



acciona

**Development and Management of
Infrastructures and Services**

RESULTS for the first half of 2003 (JANUARY-JUNE 2003)

25 August 2003

1. Summary and key points

- Sharp rise in sales (+17.5%) virtually throughout the group, to €1.82bn.
- Net attributable profit reached €1.44bn, compared with just €69mn in the first half of last year.
- As regards comparisons with the first half in the previous year, we should mention the following important changes:
 - Figures for the first half of 2003 do not include the results of Airtel Móvil, which was deconsolidated as of 1 January 2003 following the sale of the interest in January 2003.
 - As a result of this, the first half of 2003 included a pre-tax capital gain of approximately €1.62bn.
- Ordinary profit before tax was 3.1% higher than the year-ago figure.
- Acciona's equity as of 30 June 2003 stood at €2.14bn, which is 2.75 times that of 31 December 2002.
- Despite the high level of investment in the period and the impact of consolidating Trasmediterránea, Acciona still boasts a robust cash position, with a balance (net of debt) of €278mn as of 30 June 2003.
- The construction order book backlog as of 30 June 2003 stood at €4.14bn, ensuring a high level of business in coming quarters.
- In early April 2003 a consortium in which Acciona Logística, S.A. (100%-owned by Acciona) has a 55% interest completed the takeover of Trasmediterránea. The takeover gave the consortium 99.06% ownership of the company. Acciona began consolidating Trasmediterránea in its accounts from the second quarter of 2003 as part of the Logistics and Airport Services division. Trasmediterránea is consolidated by the global method.

2. Consolidated profit and loss account:

€Thousand	1H03		1H02		% Chg
		%		%	
Net turnover	1,817,344	100.00%	1,546,709	100,00%	17.50%
Other income	91,529	5.04%	58,666	3,79%	56.02%
Change in stocks of finished goods and work in progress	83,884	4.62%	32,540	2,10%	157.79%
Total production value	1,992,757	109.65%	1,637,915	105,90%	21.66%
Net purchases	-392,556	-21.60%	-410,275	-26,53%	-4.32%
Change in stocks of goods, raw materials and other consumables	-27,392	-1.51%	-1,533	-0,10%	1,686.82%
External and operating expenses	-1,128,964	-62.12%	-828,487	-53,56%	36.27%
Adjusted added value	443,845	24.42%	397,620	25,71%	11.63%
Other expenses and income					
Personnel expenses	-297,149	-16.35%	-266,371	-17,22%	11.55%
Gross operating profit	146,696	8.07%	131,249	8,49%	11.77%
Amortization and depreciation	-49,653	-2.73%	-33,027	-2,14%	50.34%
Provisions to reversion fund					
Change in working capital provisions	-1,133	-0.06%	-6,409	-0,41%	-82.32%
Net operating profit	95,910	5.28%	91,813	5,94%	4.46%
Financial income	33,350	1.84%	67,396	4,36%	-50.52%
Financial expenses	-40,874	-2.25%	-37,990	-2,46%	7.59%
Capitalised interests and exchange-rate differences					
Financial provisions and write-downs	3,502	0.19%	-45,457	-2,94%	-107.70%
Translation gains/losses					
Share in results of equity-accounted companies	15,698	0.86%	29,515	1,91%	-46.81%
Amortisation of goodwill on consolidation	-2,174	-0.12%	-2,996	-0,19%	-27.44%
Reversal of negative goodwill on consolidation	732	0.04%	719	0,05%	1.81%
Profit on Ordinary Activities	106,144	5.84%	103,000	6,66%	3.05%
Extraordinary results					
Pre-tax profit	1,624,989	89.42%	1,358	0,09%	119,560.46%
Tax	-285,760	-15.72%	-29,220	-1,89%	877.96%
Consolidated Results	1,445,373	79.53%	75,138	4,86%	1823.62%
Minority interests	-2,997	-0.16%	-6,145	-0,40%	-51.23%
Result attributable to the parent company	1,442,376	79.37%	68,993	4,46%	1,990.61%

Comments on the profit and loss account

- Consolidated sales were 17.6% higher than the same period in 2002. Growth was strong in all businesses apart from Corporate, which was virtually flat on the first half of the previous year.
- Construction and Real Estate are still Acciona's biggest businesses, contributing for 80% of total sales.
- Acciona's EBITDA totalled €146.7mn, leaving an EBITDA/sales margin of 8.07%.
- EBIT through 30 June was €5.9mn, leaving a margin of 5.28% of sales.
- Pre-tax ordinary profit, excluding Airtel's equity-accounted results for 1H02 and financial revenue on the cash from the sale of Airtel in 1Q03, showed an increase of 16%.
- Extraordinaries totalled €1.63bn and pre-tax profits €1.73bn. Lastly, profit attributable to the parent company was €1.44bn compared with €69mn in the first half of 2002.

