

Speech by Pablo Colio Abril CEO of the FCC Group

Madrid, 27 June 2024

Good afternoon, ladies, and gentlemen. I would like to welcome you all, whether you are shareholders or members of the Board of Directors, company management or FCC employees. Thank you for attending this General Shareholders Meeting. My gratitude also goes to all those who attended this event by telematic means.

I am here to report the results achieved in **financial year 2023**, for whose success I would like to thank the Board of Directors, the management team and all the employees of the FCC Group who make it possible, day by day, for our company to continue to be an international benchmark in services to the public. The efforts of all these people have contributed to the presentation of good results and to the growth and development of the great company that is FCC.

We will be submitting the items on the Agenda of this General Meeting to our shareholders for consideration. These items include approval of the **distribution of a scrip dividend** amounting to 0.65 euros per share, to be received in shares or cash; and the **proposal for the partial financial split of FCC**, in favour of a new company called Inmocemento. This new company will take over the Real Estate and Cement business Areas. I'd like to give you some more details about this.

If this operation is approved today at this General Shareholders Meeting, it will allow the strategy, management, and valuation of the new Group to be differentiated from FCC, facilitating the separate perception and maximisation of value of both Groups by the markets.

The assets to be spun off from FCC to Inmoco are FCC's holdings in FCyC and Cementos Portland Valderrivas; 80% and 99%, respectively.

As a result, FCC shareholders will receive the same number of shares in Inmoco as they hold in FCC, with their shares in FCC and Inmoco all being fully liquid, though listed independently. This will give shareholders greater flexibility in managing their investment, while also making it easier for the markets by making it possible to invest separately in the two Groups resulting from this partial spin-off.

The following slides show the impact of this operation on the FCC Group's income statement and balance sheet in December 2023.

We have used the consolidated results for **Revenue, EBITDA and Attributed Net Profit of the FCC Group** to prepare **proforma statements** based on those results **excluding the Real Estate and Cement areas**, both of which are subject to the spin-off, resulting in **revenue of 8,217.3 million euros; EBITDA of 1,285.2 million euros;** and **attributable net profit of 368.4 million euros** at year-end 2023.

2023 income statement		
	Consolidated FCC Group	Pro forma FCC Group Excluding Real Estate/FCyC and Cement/CPV
Revenues	€9,026 million	€8,217.3 million
EBITDA	€1,529.6 million	€1,285.2 million
Attributable net profit	€591 million	€368.4 million

As you can see on the **balance sheet** slide, we have also prepared a **proforma balance sheet excluding the Real Estate and Cement Areas**, resulting in **total assets of 12,680.1 million euros, net financial debt of 2,083.3 million euros and equity of 3,328.4 million euros.**

2023 balance sheet		
	Consolidated FCC Group	Pro forma FCC Group Excluding Real Estate/FCyC and Cement/CPV
Total assets	€16,717.7 million	€12,680.1 million
Net financial debt	€3,100.1 million	€2,083.3 million
Equity	€6,145.9 million	€3,328.4 million

The financial strength of the FCC Group means this operation can be performed with both groups having an ideal capital structure (adapted to the nature of their businesses and potential), without impacting their capacity to generate cash and obtain funds after the split.

The **revenue of Inmocemento** that we have drawn up for comparison **at December 2023 amounts to 867.7 million euros with EBITDA of 244.4 million euros and attributable net result of 225.2 million euros**, which includes 142.4 million euros due to the impact of the accounting reclassification of the investment in Metrovacesa from a financial investment to an investment accounted for by the equity method, as it acquired significant influence in the entity in 2023.

Inmocemento – income statement

2023 income statement

	Pro forma Inmocemento Real Estate/FCyC and Cement/CPV
Revenues	€867.7 million
EBITDA	€244.4 million
Attributable net profit	€225.2 million ⁽¹⁾

⁽¹⁾ Attributable net profit includes 142.4 million euros from the accounting reclassification of a financial asset to an investment in Metrovacesa accounted for by the equity method, as the entity achieved significant influence in financial year 2023.

The **total assets** shown on the balance sheet of the new company, Inmocemento, **amount to 4,376 million euros**, according to the proforma balance sheet we have prepared.

Net financial debt stands at 1,073.5 million euros, with **equity of 2,768.4 million euros**.

