

Sacyr

FINANCIAL
REPORT
First
Half

20

14





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Note:

- The financial information presented in this document has been prepared in accordance with International Financial Reporting Standards. This information is not audited and may be modified in the future.

I. ACCOUNTING ISSUES

APPLICATION OF IFRS 11

The application of IFRS 11 “Joint Arrangements” from January 2014 onwards entails significant changes in the financial statements of Sacyr since investments in jointly-controlled entities will no longer be permitted to be consolidated using the proportionate consolidation method. IFRS 11 requires the investee of a joint arrangement to recognise the investment using the equity method, in accordance with IAS 28 Investments in Associates and Joint Ventures.

In practice it meant that many companies that had been consolidated in the Group’s financial statements using the proportionate method became equity-accounted companies. Their contribution to profit or loss for the year in the income statement is recognised in “Results from equity accounted subsidiaries”. As a result, there was a decline in revenue and EBITDA, with no impact on net profit.

(Thousands of euros)	1H 2013 (exc. IFRS 11)*	1H 2013 (inc. IFRS 11)	IMPACT IFRS 11
REVENUE	1,623,058	1,352,770	(270,289)
EBITDA	300,614	248,088	(52,526)
NET PROFIT	60,860	60,860	(0)

* Restated taking Vallehermoso to be held for sale

The standard affects, in particular, the Concessions and Construction businesses (due to the change in the consolidation method of GUPC) and has a lesser impact on the Services and Rental Property lines of business.

To facilitate comparisons, the 2013 income statement and balance sheet have been restated.

DISCONTINUED OPERATIONS

Vallehermoso's assets and liabilities (previously consolidated using the full consolidation method) have been classified as "Assets and liabilities held for sale" and any related gains or losses are recognised under "Gains (Losses) from discontinued operations".

"Assets held for sale" also include Testa's 20% stake in the owner of Tesfran.

To facilitate comparisons, the income statement for the period ended 30 June 2013 has been restated.

II. HIGHLIGHTS

STRONGER EQUITY

Following balance sheet consolidation, Sacyr increased capital and issued convertible bonds, raising €416 million with which to develop the main business lines, mainly the infrastructure and industry concessions, both of which are focused on international expansion. The accelerated capital increase and bond issue were carried out on 24 April 2014 in a single transaction.

CAPITAL INCREASE

Sacyr performed €166 million capital increase by issuing 36 million shares with a par value of €1 each (representing 7.79% of share capital) at a subscription price of €4.58 per share (and, accordingly, a share premium of €130 million).

The transaction, which was performed via an accelerated private placement, was 1.4 times oversubscribed. The new shares resulting from the capital increase began trading on the Spanish Continuous Market on 29 April 2014.

BOND ISSUE

On 29 April 2014, Sacyr also successfully recorded a €250 million issue of convertible bonds maturing on 8 May 2019. The bonds accrue interest at an annual fixed nominal rate of 4%, payable on a quarterly basis. The initial conversion price of €5.725 per company share represents an average weighted share price premium of 25% based on the stock market trading volume from the announcement of the transaction to the date of setting the price. The bonds were subscribed and paid on 8 May 2014.

ROTATION OF ASSETS

In the first half of 2014, Sacyr continued its global strategy to rotate mature assets and reduce financial debt. It successfully completed various transactions in addition to those already performed in 2013, reducing its net financial debt in the first half by €260 million.

Sacyr Concesiones: Seville metro, Parla and Coslada hospitals

- In March, Sacyr Concesiones sold its 49% stake in the Parla and Coslada hospital concessions in Madrid for €90 million. Sacyr, which renders non-health related services at both these centres, still has a stake of 51%.
- The sale of our interest (33%) in the Seville metro was completed for €58 million in March.

Valoriza: Aguas de Alcalá, Olextra, Extragol & Water concessions

- On 10 January 2014, Valoriza sold 25% of its interest in the Aguas de Alcalá joint venture. The proceeds from the sale totalled €8.5 million and it generated a profit of €2.8 million.
- In February 2014, the Olextra and Extragol energy plants were sold for €8.6 million.
- In June, the sales of certain water concessions were completed in Brazil and Portugal. Sacyr still has three water concessions in Portugal: Pacos de Ferreira, Aguas de Barcelo and Aguas Do Marco.

