection contract in Palm Beach (Florida) and a waste recycling contract in West Devon (United Kingdom).

6.1.2. Financial debt

(M€)	**Mar. 19**	**Dec. 18**	**Change (M€)**
Without recourse	367.2	361.8	5.4

Net interest-bearing debt without recourse to the parent company was practically stable at €367.2 million at the end of the first quarter. The bulk of that amount (€295.6 million) corresponds to the UK, €47.1 million relates to the parent company of the business in Central Europe, and the remaining €24.5 million relate to waste treatment and recycling plants in Spain.

6.2. End-to-End Water Management

The Water area accounted for 28.3% of FCC Group EBITDA in the period. Public end-to-end water management concessions (capture, treatment and distribution) accounted for 82.7% of this division's total revenues, and the other 17.3% was in Technology and Networks, which handles water infrastructure design, engineering and equipment, mainly for the development of new concessions or ancillary work at operational concessions.

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. 19**	**Mar. 18**	**Chg. (%)**
Revenues	268.9	244.9	9.8%
Concessions and services	*222.3*	*215.9*	*3%*
Technology and networks	*46.6*	*29.0*	*60.7%*
EBITDA	58.9	51.9	13.5%
EBITDA margin	*21.9%*	*21.2%*	*0.7 p.p.*
EBIT	33.8	29.7	13.8%
EBIT margin	*12.6%*	*12.1%*	*0.4 p.p.*

This area's revenues increased by 9.8% year-on-year to €268.9 million. The increase in revenues in Concessions and Services was due mainly to higher demand in Spain as a result of more favourable weather conditions in the first quarter of 2019. Technology and Networks registered a sharp increase, particularly in the international arena.

Revenue breakdown, by region

(M€)	**Mar. 19**	**Mar. 18**	**Chg. (%)**
Spain	185.3	183.3	1.1%
Central Europe	26.5	25.0	6.0%
Rest of Europe (Portugal and Italy)	13.9	12.2	13.9%
Latin America	14.7	4.4	234.1%
Middle East, Africa and Others	28.5	20.0	42.5%
Total	**268.9**	**244.9**	**9.8%**

Revenues in Spain increased by 1.1% to €185.3 million due to a mild upswing in consumption coupled with higher tariffs in concessions and an increase in Technology and Networks business.

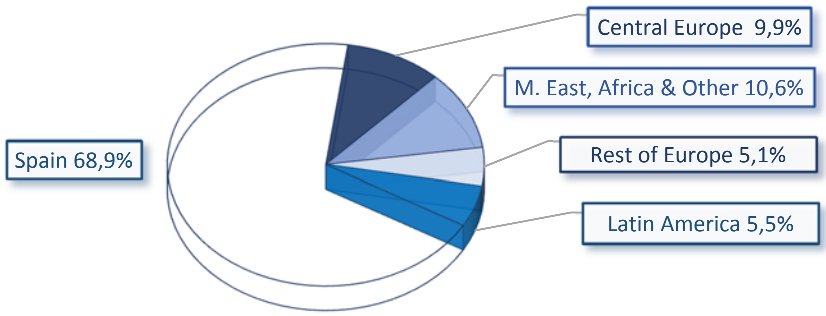
Revenues in Central Europe increased by 6% to €26.5 million. This growth was due basically to the higher contribution by the end-to-end water business in the Czech Republic, supported by a tariff review, and expanded Technology and Networks business as the pace of execution of certain projects in the Balkans picked up with respect to last year.

In Portugal and Italy, revenues increased by 13.9% to €13.9 million euro, mainly in the Technology and Networks business because of the higher volume of investments executed for Acque di Caltanissetta (Italy) and, to a lesser extent, the Cartagua contract in Portugal, due to expanded work under the concession's investment plan.

Revenues in Latin America amounted to €14.7 million due to the faster pace of execution of Technology and Networks projects in Colombia and Ecuador, and the commencement of development of the Guaymas desalination plant in Mexico.

Revenues in the Middle East, Africa and Others increased by 42.5% to €28.5 million due to the good pace of execution of the El Alamein desalination plant in Egypt, which offset such factors as the falling contribution from the Djerba desalination plant in Tunisia, whose construction was completed in 2018 and which is currently being commissioned.

Revenue breakdown, by region



EBITDA increased by 13.5% with respect to the year-ago quarter, to €58.9 million. This performance was due both to the higher contribution from the concessions and services businesses and also to the increase in contracts under development in the Technology and Networks area. Overall, the EBITDA margin rose to 21.9%.

Backlog breakdown, by region

(M€)	**Mar. 19**	**Dec. 18**	**Chg. (%)**
Spain	8,176.2	8,078.8	1.2 %
International	7,279.6	6,572.6	10.8%
Total	**15,455.8**	**14,651.4**	**5.5 %**

The backlog expanded by 5.5% at end-March 2019 to €15,455.8 million. Spain registered a slight 1.2% increase due to renewal of a number of contracts such as the management of the Avila municipal water treatment plant. The international backlog surged by 10.8%, mainly as a result of the contract for storm drains on Riyadh Metro Line 6.