Inmocemento – balance sheet

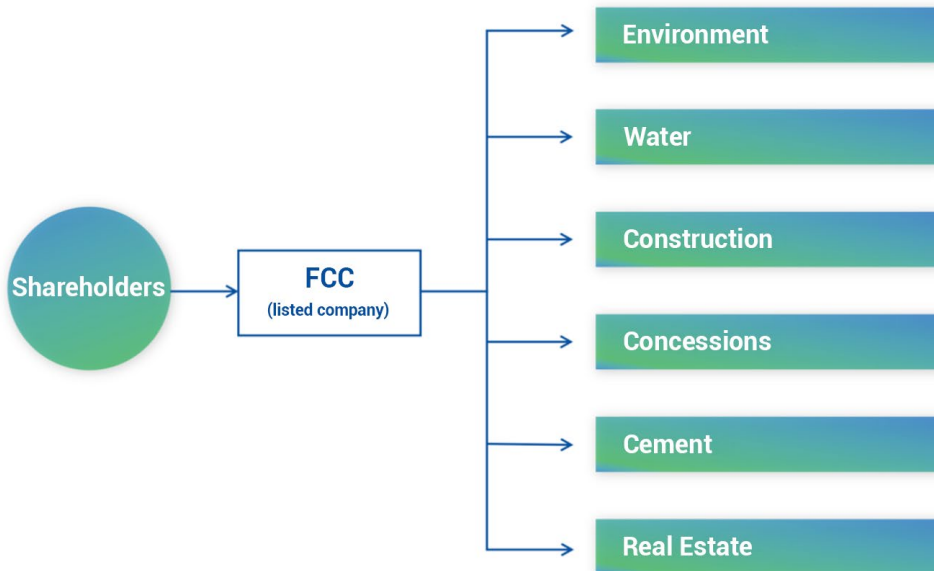
2023 balance sheet

	Pro forma Inmocemento Real Estate/FCyC and Cement/CPV
Total assets	€4,376 million
Net financial debt	€1,073.5 million
Equity	€2,768.4 million

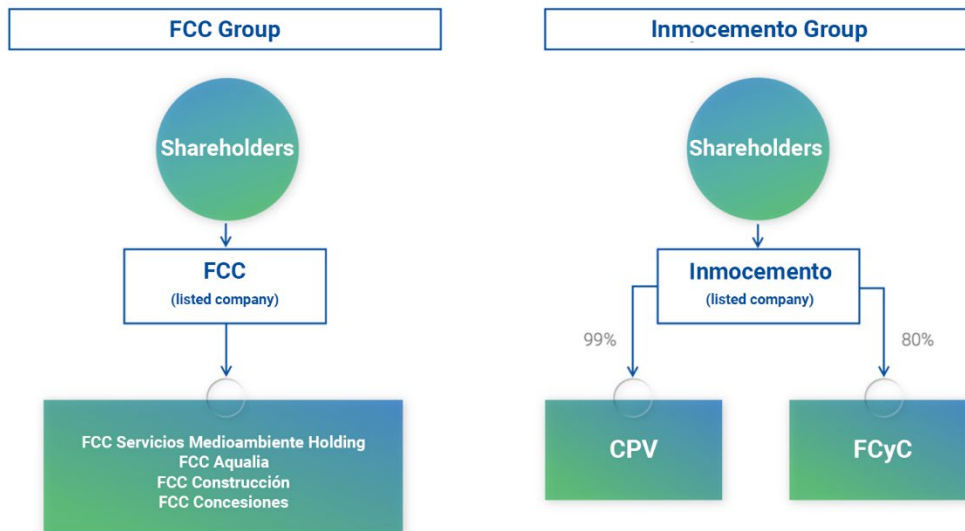
I would now like to show you two slides, where you can see very clearly the current structure of the Group and the final situation once the draft demerger has been approved.

Initial situation

FCC Group



Tax situation



The spin-off process began with approval by the Board of Directors on 16 May. At this Meeting today, we will submit this operation for approval by all FCC shareholders. We plan to complete the spin-off in the fourth quarter of 2024.

"In compliance with legal obligations, particularly the provisions of the Structural Modifications Law, I would like to inform the General Shareholders Meeting that there have been no material modifications to the Company's assets between the date of preparation of the spin-off plan and the date of this Meeting, which has been reported to the administrative body of the Beneficiary Company. I would also like to inform you that the administrative body of the Beneficiary Company of the spin-off has informed us that there have been no material changes to its assets between the date of preparation of the spin-off plan and the date of adoption of the sole shareholder's decisions in relation to the spin-off.

