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Development and Management of Infrastructure and Services

1Q 2005 earnings (January-March)



acciona

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In accordance with Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002, for each financial year starting on or after 1 January 2005, companies governed by the law of a Member State must prepare their consolidated accounts in conformity with the International Financial Reporting Standards (IFRS) adopted by the European Union if their securities are admitted to trading on a regulated market. Accordingly, the ACCIONA Group is obliged to present its consolidated financial statements for the year ending 31 December 2005 in accordance with the IFRS adopted by the European Union at that date.

IFRS 1 on First Time Adoption establishes that entities must present the consolidated balance sheet and income statement for the year ending 31 December 2004 for comparison purposes.

The ACCIONA Group's consolidated quarterly financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) approved by the European Parliament to date. The quarterly financial statements were prepared based on the individual accounts of Acciona, S.A. and its Group companies and they include the necessary adjustments and reclassifications to adapt them to IFRS.

This information was prepared internally by the Acciona Group and has not been audited. Therefore, it is subject to changes, in terms of both net worth and the income statement, as a result of changes in the applicable standards, estimates or any other similar circumstances.

1Q 2005 EARNINGS (Jan.-Mar.)

1. Key points:

- Net profit increased by 60%
- EBITDA grew 54% year-on-year
- Capital expenditure in the period amounted to 203 million euro

Income statement data

(Million euro)	Jan.-Mar. 2004	Jan.-Mar. 2005	Chg. (%)
Revenue	936.9	984.0	5.0
EBITDA	102.4	157.4	53.8
EBIT	62.0	103.9	67.7
EBT	65.6	104.4	59.2
Attributable net profit	46.4	74.3	60.2

Balance sheet data

(Million euro)	31 Dec. 04	1 Jan. 05 (*)	31 Mar. 05
Equity	3,012.1	3,093.2	3,135.2
Net debt	594.6	615.5	815.2
Financial gearing	19.7%	19.9%	26.0%
Capital expenditure	n/a	n/a	202.6

(*) Entry into force of IAS 32 and 39

Operating data

(Million euro)	Jan.-Mar. 2004	Jan.-Mar. 2005	Chg. (%)
Infrastructure backlog	3,983	4,546	14.1
Homes sold (units)	351	369	5.1
Installed capacity (MW)	n/a	1,628	n/a
Passengers	582,704	530,111	-9.0
Cargo (linear metres)	825,984	970,656	17.5
Flights	30,702	34,337	11.8
Average workforce	21,246	21,101	-0.7

- These quarterly results are presented in accordance with International Financial Reporting Standards (IFRS). Pro forma 2004 accounts based on IFRS have been drafted for comparison purposes.
- As a result of Acciona's corporate development and strategy, the group's three major business lines were adapted to the new organisation structure and have been included in these results, detailed as follows:
 - Acciona Infrastructure construction, engineering and real estate (rental and development).
 - Acciona Energy: renewable energy generation, development and sales, and industrial activity.
 - Acciona Services: logistics and airport services, including land and sea transport companies, and port and airport services and terminals operation. Urban and environmental services include waste, water and environmental activities. Concession services include bidding for tenders and managing and operating transport, hospital, car park and funeral services concessions.
- As a result of the business performance in the quarter, Acciona Infrastructure decreased its contribution to group EBITDA from 47% in 1Q04 to 40% in 1Q05. Conversely, Acciona Energy increased its contribution from 24% to 38% whereas Acciona Services declined from 26% to 18%.
- Capital expenditure was around 200 million euro, including most notably the acquisition of 10.42% of EHN to increase Acciona's stake in that company to 100%. As a result of this investment, net debt totalled 815.2 million euro at the end of March 2005 (+37% on 2004 year-end). Leverage (net debt/equity) of 26% in March 2005 reveals that the group has further capacity to continue pursuing its policy of growth in the various business areas identified as strategic.

1Q 2005 EARNINGS (Jan.-Mar.)

