Citizen Services

9M2016
EARNINGS REPORT

Environmental Services

Water

Infrastructures

FCC ends the first construction phase of the Dallas (USA) recycling center

1. HIGHLIGHTS

FCC Environment is awarded the Madrid-West waste collection contract worth 227 million

Last September Madrid Council awarded FCC Environment with one of the three waste collection contracts for Madrid. More precisely FCC will be in charge of the West part of Madrid which includes the main part of the city center. The contract is worth 227 million euro and is for a period of four years.

FCC Construction exceeds €500 million in order intake in industrial construction

FCC Industrial substantially expanded business year-to-date. Recently awarded contracts, such as the Samalayuca-Sasabe gas pipeline in Mexico, upgrading of fuelling facilities at Dublin airport (Ireland), and the electromechanical installations on Riyadh Metro lines 5 and 6 (Saudi Arabia), boosted the order book considerably in the first nine months, by 22.6% with respect to 2015 year-end.

FCC Aqualia obtained new international contracts, worth €277 million

FCC Aqualia obtained a number of international contracts, including construction and management of a sewage treatment plant in Bogotá (Colombia) worth €96.4 million, which will serve 3 million people, and a desalination plant in El-Alamein (Egypt) worth €114.6 million. It also landed a contract in the network area in Riyadh (Saudi Arabia) worth €23 million. Order intake enabled the total order book to remain at record highs: close to €15 billion as of 30 September.

Further steps towards consolidation and financial optimisation of the Group

In September, close to 93% of the FCC, S.A. convertible bond was repaid early (nominal amount: €417.05 million). Calling this bond provided a substantial saving on its 6.5% annual coupon; the transaction was paid out of available cash and enhanced the Group's financial flexibility. This followed the repayment in April of a 76% of the outstanding Tranche B of FCC, S.A.'s syndicated loan, by means of a Dutch auction in which an average 15% haircut was obtained. The new funding structure for CPV, the company that heads the Cement division, came into force in July; a five-year plan includes a substantial reduction in funding costs and will make it possible to fully adapt the area's funding structure in order to generate cash flow as planned.

These transactions enabled the FCC Group to make further progress in consolidating and optimising the capital structure, providing a sound funding platform with stronger capacity and operational flexibility.

Progress with CPV delisting bid

On 25 May, the Board of Directors of FCC resolved to make a takeover bid for 100% of the shares representing the capital stock of Cementos Portland Valderrivas, S.A. (CPV), in which it owns 77.9%, in order to delist that company from the Madrid and Bilbao Stock Exchanges, where it is currently listed. The bid was accepted for processing by the CNMV on 10 August and is currently pending final authorisation by the CNMV.

2. EXECUTIVE SUMMARY

- Consolidated Group EBITDA increased by 3.4% in the first nine months of 2016, to €613.3 million. That provided a substantial improvement in the EBITDA margin, to 14%, compared with 12.4% in the same period of 2015.
- EBITDA growth was achieved despite an 8.6% decline in revenues to €4,380 million, which was mainly attributable to the sustained 20.4% decline in revenues in the Construction area in the period. This performance was due to the increased efficiency in structural costs (-13.2% vs. 2015) and to business profitability.
- The Environmental business (services, waste and water management) increased profitability despite the adverse baseline effect with sterling, and the sales margin was 15.5% in waste management and 22.8% in water management; together, these areas accounted for 84.1% of the backlog, which provides a high level of visibility and strengthens the prospects for the Group as a whole.
- The attributable consolidated loss of €179.4 million, compared with a loss of €13.6 million in the same period of 2015, is due to the impairment of goodwill in the Cement area in the amount of €299.9 million in the third quarter. This impairment, which has no impact on Group cash flow, is due to the delay in the expected demand recovery in Spain caused by the additional setback in public expenditure this year. But for that adjustment, group EBT would have amounted to €117.1 million.
- As a result of operating cash flow and the changes to the capital structure, net interest-bearing debt has been reduced by 23.7% so far this year to €4,176.7 million. That €1,296.9 million reduction was due to the capital increase performed in March and also to containment of costs and capital expenditure, the sale of investees, receipt of an advance for commissioning a waste treatment plant, and measures to protect and enhance cash flow and to monetise assets.

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

KEY FIGURES

(M€)	**Sept. 16**	**Sept. 15**	**Chg. (%)**
Net sales	4,380.0	4,792.4	-8.6%
EBITDA	613.3	593.4	3.4%
EBITDA margin	*14.0%*	*12.4%*	*1.6 p.p.*
EBIT*	(44.4)	273.9	n/a
EBIT margin	*-1.0%*	*5.7%*	*-6.7 p.p.*
Income attributable to equity holders of the parent company	(179.4)	(13.6)	n/a
Operating cash flow	672.0	104.9	n/a
Investing cash flow	19.9	(281.3)	n/a

(M€)	**Sept. 16**	**Dec. 15**	**Chg. (%)**
Net equity	911.0	487.2	87.0%
Net interest-bearing debt	4,176.7	5,473.6	-23.7%
Backlog	30,566.4	32,499.7	-5.9%

**Includes 299.9 million euro impairment in CPV*

3. SUMMARY BY BUSINESS AREA

Area	Sept. 16	Sept. 15	Chg. (%)	% of 2016 total	% of 2015 total
(M€)					
REVENUES BY BUSINESS AREA					
Environmental Services	2,047.7	2,137.0	-4.2%	46.8%	44.6%
Water	747.4	780.7	-4.3%	17.1%	16.3%
Construction	1,134.4	1,425.8	-20.4%	25.9%	29.8%
Cement	429.3	436.2	-1.6%	9.8%	9.1%
Corp. services and adjust.	21.2	12.7	66.9%	0.5%	0.3%
Total	**4,380.0**	**4,792.4**	**-8.6%**	**100.0%**	**100.0%**
REVENUES BY GEOGRAPHIC AREA					
Spain	2,262.3	2,528.1	-10.5%	51.7%	52.8%
United Kingdom	675.9	771.4	-12.4%	15.4%	16.1%
Middle East and N. Africa	513.4	418.6	22.6%	11.7%	8.7%
Central Europe	384.4	383.3	0.3%	8.8%	8.0%
Latin America	231.6	384.6	-39.8%	5.3%	8.0%
US and Canada	210.4	184.8	13.9%	4.8%	3.9%
Others	102.0	121.6	-16.1%	2.3%	2.5%
Total	**4,380.0**	**4,792.4**	**-8.6%**	**100.0%**	**100.0%**
EBITDA*					
Environmental Services	318.2	321.6	-1.1%	51.9%	54.2%
Water	170.8	170.4	0.2%	27.8%	28.7%
Construction	34.0	49.4	-31.2%	5.5%	8.3%
Cement	74.3	63.2	17.6%	12.1%	10.7%
Corp. services and adjust.	16.0	(11.2)	n/a	2.6%	-1.9%
Total	**613.3**	**593.4**	**3.4%**	**100.0%**	**100.0%**
EBIT**					
Environmental Services	169.0	161.6	4.6%	n/a	59.0%
Water	105.7	106.9	-1.1%	n/a	39.0%
Construction	(47.4)	12.2	n/a	n/a	4.5%
Cement	(161.8)	14.9	n/a	n/a	5.4%
Corp. services and adjust.	(109.9)	(21.7)	n/a	n/a	-7.9%
Total	**(44.4)**	**273.9**	**-116.2%**	**n/a**	**100.0%**

