



Citizen Services



Strategic Plan

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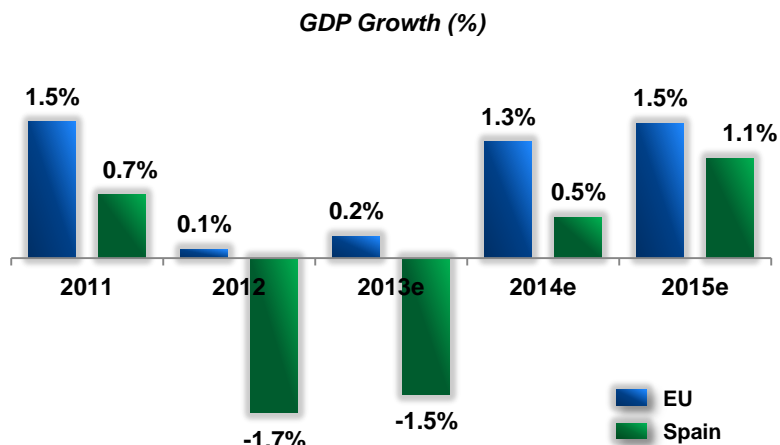
Context and Sector Performance



This Plan has been prepared considering a restrictive economic scenario, conditioned by a slow economic recovery and credit scarcity

Slow economic recovery in the EU, especially in Spain

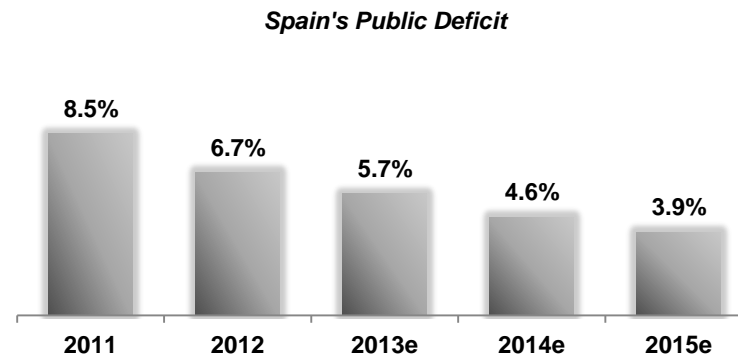
- Moderate recovery of economic activity in the European Union ...



- ... With some delay in Spain, where growth below 1.5% is expected

Environment marked by lack of funding and restricted access to capital markets

- European banking sector is currently cleaning up balance sheets, which causes more credit restrictions and increases funding spreads
- Public deficit target in Spain, implying a risk premium > 300 bps



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FCC Group strengths and assets



The FCC Group boasts a leadership position in its strategic markets, has extensive international presence and significant recurrent revenues

Strengths of FCC

1 Leadership in domestic markets

Central position in Spain, Central Europe and the UK

2 International Presence

56% of revenue from international markets in 2012

3 Integral Environmental Services and Water offering

From waste treatment to end to end water management

4 Specific Know - how

Experience in complex infrastructure projects and environmental Services

5 Visibility of revenues

Backlog coverage of 3.5 years (6.5 Services and 1.4 Construction)

6 Recurrent business

65% of EBITDA of Group in 2011 supported by long term contracts

Services

• Backlog in 2012	€ 24,981 Mn
• Urban Sanitation coverage	+4,000 municipalities
• Water Customers worldwide	28 Mn
• % Market share of water in Spain	37%

Construction

• Backlog in 2012	€ 8,595 Mn
• % Backlog civil works	73%
• % Revenues outside Spain	69%
• Bridges (last 15 years)	+1 Mn m ²

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FCC Group objectives and strategy



The FCC Group in the future will be characterized by:



Focus on strategic businesses:

- Engineering and execution of large infrastructure projects
- Management and treatment of urban waste
- End to end water management and hydraulic infrastructure



International presence in attractive and profitable geographies



Operational efficiency, with costs adapted to market conditions



Recurrent cash flow generation



Debt and Capital structure adequate to cash flow generation of business

...increasing cash flow generation and reducing debt to seize new growth opportunities that may arise in the future

The strategy designed by the Group aims to reduce debt in € Mn 2,700, reach an EBITDA of 1,200 € Mn and generate annual Cash Flow from Activities of € 850 Mn