3. Results by business:

€ Thousand	1H03		1H02		%Chg
		%		%	
Net Turnover	1,817,344	100.00%	1,546,709	100.00%	17.50%
Construction and Real Estate	1,446,362	79.59%	1,321,316	85.43%	9.46%
Infrastructure Concessions	13,442	0.74%	9,578	0.62%	40.34%
Urban and Environmental Services	62,158	3.42%	57,996	3.75%	7.18%
Energy	49,883	2.74%	32,719	2.12%	52.46%
Logistics and Airport Services	257,919	14.19%	107,748	6.97%	139.37%
Corporate	41,833	2.30%	42,941	2.78%	-2.58%
Consolidation adjustments	-54,253	-2.99%	-25,589	-1.65%	112.02%
EBITDA	146,696	8.07%	131,249	8.49%	11.77%
Construction and Real Estate	81,915	5.66%			
Infrastructure Concessions	2,619	19.48%			
Urban and Environmental Services	12,846	20.67%			
Energy	11,708	23.47%			
Logistics and Airport Services	31,536	12.23%			
Corporate	6,072	14.51%			
Pre-tax Profit	1,731,133	95.26%	104,358	6.75%	1558.84%
Construction and Real Estate	53,664	3.71%	46,713	3.54%	14.88%
Infrastructure Concessions	2,743	20.41%	1,878	19.61%	46.06%
Urban and Environmental Services	8,473	13.63%	9,187	15.84%	-7.77%
Energy	2,584	5.18%	2,445	7.47%	5.69%
Logistics and Airport Services	13,012	5.04%	13,045	12.11%	-0.25%
Corporate	15,059	36.00%	9,122	21.24%	65.08%
Airtel Equity accounted			21,968		-100.00%
Corporate financial results	7,214				
Capital gains	1,624,882				
Financial provisions	3,502				
Tax	-285,760		-29,220		877.96%
Consolidated Result	1,445,373	79.53%	75,138	4.86%	1823.62%
Minority interests	-2,997		-6,145		-51.23%
Result attributable to the parent	1,442,376	79.37%	68,993	4.46%	1990.61%

Performance breakdown by division:

Construction and Real Estate:

The Construction and Real Estate division continued to grow at a healthy pace over the period (+9.5%), extending the uptrend seen in previous quarters.

Divisional pre-tax profit advanced 14.9% from 1H02, indicating further improvement in margins from 1Q03.

The order book backlog as of 30 June 2003 stood at €4.14bn, in line with the level at 31 March 2003 and 7% higher than at 30 June 2002.

Urban services and environmental:

This division includes car parks, funeral services, waste management, urban cleaning, water treatment and supply and urban environmental services.

The (+7.2%) increaser was in line with the growth recorded in the year's first quarter. However, a worse performance by margins in some activities caused pre-tax profit to fall 7.8% from the year earlier.

Energy:

The sharp +52.5% rise in sales was due mainly to the increase in cogeneration operating capacity from MW145 at the end of the first half of 2002 to MW265 as of 30 June 2003. Nonetheless, pre-tax profit rose only 5.7%, due to margin erosion in the cogeneration business caused by the negative impact of natural gas prices and the fall in pool prices due to strong rainfall levels during the period.

Installed wind capacity remains at MW138.

Logistics and Airport Services:

The biggest news in this division was the consolidation of Trasmediterránea results in the year's second quarter (1 April-30 June).

Sales totalled €257.9mn, up from €107.8mn in the same period last year. Pre-tax profit from this division was €13mn, broadly unchanged from 1H02.

The handling business showed moderate earnings growth relative to 2002. Earnings from the logistics operations, however, were hit by losses at Olloquiegui amid the overall weakness of the automotive industry, to which it is highly exposed. The inclusion of Trasmediterránea's results in 2Q offset these losses, though the contribution earnings is unlikely to be material until the year's third quarter, which is conventionally the best for the shipping company.

Corporate:

The corporate division includes the traditional corporate division (basically Bestinver, Hijos de Antonio Barceló and Ibergel) plus the other TMT businesses apart from Airtel (basically the equity-carried Correo group and GPD).

This division's sales slipped 2.6% from the previous year. However, pre-tax profit surged 65.1% to €15.1mn thanks to the contribution by Grupo Correo (equity-accounted), which includes extraordinary profits in the period.