Area	Sept. 16	Dec. 15	Chg. (%)	% of 2016 total	% of 2015 total
NET DEBT					
With recourse	2,493.6	3,254.3	-23.4%	59.7%	59.5%
Without recourse					
Environmental Services	428.7	659.6	-35.0%	10.3%	12.1%
Water	246.3	249.8	-1.4%	5.9%	4.6%
Construction	0.0	0.0	n/a	0.0%	0.0%
Cement	947.8	1,248.9	-24.1%	22.7%	22.8%
Corporate	60.3	61.0	-1.1%	1.4%	1.1%
Total	**4,176.7**	**5,473.6**	**-23.7%**	**100.0%**	**100.0%**
BACKLOG*					
Environmental Services	10,745.9	11,825.7	-9.1%	35.2%	36.4%
Water	14,975.4	14,443.7	3.7%	49.0%	44.4%
Construction	4,845.1	6,230.3	-22.2%	15.9%	19.2%
Total	**30,566.4**	**32,499.7**	**-5.9%**	100.0%	**100.0%**

** See definition on page 28, in accordance with ESMA rules (2015/1415en).*
***Includes 299.9 million euro impairment adjustment in CPV.*

4. INCOME STATEMENT

(M€)	Sept. 16	Sept. 15	Chg. (%)
Net sales	**4,380.0**	**4,792.4**	**-8.6%**
EBITDA	**613.3**	**593.4**	**3.4%**
EBITDA margin	*14.0%*	*12.4%*	*1.6 p.p.*
Depreciation and amortisation	(312.5)	(303.6)	2.9%
Other operating income	(345.2)	(15.9)	n/a
EBIT*	**(44.4)**	**273.9**	**n/a**
EBIT margin	*-1.0%*	*5.7%*	*-6.7 p.p.*
Financial income	(206.0)	(265.6)	-22.4%
Other financial results	4.4	0.9	n/a
Equity-accounted affiliates	63.2	34.5	83.2%
Earnings before taxes (EBT) from continuing operations	**(182.8)**	**43.7**	n/a
Corporate income tax expense	(32.3)	24.1	n/a
Income from continuing operations	**(215.1)**	**67.8**	n/a
Income from discontinued operations	(7.3)	(89.3)	n/a
Net income	**(222.4)**	**(21.5)**	n/a
Non-controlling interests	43.0	7.9	n/a
Income attributable to equity holders of the parent company	**(179.4)**	**(13.6)**	n/a

**299.9 million euro impairment adjustment in CPV*

4.1 Net sales

Consolidated Group revenues declined by 8.6% in the first nine months to €4,380 million. This was due principally to the persistent decline in demand in the Construction activity in Spain caused by the ongoing contraction of demand for investment in public works. Environmental Services revenues, amounting to €2,047.7 million in the first nine months of 2016, were practically stable despite the adverse effect of sterling's depreciation. This effect was offset by higher revenues from Central Europe and US. The Water area reported a 4.3% decline in revenues in the first nine months of 2016, to €747.4 million; the Technology & Networks area, which accounts for 9.8% of this division's revenues, experienced a setback as a result of delays in public tenders in Spain. Cement revenues declined by 1.6% in the first nine months, but EBITDA was not affected because production costs were lower in the period.

The Group's two main areas, Water and Environmental Services, experienced differing impacts. On the one hand, the 4.2% decline in the Environmental Services revenues is due to the average 9.4% depreciation by sterling in the period and also to completion of construction of a treatment plant in the UK that came into service in June. Adjusting for those two effects, revenues were stable in Environmental Services, commensurate with business performance in a situation of generally stable prices, in line with the broad economy. On the other hand, Water revenues declined by 4.3%, and this is due entirely to the persistent contraction of the Technology and Networks area (design, engineering and outfitting of water infrastructure) because of cutbacks in government spending to address the budget deficit. This performance will be attenuated by growth in the international area due to new contracts (Colombia, Egypt and, to a lesser extent, Saudi Arabia).

Revenue breakdown, by region

(M€)	**Sept. 16**	**Sept. 15**	**Chg. (%)**
Spain	2,262.3	2,528.1	-10.5%
United Kingdom	675.9	771.4	-12.4%
Middle East & North Africa	513.4	418.6	22.6%
Central Europe	384.4	383.3	0.3%
Latin America	231.6	384.6	-39.8%
US and Canada	210.4	184.8	13.9%
Others	102.0	121.6	-16.1%
Total	**4,380.0**	**4,792.4**	**-8.6%**

In Spain, revenues fell by 10.5% to €2,262.3 million due almost entirely to the aforementioned contraction of the domestic Construction business (36.4%). Cement revenues declined by 6.1% because of falling sale prices and a slight reduction in volumes.

Outside Spain, revenues expanded by a solid 22.6% in the Middle East and North Africa due to progress with major projects, particularly the Riyadh Metro. Water network and sewage treatment contracts in Saudi Arabia (Riyadh and Mecca) also made a larger contribution.

In the UK, the Group's second largest market, revenues declined by 12.4% due to a combination of factors that were concentrated in the Environmental Services area. One was the depreciation by sterling (-9.4%) as a result of the Brexit vote, and another was the much lower level of work on treatment plants following the commissioning of the Buckinghamshire plant in June, plus the reduction in revenues as a result of lower collection of landfill fees for the Administration.

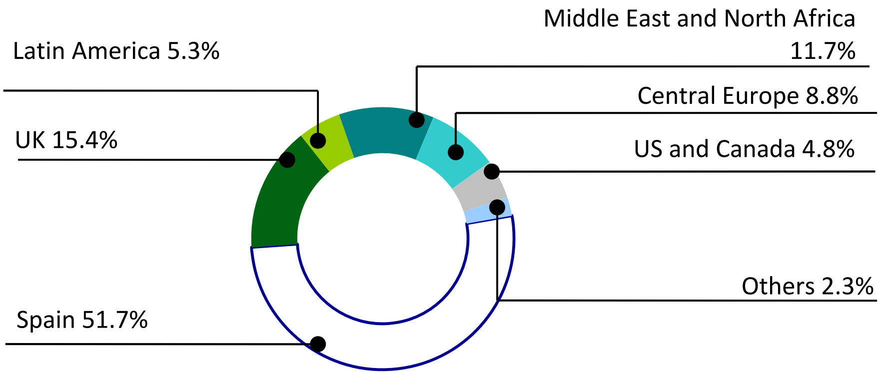
Revenues in Latin America fell by 39.8% due to the time lag between the completion of major construction works, such as Panama Metro Line 1 and projects in Colombia and Costa Rica, and the start of other projects such as Lima Metro, Panama Metro line 2, and the Toyo tunnel and a water treatment plant awarded recently (both in Colombia). This situation was partly offset by growth in the construction of roads and water treatment plants in Chile.

Revenues in Central Europe were stable (+0.3%) as a result of the increase in Environmental Services and Water business in nearly all countries in the region, which offset the completion of several projects in the Construction area, notably in Poland, and the smaller contribution from other minor projects in Romania.

Revenues in the United States and Canada increased by 13.9% as a result of growth in demand in the Cement area, faster progress with construction of the Gerald Desmond Bridge in Los Angeles, in the Construction area, and start-up of two waste collection and treatment contracts (in Florida and Texas) in the first half of the year within the Environmental Services division.