I would also like to inform the shareholders that no observations have been received from shareholders, creditors or workers' representatives with regard to the partial financial spin-off plan or the reports of FCC's directors and the report issued by BDO AUDITORES, as an independent expert appointed by the Mercantile Registry in relation to the partial financial split of FCC in favour of Inmocemento."

1. FCC Group positioning and results

I would now like to tell you about the FCC Group's main financial figures for financial year 2023. The Group has continued to strengthen its leadership position at the global level, being active in more than 38 countries and achieving **turnover of 9,026 million euros, 17.1% more than in 2022**. This increase is a clear reflection of the strong performance of all our business lines, with substantial improvements in Construction (43.5%) and Cement (18.9%), followed by Water with a 12.4% increase.

47.5% of the FCC Group's income was generated in international markets, mainly Europe (28.6%), Latin America (7.7%), the United States (4.6%), Middle East (3%) and North Africa (1.4%).

The FCC Group improved its **gross operating earnings (EBITDA) by 16.6%, to 1,529.6 million euros in 2023**, compared to 1,311.4 million in 2022, due to the stability of the Group's main business areas, with a more significant impact from Cement activity. **The consolidated EBITDA operating margin was 16.9%**, similar to last year.

Net operating profit (EBIT) soared 49.1% to 910.3 million euros, thanks to the increase in EBITDA and the base effect of the 200-million-euro adjustment made to the value of fixed and non-current assets and the commercial fund in the Cement Area in 2022.

Attributable net profit was up by 87.5% to 591 million euros for the financial year, thanks to the strong performance in operating profit, in addition to the effect of the consolidation under the equity method of Metrovacesa's holding in the Real Estate Area, for an approximate amount of 142.4 million euros.

The **revenue backlog stood at 41,620.8 million euros** at 31 December, **a rise of 3.3%** on the previous year end, largely due to the notable increase in Water activity.

Equity was up significantly in December 2023, **standing at 6,145.9 million euros, 24.4% higher than the previous year**, thanks to higher consolidated profit and the impact of the sale of a 24.99% holding in FCC Medio Ambiente's parent company.

Net financial debt at year-end 2023 stood at **3,100.1 million euros, 2.9% down in 2022**.

2. Performance by business Areas and main milestones

I would now like to look at each of our Areas of activity:

Environmental Services

Turnover in the Environmental Services area was up 5.8% in the year, at 3,853.2 million euros.

Income by geographic area was as follows: Spain was up 5.6% at 2,086 million euros; the United Kingdom was down 2% compared to 2022 at 778.7; Central Europe was up 2.5% at 607 million euros; and the USA and others grew by 36.7% to 381.2 million euros.

Gross operating income (EBITDA) was 646.7 million euros, a 9% increase on the previous year.

At year-end 2023, the **revenue backlog stood at 13,328.4 million euros**, practically unchanged on the previous year.

Highlights in the Environment Area

The company continued to develop its **2050 Sustainability Strategy** during the year. This is a thirty-year roadmap for business growth that develops environmental, excellence and good governance aspects in line with the UN Sustainable Development Goals and Agenda 2030.

In December last year, FCC Servicios Medio Ambiente agreed **to purchase the Urbaser Group's business in the United Kingdom**. This operation has recently been completed. The enterprise value (including debt and equity) amounts to **398 million pounds**. The business acquired in the United Kingdom consists mainly of recycling and waste treatment activities.

In Spain, major events included the award to modernise and operate the end-to-end waste management facility in **Jerez in the province of Cádiz**, serving a population of almost half a million people. This is expected to be operational within 18 months, with an associated 20-year operating contract and expected revenue of 317 million euros. In addition, it is worth mentioning the renewal last September of the street cleaning and USW contract for the northern area of the

city of Valencia, for a period of fifteen years and which will provide a revenue backlog of 486.5 million euros.

Strengthening continues in the **United States** with the award of the collection service for municipal solid wastes in the county of **St Johns, Florida**, for 575 million dollars.

Work also continues to expand and modernise the first recycling centre in **Placer County, California**, with investment of more than 120 million dollars and an operating period of 20 years. The complex will be one of the biggest of its kind, with a treatment capacity of 650,000 tonnes per year.

Finally, we should also mention the renewal of the waste collection contract for the western area of **Polk County, Florida**, with revenue of around 140 million euros.

End-to-End Water Cycle Management

Revenue in the End-to-End Water Cycle Management area grew by 12.4%, to 1,487.4 million euros.