4. Balance sheet:

€ Thousand	At 30 June 2003		At 30 June 2002	
		%		%
UNCALLED SHARE CAPITAL	32	0.00%	35	0.00%
FIXED ASSETS	1,937,509	28.88%	1,519,794	26.03%
GOODWILL ON CONSOLIDATION	81,584	1.22%	73,325	1.26%
DEFERRED EXPENSES	63,079	0.94%	23,440	0.40%
CURRENT ASSETS	4,625,660	68.96%	4,222,449	72.31%
Stocks	655,417	9.77%	597,285	10.23%
Debtors	1,963,881	29.28%	1,720,976	29.47%
Short term investments	1,778,077	26.51%	1,635,263	28.01%
Short term parent company shares	22,714	0.34%	22,714	0.39%
Cash	148,843	2.22%	177,602	3.04%
Prepayments	56,728	0.85%	68,609	1.18%
TOTAL ASSETS	6,707,864	100.00%	5,839,043	100.00%
SHAREHOLDERS' EQUITY	2,139,164	31.89%	776,573	13.30%
Share Capital	63,550	0.95%	63,550	1.09%
Reserves	633,238	9.44%	553,398	9.48%
Result attributable to the parent	1,442,376	21.50%	159,625	2.73%
Interim dividend				
MINORITY INTERESTS	231,350	3.45%	100,357	1.72%
NEGATIVE GOODWILL ON CONSOLID.	44,527	0.66%	22,369	0.38%
DEFERRED INCOME	42,821	0.64%	25,656	0.44%
PROVISIONS FOR RISKS AND EXPENSES	45,599	0.68%	29,609	0.51%
LONG TERM CREDITORS	1,496,102	22.30%	1,070,191	18.33%
Payable to banks	1,168,533	17.42%	950,997	16.29%
Other creditors	327,569	4.88%	119,194	2.04%
SHORT TERM CREDITORS	2,708,301	40.38%	3,814,288	65.32%
Payable to banks	480,419	7.16%	1,587,442	27.19%
Trade payables	1,738,799	25.92%	1,765,902	30.24%
Other short term payables	453,447	6.76%	426,972	7.31%
Accruals	35,636	0.53%	33,972	0.58%
TOTAL LIABILITIES	6,707,864	100.00%	5,839,043	100.00%

Comments on the balance sheet:

Equity:

Equity reached €2.14bn at 30 June 2002, nearly triple the level of 31 December 2002.

Financial position:

<i>Net cash</i>	<i>At 30 June 2003</i>		<i>At 30 June 2002</i>	
<i>€ Thousand</i>		<i>%</i>		<i>%</i>
<i>Cash+Short term investments</i>	1,926,920		1,812,865	
<i>Non-recourse debt with banks</i>	650,997	39.48%	1,703,258	67.10%
<i>Other bank debt</i>	997,955	60.52%	835,181	32.90%
<i>Total bank debt</i>	1,648,952	100.00%	2,538,439	100.00%
<i>Net cash (debt)</i>	277,968		-725,574	

Net cash as of 30 June 2003 stood at €278mn, compared with a negative position of €725mn as of 31 December 2002.

Included under bank debt without recourse as of 31 December 2002 is €1.21bn drawn down on a €1.67bn syndicated loan backed by the company's put option on its Airtel stake. After the sale of the Airtel stake last 27 January, Acciona cancelled this credit facility.

With respect to 31 March 2003, the main changes in the net cash balance are due to investments during the period, taxes paid on quarterly earnings (which included the capital gains from the Airtel operation) and the impact of Trasmediterránea's balance sheet consolidation as of 30 June.

Investments in the period:

Investments in the first half totalled €287.74mn, broken down as follows (€thousand):

<i>Construction+Real Estate</i>	63,417
<i>Concessions</i>	18,086
<i>Urban Services</i>	36,852
<i>Energy</i>	18,802
<i>Logistics and Airport Services</i>	147,983
<i>Corporate</i>	2,569
<i>Total</i>	287,709

5. Other information:

Trasmediterránea takeover:

In early April 2003 a consortium in which Acciona Logística, S.A. (100%-owned by Acciona) has a 55% interest completed the takeover of Trasmediterránea. The takeover gave the consortium 99.06% ownership of the company. Acciona's consolidated results for the first half include Trasmediterránea's results for the second quarter. The consolidated balance sheet includes Trasmediterránea's balance sheet at 30 June 2003. Trasmediterránea is fully consolidated.

Dividends:

An agreement was reached by shareholders at the General Meeting of 23 May 2003 to pay €0.35 per share as a final dividend against 2002 earnings and another €0.35 charged to reserves. Accordingly, the total dividend paid in 2003 was €1.20, an increase of 71.4% on the previous year and equivalent to a payout of 47.8%.