The 16.1% decline in Other markets was due entirely to completion of a number of construction contracts in Portugal.

% Revenues by region



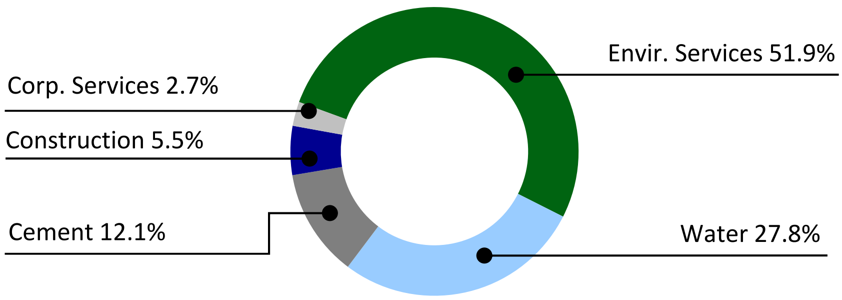
4.2 EBITDA

EBITDA amounted to €613.3 million in the period, a 3.4% increase year-on-year due to a sharp reduction in the Group structure and administration expenses and in Cement production. Those expenses continued to decline, having been reduced by 13.2% in the first nine months of 2016. Notable savings have been achieved in Corporate Services, which contributed a net €16 million in the period, contrasting with a loss of -€11.2 million in 2015.

Cement increased EBITDA by 17.6% to €74.3 million, due to higher prices and volumes in the US, stronger demand for exports, and a widespread reduction in energy costs in this area. Water achieved a modest 0.2% increase due to the higher contribution from concessions as operating efficiency is increasing and value-added contracts are coming into operation.

This consolidated EBITDA figure was achieved despite only a modest contribution by Construction (€34 million, vs. €49.4 million in 2015), which is mainly the result of extraordinary provisions and also the impact on earnings of completing projects. Sterling's depreciation in the period cut €6.6 million off the Environment area's EBITDA, which amounted to €318.2 million (down €3.4 million overall). Results in the period show limited contribution from the Buckinghamshire recycling plant, which came into service in the third quarter.

% EBITDA by Business Area



As a result of the aforementioned performance, the Environmental Services and Water Management areas accounted for 79.7% of Group EBITDA at 30 September 2016, and the other 20.3% came from cyclical businesses, linked to demand for infrastructure and building.

4.3 EBIT

EBIT was negative in the amount of -€44.4 million in the first nine months of 2016, contrasting with €273.9 million in the same period of 2015. This difference is attributable almost entirely to two factors. One was the impairment of goodwill in the Cement area in September, by €299.9 million (€187.2 million in the area and the rest in the parent company) to reflect the impact on this item of the delay in the demand recovery in

Spain, attributable primarily to the decline in public expenditure this year. The other was an extraordinary provision of €53.4 million booked in the Construction area in May to adjust production assets to the ongoing decline in infrastructure investment in Spain. Adjusting for those two exceptional items, EBIT would have increased by 12.8% year-on-year.

4.4 Earnings before taxes (EBT) from continuing operations

Earnings before taxes from continuing operations were negative in the amount of €182.8 million, compared with €43.7 million in the same period of 2015, due to the extraordinary provision discussed in the section on EBIT and the following items:

4.4.1 Financial income

Net financial expenses declined by 22.4% year-on-year in the period, to €206 million, mainly as a result of higher financial revenues. The financial result included a positive contribution of €58 million from the reduction of the Tranche B debt in April by means of a Dutch auction.

4.4.2 Other financial results

The main variation in this item was a €13.8 million gain on the sale of 10% of the Malaga Metro concession company, offset broadly by net translation losses of €13.4 million, compared with -€2.3 million in the same period of 2015.

4.4.3 Equity-accounted affiliates

Companies accounted for using the equity method contributed €63.2 million in income, mainly as a result of the haircut on Realia debt agreed upon with the lenders, which enabled this investee to contribute €28.8 million, and the €16.4 million in dividends from a stake in a renewable energy company. The remainder is attributable to transport infrastructure concession operators.

4.5 Income attributable to equity holders of the parent company

Net attributable income in the first nine months amounted to -€179.4 million, compared with a loss of €13.6 million in the same period of 2015. This was the result of incorporating the following items into EBT:

4.5.1 Income tax

The corporate income tax expense amounted to €32.3 million in the period, contrasting with a revenue of €24.1 million in the previous year due to application of tax credits in the Environmental Services area.

4.5.2 Income from discontinued operations

Discontinued operations contributed a loss of €7.3 million, the same as in the first quarter, as a result of the sale of GVI, mainly because of the impact of value adjustments which had to be recognised at the time of the sale (1Q16) in accordance with current accounting standards.

4.5.3 Non-controlling interests

Non-controlling interests, concentrated mainly in the Cement business, were attributed a loss of €43 million, compared with €7.9 million in 2015. The increase is due to their share of the impairment of goodwill booked in this area in the third quarter.

5. BALANCE SHEET

(M€)	**Sept. 16**	**Dec. 15**	**Change (M€)**
Intangible assets	2,606.4	3,026.4	(420.0)
Property, plant and equipment	2,964.5	3,146.4	(181.9)
Equity-accounted affiliates	565.2	587.0	(21.8)
Non-current financial assets	347.0	392.8	(45.8)
Deferred tax assets and other non-current assets	1,026.9	1,031.8	(4.9)
Non-current assets	**7,510.0**	**8,184.3**	**(674.3)**
Non-current assets available for sale	14.9	235.9	(221.0)
Inventories	638.4	648.6	(10.2)
Trade and other accounts receivable	1,903.8	2,217.1	(313.3)
Other current financial assets	291.5	230.7	60.8
Cash and cash equivalents	971.5	1,345.5	(374.0)
Current assets	**3,820.0**	**4,677.8**	**(857.8)**
TOTAL ASSETS	**11,330.0**	**12,862.1**	**(1,532.1)**
Equity attributable to equity holders of parent company	760.9	280.7	480.2
Non-controlling interests	150.1	206.5	(56.4)
Net equity	**911.0**	**487.2**	**423.8**
Grants	221.4	248.3	(26.9)
Non-current provisions	1,255.2	1,254.1	1.1
Long-term interest-bearing debt	5,035.5	5,612.2	(576.7)
Other non-current financial liabilities	76.8	66.6	10.2
Deferred tax liabilities and other non-current liabilities	595.6	536.7	58.9
Non-current liabilities	**7,184.5**	**7,717.8**	**(533.3)**
Liabilities linked to non-current assets available for sale	14.9	15.9	(1.0)
Non-current provisions	199.9	194.7	5.2
Short-term interest-bearing debt	404.5	1,437.6	(1,033.1)
Other current financial liabilities	85.2	91.8	(6.6)
Trade and other accounts payable	2,530.1	2,917.0	(386.9)
Current liabilities	**3,234.6**	**4,657.0**	**(1,422.4)**
TOTAL LIABILITIES	**11,330.0**	**12,862.1**	**(1,532.1)**

5.1 Equity-accounted affiliates

The investment in equity-accounted companies (€565.2 million) comprised the following at 30 September 2016:

1) €149 million for the 36.9% stake in Realia.
2) €80.5 million for investments in companies in the Water area, mainly concession companies in other countries (North Africa and Mexico).
3) €80.2 million for holdings in companies in the Environmental Services area (recycling and municipal services, mainly in Spain and the UK).
4) €255.5 million for the other holdings (transport infrastructure concessions, cement 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 period was practically unchanged and related entirely to the residual business of Cemusa in Portugal. Those assets had associated liabilities for the same amount: €14.9 million.
The decline in the balance with respect to 2015 year-end is due to completion of the sale of 50% of GVI in the first quarter of 2016.