By geographic areas, in Spain revenues were up 6.7%, at 919.2 million euros; in Central and Eastern Europe they increased by 22.5% to 232.7 million euros; in the Middle East, Africa and Others they stood at 134.6 million, 2.7% up on the previous year; in the rest of Europe (France, Portugal and Italy) they grew by 18.6% to 109.5 million, and in Latin America they were up 88.8% on 2022, at 91.4 million.

Gross operating income (EBITDA) stood at 384.3 million euros, up 9.7% on the previous year.

At year-end, Aqualia's backlog stood at 21,730.7 million euros, **7% higher than the previous year.**

Highlights in the Water Area

Aqualia has expanded its international activity and sealed its entry into the US market, **where it has acquired the company MDS (Municipal District Services), based in Texas**, for 81.4 million euros. MDS manages the complete water cycle of more than 360,000 residents, mostly in the outskirts of Houston, with nearly 140 service contracts in place with different municipal utility customers.

In terms of new end-to-end management contracts, of notes to the one obtained for the design, construction, rehabilitation, and operation water infrastructure in **Riohacha-La Guajira in Colombia**, with a backlog worth 292.7 million euros for a period of 30 years, in addition to the other significant contracts obtained in **France and Saudi Arabia**.

In Spain, Aqualia has been awarded a 40-year contract for the supply of drinking water and sanitation for **Santa María de Guía, in Gran Canaria**, and a 25-year supply-management contract with the municipality of **Platja d'Aro, in Girona**.

The company has continued the extension and renewals of numerous contracts already managed, including those in **Linares, Jaén**, for 20 years, and **Mairaga, in Navarra**, for 10 more years.

Construction

The FCC Group's Construction Area increased its **turnover by 43.5%, to 2,823.1 million euros**. This Area performed strongly in 2023, justified by the good pace of execution in ongoing projects and the new contracts obtained mainly in America and various European countries.

- By geographical area, turnover in Spain increased by 27.4% to 1,108.1 million euros, on account of the faster-than-expected progress on ongoing projects, mainly in the public sphere.

- In America, turnover grew significantly, by 88.6%, to 819.3 million euros, on account of the increase in the contribution of the Mayan Train project in Mexico, which is now close to completion, and the start of railway works in Toronto, Canada and in the USA.
- In the Rest of Europe and other markets, revenue grew by 38.9% year-on-year, coming to 695.1 million euros, mainly on account of the strong progress made with the A-9 motorway in the Netherlands and A-465 in Wales in the United Kingdom, which comfortably offset the end of other works.
- The Middle East and Australia increased their contribution to revenue to 200.6 million euros, 23.8% up year-on-year, mainly due to the increase in the contribution of works as part of the Neom project and Riyadh Metro in Saudi Arabia, which is now close to completion.

Gross operating profit increased by 37.9% to 169.4 million euros compared to 122.8 million euros in 2022.

The **revenue backlog at year-end was down by 2.4%, at 6,425.9 million euros**. The area **has strengthened its position in its main markets in Spain**, with strong growth of **31.3% to 2,386.1 million euros**, due to the award of new contracts. **Internationally, there was a reduction of 15.3%**, following the significant increase in contracting seen last year.

By activity type, **civil engineering continues to dominate, accounting for 79.6%** of the total. This is concentrated in large public contracts in certain selective markets in Europe, America, and the Middle East.

Of the new awards in the year, I would like to highlight the construction of the **new ONCE headquarters in Madrid**, which is one of the leading construction projects for corporate headquarters being executed in Spain, and the **undergrounding of the R2- Cercanías line as it passes through Montcada i Reixac in Barcelona**,

which is one of the largest railway projects in our country. These are in addition to new engineering and construction projects for the country's photovoltaic plants **being performed in Seville and Cáceres** by FCC Industrial.

One of the leading projects abroad is **the modernisation of a group of bridges in Pennsylvania in the USA.**

In **Portugal**, a consortium led by FCC Construction has been chosen to perform work on the new **Porto underground line**, which will add 6.3 kilometres to the city's metro network. The project, worth over 379 million euros, is the largest project in the Recovery and Resilience Plan in Portugal. We are continuing our activity In **the Netherlands**, with new contracts including construction of the modern **Pallas reactor**. This is an important project from a health perspective to be able to treat multiple patients with cancer and cardiovascular diseases.

Finally, FCC Industrial has also won a major strategic contract for the construction of a **regasification terminal in Germany** worth 270 million euros.

This will be the second LNG regasification plant in the country.

Cement

The **Cement Area** achieved a significant increase in sales, despite the slowdown in the sector in Spain in the final months of 2023.