2. Consolidated income statement

<i>(Million euro)</i>	<i>Jan.-Mar. 2004</i>		<i>Jan.-Mar. 2005</i>		<i>Chg. (%)</i>
	<i>Amount</i>	<i>% Revenue</i>	<i>Amount</i>	<i>% revenue</i>	
Sales	936.9	100.0	984.0	100.0	5.0
Other revenues	56.3	6.0	88.6	9.0	57.4
Changes in inventories	51.5	5.5	48.6	4.9	-5.5
Total production value	1,044.7	111.5	1,121.2	113.9	7.3
Cost of goods sold	- 270.2	-28.8	- 290.3	-29.5	7.4
Personnel expenses	- 165.9	-17.7	- 172.0	-17.5	3.7
Other expenses	- 506.2	-54.0	- 501.4	-51.0	-0.9
EBITDA	102.4	10.9	157.4	16.0	53.8
Depreciation	- 40.4	-4.3	- 53.5	-5.4	32.4
EBIT	62.0	6.6	103.9	10.6	67.7
Financial revenues	25.5	2.7	30.2	3.1	18.5
Financial expenses	- 21.3	-2.3	- 28.1	-2.9	31.6
Exchange differences (net)	1.5	0.2	0.5	0.0	-69.1
Results on impairment/release of assets	- 0.5	-0.1	2.8	0.3	-640.7
Income from associated companies	1.7	0.2	0.9	0.1	-50.3
Income on sale of non-current assets	2.5	0.3	3.3	0.3	34.3
Other gains or losses	- 5.7	-0.6	- 9.1	-0.9	60.0
EBT	65.6	7.0	104.4	10.6	59.2
Corporate income tax	18.6	-2.0	- 28.7	-2.9	54.1
Net profit	46.9	5.0	75.7	7.7	61.3
Minority interest	- 0.5	-0.1	- 1.4	-0.1	153.7
Attributable net profit	46.4	5.0	74.3	7.6	60.2

Sales

Consolidated sales increased by 5%, driven primarily by Acciona Energy (+63%) and Acciona Services (+9%). Acciona Infrastructure remained stable despite an 8.1% decline in real estate sales due to the impact of IFRS.

EBITDA

EBITDA amounted to 157.4 million euro, a 53.8% increase on 1Q04. The EBITDA margin was 16%, compared with 10.9% in 1Q04. This improvement is due to positive performance in all three major business lines:

1. Acciona Infrastructure the EBITDA margin improved by 235 basis points due to the policy of seeking profitability, which led to lower international activity and greater exposure to real estate.
2. Acciona Energy: this area significantly increased its contribution to group sales due to the full consolidation of 100% of EHN in 1Q05 (vs. 50% in 1Q04), boosting sales by 63% year-on-year. The EBITDA margin also improved significantly, to 48.5%.
3. Acciona Services: the EBITDA margin was slightly higher than in 1Q04 and sales grew nearly 9%, faster than the group average of 5%.

EBIT

EBIT amounted to 103.9 million euro in 1Q05, i.e. 67.7% more than in 1Q04. The EBITDA margin improved from 6.6% to 10.6% despite the increase in depreciation as a result of the larger weighting of the capital-intensive businesses such as energy and services.

EBT

EBT totalled 104.4 million euro, a 59.2% increase on 1Q04.

Attributable net profit

Attributable net profit grew 60.2% to 74.3 million euro.

1Q 2005 EARNINGS (Jan.-Mar.)

3. Earnings by business:

(Million euro)	Jan.-Mar. 2004		Jan.-Mar. 2005		Chg. (%)
	Amount	%Revenue	Amount	% Revenue	
Sales	936.9	100.0	984.0	100.0	5.0
Infrastructure	652.8	69.7	652.7	66.3	0.0
Energy	75.2	8.0	122.8	12.5	63.1
Services	224.6	24.0	244.1	24.8	8.7
Other businesses	19.9	2.1	17.2	1.7	-13.7
Consolidation adjustments	- 35.6	-3.8	- 52.8	-5.4	n.a.