5.3 Cash and cash equivalents

The reduction of €374 million in the period, to a balance of €971.5 million, is due mainly to the inflow of funds from the capital increase completed in March (€709.5 million), which was amply offset by repayment of €417.05 million of principal of the FCC, S.A. convertible bond in September and by partial repayment of the FCC, S.A. syndicated loan, both a large portion of its Tranche B (in April) and an amount of Tranche A (in June). Additionally, part of the available cash was used to cancel pre-existing finance in the Cement area during the third quarter.

5.4 Net equity

At the end of September, net equity amounted to €911 million, a sizeable increase over 2015 year-end due to the additional capital raised in the period, which strengthened the Group's structure and finances and absorbed the impairment booked in the Cement area in the third quarter in response to the delay in the projected recovery in demand in Spain.

5.5 Net interest-bearing debt

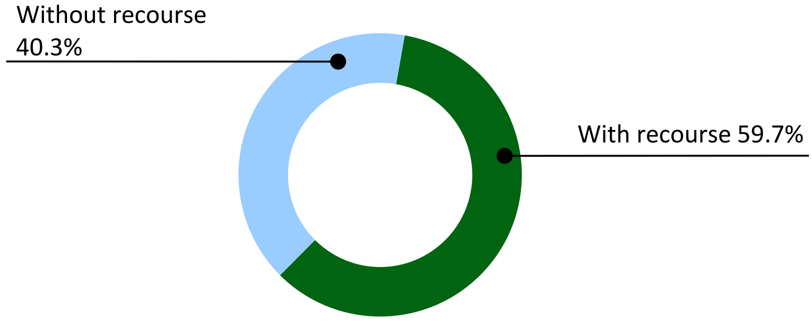
(M€)	**Sept. 16**	**Dec. 15**	**Change (M€)**
Bank borrowings	4,525.9	5,647.7	(1,121.8)
Debt instruments and other loans	664.9	1,088.5	(423.6)
Accounts payable due to financial leases	54.9	62.1	(7.2)
Derivatives and other financial liabilities	194.2	251.5	(57.3)
Gross interest-bearing debt	**5,440.0**	**7,049.8**	**(1,609.8)**
Cash and other current financial assets	(1,263.3)	(1,576.2)	312.9
Net interest-bearing debt	**4,176.7**	**5,473.6**	**(1,296.9)**
With recourse	*2,493.6*	*3,254.3*	(760.7)
Without recourse	*1,683.1*	*2,219.3*	(536.2)

At the end of 3Q16, net interest-bearing debt amounted to €4,176.7 million, a notable €1,296.9 million reduction with respect to 2015 year-end. This reduction was the result of several factors, including notably:

The influx of net cash (€708 million) from the capital increase performed in March. Receipt of the advance for completion and commissioning of the Buckinghamshire recycling and incineration plant in June (€219.6 million), and realisation of customer receivables. Other current financial assets increased by €127 million due to the second instalment (due in February 2017) of the price of the sale of GVI, which took place in the first quarter of 2016.

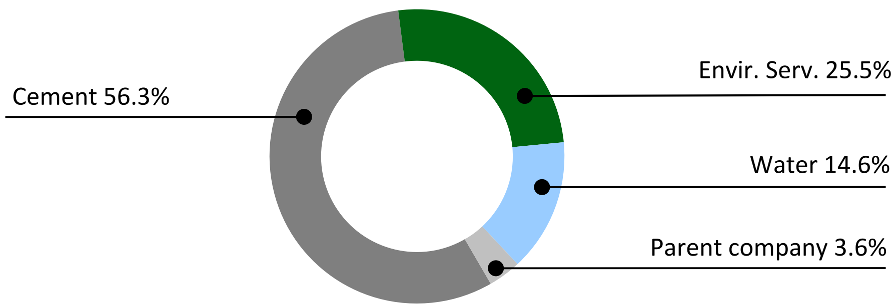
Gross interest-bearing debt, which is the basis of financial expenses, declined substantially, by €1,609.8 million to €5,440 million, due mainly to repayment of €386.4 million of Tranche B (including a 15% haircut), repayment of the debt associated with the Buckinghamshire project (€219.6 million), repayment of Tranche A of the syndicated loan (€150 million) and, in the third quarter, repayment of debt by the Cement division (€284 million) under the new funding structure, and repayment of the bulk of the FCC, S.A. convertible bond (€417.05 million of principal and €9.99 million of accrued coupon), as discussed earlier.

Debt with and without recourse



Net financial debt is divided between parent company debt (59.7%) and debt without recourse (40.3%). Net debt with recourse amounted to €2,493.6 million at 30 September 2016, including mainly legacy debt from the acquisition of a number of operating companies in the various divisions, excluding Cement, and is structured mainly as a syndicated loan.

Net debt without recourse, by area



Net interest-bearing debt without recourse to the Group parent company amounted to €1,683.1 million at the end of the period. A large proportion of that is connected to the Cement area (€947.8 million). Environmental Services accounts for €428.7 million (€332.7 million in the UK, €69 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 €246.3 million, of which €175.5 million relate to the Czech Republic and the other €70.8 million to a number of end-to-end water concessions in Spain. The €60.3 million at parent company level are the net project debt of the concession companies for the Coatzacoalcos tunnel in Mexico and the Conquense highway in Spain.

5.6 Other current and non-current financial liabilities

The balance of other current and non-current financial liabilities, which do not qualify as interest-bearing debt, was €162 million at the end of September. It includes financial liabilities such as those associated with hedging derivatives, suppliers of fixed assets, and deposits and guarantees received.

6. Cash flow

(M€)	Sept. 16	Sept. 15	Chg. (%)
EBITDA	**613.3**	**593.4**	**3.4%**
(Increase)/decrease in working capital	156.7	(344.4)	n/a
Income tax (paid)/received	(36.9)	(50.9)	-27.5%
Other operating cash flow	(61.1)	(93.2)	-34.4%
Operating cash flow	**672.0**	**104.9**	n/a
Investment payments	(286.7)	(290.7)	-1.4%
Divestment receipts	273.1	32.4	n/a
Other investing cash flow	33.5	(23.0)	n/a
Investing cash flow	**19.9**	**(281.3)**	**-107.1%**
Interest paid	(265.3)	(213.1)	24.5%
(Payment)/receipt of financial liabilities	(1,463.0)	(20.0)	n/a
Other financing cash flow	700.1	(22.8)	n/a
Financing cash flow	**(1,028.2)**	**(255.9)**	n/a
Exchange differences, change in consolidation scope, etc.	(37.8)	15.5	n/a
Increase/(decrease) in cash and cash equivalents	**(374.0)**	**(416.8)**	**n/a**

6.1 Operating cash flow

Operating cash flow improved substantially in the first nine months to a positive figure of €672 million, a sharp €567.1 million improvement on the figure one year earlier.