Key figures	Before		After	Transformation
	2011	2012		
• Revenues	€ 11,897 Mn	€ 11,152 Mn	9,700 € Mn	• ... achieving a healthy turnover, under a conservative scenario
• EBITDA	1256 € Mn	€ 753 Mn	€ 1,200 Mn ⁽¹⁾	• ...recovering EBITDA and adjusting costs to market conditions
• Cash Flow from Activities⁽²⁾	€ 1,003Mn	€ 253 Mn	€ 850 Mn ⁽³⁾	• ... balancing cash flow generation and maintaining investment below depreciation
• Net Debt (Including Energy)	€ 7,265 Mn	€ 7,881Mn	€ 5,200 Mn	• ... reducing € 2,700 Mn debt in the period
• Net Debt (Excluding energy)	€ 6,593 Mn	€ 7,088 Mn	€5,200 Mn	• ...reducing € 1,900 Mn debt in the period

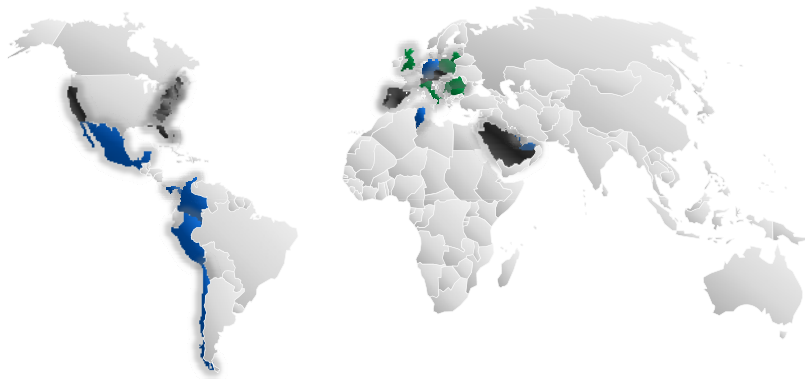
(1) Includes €30 Mn costs from Corporation

(2) Cash Flow from Operating Activities = Operations + Investment Operations

(3) Referred to recurrent Cash Flow from Operating Activities

The FCC Group's performance will improve the balance of EBITDA contribution by business, with international presence in more attractive and profitable geographies

Contribution of revenue by geography

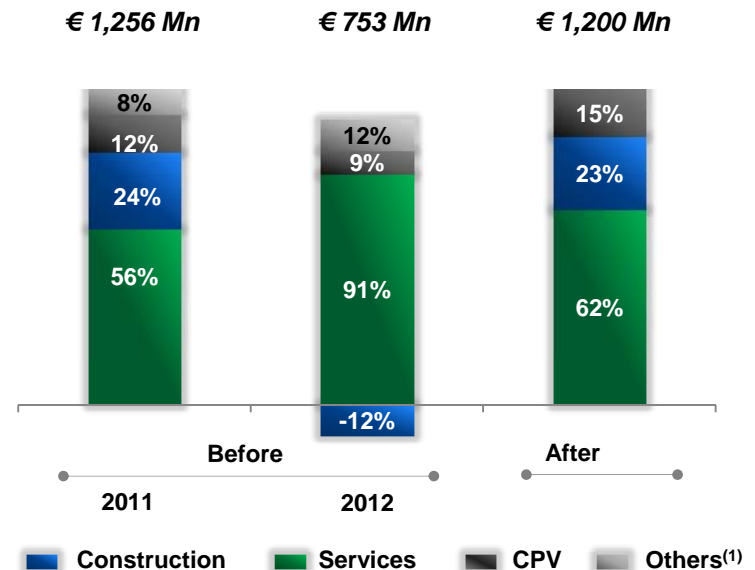


● Construction ● Services ● Construction and Services

Revenues After	Construction	Services	Group
National	36%	58%	48%
International	64%	42%	52%

- The Group will reorganize its international operations to focus in its European domestic markets, and attaining a position in highly attractive geographies

EBITDA contribution by business



- A rebalancing of EBITDA contribution by business is expected due to the restructuring of Alpine and the growth of the International Construction business

A reduction of debt and improved profitability will be achieved by implementing five strategic initiatives

1

Asset divestments

- Implementing a € 2,200 Mn⁽¹⁾ non-strategic asset divestment program

2

Construction Business restructuring

- Adjustment of personnel and means of production in National Construction
- Retreat to domestic markets and efficiency improvements in Alpine
- Profitability boost in International Construction (excluding Alpine), focusing activity in more profitable projects and geographies

3

Adjustment of means of production and capacity in Cement

- Adaptation of headcount, means of production and structure to market conditions

4

Strengthening leadership in Services in Spain and repositioning in the UK

- Strengthening leadership in National Environmental Services and ASA (waste management in Central Europe)
- Repositioning of UK business to management and waste treatment activities
- Maintaining Aqualia's (Water) leadership in Spain and international development