Testa: Conde de Xiquena, Residencia Madrid, 12% of Preim Defense 2

- In January, Testa sold a residential building with an above-ground surface area of 1,664 m² at Calle Conde de Xiquena, 17, Madrid, to a family office. The pre-tax gain on the sale was €2.7 million. The price exceeded the appraisal value assigned to the building by an independent expert.
- In June, the surface right of a senior citizens' home in Madrid was transferred for €13 million.
- In June Testa sold 12% of its investment in "Preim Defense 2" for €25 million. Following the sale, Testa holds a 20.1% stake in this company.

III. INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (Thousands of Euros)	JUNE		Change 14/13
	2014	2013*	
Revenue	1,247,099	1,352,770	-7.8%
Other income	31,524	36,606	-13.9%
Gain on sale of buildings	4,489	47,608	-90.6%
Total operating income	1,283,113	1,436,983	-10.7%
External operating costs	-1,121,972	-1,188,895	-5.6%
GROSS PROFIT FROM ORDINARY OPERATIONS (1)	156,651	200,480	-21.9%
Gross profit from operations	161,140	248,088	-35.0%
Amortisation and depreciation charge	-53,019	-64,426	-17.7%
Changes in provisions	22,249	14,029	58.6%
NET PROFIT FROM ORDINARY OPERATIONS (2)	125,882	150,083	-16.1%
Net profit from operations	130,371	197,691	-34.1%
Financial loss	-143,477	-144,207	-0.5%
Net gain (loss) on foreign exchange differences	-1,699	1,338	n.r.
Profit from companies accounted for using the equity method	94,851	57,894	63.8%
Financial asset valuation adjustments	-4,096	-20,130	-79.7%
Losses from changes in the value of financial instruments held at fair value	-541	-730	-25.8%
Gains on disposals of non-current assets	19,862	16,805	18.2%
Profit before tax	95,271	108,661	-12.3%
Income tax	-15,892	-11,015	44.3%
PROFIT FROM CONTINUING OPERATIONS	79,379	97,646	-18.7%
LOSSES FROM DISCONTINUED OPERATIONS	-15,444	-35,212	56.1%
CONSOLIDATED PROFIT	63,934	62,435	2.4%
Attributable to non-controlling interests	-2,348	-1,575	49.1%
ATTRIBUTABLE NET PROFIT	61,587	60,860	1.2%

* Restated

(1) EBITDA before gains on the sale of buildings

(2) EBIT before gains on the sale of buildings

Gross margin **12.6%** **14.8%**

In 1H14 the net profit attributable to Sacyr amounted to €62 million, which is slightly higher than the amount obtained in the same half of 2013. It is slightly higher than the amount obtained in the same half of 2013 despite the fact that a net gain of €47 million was recorded for the sale of property assets in the real estate business.

Sacyr billed €1,247 million in 1H14. EBITDA was €161 million and the operating margin as a percentage of revenue was 13% and, therefore, the businesses remained profitable despite the fall in business.

REVENUE AND EBITDA

The change compared to 2013 was -7.8%, due mainly to the following factors:

- Despite the burgeoning Environmental and Multiservices businesses at Valoriza, the completion of the construction work for the desalination plant in Israel and Australia represented a decline in invoicing in the Water business with respect to the first half of the prior year. At Sacyr Industrial, billing was affected by the recent government regulations on renewable energies and the disposals. However, the huge drive to win international business will ensure growth in this business in the future. As we envisaged in prior quarters, the entry into force of the Royal Decrees regulating electricity prices, reduced the margin in the Services business.
- The slowdown in public tenders in Spain is the main reason for the change in the Construction business, with a decrease of 45% in billing in Spain. Sacyr's expansion strategy resulted in a considerable increase of 39% in international business which offset the decrease and put it at -6%. It evidences the rise in EBITDA as a percentage of revenue for this business, that is 6.4% compared to 5.6% in the first half of 2013.
- The changes in Testa's revenue and EBITDA are the main reason for the disposals of property assets outside Spain in 2013 and a residential building in 2014, suggesting a reduction in leasable area. However, income from land is stable.
- In the Concessions business, the positive performance of traffic on our motorways together with the increase in construction revenue in concessions awarded in Chile offsets the impact of the sale of 49% of the Parla and Coslada hospitals in Madrid.