This was due to a high level of cash conversion and a strong positive variation in working capital. It also reflects the effect of the reduction of accounts payable in June following handover of the recycling plant in the UK by the Environmental Services division. This improvement, coupled with higher realisation of customer receivables, amply offset both the seasonal increase in working capital in the first half of 2016 and the payment of €95 million to date for deferral of prior years' taxes. In 2016 as a whole, cash outflows under this heading are expected to amount to €109 million, to almost completely settle the deferred tax payments.

(M€)	Sept. 16	Sept. 15	Change (M€)
Environmental services	339.2	(86.1)	425.3
Water	25.8	(42.0)	67.8
Construction	(151.2)	(115.7)	(35.5)
Cement	(3.5)	2.2	(5.7)
Corporate services and adjustments	(53.6)	(102.8)	49.2
(Increase)/decrease in working capital	**156.7**	**(344.4)**	**501.1**

Other operating cash flow reflects the release of €41.2 million in provisions in the Construction area, linked partly to the structure adjustment plan implemented in the second quarter, as well as other lesser amounts in the Water and Environmental Services areas. It also reflects the receipt of €38.7 million in dividends, of which €16 million were from the stake in a renewable energy company and €12.8 million from other non-controlling stakes.

6.2 Investing cash flow

Investing cash flow amounted to €19.9 million, contrasting with a negative €281.3 million in the same period of 2015.

Investment payments in the first nine months amounted to €286.7 million, practically the same as in 2015, though this year they include €32.9 million (in proportion to the Company's 36.9% stake) of the €89 million capital increase at Realia which was completed in January this year.
Investment in Environmental Services, one of the most capital-intensive areas, declined to €138.7 million, from €186.1 million the previous year, due to completion of construction of the Buckinghamshire (UK) waste incineration plant in May and efforts to contain costs throughout this division.

Divestment receipts increased substantially to €273.1 million in the first nine months of 2016. This item includes, in Corporate Services, the first instalment for the sale of GVI, amounting to €83 million (to be followed by a second instalment of approximately €127 million in February 2017), plus over €76 million advance collected to several concession divestments. Additionally, it includes €63.4 million in the Environmental Services area as the advance of the financial asset corresponding to completion and commissioning of the recycling plant in the UK.

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

(M€)	**Sept. 16**	**Sept. 15**	**Change (M€)**
Environmental services	(75.8)	(171.7)	95.9
Water	(40.6)	(40.5)	(0.1)
Construction	(25.6)	(22.6)	(3.0)
Cement	2.0	(8.1)	10.1
Corporate services and adjustments	126.4	(15.4)	141.8
Net investments *(Payments - Receipts)*	**(13.6)**	**(258.3)**	**244.7**

Other investing flows refer to the financial interest received plus other changes in loans to third parties and investees, mainly in the Water division.

6.3 Financing cash flow

Consolidated financing cash flow amounted to €1,028.2 million in the period, far higher than the 2015 figure (€255.9 million). That figure includes cash outflows, i.e. repayment of €427 million of the FCC, S.A. convertible bond and €150 million in principal of the parent company's syndicated loan, repayment of the bulk of Tranche B of that loan, by means of a Dutch auction, for €315.3 million, repayment of €284 million due to cancellation of the pre-existing funding of the Cement division's parent company, and repayment of €219.6 million in debt in the Environmental Services division as a result of collecting the advance in June upon entry into service of a treatment and recycling plant in the United Kingdom.
Cash inflows include €708 million raised in the capital increase on 4 March 2016.
Interest expenses amounted to €265.3 million in the first nine months of 2016, compared with €213.1 million the previous year; this is due to differences in the accrual and payment schedule between years.

6.4 Exchange differences, change in consolidation scope, etc.

This item reflects a negative variation in the amount of €37.8 million in the first nine months of 2016, contrasting with the positive difference of €15.5 million in 2015. This change is due to the impact of currency fluctuations on cash, concentrated in the Environmental Services area (UK) and, to a lesser extent, in Construction.

6.5 Variation in cash and cash equivalents

Combining the foregoing flows, and broadly as a result of the reduction in gross interest-bearing debt, the Group's cash position was reduced by €374 million with respect to 2015 year-end, to €971.5 million at 30 September 2016.

7. BUSINESS PERFORMANCE

7.1 Environmental services

The Environmental Services area accounts for 51.9% of FCC Group EBITDA. A total of 95.3% 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 4.7% 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, FCC is involved in both industrial and municipal waste management.

7.1.1 Results

(M€)	**Sept. 16**	**Sept. 15**	**Chg. (%)**
Revenues	2,047.7	2,137.0	-4.2%
Environment	*1,952.3*	*2,041.5*	*-4.4%*
Industrial Waste	*95.4*	*95.5*	*-0.1%*
EBITDA	318.2	321.6	-1.1%
EBITDA margin	*15.5%*	*15.0%*	*0.5 p.p.*
EBIT	169.0	161.6	4.6%
EBIT margin	*8.3%*	*7.6%*	*0.7 p.p.*

Revenues in the Environmental Services area declined by 4.2% to €2,047.7 million in the first nine months of 2016, almost entirely as a result of a decline in revenues in the United Kingdom.

Revenue breakdown, by region

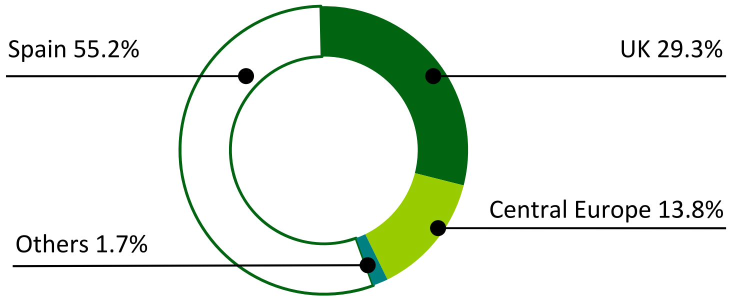
(M€)	**Sept. 16**	**Sept. 15**	**Chg. (%)**
Spain	1,131.1	1,133.1	-0.2%
United Kingdom	600.3	700.3	-14.3%
Central Europe	282.8	271.3	4.2%
Portugal, etc.	33.5	32.3	3.7%
Total	**2,047.7**	**2,137.0**	**-4.2%**

Revenues in Spain amounted to €1,131.1 million, in line with the previous year, whereas revenues in the UK declined by 14.3% to €600.3 million due mainly to the negative effect of sterling's depreciation (-9.4%) and, to a lesser extent, to completion of construction of the Buckinghamshire waste incineration plant. The 30-year operation and maintenance phase commenced in June, on schedule.

Excluding the currency effect and the net effect of the conclusion and commissioning of the incineration plant previously mentioned, this division's revenues would have increased by 0.9%, and EBITDA by 1.6%.

Revenues in Central Europe increased by 4.2%, boosted basically by expanding business in the Czech Republic and, to a lesser extent, in Austria. Revenues in other markets increased by 3.7% due to the contribution by the Industrial Waste division in the United States, mainly revenues from the waste collection contract in Orange County (Florida).

Revenue breakdown, by region



EBITDA amounted to €318.2 million, slightly less than in 2015, contrasting with the 0.5-point increase in the EBITDA margin to 15.5%. This increase in the margin, achieved in an adverse currency situation, is due mainly to the lower revenue contribution from construction of the Buckinghamshire waste incineration plant, whose margins are lower in the development phase, as well as the effect of winding down the landfill business in the UK.