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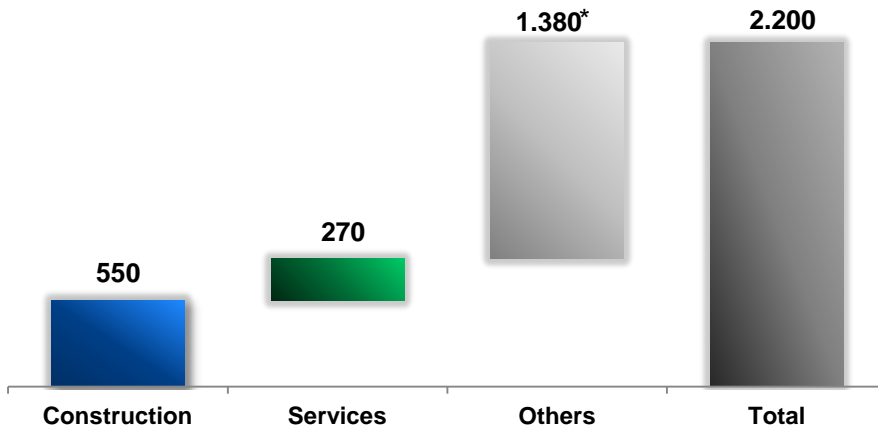
Overhead cost reduction

- Reduction of overheads in all areas, at both corporate and operational levels

(1) Including debt from FCC Energy

Prioritization of divestments in non-strategic assets to generate cash and focus on Environmental Services, Water and Construction

Divestments by area



Achievement of a more homogeneous group, focused in Environmental Services, Construction and Water

Prioritization criteria to divest assets

- 1** Non-strategic assets, preserving key Construction, Environmental Services and Water Management assets
- 2** Sale of minority stakes
- 3** Assets in which the Group does not have market leadership
- 4** Capital-intensive assets, which may require substantial cash contributions

Cash generation to reduce the Group's net debt

Spanish Construction capacity adjustment, retreat of Alpine to its domestic markets and bolstering of International Construction in high growth potential geographies

<i>Key Figures</i>		Target
	• EBITDA	€ 275 Mn
	• Margin%	5.6%
	• Accumulated investment	€ 190 Mn

National Construction Adjustment of production and capacity to market situation

- Personnel reduction in order to adapt to current market conditions
- Adjustment during 2013, avoiding profitability erosion
- Downscaling commercial structure, adapting it to the current market situation

Alpine Retreat to domestic markets and efficiency improvement

- Retreat from markets with negative return
- Increased efficiency through better project selection and structure adjustment
- Optimization of working capital by reducing collection periods
- Asset divestments

International Construction Profitability boost based on specific geographies

- Selective projects and market activity: specific geographies in Latin America and MENA⁽¹⁾, and selected projects in the USA
- Industrial business growth in certain Latin American geographies

(1) Middle East and North Africa

CPV will adjust its personnel, capacity and means of production, along with the development of drivers to increase efficiency in both Spain and the U.S. (New Giant)

<i>Key Figures⁽¹⁾</i>		Target
• EBITDA		€ 165 Mn
• Margin%		23%
• Accumulated investment		€ 50 Mn

Spain

Adjustment of personnel, means of production and structure, and efficiency improvement

- Adjustment of personnel, means of production and structure implying closure of an industrial plant
- Launch of measures to increase efficiency:
 - Procurement optimization
 - Plant efficiency
- Promotion of licenses and royalties

U.S.

Development of comprehensive optimization program

- Comprehensive program:
 - Variable cost reduction
 - Increased plant utilization
 - Optimization procurement:
 - Centralization of procurement
 - Reduction of specs
 - Consolidation of suppliers
- Cancellation of expendable external contracts

(1) Figures assume a restrictive economic scenario in accordance with the Plan's general hypotheses. These figures are subject to review by CPV management team.

Strengthening of the position of Environmental Services in Spain, repositioning of the UK business and reinforcement of Aqualia's leadership and its international expansion

<i>Key Figures</i>		Target
	• EBITDA	€ 750 Mn
	• Margin%	18%
	• Accumulated investment	€ 1,100 Mn

National Environmental Services Strengthening of leadership position

- Reinforcement of leadership by increasing contracts
- Improvements in efficiency by controlling costs and limiting to maintenance investments

International Environmental Services Repositioning Business in UK

- Boosting of the activity of waste treatment and management services in the UK
- Adjustment of landfill portfolio to current demand

Water Leadership strengthening and international growth

- Maintenance of 30% Spanish market share
- International expansion through EPC models and the use of proprietary technology in the water cycle management