6.2.2. Financial debt

(M€)	**Mar. 19**	**Dec. 18**	**Change (M€)**
Without recourse	1,215.3	1,197.6	17.7

Net interest-bearing debt, which is entirely without recourse to the Group parent company, increased by €17.7 million with respect to 2018 year-end, to €1,215.3 million. Most of the debt is in the form of long-term bonds issued by the division parent company.

6.3. Construction

The Construction area contributed 10.9% of FCC Group EBITDA in the first quarter of 2019. This area designs and constructs large civil and industrial engineering projects and complex building projects. In particular, highly complex public works, such as railways, tunnels and bridges, account for the bulk of its activity.

(M€)	**Mar. 19**	**Mar. 18**	**Chg. (%)**
Revenues	363.4	324.3	12.1%
EBITDA	22.7	16.5	37.8%
EBITDA margin	*6.3%*	*5.1%*	*1.2 p.p.*
EBIT	16.9	15.1	11.9%
EBIT margin	*4.7%*	*4.7%*	*0.0 p.p.*

This area's revenues expanded by 12.1% in the period to €363.4 million due to new contracts in Spain and the good pace of execution of international projects, assisted by the positive impact of the dollar's exchange rate in the period.

Revenue breakdown, by region

(M€)	**Mar. 19**	**Mar. 18**	**Chg. (%)**
Spain	143.7	129.3	11.1%
Middle East and Africa	101.7	109.4	-7.0%
Latin America	68.3	63.7	7.2%
Europe, US and Others.	49.7	21.9	126.8%
Total	**363.4**	**324.3**	**12.1%**

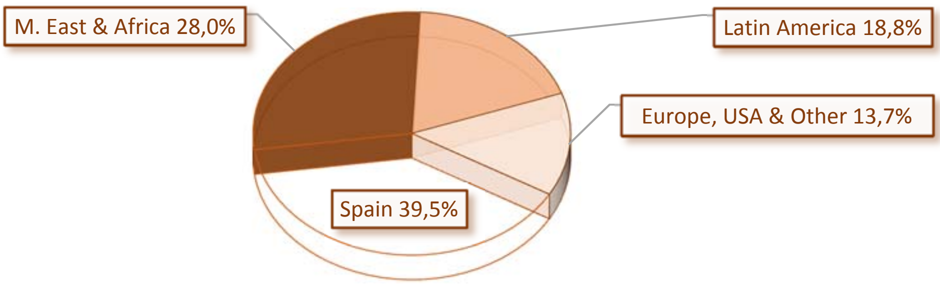
Revenues in Spain increased by 11.1% to €143.7 million due to the contribution from newly-commenced contracts in the first quarter in both building and civil engineering that amply offset the effect of projects that concluded in the previous year.

Revenues in the Middle East and Africa fell 7% as a result of the completion of major projects, mainly Doha Metro and control towers in Algeria, which were only partly offset by good progress on other projects such as Metro lines in Riyadh (Saudi Arabia).

In Latin America, revenues increased by 7.2% to €68.3 million due to the faster pace of execution of project such as Lima Metro Line 2 and work on Lima Airport, in Peru.

Revenues in Europe, the US and other markets more than doubled to €49.7 million as a result of greater activity on projects in the EU, such as the Grangegorman campus in Ireland, the Haren complex in Belgium and a number of railway lines in Romania.

Revenue breakdown, by region



EBITDA increased by 37.8% with respect to the year-ago quarter, to €22.7 million, due to good progress with projects under way and the dollar's favourable performance. As a result, the EBITDA margin increased by 1.2 percentage points.

EBIT rose 11.9% year-on-year to €16.9 million as a result of good EBITDA performance and the reduction in gains from disposals of operating assets with respect to the previous year.

Backlog breakdown, by region

(M€)	**Mar. 19**	**Dec. 18**	**Chg. (%)**
Spain	1,241.3	1,075.8	15.4%
International	3,345.9	3,440.6	-2.8%
Total	**4,587.2**	**4,516.4**	**1.6%**

The area's backlog expanded by 1.6% with respect to December 2018, to €4,587.2 million due to new contracts in Spain, including notably the Plaza de España refurbishment in Madrid and the new Saint John of God hospital in Seville, offsetting the slight decline in the international backlog.

Backlog breakdown, by business segment

(M€)	**Mar. 19**	**Dec. 18**	**Chg. (%)**
Civil engineering	3,207.2	3,218.0	-0.3%
Building	892.3	888.6	0.4%
Industrial projects	487.7	409.9	19%
Total	**4,587.2**	**4,516.4**	**1.6%**

Civil engineering continued to be the dominant activity in the backlog, accounting for over 69.9% of the total, although order intake was higher in building and industrial projects; in particular, the industrial backlog increased sharply in the first quarter due to such projects as a data centre in Spain and a new network contract in Saudi Arabia.

