Development and Management of Infrastructures and Services

9M03 RESULTS (JANUARY-SEPTEMBER)

13 November 2003

1. Summary and key points

- Ordinary profit through September rose 24.5% yoy to €198.6mn. This increase in especially noteworthy, considering that Airtel did not make a contribution to group earnings this year. If we strip out Airtel's earnings from the 9M02 figure, ordinary profit would have grown by 62.5%.

- Net attributable profit including the capital gains from the sale of the Airtel stake reached €1.5bn, compared with just €107.8mn in the same period last year.

- Turnover rose sharply (16.1%) to €2.8bn from €2.41bn in 9M02, with most of the group's divisions posting increases.

- Comparisons with the first nine months of 2002 are distorted by the following changes in the consolidation sphere:

  - Figures for 9M03 do not include the results of Airtel Móvil, which was deconsolidated as of 1 January 2003 following the sale of the shareholding in that month. As a result of the sale, the company booked a pre-tax capital gain of €1.62bn, which was already included in 1H03.

  - Trasmediterránea was fully consolidated as from 1 April and EHN by the proportional integration method from 1 July.

- Shareholders' equity at 30 September 2003 stood at €2.2bn, 2.8 times that of 31 December 2002.

- Despite the high level of capex in the period and the impact of consolidating Trasmediterránea and EHN, Acciona still boasts a strong balance sheet, with net debt at 30 September of €487mn and gearing (net debt/shareholders' equity) of 22%.

- The construction order backlog as of 30 September 2003 stood at €4.15bn, ensuring a healthy level of business in coming quarters.

2. Consolidated profit and loss account

€ thousand	*9M03*		*9M02*		*% Chg*
	Amount	*%*	*Amount*	*%*	*03/02*
Net turnover	***2,798,547***	***100.00%***	***2,409,631***	***100.00%***	***16.14%***
Other income	*153,741*	*5.49%*			
Change in stocks of finished goods and work in progress	*155,028*	*5.54%*			
Total production value	***3,107,316***	***111.03%***			
Net purchases	*-565,448*	*-20.21%*			
Change in stocks of goods. raw materials and other consumables	*-100,211*	*-3.58%*			
External and operating expenses	*-1,705,199*	*-60.93%*			
Adjusted added value	***736,458***	***26.32%***			
Other expenses and income		*0.00%*			
Personnel expenses	*-454,983*	*-16.26%*			
Gross operating profit	***281,475***	***10.06%***			
Amortization and depreciation	*-87,572*	*-3.13%*			
Provisions to reversion fund		*0.00%*			
Change in working capital provisions	*-8,535*	*-0.30%*			
Net operating profit	***185,368***	***6.62%***			
Financial income	*47,984*	*1.71%*			
Financial expenses	*-61,085*	*-2.18%*			
Capitalised interests and exchange-rate differences					
Financial provisions and write-downs	*10,024*	*0.36%*			
Translation gains/losses					
Share in results of equity-accounted companies	*20,950*	*0.75%*			
Amortisation of goodwill on consolidation	*-5,714*	*-0.20%*			
Reversal of negative goodwill on consolidation	*1,035*	*0.04%*			
Profit on Ordinary Activities	***198,562***	***7.10%***			
Extraordinary results	*1,631,424*	*58.30%*			
Pre-tax profit	***1,829,986***	***65.39%***	***159,482***	***6.62%***	***1047.46%***
Tax	*-315,789*	*-11.28%*	*-44,653*	*-1.85%*	*607.21%*
Consolidated Results	***1,514,197***	***54.11%***	***114,829***	***4.77%***	***1218.65%***
Minority interests	*-13,458*	*-0.48%*	*-7,012*	*-0.29%*	*91.93%*
Result attributable to the parent company	***1,500,739***	***53.63%***	***107,817***	***4.47%***	***1291.93%***

Comments on the profit and loss account

- Consolidated turnover was 16.1% higher than in the same period in 2002. Growth was strong in all divisions apart from Corporate, which was virtually flat on the first nine months of the previous year.

- Construction and Real Estate is still Acciona's core business, although the contribution to group turnover declined from 80% in 1H03 to 76% in 9M03, reflecting the company's drive to diversify its business mix.

- EBITDA totalled €281.5mn, leaving an EBITDA/sales margin of 10.1%. This signalled a sharp improvement from the 8.1% of 1H03.

- Net operating profit, or EBIT, was €185.4mn, representing an EBIT margin of 6.6%, compared with 5.3% in the first six months of the year.

- Pre-tax ordinary profit through September reached €198.6mn, a yoy increase of 24.5%. But stripping out Airtel's equity-accounted results from the 9M02 figure, ordinary profit would have grown by 62.5%.

- Extraordinaries totalled €1.63bn and pre-tax profits €1.83bn. Lastly, profit attributable to the parent company was €1.5bn compared with €107.8mn in 9M02.