REVENUE (Thousands of Euros)	JUNE		% Change 14/13
	2014	2013*	
Construction (Sacyr Construcción- Somague)	695,688	740,374	-6.0%
Services (Valoriza)	448,221	512,935	-12.6%
Concessions (Sacyr Concesiones)	117,974	66,182	78.3%
Real Estate (Testa)	93,448	117,810	-20.7%
Holdings and adjustments	-108,232	-84,532	
REVENUE	1,247,099	1,352,770	-7.8%
International	538,703	594,417	
% International	43%	44%	

EBITDA (Thousands of Euros)	JUNE		% Change 14/13
	2014	2013*	
Construction (Sacyr Construcción- Somague)	44,484	41,144	8.1%
Services (Valoriza)	33,359	50,913	-34.5%
Concessions (Sacyr Concesiones)	17,857	19,867	-10.1%
Real Estate (Testa)	70,265	93,986	-25.2%
Holdings and Adjustments	-9,315	-5,430	
GROSS PROFIT FROM OPERATIONS*	156,651	200,480	-21.9%
Gain on sales of buildings	4,489	47,608	
GROSS PROFIT FROM OPERATIONS	161,140	248,088	-35.0%
EBITDA margin (%)	13%	15%	

* Excluding gains on sales of buildings

International activity:

In relative terms, the change to the consolidation method arising from IFRS 11 means international activity now accounts for a smaller proportion of revenue and the backlog, since the revenue of GUPC (Panama) and other concessions in Chile, Ireland, Portugal and Italy are no longer part of the consolidated group.

Nonetheless, the Group continues to press ahead with its overseas expansion and international business now represents 43% of revenue. The weight of international revenue continues to rise and will carry on doing so in view of the large international component of the backlog.

The deteriorating economic situation in Spain has caused Spanish revenue to fall by-6.6% compared with 1H13. Changes in international revenue are due to sales of properties in France and the US and the completion of the construction work on the desalination plants in Israel and Australia.

(Thousands of Euros)	JUNE		% Change 14/13
	2014	2013	
Spain	708,396	758,353	-6.6%
International	538,703	594,417	-9.4%
REVENUE	1,247,099	1,352,770	-7.8%

27% of international revenue was generated in Angola, 23% in Chile (construction work carried out for the concessions awarded last year), 16% in Portugal, 11% in Italy and the rest corresponds to our business in Brazil, Togo, Israel, Cape Verde, Mozambique, Algeria, Bolivia, Australia, Mexico, Panama, Colombia, Ireland and Costa Rica.

FINANCIAL LOSS

Net finance expense was €143 million compared to €-144 million in 1H13, owing to a reduction in the Group debt. The average interest rate on debt was 4.15%, up from 4.0% at 31 December 2013. During 1H14 net losses of €1.7 million were incurred on foreign exchange differences. In 2013 gains of €1.3 million were recognised for this concept.

RESULTS FROM EQUITY-ACCOUNTED SUBSIDIARIES

This heading in the income statement includes €90 million from our holding in Repsol, of which €120 million relates to our share of Repsol's net profit of €1,327 million at 30 June 2014 and €-30 million to the write-down in the fair value of the holding after conducting an impairment test (€18.9/share)

In 1H13, this included €55 million, of which €85 million related to our share of Repsol's net profit and €-30 million to the write-down in the fair value of the holding after conducting an impairment test.

IV. BACKLOG

The revenue backlog stood at €23,317 million, comprising mostly recurring business: concessions and services, which represent 36% and 38% of the total backlog respectively, not to mention the large construction backlog relating to contracts awarded, mainly abroad.

BACKLOG (Thousands of Euros)	JUNE 2014	DECEMBER 2013*	% Change 1H14
Sacyr Construcción - Somague (Construction)	4,785,309	4,396,471	8.8%
Sacyr Concesiones (Revenue)	8,423,109	8,444,656	-0.3%
Testa (Rental to maturity)	1,273,801	1,415,425	-10.0%
Valoriza (Services)	8,835,058	9,291,611	-4.9%
Backlog	23,317,277	23,548,163	-1.0%

* Restated, IFRS 11

The backlog has a notable international component, particularly in the Construction and Infrastructure Concessions businesses, which now have a distinctly international profile. The international backlog accounts for 81% of the total at the Construction business and 41% of the total at the Concessions business respectively.