EBIT amounted to €169 million, a 4.6% increase year-on-year, due mainly to lower depreciation and amortisation.

Backlog breakdown, by region

(M€)	**Sept. 16**	**Dec. 15**	**Chg. (%)**
Spain	6,904.2	7,112.0	-2.9%
International	3,841.7	4,713.7	-18.5%
Total	**10,745.9**	**11,825.7**	**-9.1%**

The area's backlog declined by 9.1% with respect to 2015 year-end. The backlog shrank by 2.9% in Spain and by 18.5% in other countries due to sterling's depreciation against the euro (€562 million) and lower order intake. This backlog figure does not reflect the contract to build and subsequently operate the Edinburgh and Midlothian (Scotland) waste processing plant, worth €511 million, whose financial completion was achieved after the third quarter. The total backlog amounts to over 4 times revenues in the last twelve months.

7.1.2 Cash flow

(M€)	Sept. 16	Sept. 15	Chg. (%)
EBITDA	**318.2**	**321.6**	**-1.1%**
(Increase)/decrease in working capital	339.2	(86.1)	n/a
Income tax (paid)/received	(5.8)	(6.6)	-12.1%
Other operating cash flow	(12.2)	0.8	n/a
Operating cash flow	**639.4**	**229.7**	**178.4%**
Investment payments	(138.7)	(186.1)	-25.5%
Divestment receipts	62.9	14.4	n/a
Other investing cash flow	(2.5)	18.9	-113.2%
Investing cash flow	**(78.3)**	**(152.8)**	**-48.8%**
Interest paid	(66.8)	(71.6)	n/a
(Payment)/receipt of financial liabilities	(556.2)	(141.8)	n/a
Other financing cash flow	0.0	(1.6)	-100.0%
Financing cash flow	**(623.0)**	**(215.0)**	**n/a**
Exchange rate variations, etc.	(26.2)	10.0	n/a
Increase/(decrease) in cash and cash equivalents	**(88.1)**	**(128.1)**	**n/a**

(M€)	Sept. 16	Dec. 15	Change (M€)
Without recourse	428.7	659.6	(230.9)

Operating cash flow in the Environmental Services area increased sharply, to €639.4 million, i.e. €409.7 million more than in the same period of 2015. This was due mainly to good working capital performance, including the receipt of an advance of €156.2 million associated with completion of development of the Buckinghamshire incineration plant.

Investment payments amounted to €138.7 million, compared with €186.1 million in 2015, mainly as a result of the lower impact of construction of that incineration plant, and also of the containment of capital expenditure in this area as a whole.

Divestments receipts increased to €62.9 million, related mainly to the part of the Buckinghamshire plant that was recognised as a financial asset under development at the end of the first half, as required by the accounting standards.

Net financial debt without recourse in this area declined sharply, by €230.9 million, driven by receipt of the advance associated with the Buckinghamshire incinerator, and also the positive effect of sterling's depreciation. Of the total outstanding debt, €332.2 million relates to the UK, €69 million to Central Europe and the remaining €27 million to waste treatment and recycling plants in Spain and Portugal.

7.2 End-to-End Water Management

The Water area accounted for 27.8% of FCC Group EBITDA in the period. Public concessions and end-to-end water management (capture, purification, distribution and treatment) account for 90.2% of total revenues, and Technology and Networks (development, engineering and outfitting of water infrastructure) account for the other 9.8%.

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.

7.2.1 Results

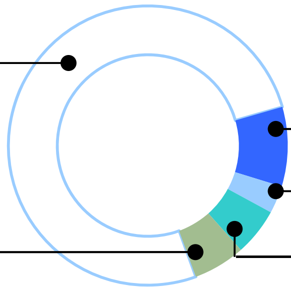
(M€)	**Sept. 16**	**Sept. 15**	**Chg. (%)**
Revenues	747.4	780.7	-4.3%
Concessions and services	*674.6*	*663.0*	1.7%
Technology and networks	*72.8*	*117.7*	-38.1%
EBITDA	170.8	170.4	0.2%
EBITDA margin	*22.9%*	*21.8%*	*1.0 p.p.*
EBIT	105.7	106.9	-1.1%
EBIT margin	*14.1%*	*13.7%*	*0.4 p.p.*

This area's revenues declined by 4.3% year-on-year, to €747.4 million, mainly as a result of the decline in technology and networks business in the domestic market as public administrations cut back investment in water infrastructure. This decline will be offset in the future by an increase in revenues from new contracts in other countries (Latin America and the Middle East).

Revenue breakdown, by region			
(M€)	**Sept. 16**	**Sept. 15**	**Chg. (%)**
Spain	568.8	594.2	-4.3%
Central Europe	68.7	67.0	2.5%
Latin America	23.7	47.2	-49.8%
Rest of Europe (Portugal and Italy)	41.0	44.9	-8.7%
Middle East, North Africa and Others	45.2	27.4	65.0%
Total	**747.4**	**780.7**	**-4.3%**

Central Europe increased by 2.5% as a result of updated tariffs and higher billing volumes in the end-to-end contract in the Czech Republic, operated through subsidiary SmVAK.
The decline in revenues in Latin America is due to the completion of two major groundwater extraction projects in Mexico. This was broadly offset by growth in the Middle East and North Africa due to work on networks in Riyadh and treatment plants in Mecca (Saudi Arabia).

Revenue breakdown, by region



Despite the decline in revenues, EBITDA improved slightly, by 0.2% with respect to 2015, to €170.8 million, due to a significant increase in the EBITDA margin, to 22.9%. This was attributable to the combined effect of a lower contribution by the technology and network business and an increase in the profitability of the concession business, mainly as a result of improvements in contract operating efficiency and in structural and support expenses.

Backlog breakdown, by region

(M€)	**Sept. 16**	**Dec. 15**	**Chg. (%)**
Spain	8,774.6	9,924.2	-11.6%
International	6,200.8	4,519.5	37.2%
Total	**14,975.4**	**14,443.7**	**3.7%**

The backlog expanded by 3.7% with respect to 2015 year-end, to €14,975.4 million, i.e. close to 15 times revenues in the last 12 months. The international backlog expanded by 37.2% to €6,200.8 million, driven by the extension of business in the Czech Republic, a new contract to build a desalination plant in Egypt (€114.6 million), and another €96.4 million for the construction and operation of a waste water treatment in Bogotá (El Salitre).

7.2.2 Cash flow

(M€)	Sept. 16	Sept. 15	Chg. (%)
EBITDA	**170.8**	**170.4**	**0.2%**
(Increase)/decrease in working capital	25.8	(42.0)	n/a
Income tax (paid)/received	(8.1)	(5.9)	n/a
Other operating cash flow	3.3	12.1	-72.7%
Operating cash flow	**191.8**	**134.6**	**42.5%**
Investment payments	(41.0)	(49.6)	-17.3%
Divestment receipts	0.4	9.1	-95.6%
Other investing cash flow	(73.0)	(59.5)	22.7%
Investing cash flow	**(113.6)**	**(100.0)**	**13.6%**
Interest paid	(32.2)	(32.4)	-0.6%
(Payment)/receipt of financial liabilities	(44.6)	72.9	n/a
Other financing cash flow	(4.6)	(25.3)	n/a
Financing cash flow	**(81.4)**	**15.2**	**n/a**
Exchange rate variations, etc.	(0.7)	0.1	n/a
Increase/(decrease) in cash and cash equivalents	**(3.9)**	**49.9**	-107.8%

(M€)	Sept. 16	Dec. 15	Change (M€)
Without recourse	246.3	249.8	(3.5)

Operating cash flow increased by 42.5% to €191.8 million due to improved working capital management, favoured by a reduction in customer balances. The figure includes the payment of €13.7 million corresponding to deferred taxes (vs. €17 million paid in the same period of 2015).