(Million euro)	Jan.-Mar. 2004		Jan.-Mar. 2005		Chg. (%)
	Amount	% Revenue	Amount	% revenue	
EBITDA	102.4	10.9	157.4	16.0	53.8
Infrastructure	48.0	7.4	63.3	9.7	32.0
Energy	24.3	32.3	59.5	48.5	144.5
Services	26.2	11.7	28.9	11.8	10.4
Other businesses	3.8	19.3	5.7	33.1	48.0

(Million euro)	Jan.-Mar. 2004		Jan.-Mar. 2005		Chg. (%)
	Amount	% revenue	Amount	% revenue	
EBT	65.6	7.0	104.4	10.6	59.2
Infrastructure	34.9	5.3	43.4	6.6	24.3
Energy	11.5	15.2	33.5	27.3	192.1
Services	9.0	4.0	9.3	3.8	2.9
Other businesses and financial results	10.2	51.2	18.2	106.3	79.2



3. 1. ACCIONA INFRASTRUCTURE:

3.1.1. Construction:

<i>(Million euro)</i>	January-March		
	2004	2005	Chg. (%)
Sales	567.5	574.2	1.2
EBITDA	35.0	40.0	14.3
Margin	6.2%	7.0%	
EBT	25.8	27.6	7.2
Margin	4.5%	4.8%	

Construction margins improved as a result of focusing on profitability rather than volume. Accordingly, Construction EBITDA increased by 14.3% and the EBITDA margin improved nearly 80 basis points.

The construction and engineering backlog at 31 March 2005 was 4.073 billion euro, a 14.6% increase on 31 March 2004.

Main contracts obtained in January-March 2005 (*)

CIVIL ENGINEERING

GAS STORAGE CAISSON IN ALGECIRAS PORT
 BURYING OF FEVE RAILWAY INFRASTRUCTURE PHASE 1 IN BASURTO
 BURYING OF THE MADRID M-30 RING ROAD BETWEEN SAN ISIDRO BRIDGE AND PRAGA BRIDGE
 MADRID-BARCELONA HIGH-SPEED RAILWAY LINE BETWEEN SANT JOAN AND SANT BOI
 EMERGENCY IRRIGATION WORK IN LORCA
 LUIS CAMPOMANES MARINA IN ALTEA
 PHASE 1 ALGERRI-BALAGUER IRRIGATION, SECTOR B

RESIDENTIAL BUILDING

NEW HOME DEVELOPMENT IN GIBRALTAR
 102 HOMES, CALA GOLF RESORT, MIJAS (M.D.C.I.)

NON-RESIDENTIAL BUILDING

CIVIL ENGINEERING/INFRASTRUCTURE/SITE DEVELOPMENT OF NEW FACTORY (INCOSA)
 INFRASTRUCTURE/ARCHITECTURE/EQUIPMENT OF METRO LINE 5. QUART-MANISES

(*) Contracts of over 20 million euro

3.1.2. Real Estate:

<i>(Million euro)</i>	January-March		
	2004	2005	Chg. (%)
<i>Sales</i>	85.4	78.5	-8.1
<i>EBITDA</i>	13.0	23.3	79.7
<i>Margin</i>	15.2%	29.7%	
<i>EBT</i>	9.1	15.7	72.7
<i>Margin</i>	10.7%	20.0%	

The Real Estate division continued to increase its contribution, with EBITDA rising by 79.7% (above group average), reflecting Acciona's investments in this area in recent years. Nevertheless, this result was affected by higher land sales in 1Q05.

The decline in sales is due to the adoption of IFRS, which establish that new developments are booked on the date of delivery, compared with Spanish GAAP, which enables companies to book them when they were substantially completed.

3. 2. ACCIONA ENERGY:

<i>(Million euro)</i>	January-March		
	2004	2005	Chg. (%)
<i>Sales</i>	75.2	122.8	63.1
EBITDA	24.3	59.5	144.5
<i>Margin</i>	32.3%	48.5%	
<i>EBT</i>	11.5	33.5	192.1
<i>Margin</i>	15.2%	27.3%	

Strong growth in this business reflects the consolidation of 100% of EHN in 1Q05 (compared with 50% in 1Q04).