BACKLOG (Millions of Euros)	International	Spain	% International
Construction (Sacyr Construcción- Somague)	3,882	903	81%
Concessions (Sacyr Concesiones)	3,473	4,950	41%
Real Estate (Testa)	0	1,274	0%
Services (Valoriza)	2,191	6,644	25%
BACKLOG	9,546	13,772	41%

* Restated, IFRS 11

In construction, Sacyr has contracts in Chile, Italy, Panama, Israel, Angola, Colombia, Bolivia, Qatar, Peru, Brazil, Mexico, Mozambique, Angola, Togo, Cape Verde, India and other countries while the concessions backlog is in Chile, Portugal and Peru.

The GUPC backlog (Panama), the portfolio from our concession in Italy (Pedemontana – Veneta), the backlog from the Bio Bio Valles, Rutas del Desierto and Valles del Desierto concessions and from the concessions in Ireland (N6 and GSJ Maintenance) and the Braga hospital in Portugal are not included in the international backlog because under IFRS 11, they will be recognised using the equity method from 2014.

Various concessions in Spain have also been excluded from the backlog for the same reason: Autovía del Arlanzón, Palma- Manacor, hospitals in the Madrid area, the Madrid transport hub and the Turia & Aunor motorway.

Valoriza's international backlog stands at 25% of the total of this division, with a presence in Algeria, Australia, Portugal, Bolivia, the UK, Peru and other countries, consisting mainly of water and industrial projects.

V. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET (Thousands of Euros)	JUNE 2014	DECEMBER 2013*	Change 1H14
Non-current assets	7,859,542	8,113,651	-254,109
Intangible assets	7,508	9,337	-1,829
Investment property	1,846,774	1,860,918	-14,145
Concession projects	861,705	891,001	-29,296
Property, plant and equipment	359,198	370,967	-11,770
Financial assets	4,665,822	4,847,299	-181,477
Other non-current assets	3	3	0
Goodwill	118,533	134,126	-15,593
Current assets	3,844,346	3,774,821	69,525
Non-current assets held for sale	887,154	1,072,212	-185,058
Inventories	443,612	402,927	40,685
Receivables	1,775,779	1,750,553	25,225
Financial assets	249,475	191,584	57,891
Cash	488,327	357,545	130,782
TOTAL ASSETS/LIABILITIES	11,703,888	11,888,472	-184,584
Equity	1,189,365	967,506	221,859
Equity	1,151,597	919,982	231,615
Non-controlling interests	37,768	47,524	-9,756
Non-current liabilities	3,777,189	6,085,940	-2,308,751
Financial debt	2,874,650	5,139,515	-2,264,866
Financial instruments held at fair value	94,435	99,652	-5,217
Provisions	509,599	535,691	-26,092
Other non-current liabilities	298,506	311,083	-12,576
Current liabilities	6,737,333	4,835,025	1,902,308
Liabilities related to non-current assets held for sale	899,867	1,048,639	-148,772
Financial debt	3,505,176	1,346,274	2,158,902
Financial instruments held at fair value	19,582	19,335	247
Trade payables	1,289,045	1,648,592	-359,547
Operating provisions	266,348	265,360	989
Other current liabilities	757,314	506,826	250,489

* Restated

The most significant event in 1H14 is increase in equity from the €166 million capital increase in April 2014.

The most significant change was the transfer of the syndicated loan that finances the investment in Repsol, maturing in June 2015, from “Non-current financial debt” to “Current financial debt”. At 30 June 2014, the net balance of this financing was €2,245 million.

The decrease in non-current financial assets and non-current financial assets held for sale is due mainly to the sale in the first quarter of 49% of the Parla and Coslada hospitals in the Madrid region, the sale of the Seville metro, the disposal of 12% of our stake in Preim Defense 2 and the sales of Vallehermoso.

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND RELATED LIABILITIES

The sum of €887 million under non-current assets held for sale at 30 June 2014 was mainly accounted for by Vallehermoso’s assets. It also includes our 20% stake in the owner of Tesfran.

“Liabilities associated with assets held for sale” includes Vallehermoso’s liabilities.

EQUITY

Total equity at 30 June 2014 stood at €1,189 million. 97% of the total (€1,152 million) is attributable to Sacyr equity and €37 million to non- controlling interests.

In April 2014, Sacyr increased its equity by €166 million through a €36 million accelerated capital increase, comprising shares with a par value of €1 each at a subscription price of €4.58 per share (a share premium of €130 million) which was subscribed in full.

The new shares were admitted to trading on 29 April 2014. Accordingly, on 30 June 2014, the share capital was represented by 502.2 million shares with a par value of €1 each.