The area's **revenue grew by 18.9% year-on-year to 614.3 million euros**, following an increase in prices, mainly in Spain, in addition to an increase in exports.

There was a **significant increase in EBITDA, to 139.5 million euros compared to 30.3 million euros** in the previous year. This was due to an increase in turnover

and the significant drop in electricity prices in Spain, which enabled the operating margin to recover to 22.7% compared to 5.9% the year before.

Real Estate

Consolidation of the **Real Estate Area increased in 2023**, supported by the 80% holding in FCyC, which led to increases in the holdings in Realia Business, to 66.29%, and Metrovacesa, to 21.21%. As a result, the Group's Real Estate Area continued boosting the value of its assets and taking advantage of real estate business opportunities.

I would also like to mention the Area's operation in March 2024 in which FCyC acquired an additional 10.26% of the capital of Realia, bringing its total holding to 76.6%.

The Area's **revenues fell by 6.3%** year-on-year to **253.8** million euros.

EBITDA was down by 27.1% to 104.9 million euros, due to the impact of the provision for the impairment of unsold housing stock for the sum of 25 million euros and the absence of land sales during the year.

At year-end 2023, the Area's **real estate assets totalled 2,902.1 million euros, 2.6% lower than the previous year**, due to fluctuations in the market value of its assets.

3. Corporate Area

Highlights in the Corporate Area include the completion of the **sale of 24.99% of the parent company of the Environmental Services Area for 965 million euros** and FCC **completing a voluntary takeover bid for 7% of its shares at the end of**

the year for subsequent redemption. This saw 4.502% of company's share capital, or 20,560,154 shares, being redeemed. As a result of this operation, the company's share capital at the end of December 2023 stood at 436,106,917 shares.

In addition, as I indicated at the beginning of this presentation, today we will be submitting the **distribution of a scrip dividend equivalent to 0.65 euros per share for shareholder approval.**

4. The FCC share

The performance of FCC's share price was marked by corporate operations that enabled it to appreciate by **69.1% in financial year 2023** (adjusted for the scrip dividend).

At year-end, **the share price stood at 14.56 euros/share**, having reached a **high of 15.40 euros** on 21 December and a low of **8.16 euros** (dividend adjusted) on 15 March. FCC's **capitalisation at year-end was 6,350 million euros.**

5. Initial months of 2024

Ladies and Gentlemen shareholders, before the Meeting analyses the items on the Agenda, I would like to mention some of the events that happened in the first few months of the current year.

The FCC Group has made changes to the management structure of two of its business areas. Following the retirement of the previous CEO of Aqualia, Félix Parra, **Santiago Lafuente has been appointed as the new CEO of the company.** Santiago was previously the director for Spain and has performed numerous functions and duties at Aqualia over more than 30 years. This appointment

demonstrates a clear commitment to continuity in the renewal of the management team.

A new CEO has also been appointed for the Environmental Services Area. This business will now be led by **Íñigo Sanz**, who previously managed the activities of FCC Servicios Medio Ambiente in America as CEO of the US subsidiary FCC Environmental Services. Íñigo's mission will be to coordinate the consolidation and growth of our four current geographic business platforms: Iberia, Central and Eastern Europe, the United Kingdom and America.

At the beginning of the year, **FCC Construction** won the contract for construction of the **Pape Tunnel and various underground stations on the Ontario Line in Toronto, Canada.**

Aqualia has started the first phase of the project to **modernise the supply for Cabo San Lucas, the main tourist area of Baja California Sur, Mexico,** and is expanding in France beyond the Paris area with **new contracts in Brittany and the Centre-Loire Valley region.**

The **Environment Area** is continuing to expand its activity in the USA with new contracts for the collection of municipal solid wastes in **North Carolina, Minnesota** and **Florida**, where **it has recently acquired Gel Recycling Holdings**, one of the largest management companies for recyclable materials in central Florida. Just a few days ago, the area announced an agreement for exclusive analysis of **the purchase of the operating subsidiaries of Europe Services Groupe (ESG) in France**, which would result in FCC Servicios Medio Ambiente entering the French waste-management market.

6. Conclusion

I would like to end by thanking everyone who works in FCC – over 67,000 people – for the work they have done and, above all, for their performance, commitment, effort, and values. We want to continue to make progress with them, they are the key to the success of the future of the FCC Group.

I would also like to thank the members of the Board of Directors, our clients, and, of course, our shareholders for reaffirming their commitment, support, and trust in us. Thank you all very much for attending this General Shareholders Meeting.