The improvement in the Energy division is also due to sharp growth in wind power installed capacity and in power generation.

Also, margin improvement was favoured by higher sale prices of wind power since Acciona Energy decided, within the current regulatory framework, to use a tariff linked to pool prices in 1Q05, compared with a fixed tariff in 1Q04.

	31 Mar. 05	
	Total	Attributable
(MW operational)		
Wind power in Spain	1,074.0	995.1
Wind power in other countries	223.7	99.1
Total Wind	1,297.7	1,094.2
Minihydro	58.8	58.8
Biomass	33.0	33.0
Solar	2.2	2.2
Cogeneration	236.1	220.9
Total other technologies	330.1	314.9
Total Energy	1,627.8	1,409.1

The percentage of attributable MW is 87% overall: 84% in wind and 95% in other technologies.

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Power generation in 1Q05:

(GWh)	31 Mar. 05	
	Total	Attributable
Wind power in Spain	721.6	665.7
Wind power in other countries	140.9	50.0
Total Wind	862.5	715.7
Minihydro	80.8	80.8
Biomass	59.7	59.7
Solar	0.4	0.4
Cogeneration	410.5	383.3
Total other technologies	551.4	524.2
Total Energy	1,413.9	1,239.9

3.3. ACCIONA SERVICES:

3.3.1. Logistics and Airport Services:

<i>(Million euro)</i>	January-March		
	2004	2005	Chg. (%)
<i>Sales</i>	176.5	186.9	5.9
EBITDA	16.8	14.2	-15.6
<i>Margin</i>	9.5%	7.6%	
<i>EBT</i>	2.0	0.9	-54.9
<i>Margin</i>	1.2%	0.5%	

Turnover increased by 5.9% in 1Q05, reflecting a good quarter in airport services (12% growth in the number of flights). EBITDA decreased 15.61% due to higher fuel costs that affected this division. This is a seasonal division since the third quarter is the most important.

Transmediterránea greatly increased cargo transport in the quarter.

	January-March		
	2004	2005	Chg. (%)
<i>Passengers</i>	582,704	530,111	-9.0
<i>Cargo (linear metres)</i>	825,984	970,656	17.5

The airport business performed well in Spain and, to a greater extent, in Germany. In the first quarter, the total number of flights increased by 9.2% in Spain and by 15.3% in Germany. Low-cost carriers continue to boost growth in the sector.

Weighted no. of flights	January-March		
	2004	2005	Chg. (%)
<i>Spain</i>	17,442	19,053	9.2
<i>Germany</i>	13,260	15,284	15.3
Total	30,702	34,337	11.8

1Q 2005 EARNINGS (Jan.-Mar.)

3.3.2. Urban and Environmental Services:

(Million euro)	January-March		
	2004	2005	Chg. (%)
<i>Sales</i>	26.7	31.4	17.6
EBITDA	2.5	3.4	38.2
<i>Margin</i>	9.2%	10.9%	
<i>EBT</i>	1.3	1.4	10.0
<i>Margin</i>	4.8%	4.5%	

In 1Q05, urban and environmental services increased EBITDA by 38.2%.

3.3.3. Concession Services

(Million euro)	January-March		
	2004	2005	Chg. (%)
<i>Sales</i>	21.3	25.7	21.0
EBITDA	7.0	11.3	63.1
<i>Margin</i>	32.7%	44.1%	
<i>EBT</i>	5.7	7.0	21.9
<i>Margin</i>	26.8%	27.0%	

In 1Q05, EBITDA in concession services grew by 63.1% to 11 million euro and the EBITDA margin improved substantially due to good performance at the Envalira tunnel (Andorra) and the entry into operation of several toll roads, including the Coast-Central road in Chile. Funeral services also performed favourably, with 22% year-on-year growth. The car park division now manages 11,346 parking spaces.