FINANCIAL DEBT

At 30 June 2014, the Group's total net debt stood at €5,691 million, down €951 million on 31 December 2013. €659 million of this amount are due to changes in accounting policies following the application of IFRS 11. The breakdown is as follows:

NET DEBT (Millions of Euros)	1H14	Type of debt		
		Structured	Related to construction and contracts	Corporate
Testa	1,702	1,702		
Sacyr Concesiones	495	495		
Sacyr Construcción + Somague	135	43	92	
Valoriza	262	169	93	
SUBTOTAL, BUSINESS	2,594	2,410	184	0
Repsol	2,245		2,245	
Investment in Itinere	248		248	
SUBTOTAL, INVESTMENTS	2,493	0	2,493	0
Corporate	189			189
BANK BORROWINGS	5,276	2,410	2,677	189
Convertible bonds	415			
TOTAL NET FINANCIAL DEBT	5,691			

Corporate debt: the Group's net corporate debt amounted to €189 million, down 41% in 1H14 thanks to the proceeds from the transactions on capital markets.

Debt by businesses: debt related to businesses highlights the reduction in net debt in the Property Rental area at Sacyr Concesiones and at Valoriza following selective disposals.

Approximately 90% of this debt is associated with very long-term project financing, mortgage loans and lease agreements. It is being repaid using cash flows. 80% matures from 2016 with significant gaps while 59% of concessions debt is hedged using financial instruments against interest rate risk. In addition, debt used to finance Testa's assets, which according to an independent appraisal at 31 December 2013 amount to €3,280 million, stands at €1,702 million. Testa has carried out major refinancing of debt associated with significant assets falling due over the coming years, significantly extending the average maturity.

Debt related to investments: At 30 June 2014, the balance on the bank loan used to finance our 9.05% stake in Repsol stood at €2,245 million. The principal outstanding was €2,276 million, down €128 million on the loan amount outstanding at the end of 2013 due to early

repayments. The loan conditions envisage an interest rate of Euribor +350 b.p., maturing in 2015. 66% of the financing has been hedged using an IRS against interest rate risk. The loan is serviced with Repsol dividends.

The debt related to the investment in Itinere will be cancelled with the proceeds from the sale of the stake.

VI. PERFORMANCE BY BUSINESS AREA

CONSOLIDATED INCOME STATEMENT AT 30 JUNE 2014							
(Thousands of Euros)	Sacyr Construcción	Somague	Sacyr Concesiones	Testa	Valoriza	Holdings & Adjustments	TOTAL
Revenue	420,056	275,631	117,974	93,448	448,221	-108,232	1,247,099
Other revenue	9,678	12,322	1,224	5,493	7,194	104	36,014
Total operating revenue	429,734	287,954	119,197	98,941	455,415	-108,128	1,283,113
External operating revenue	-404,861	-268,343	-101,341	-24,186	-422,056	98,813	-1,121,972
GROSS OPERATING PROFIT (LOSS)	24,873	19,611	17,857	74,755	33,359	-9,315	161,140
Depreciation and amortisation charge	-7,515	-5,211	-6,247	-15,086	-17,487	-1,473	-53,019
Changes in provisions	10,496	3,107	-2,412	-531	11,644	-55	22,249
NET PROFIT (LOSS) FROM OPERATIONS	27,854	17,508	9,197	59,138	27,517	-10,843	130,371
Financial profit (loss)	5,556	-8,514	-20,832	-4,634	-10,600	-104,454	-143,477
Net gains or losses on exchange rate differences	322	-1,574	27	0	-433	-41	-1,699
Profit (Loss) from companies accounted for using the equity method	134	167	3,353	-571	2,007	89,761	94,851
Financial asset valuation adjustment	103	0	-1,619	0	-2,580	0	-4,096
Gain (Loss) on changes in financial instruments held at fair value	0	0	-404	0	-137	0	-541
Gain (Loss) on disposals of non-current assets	-2,524	97	23,754	-3,768	2,292	10	19,862
Profit (Loss) before tax	31,445	7,684	13,477	50,166	18,067	-25,566	95,271
Income tax	-11,903	-4,574	-12,148	-15,242	-4,397	32,371	-15,892
PROFIT (LOSS) FROM CONTINUING OPERATIONS	19,542	3,110	1,329	34,924	13,669	6,805	79,379
LOSS FROM DISCONTINUED OPERATIONS	0	0	0	0	0	-15,444	-15,444
CONSOLIDATED PROFIT (LOSS)	19,542	3,110	1,329	34,924	13,669	-8,639	63,934
Profit (Loss) attributable to non-controlling interests	-117	-5	771		-2,646	-351	-2,348
ATTRIBUTABLE NET PROFIT	19,425	3,105	2,100	34,924	11,023	-8,991	61,587