3. Results by business:

€ thousand	9M03	%	9M02	%	% Chg
Net Turnover	**2,798,547**	**100.00%**	**2,409,631**	**100.00%**	**16.14%**
Construction and Real Estate	2,139,947	76.47%	2,071,127	85.95%	3.32%
Infrastructure Concessions	18,080	0.65%	13,009	0.54%	38.98%
Urban and Environmental Services	92,341	3.30%	90,586	3.76%	1.94%
Energy	90,395	3.23%	49,203	2.04%	83.72%
Logistics and Airport Services	499,377	17.84%	172,230	7.15%	189.95%
Corporate	59,888	2.14%	61,383	2.55%	-2.44%
Consolidation adjustments	**-101,481**	**-3.63%**	**-47,907**	**-1.99%**	**111.83%**
EBITDA	**281,475**	**10.06%**		**0.00%**	
Construction and Real Estate	127,592	5.96%		0.00%	
Infrastructure Concessions	3,437	19.01%		0.00%	
Urban and Environmental Services	19,680	21.31%		0.00%	
Energy	30,113	33.31%		0.00%	
Logistics and Airport Services	91,026	18.23%		0.00%	
Corporate	9,627	16.08%		0.00%	
PBT	**1,829,986**	**65.39%**	**159,482**	**6.62%**	**1047.46%**
Construction and Real Estate	83,418	3.90%	71,573	3.46%	16.55%
Infrastructure Concessions	3,905	21.60%	3,051	23.45%	27.99%
Urban and Environmental Services	13,176	14.27%	11,115	12.27%	18.54%
Energy	10,723	11.86%	4,675	9.50%	129.37%
Logistics and Airport Services	54,363	10.89%	20,730	12.04%	162.24%
Corporate	20,837	34.79%	10,974	17.88%	89.88%
Airtel Equity accounted			37,364		-100.00%
Corporate financial results	8,658				
Capital gains	1,624,882				
Extraordinary provisions	10,024				
Tax	-315,789		-44,653		607.21%
CONSOLIDATED PAT	**1,514,197**	**54.11%**	**114,829**	**4.77%**	**1218.65%**
Minority interests	-13,458		-7,012		91.93%
RESULT ATTRIBUTABLE TO THE PARENT	**1,500,739**	**53.63%**	**107,817**	**4.47%**	**1291.93%**

Performance breakdown by division:

Construction and Real Estate:

Net turnover from the Construction and Real Estate division advanced 3.3% from 9M02. The pace of growth was lower than in 1H03, owing to the decline in revenues from its overseas construction business.

Divisional pre-tax profit advanced 16.6%, indicating further improvement in margins from 1H03.

The construction order backlog as of 30 September 2003 stood at €4.15bn, in line with the level at 30 June 2003 but 1.5% higher than at 30 September 2002.

Urban and environmental services:

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

The (1.9%) increase in revenues was a touch below the growth recorded in the year's first half, though margins were appreciably higher. Pre-tax profit from this division reached €13.2mn, an increase of 18.5% yoy.

Energy:

The sharp (83.7%) increase in turnover was mostly due to the inclusion in the consolidation sphere by the proportional method for the entire third quarter of the 50% stake in EHN, alongside the growth in co-generation operating capacity at the beginning of the year.

Pre-tax profit from the Energy division surged 129.4%, fuelled mostly by one-off proceeds from the sale of a co-generation plant. EHN's contribution to earnings is still only modest since it was included in the third quarter, which is the weakest of the year due to the lower levels of wind, and because of the goodwill charge associated with the investment. Nonetheless, EHN's earnings were in line with forecasts for the full year.

Logistics and Airport Services:

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

Turnover totalled €499.4mn, up from €172.2mn in the same period last year. Pre-tax profit for this division was €54.4mn, 162.2% higher than in 9M03, which bears out the resilience of the handling activities and Trasmediterránea contribution; 3Q is conventionally this company's best given the seasonality of its business. For the same reason, we expect a more muted performance by Trasmediterránea in the year's last quarter.

Corporate:

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

This division's sales slipped 2.4% from the previous year, similar to the performance in 1H. However, pre-tax profit surged 89.9% to €20.8mn thanks to the contribution by Vocento (equity-accounted), which includes extraordinary profits in the period.