Industrial waste Recover volume and profitability

- Export proprietary technology to high potential markets (MENA⁽¹⁾)
- Increased specialization in sectors with high potential: hazardous waste, petroleum derivatives activity and chemical residues

(1) Middle East and North Africa

Implementation of overhead cost reduction measures in order to increase the Group's EBITDA in € 50 Mn

Action levers to obtain savings

- 1** Centralization of support structure, eliminating duplicities
- 2** Reduction of number of delegations, in order to create economies of scale
- 3** Focus of delegations on commercial activities and technical support
- 4** Simplification of administrative processes and support tasks

Obtaining recurring savings through structure simplification

Expected savings

- **Annual recurring savings** € 50 Mn

Activities subject to savings generation

Tendering and Technical Services

Administration and Finance

HR Management and Administration

Information Technology

Rentals

Marketing and Sales

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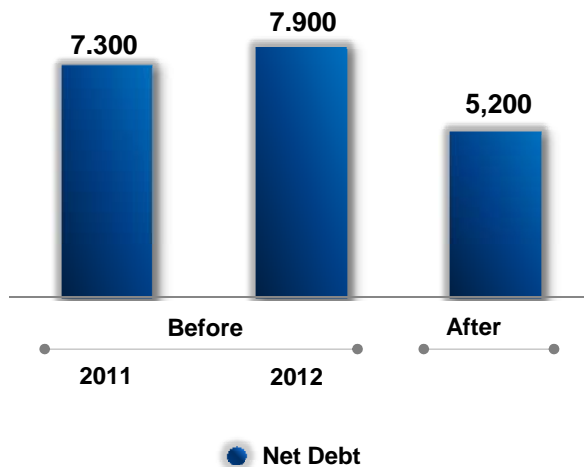
Financial Strategy



Financial strategy aims to strengthen the Group's balance sheet and reduce bank debt