6.4. Cement

The Cement area contributed 7.2% of the FCC Group's EBITDA in the first quarter. This division, headed by the CPV Group, produces mainly cement and derivatives; 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 east coast of the United States.

6.4.1. Results

(M€)	**Mar. 19**	**Mar. 18**	**Chg. (%)**
Revenues	100.7	82.1	22.7%
Cement	*91.1*	*74.5*	*22.3%*
Other	*9.6*	*7.6*	*25.9%*
EBITDA	14.9	18.4	-18.6%
EBITDA margin	*14.8%*	*22.4%*	*-7.5 p.p.*
EBIT	5.9	9.0	-34.4%
EBIT margin	*5.9%*	*11.0%*	*-5.1 p.p.*

This area increased revenues by 22.7% with respect to the year-ago quarter, to €100.7 million, mainly as a result of increased business in Spain, which offset the slight decline in the Tunisian market caused by depreciation of the Tunisian dinar.

Revenue breakdown, by region

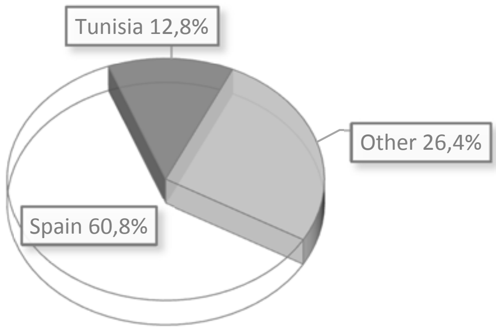
(M€)	**Mar. 19**	**Mar. 18**	**Chg. (%)**
Spain	61.2	48.6	25.9%
Tunisia	12.9	13.1	-1.5%
Other (Exports)	26.6	20.4	30.4%
Total	**100.7**	**82.1**	**22.7%**

Revenues in Spain increased by 25.9% to €61.2 million due to a sharp increase in volumes and more moderate growth in prices in the domestic market, accompanied by good export performance.

Domestic revenues in Tunisia fell slightly, by 1.5%, as price increases were unable to offset the depreciation by the Tunisian dinar (12.9% in the period); revenues increased by 13% in local currency terms.

Revenues from exports, mainly to Europe, increased by 30.4% due to higher exports from Spain to Europe, the US and Costa Rica, offsetting lower exports from Tunisia.

Revenue breakdown, by region



EBITDA declined by 18.6% to €14.9 million, mainly as a result of the lower contribution from sales of CO2 emission rights (€0.8 million in the quarter, vs. €6.8 million in the year-ago quarter). Excluding the impact of emission rights, EBITDA would have increased by 23.3%, in line with the growth in revenues.

EBIT decreased to €5.9 million due to the trend in EBITDA described above.

6.4.2. Financial debt

(M€)	**Mar. 19**	**Dec. 18**	**Change (M€)**
Without recourse	325.1	337.9	(12.8)

Net interest-bearing debt, which is entirely without recourse to the Group parent company, decreased by €12.8 million with respect to 2018 year-end, to €325.1 million. Much of this reduction is due to early repayment of €7 million of the syndicated loan to the division parent company.

7. SHARE DATA

7.1. Share performance

	Jan. – Mar. 2019	Jan. – Mar. 2018
Closing price (€)	11.64	9.94
Change in the period	*-0.51%*	*15.2%*
High (€)	13.20	10.06
Low (€)	11.32	8.63
Average daily trading (shares)	64,041	98,499
Average daily trading (M€)	0.8	0.9
Market capitalisation at end of period (M€)	4,409	3,766
No. of shares outstanding	378,825,506	378,825,506

7.2. Dividends

No dividends were paid in the first quarter of 2019. However, in a regulatory disclosure filed with the CNMV on 28 March, it was announced that the Board of Directors of FCC had resolved to propose that the Shareholders' Meeting approve a flexible dividend.

This is a formula under which shareholders may collect the dividend in cash or stock. The dividend would amount to €0.4 gross per share, i.e. a total payment o €151,530,202.40.

The motion to the Shareholders' Meeting delegates to the Board of Directors the power to decide on the timing and conditions of the dividend.

7.3. Own shares

At 31 March 2019, the FCC Group held a total of 823,430 shares of FCC, S.A. directly and indirectly (0.217% of the company's capital); there was no variation in own shares with respect to 2018 year-end.

8. DISCLAIMER

The interim financial information contained in this document was obtained from the consolidated interim financial statements as of 31 March 2019, 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, the 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 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.

Real Estate backlog: Amount receivable in connection with home sales that were pending at the end of the period.

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

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