4. Balance sheet:

€ thousand	*30 Sept 03*	*%*	*31Dec02*	*%*
UNCALLED SHARE CAPITAL	*18*	*0.00%*	*35*	*0.00%*
FIXED ASSETS	*2,573,608*	*36.57%*	*1,519,794*	*21.59%*
GOODWILL ON CONSOLIDATION	*284,481*	*4.04%*	*73,325*	*1.04%*
DEFERRED EXPENSES	*60,851*	*0.86%*	*23,440*	*0.33%*
CURRENT ASSETS	*4,119,233*	*58.53%*	*4,222,449*	*59.99%*
Stocks	*663,174*	*9.42%*	*597,285*	*8.49%*
Debtors	*2,108,178*	*29.95%*	*1,720,976*	*24.45%*
Short term investments	*1,042,703*	*14.81%*	*1,635,263*	*23.23%*
Short term parent company shares	*22,714*	*0.32%*	*22,714*	*0.32%*
Cash	*223,673*	*3.18%*	*177,602*	*2.52%*
Prepayments	*58,791*	*0.84%*	*68,609*	*0.97%*
TOTAL ASSETS	*7,038,191*	*100.00%*	*5,839,043*	*100.00%*
SHAREHOLDERS' EQUITY	*2,196,890*	*31.21%*	*776,573*	*11.03%*
Share Capital	*63,550*	*0.90%*	*63,550*	*0.90%*
Reserves	*632,601*	*8.99%*	*553,398*	*7.86%*
Result attributable to the parent	*1,500,739*	*21.32%*	*159,625*	*2.27%*
Interim dividend		*0.00%*		*0.00%*
MINORITY INTERESTS	*241,969*	*3.44%*	*100,357*	*1.43%*
NEGATIVE GOODWILL ON CONSOL.	*44,065*	*0.63%*	*22,369*	*0.32%*
DEFERRED INCOME	*49,400*	*0.70%*	*25,656*	*0.36%*
PROVISIONS FOR RISKS AND EXPENSES	*44,416*	*0.63%*	*29,609*	*0.42%*
LONG-TERM CREDITORS	*1,588,530*	*22.57%*	*1,070,191*	*15.21%*
Payable to banks	*1,245,783*	*17.70%*	*950,997*	*13.51%*
Other creditors	*342,747*	*4.87%*	*119,194*	*1.69%*
SHORT-TERM CREDITORS	*2,872,921*	*40.82%*	*3,814,288*	*54.19%*
Payable to banks	*507,649*	*7.21%*	*1,587,442*	*22.55%*
Trade payables	*1,796,429*	*25.52%*	*1,765,902*	*25.09%*
Other short term payables	*526,231*	*7.48%*	*426,972*	*6.07%*
Accruals	*42,612*	*0.61%*	*33,972*	*0.48%*
TOTAL LIABILITIES	*7,038,191*	*100.00%*	*5,839,043*	*82.96%*

Comments on the balance sheet:

Equity:

Shareholders' equity at 30 September 2003 stood at €2.2bn, nearly triple the level at 31 December 2002.

Financial position:

€ thousand	*Sep-30-03 Amount*	*%*	*Dec-31-02 Amount*	*%*
Cash+Short term investments	*1,266,376*		*1,812,865*	
Non-recourse debt with banks	***895,641***	***51.08%***	***1,703,258***	***67.10%***
Other bank debt	***857,791***	***48.92%***	***835,181***	***32.90%***
Total bank debt	*1,753,432*	*100.00%*	*2,538,439*	*100.00%*
Net cash (debt)	*-487,056*		*-725,574*	

Net debt at 30 September 2003 totalled €487mn, compared to €725mn as of 31 December 2002 and net cash of €278m at 30 June 2003.

The difference in the group's net cash position compared to 30 June 2003 was mainly due to the investments in EHN (€297.5m) and FCC (€286.2m), the payment of a final dividend (€44.5m) and the consolidation of EHN under the proportional method from 30 September 2003. Acciona still has to finance EHN's (€56.34mn) capital increase and subordinated loan (€28.85m).

Investments in the period:

Investments in the first nine months of the year totalled €959.9mn, broken down as follows (figures in € thousand):

Construction+Real Estate	***83,456***
Concessions	***25,824***
Urban Services	***47,051***
Energy	***342,000***
Logistics and Airport Services	***171,382***
Corporate	***290,140***
Total	***959,853***

5. Other information:

Dividends:

On 1 July 2003, Acciona paid a final dividend of €0.35 per share charged against 2002 earnings and another €0.35 charged to reserves. Accordingly, the company has paid a total dividend in 2003 of €1.20, an increase of 71.4% on the previous year and equivalent to a payout of 47.8%.

FCC:

In July, Acciona acquired 8.683% of Fomento de Construcciones y Contratas, S.A. (FCC) for €286.2mn. This investment constitutes a financial stake and forms part of Acciona's financial assets, but FCC is not consolidated in Acciona's accounts. The company notified the Spanish stock market regulator (CNMV) on July 11 2003.

EHN:

On 31 July 2003, Acciona acquired a 50% shareholding in Corporación Energía Hidroeléctrica de Navarra, S.A. (EHN). The investment cost a total of €382.7mn and included the purchase and sale of shares worth €297.49mn, the commitment to subscribe to a €56.34mn capital increase and a subordinated loan for €28.85mn. Acciona notified the Spanish Stock Market regulator on July 31 2003.