Payments for investments amounted to €41 million, while other investing cash flow reflected the cash outflow for loans to other Group companies. This effect is eliminated at Group level and, consequently, has no impact on the consolidated cash flow statements.

Interest payments were in line with the previous year. The "Other financing cash flow" line item in 2015 contained the payment of the supplementary dividend.

As a result, the area's net cash balance was reduced by €3.9 million. Net debt without recourse declined slightly in 2016, to €246.3 million. Of that amount, €175.5 million related to the business in the Czech Republic and the other €70.8 million to a number of end-to-end water concessions in Spain.

7.3 Construction

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

7.3.1 Results

(M€)	**Sept. 16**	**Sept. 15**	**Chg. (%)**
Revenues	1,134.4	1,425.8	-20.4%
EBITDA	34.0	49.4	-31.2%
EBITDA margin	*3.0%*	*3.5%*	*-0.5 p.p.*
EBIT	(47.4)	12.2	n/a
EBIT margin	*-4.2%*	*0.9%*	*-5.0 p.p.*

This area's revenues amounted to €1,134.4 million in the first nine months, i.e. a 20.4% decline year-on-year, due broadly to the 36.4% decline in revenues in Spain. That reduction is due to the steady cutback in government investment in infrastructure, though it reveals a degree of stabilisation with respect to the first half of the year.

The fall in revenues in Spain is partly offset by revenues from other countries, which now account for 64.1% of the area's total and shrank by a more moderate 7.4%.The reduction in international revenues was a temporary effect that is being steadily mitigated and was due to completion of certain projects last year that was not fully offset by the commencement of projects that are getting under way (Lima Metro) and others that have been awarded recently (Panama Metro Line 2 and the Toyo Tunnel).

Revenue breakdown, by region

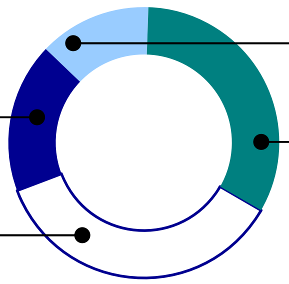
(M€)	**Sept. 16**	**Sept. 15**	**Chg. (%)**
Spain	406,8	639,6	-36,4%
Middle East and North Africa	372,5	288,7	29,0%
Latin America	202,9	332,0	-38,9%
Europe, US, etc.	152,2	165,5	-8,0%
Total	**1.134,4**	**1.425,8**	**-20,4%**

Revenues surged in the Middle East and North Africa (+29%) due mainly to the execution of the Riyadh Metro and Doha Metro projects.

Revenues in Latin America continued to decline, as in previous periods, having fallen by 38.9% year-on-year due to the completion of major projects, such as Panama Metro Line 1, the Chucas hydroelectric dam, and the works in the Panama Canal, while new projects are making only a very limited contribution as yet or have not yet started up.

The 8% decline in revenues in Europe, United States and other markets was due to completion of certain road projects in Portugal and Romania and the cessation of operations in Poland.

Revenue breakdown, by region



EBITDA amounted to 34 million euro, 31.2% less than in 2015.This was due to continuing low volume of activity, recognition of losses on certain international projects, and a provision for taxes booked in the first quarter. The area's margins recovered in the third quarter, diluting the exceptional negative effects that were felt principally in the first quarter.

EBIT was negative in the amount of €47.4 million, due entirely to a €53.4 million provision booked in May to adjust production resources to the decline in demand for infrastructure investment in Spain.

Backlog breakdown, by region

(M€)	**Sept. 16**	**Dec. 15**	**Chg. (%)**
Spain	1,118.9	1,358.8	-17.7%
International	3,726.2	4,871.5	-23.5%
Total	**4,845.1**	**6,230.3**	**-22.2%**

The area's backlog declined to €4,845.1 million, 22.2% less than at 2015 year-end. The decline in the backlog in Spain is due to persisting low demand for civil engineering. The reduction in the international backlog (-23.5% to €3,726.2 million) is due to the low order intake in the period, with bids being concentrated in large infrastructure projects, and also, to a lesser extent, to exchange rate fluctuations impacting the value of future revenues in certain geographies (Saudi Arabia).

Backlog breakdown, by business segment

(M€)	**Sept. 16**	**Dec. 15**	**Chg. (%)**
Civil engineering	3,764.6	5,008.2	-24.8%
Building	694.4	907.2	-23.4%
Industrial projects	386.0	314.9	22.6%
Total	**4,845.1**	**6,230.3**	**-22.2%**

Civil engineering and industrial projects expanded to 85.7% of the total due to the increased order intake in connection with industrial facility projects, while building (almost entirely non-residential) accounted for the remaining 14.3%.

7.3.2 Cash flow

(M€)	**Sept. 16**	**Sept. 15**	**Chg. (%)**
EBITDA	**34.0**	**49.4**	**-31.2%**
(Increase)/decrease in working capital	(151.2)	(115.7)	30.7%
Income tax (paid)/received	(20.3)	(16.3)	24.5%
Other operating cash flow	(80.8)	(102.7)	-21.3%
Operating cash flow	**(218.3)**	**(185.3)**	**17.8%**
Investment payments	(41.5)	(32.3)	28.5%
Divestment receipts	15.9	9.7	63.9%
Other investing cash flow	12.1	120.3	-89.9%
Investing cash flow	**(13.5)**	**97.7**	**-113.8%**
Interest paid	(10.6)	(10.0)	6.0%
(Payment)/receipt of financial liabilities	108.2	77.0	40.5%
Other financing cash flow	0.0	0.0	n/a
Financing cash flow	**97.6**	**67.0**	**45.7%**
Exchange rate variations, etc.	(5.5)	(38.5)	-85.7%
Increase/(decrease) in cash and cash equivalents	**(139.7)**	**(59.1)**	**n/a**

The area's operating cash flow was negative in the amount of €218.3 million, a 17.8% reduction with respect to the same period of 2015. This was due partly to the reduction in EBITDA and also to the greater increase in working capital. Other operating cash flow included provisions released in connection with the workforce adjustment that commenced in May, and the closure of certain projects.

Working capital this year included the payment of €22.0 million in tax that had been deferred in previous years.

Investment payments amounted to €41.5 million (€32.2 million in the same period of 2015), including mainly the investment in specialised machinery for certain contracts, particularly underground civil engineering work, and investment payments in connection with companies in the area. The sale of machinery assets provided €15.9 million in divestment proceeds in the period. Other investing cash flow, which amounted to €12.1 million, basically refers to changes in loans granted by Group companies.

7.4 Cement

The Cement area accounted for 12.1% of FCC Group EBITDA in the first nine months of 2016, through the 77.9% stake in Cementos Portland Valderrivas (CPV). This area produces mainly cement; it has seven factories in Spain, three in the US and one in Tunisia.