3.4. OTHER BUSINESSES AND FINANCIAL RESULTS:

(Million euro)	January-March		
	2004	2005	Chg. (%)
<i>Sales</i>	19.9	17.2	-13.7
EBITDA	3.8	5.7	48.0
<i>Margin</i>	19.3%	33.1%	
<i>EBT</i>	10.2	18.2	79.2
<i>Margin</i>	51.2%	106.3%	

The activities in this area are: i) fund management through Bestinver, which managed 2.111 billion euro at 31 March 2005 (vs. 938 million euro at 31 March 2004); ii) wine through Hijos de Antonio Barceló, which sold 255,351 cases in 1Q05; and iii) media (Vocento is equity-accounted and GPD is fully consolidated).

The decline in sales is due to the divestment of Ibergel in December 2004. The division's EBT reflects good performance by corporate financial revenues in the period, mainly the dividend from FCC.

1Q 2005 EARNINGS (Jan.-Mar.)

4. Consolidated balance sheet:

(Million euro)	31 Dec. 04		31 Mar. 05	
	Amount	% total	Amount	% total
<i>PROPERTY, PLANT & EQUIPMENT, AND INTANGIBLE ASSETS</i>	2,598.2	27.7	2,668.4	27.4
<i>FINANCIAL INVESTMENTS</i>	848.8	9.0	1,112.4	11.4
<i>GOODWILL</i>	412.8	4.4	439.9	4.5
<i>OTHER NON-CURRENT ASSETS</i>	191.0	2.0	235.0	2.4
<i>CURRENT ASSETS</i>	5,342.3	56.9	5,300.5	54.3
<i>Inventories</i>	825.1	8.8	840.3	8.6
<i>Accounts receivable</i>	1,659.3	17.7	1,613.5	16.5
<i>Other current assets</i>	161.1	1.7	151.8	1.6
<i>Current financial assets</i>	2,512.4	26.7	2,510.1	25.7
<i>Cash and cash equivalents</i>	184.6	2.0	184.8	1.9
<i>TOTAL ASSETS</i>	9,393.1	100.0	9,756.2	100.0
<i>ATTRIBUTABLE EQUITY</i>	2,743.2	29.2	2,910.6	29.8
<i>Capital</i>	63.6	0.7	63.6	0.7
<i>Reserves</i>	2,447.1	26.1	2,827.8	29.0
<i>Profit attributable to equity holders of parent</i>	232.6	2.5	74.3	0.8
<i>Own shares</i>			-11.9	-0.1
<i>Interim dividend</i>			-43.2	-0.4
<i>MINORITY INTEREST EQUITY</i>	268.9	2.9	224.6	2.3
<i>NON-CURRENT LIABILITIES</i>	1,867.9	19.9	2,056.4	21.1
<i>Interest bearing borrowings</i>	1,189.6	12.7	1,295.1	13.3
<i>Other non-current liabilities</i>	678.3	7.2	761.2	7.8
<i>CURRENT LIABILITIES</i>	4,513.1	48.0	4,564.6	46.8
<i>Interest bearing borrowings</i>	2,102.0	22.4	2,214.9	22.7
<i>Trade payables</i>	1,938.6	20.6	1,822.3	18.7
<i>Other current liabilities</i>	472.5	5.0	527.4	5.4
<i>TOTAL LIABILITIES</i>	9,393.1	100.0	9,756.2	100.0

1Q 2005 EARNINGS (Jan.-Mar.)

Equity amounted to 3,135.2 million euro at 31 March 2005.

Net debt at Acciona totalled 815.2 million euro at 31 March 2005, compared with 594.6 million euro at 31 December 2004. The pace of investment, mainly in the Energy division, was the main reason for the increase in debt.

Leverage (net debt over shareholders' equity) was 26%, evidencing Acciona's sound financial structure, with scope to continue expanding.

