

LETTER FROM THE CHAIRMAN

Dear Shareholder

The ACS Group is fully aware of the impact that the coronavirus pandemic had on the health of individuals, the economies of various countries, and business evolution in 2020. That is why the hard work and commitment demonstrated by our more than 180,000 employees worldwide, who have strived to support our customers, suppliers, and other stakeholders in these trying times, has been so crucial. Each one of them deserves our deepest gratitude and sincere appreciation.

In light of these circumstances, ACS's operating activities performed well: activity in the construction and services areas, considered essential in most countries during lockdown, declined only 5%-10%; in contrast, Abertis experienced a significant decrease in activity due to the sharp drop in daily traffic caused by mobility restrictions in many countries, which in turn precipitated a €280-million drop in its contribution to the Group's net profit.

Consequently, the ACS Group closed the 2020 financial year with a net profit of 574 million euros, a decline of 388 million relative to the previous year. Of this figure, 28 million euros are attributable to non-recurring factors related to our Australian subsidiary, Cimic; 280 million euros are the result of the drop in traffic at Abertis; and 80 million are due to the impact of Covid-19 on other activities, that is, 11.2% relative to 2019. Specifically:

- Construction obtained an ordinary net profit of 322 million euros, down 10% from the previous year;
- Industrial Services earned 312 million euros, down 11%; and

• Social Services—of which I am especially proud given its social work and commitment to the health and wellbeing of the hundreds of thousands of people it serves—obtained a net profit of 18 million.

Portfolio and output evolution, which decreased 3.7% and 5.6% in like-for-like terms, respectively, demonstrates the strength and resilience of our Group, supported by broad international diversification, mainly in more developed economies. The most important markets continue to be the United States, which represents 45% of the Group's total sales, Australia (15%), Spain (14%), the rest of Europe (7%) and Canada (5%).

With regard to recurring operating profit, that is, excluding the impact of Cimic's restructuring process, gross operating profit (EBITDA) totalled 2,571 million euros, while net operating profit (EBIT) hit 1,638 million euros, affected by the lower contribution of Abertis. Among other activities, operating profit fell only 10% relative to the previous year.

It is worth noting the cash generation capacity of the operating activities which, in an extremely difficult year, reached 1,245 million euros. This favourable result has allowed us to continue remunerating our shareholders and investing in new projects for the future, primarily in the areas of renewable energy and infrastructure, as well as increasing our interests in other listed companies. Taken together, total investment has exceeded 1,706 million euros.

At the close of the year, the balance of the Group's net financial

debt reached 1,820 million euros, increasing 1,766 million euros, nearly equalling the amount allocated to investments.

In 2020, capital markets reflected the uncertainty triggered by the pandemic, with greater volatility and significant price depreciations. In this environment, ACS shares fell more than 40% in the initial months of the crisis, later recovering to close the year with a 23.8% depreciation, which falls to 18.2% when factoring in the €1.99 per share paid as a dividend.

On 2 October 2020, Vinci submitted a non-binding offer to acquire our Industrial Services division for a value equal to 5,200 million euros. Finally, after arduous negotiations, on 31 March 2021 we reached an agreement, subject to the applicable regulatory conditions, by which we transfer the Industrial Services division, retaining the energy assets in operation and sharing future investments in new renewable energy assets.

We believe it is vital to be able to invest in the assets developed by our current platform, which we know so well and which has a remarkable track record of value creation. This new company will invest in projects that ACS Servicios Industriales promotes in the renewable sphere, which total 25 GW distributed among different technologies and countries.

We will also continue to invest in infrastructure concessions, mainly highways, where there is ample growth potential in the years ahead. It is what we know how to do and what we will continue to do. We are

confident that our ability to create value must target those sectors and activities where our extensive experience and resources can be more efficient, in line with our sustainable and profitable growth strategy.

Our commitment to sustainability is strong and unwavering, as demonstrated by the fact that ACS is once again included in the Dow Jones Sustainability World Index. We invariably aim to create value for the whole of society in our activities, initiatives, and investments, taking into account the different stakeholders and focusing on the long term. That is why we are aligned with the UN Sustainable Development Goals, focusing heavily on the fight against climate change, which will distinguish the future 2021-25 Strategic Sustainability Plan currently in the works.

In short, despite the challenges posed by the pandemic, we have good prospects for the coming years. We are well prepared to tackle the great opportunities presented in our sector and we have the best human team to see them through. Rest assured that we will invest all our efforts there and I look forward to telling you about it next year.



Florentino Pérez
Chairman of the ACS Group

