

LETTER FROM THE CHAIRMAN

Dear Shareholder

The difficult situation we are experiencing due to the global coronavirus pandemic is putting everyone to the test. The ACS Group is not immune to this situation. Within our own organization, we have suffered the loss of human lives, such as that of our Vice Chairman and dear friend José María Loizaga, who devoted a significant part of his life to the Group's projection and expansion. For over 30 years, he contributed his wisdom, leadership and vast business experience to positioning ACS as a world leader in infrastructure; those of us who are part of this project will always be deeply grateful and we will never forget him.

In this context, the professionalism, dedication and commitment of the more than 190,000 employees of the ACS Group, together with our efficient organizational structure and strong financial capacity, give us the confidence to be able to cope with the current impact and that of the coming years. These characteristics allow us to continue to create value for society in general and for our shareholders in particular, as shown by the results obtained in 2019 in terms of operational, financial, social and environmental aspects.

Specifically, as regards financial developments, the ACS Group closed the 2019 fiscal year with a net profit of 962 million euro, 5.1% higher than the previous year. The gains obtained from the sale of some renewable energy assets in Spain, in line with the Group's strategy, managed to virtually neutralize the negative impact of CIMIC's decision to cease its activities in the Middle East and leave the region, making provision for all the associated risks.

Sales reached 39,049 million euro, 6.5% more than the previous year. Half of these were generated in North America, followed by Europe and Oceania with 20% and 19%, respectively. The rest are divided between Asia and South America, with 5% each, while Africa did not reach 1% of sales. By countries, the most important continue to be the United States, Australia, Spain, Canada and Germany, which together represent 82% of the Group's total sales.

In terms of operating results, earnings before interest, taxes, depreciation and amortization (EBITDA) stood at 3,148 million euro and earnings before interest and taxes (EBIT) at 2,126 million euro, growing by 7.0% and 3.7% respectively compared to the previous year. Operating margins evolved according to the strategic transition we have adopted, directed toward an increasingly integrated business model and with a low risk profile, based on:

- Greater integration throughout the value chain of the infrastructure business, from the design, construction and maintenance of new projects to their operation.
- The introduction of new contractual relationship models with our customers that allow greater balance and transparency in the management of new projects.
- The focus on developed markets that provide a stable framework in operational, financial and legal terms.
- The continuity of a fully decentralized, flexible and dynamic organizational model that allows us to adapt to the needs required by the sector.

This strategic approach of the Group is intended to achieve a greater cash-generating capacity, with greater diversification while improving the visibility and recurrence of our benefits. In 2019, the flows of funds from operations reached 2,400 million euro, which enabled us to handle the significant investment effort made, mainly in renewable energy projects, while keeping the Group's net indebtedness virtually non-existent.

As for the evolution of ACS in the capital market over the past year, the share was revalued by 5.4%, which, in addition to the 1.89 euro per share paid as a dividend, represents a total shareholder remuneration of 11%. This data is in line with the profitability obtained in the last four years, which has accumulated 46.4% compared to 13.6% of the IBEX-35 and 35.9% of the Euro Stoxx 50.

For the future, we have a robust and diversified portfolio of projects of 77,756 million euro, mainly in the most significant strategic markets. In particular, North America, Europe and Australia account for over 85% of the total portfolio. All this with a sound financial position.

Our commitment to sustainability is firm and unwavering, and our results in this area show as much. The Group has made significant progress during 2019 in the environmental, social and governance models we have provided, which has resulted in recognition by the main organizations and specialized media. As proof, ACS has been included in the Dow Jones Sustainability World Index.

In particular, in terms of the environment, we have managed to reduce our total emissions by over

6% in 2019, reaffirming our global objectives related to energy efficiency and the fight against climate change. In the social area, we continue to strive to strengthen our occupational health and safety policies, involving training and prevention plans that are fundamental to our activity. In this respect, in 2019 we increased training hours by 58%. Finally, the governance model has recently been strengthened by a surge in ethics and integrity training, increasing the number of employees who have received courses related to corporate compliance by 26%.

I cannot conclude without conveying my confidence in our future. We are a great nation and we are part of a responsible, prepared and committed community. We have the means and determination to successfully deal with this global health crisis. I am convinced that, despite the magnitude of its direct impact and side effects that are still difficult to quantify, normalcy will be restored and we will be able to reverse most of the damage suffered. At ACS Group, we will continue to act responsibly and diligently, making ourselves available to our customers, suppliers and other stakeholders, to overcome this extreme situation and continue to do what we do best: building infrastructures that help make a better world.



Florentino Pérez
Chairman of the ACS Group