7.4.1 Results

(M€)	**Sept. 16**	**Sept. 15**	**Chg. (%)**
Revenues	429.3	436.2	-1.6%
Cement	*382.9*	*387.1*	*-1.1%*
Other	*46.4*	*49.1*	*-5.5%*
EBITDA	74.3	63.2	17.6%
EBITDA margin	*17.3%*	*14.5%*	*2.8 p.p.*
EBIT*	(161.8)	14.9	n/a
EBIT margin	-37.7%	3.4%	-41.1 p.p.

** Includes €187.2 million impairment adjustment*

This area's revenues declined by 1.6% with respect to the same period of 2015, to €429.3 million, due to a slight 1.1% decline in cement sales and a sharper decline in other activities (concrete, mortar, aggregate and waste treatment in the US).

Revenue breakdown, by region

(M€)	**Sept. 16**	**Sept. 15**	**Chg. (%)**
Spain	141.1	150.3	-6.1%
US and Canada	165.4	158.2	4.6%
Tunisia	53.1	59.3	-10.5%
UK and others	69.7	68.4	1.9%
Total	**429.3**	**436.2**	**-1.6%**

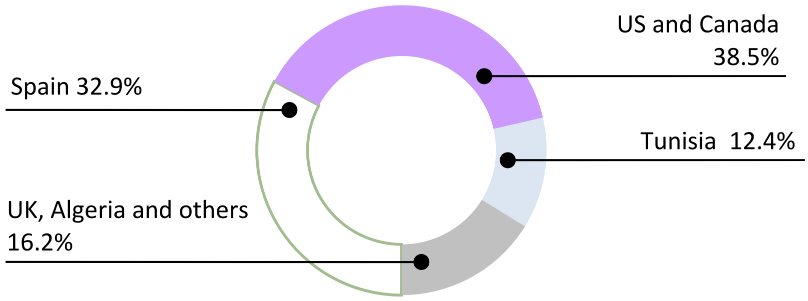
Revenues in Spain fell by 6.1%, due to the combination of lower prices and a year-on-year decline in cement consumption, in line with the domestic industry's performance as a whole.

Revenues in the US and Canada increased by 4.6%, boosted by the market rebound, which is visible in the steady recovery in cement consumption and prices. Additionally, secondary businesses related to waste recovery increased their contribution due to an expansion of production capacity.

Despite price improvements in Tunisia, revenues fell by 10.5% because of a reduction in volume caused by the decline in domestic market consumption.

Revenues from exports to the UK and other markets increased by 1.9%, favoured by higher sales in France and Portugal.

Revenue breakdown, by region



EBITDA increased to €74.3 million, i.e. 17.6% more than the €63.2 million booked in the same period last year. The EBITDA margin increased by 2.8 percentage points, mainly because of the reduction in variable energy costs and of favourable trends in the US market, which expanded to account for 17.3% of revenues.

Earnings and margins improved despite the adverse comparable effect arising from the lack of sales of CO_2 rights this year, contrasting with €3.9 million in the first nine months of 2015. In like-for-like terms, EBITDA increased by 25.3% in the period.

The Cement area recognised impairment of goodwill in the amount of €187.2 million in the third quarter, with the result that EBIT was negative in the amount of €161.8 million. This impairment, which has no impact on the area's cash flow, is due to the delay in the expected recovery by demand and prices in Spain caused by the additional setback in public expenditure this year.

7.4.2 Cash flow

(M€)	**Sept. 16**	**Sept. 15**	**Chg. (%)**
EBITDA	**74.3**	**63.2**	**17.6%**
(Increase)/decrease in working capital	(3.5)	2.2	n/a
Income tax (paid)/received	(2.4)	(5.0)	-52.0%
Other operating cash flow	(1.6)	(3.4)	-52.9%
Operating cash flow	**66.8**	**57.0**	**17.2%**
Investment payments	(9.3)	(10.8)	-13.9%
Divestment receipts	11.3	2.7	n/a
Other investing cash flow	2.4	0.6	n/a
Investing cash flow	**4.4**	**(7.5)**	n/a
Interest paid	(59.5)	(73.8)	-19.4%
(Payment)/receipt of financial liabilities	(8.5)	2.0	n/a
Other financing cash flow	(1.8)	(2.1)	-14.3%
Financing cash flow	**(69.8)**	**(73.9)**	**-5.5%**
Exchange rate variations, etc.	(2.6)	3.1	n/a
Increase/(decrease) in cash and cash equivalents	**(1,3)**	**(21,4)**	**-93,9%**

(M€)	**Sept. 16**	**Dec. 15**	**Change (M€)**
Without recourse	947.8	1,248.9	(301.1)

Operating cash flow totalled €66.8 million in the first nine months of 2016, i.e. 17.2% more than the €57 million registered in the same period of 2015, reflecting higher profit margins.

Capital expenditure kept pace with demand and was confined to preventative and maintenance expenses. Cash outflows under this heading in the first nine months of 2016 amounted to €9.3 million. Receipts amounted to €11.3 million due to recovering deposits and sureties upon refinancing debt of the area's parent company. As a result, investing cash flow amounted to €4.4 million.

Interest expenses amounted to €59.5 million in the first nine months of 2016, compared with €73.8 million the previous year; the decrease was due mainly to differences in interest settlement calendars between years and also to the lower cost and amount of interest-bearing debt at the area's parent company since 1 August.

The bulk of the Cement area's debt is without recourse to FCC. The €301.1 million reduction in this item with respect to 2015 year-end is due mainly to the partial repayment of the area parent company's syndicated loan in the third quarter.

In October, a letter of intent was signed with the Elementia group under which the latter may acquire up to 55% of the company that heads the area's US operations. That business is fully subsidiarised and has a separate funding structure; if the ongoing negotiations are successful, the revenues and debt of that business segment would be deconsolidated. Any progress or conclusions from the current negotiations will be announced, when appropriate, by means of regulatory disclosures.

8. SHARE DATA

8.1 Share performance

	Jan. – Sept. 2016	Jan. – Sept. 2015
Closing price (€)[1]	8.442	6.438
Appreciation	*24.78%*	*(44.38%)*
High (€)[1]	9.382	11.575
Low (€)[1]	6.038	6.293
Average daily trading (shares)	2,175,902	2,069,335
Average daily trading (M€)	15.9	20.1
Market cap. at end of period (M€)	3,198	1,722
No. of shares outstanding	378,825,506	260,572,379

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

8.2 Dividends

No dividends were paid in the first nine months of 2016.

8.3 Own shares

At 30 September 2016, the FCC Group held a total of 415,500 own shares directly and indirectly (0.11% of the company's capital).

On 18 December 2015, as required by current legislation, the Company announced suspension of the liquidity contract in force with an independent financial institution in view of the execution of the capital increase approved by the Board of Directors in December and completed in March 2016.
Upon completion of the capital increase, on 4 March 2016, Inversora Carso announced a mandatory takeover bid for FCC; consequently, by virtue of section 2.b) of Rule 5 of CNMV Circular 3/2007, of 29 December, all operations under the liquidity contract were suspended from that date and continued to be suspended after the takeover had been settled, on 28 July. The liquidity contract is still suspended as of the date of this report, 26 October 2016.

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.

9. Disclaimer

The interim financial information contained in this document was obtained from the consolidated interim financial statements as of 30 September 2016, 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,

No liability whatsoever is assumed by the Company, its advisors or representatives, whether for negligence or otherwise, with respect to any loss or damage arising from any use whatsoever of this document or its contents.

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10. CONTACT DETAILS

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