<i>(Million euro)</i>	31 Dec. 04		31 Mar. 05		Chg. (%)
	Amount	% total	Amount	% total	
<i>Cash + current financial assets</i>	2.696,9		2.694,9		-0,1
<i>Interest bearing borrowings without recourse</i>	681,3	20,7	822,5	23,4	20,7
<i>Interest bearing borrowings with recourse</i>	2.610,2	79,3	2.687,6	76,6	3,0
<i>Total bank debt</i>	3.291,6	100,0	3.510,1	100,0	6,6
<i>Net cash (debt)</i>	- 594,6		- 815,2		37,1

Investments in 1Q05 amounted to 203 million euro, of which nearly 80% focused on Acciona Energy.

<i>(Million euro)</i>	Investment
	Jan.-Mar. 05
<i>Acciona Infrastructure</i>	6.8
<i>Acciona Energy</i>	159.0
<i>Acciona Services</i>	35.1
<i>Other businesses</i>	1.7
<i>Total</i>	202.6

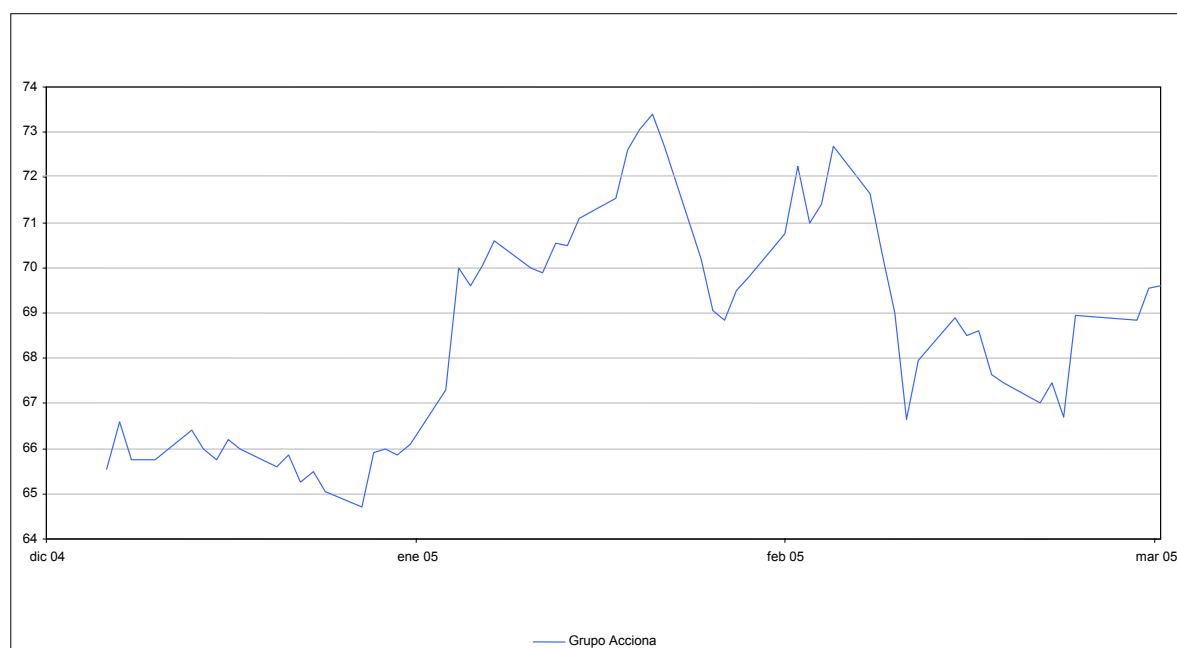
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5. Annex:

5.1. Share data:

	Jan.-Mar. 2005
Starting price in 2005	65.1
Closing price on 30 March 2005	69.6
Appreciation in 1Q05	6.91%
Low in 1Q05 (24 January)	64.7
High in 1Q05 (17 February)	73.4
Average daily trading (shares)	273,273
Average daily trading (million euro)	18.7
Number of shares	63,550,000
Market capitalisation on 31 March 2004 (million euro)	4,423.1

5.2. Share performance in 1Q05



6. Contact:

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