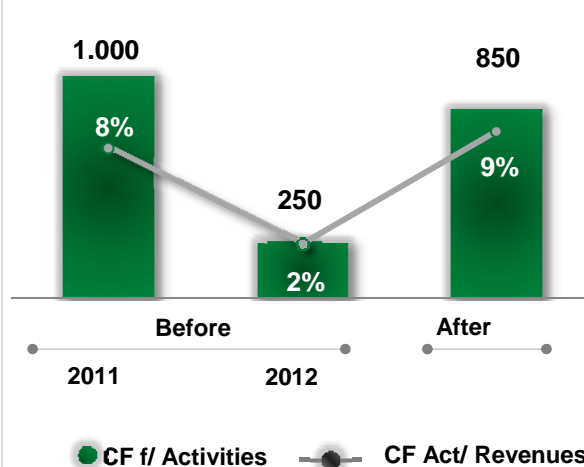
1 Financial Debt Reduction

Reduce net debt by €2,700 Mn to €5200 Mn



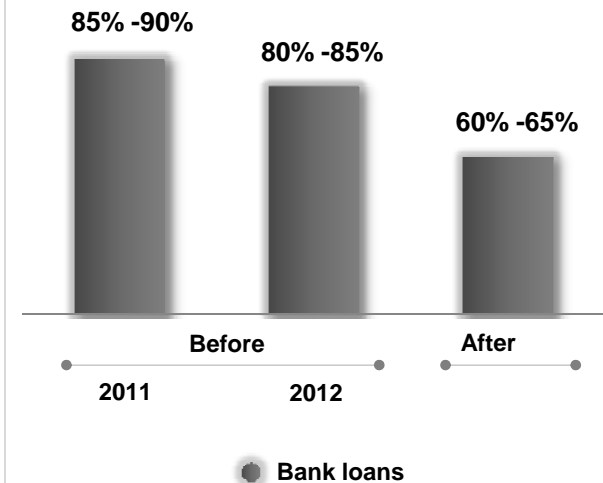
2 Cash Flow from Activities generation

Generate an annual Cash Flow from Activities⁽¹⁾ of €850 Mn



3 Diversification of funding sources

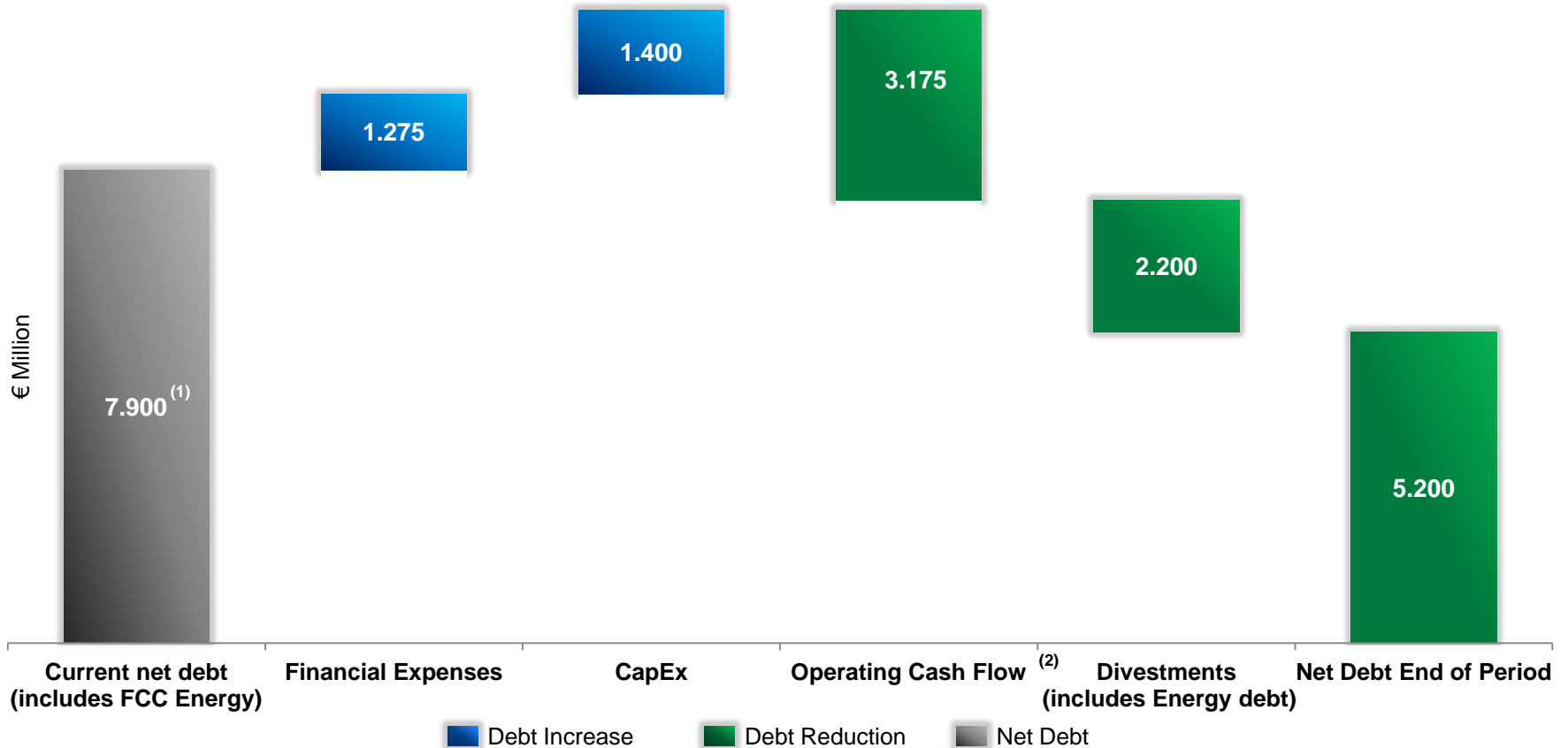
Reduction of the weight of bank debt over total



(1) Cash flow at end of the period referred to the recurring cash generated from operations and investment

The divestment program and the increase in cash from operations allow to address the investment plan and reduce debt in € 2,700 Mn

Net Debt Performance




⁽¹⁾ Energy-adjusted debt and intragroup debt Enerstar

⁽²⁾ Resources generated after-tax operating includes WK variations


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Conclusion



 In a restrictive economic and financial environment, FCC Group seeks to increase its cash generation capacity and reduce its debt


- Focus on core businesses: Environmental Services, Infrastructure and Water Management
- International presence in more profitable geographies and profitable markets
- Efficiency in operations: adapting to market conditions
- Aligned debt and cash generation

 In order to achieve these objectives, FCC has the required strengths and assets to implement a strategy based on five initiatives:

- Divestment of non-strategic assets worth € 2,200 Mn (including debt of Energy)
- Restructuring of Construction Business
- Adjustment of personnel and means of production in CPV
- Strengthening Environmental Services leadership in Spain and repositioning in the United Kingdom
- Reduction overheads costs

 FCC will reach a position ensuring its operational and financial sustainability so that it will:

- Generate € 1,200 Mn / year in recurrent EBITDA
- Generate € 850 Mn /year in cash (from operating activities and investment)
- Have reduced its debt level (including Energy) in € 2,700 Mn

 FCC Group in the future will be in an ideal position to face the improvement in the business cycle in the markets where it operates and seize new growth opportunities