CONSOLIDATED INCOME STATEMENT AT 30 JUNE 2013*							
(Thousands of Euros)	Sacyr Construcción	Somague	Sacyr Concesiones	Testa	Valoriza	Holdings and Adjustments	TOTAL
Revenue	510,030	230,344	66,182	117,810	512,935	-84,532	1,352,770
Other revenue	9,976	10,511	2,022	55,253	9,248	-2,796	84,214
Total operating revenue	520,006	240,855	68,204	173,063	522,184	-87,328	1,436,983
Outside costs and operating expenses	-494,245	-225,472	-48,333	-31,473	-471,270	81,898	-1,188,895
GROSS PROFIT (LOSS) FROM OPERATIONS	25,761	15,383	19,871	141,590	50,913	-5,430	248,088
Amortisation and depreciation charge	-7,344	-5,017	-6,854	-21,962	-21,998	-1,251	-64,426
Change in provisions	11,296	2,484	-1,025	-3,800	5,096	-23	14,029
NET PROFIT (LOSS) FROM OPERATIONS	29,713	12,850	11,992	115,828	34,011	-6,704	197,691
Financial profit (loss)	9,040	-6,741	-23,977	-10,394	-14,140	-97,995	-144,207
Net gains or losses on exchange rate differences	-40	-366	156	0	1,575	13	1,338
Profit (Loss) from companies accounted for using the equity method	-10,458	62	8,500	-35	4,431	55,395	57,894
Financial asset valuation adjustments	0	0	-107	0	-20,026	3	-20,130
Loss from changes in the value of financial instruments at fair value	0	0	-723	0	-7	0	-730
Profit (Loss) from disposal of non-current assets	-20	0	16,743	0	29	53	16,805
Profit (Loss) before tax	28,235	5,805	12,585	105,398	5,872	-49,234	108,661
Income tax	-9,988	-2,926	2,583	-35,725	5,454	29,585	-11,015
PROFIT (LOSS) FROM CONTINUING OPERATIONS	18,247	2,880	15,168	69,674	11,327	-19,649	97,646
LOSS FROM DISCONTINUED OPERATIONS						-35,212	-35,212
CONSOLIDATED PROFIT (LOSS)	18,247	2,880	15,168	69,674	11,327	-54,861	62,435
Attributable to non-controlling interests	27	-105	787	0	-2,354	71	-1,575
NET ATTRIBUTABLE PROFIT (LOSS)	18,274	2,775	15,955	69,674	8,973	-54,790	60,860

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2014

	Sacyr Construcción	Somague	Sacyr Concesiones	Testa	Valoriza	Holdings and Adjustments	TOTAL
NON-CURRENT ASSETS	229,606	161,076	1,448,203	3,071,660	776,818	2,172,179	7,859,542
Intangible assets	199	39	35	70	6,208	956	7,508
Investment property	0	0	0	2,015,860	0	-169,086	1,846,774
Concession project assets	48,872	220	513,638	47,507	251,467	0	861,705
Property, plant and equipment	43,623	81,803	3,542	0	226,452	3,777	359,198
Financial assets	136,912	60,530	930,988	1,008,222	192,638	2,336,532	4,665,822
Other non-current assets	0	0	0	0	3	0	3
Goodwill	0	18,482	0	0	100,051	0	118,533
CURRENT ASSETS	1,839,310	664,886	199,496	123,977	564,394	452,284	3,844,346
Non-current assets held for sale	0	0	0	40,886	0	846,268	887,154
Inventories	173,517	36,072	88	0	28,609	205,327	443,612
Receivables	1,185,212	574,673	84,192	22,966	434,344	-525,608	1,775,779
Financial assets	379,664	13,423	63,715	14,150	17,741	-239,219	249,475
Cash	100,917	40,718	51,501	45,975	83,701	165,516	488,327
ASSETS = LIABILITIES	2,068,916	825,961	1,647,699	3,195,636	1,341,212	2,624,463	11,703,888
EQUITY	434,887	170,856	393,769	1,362,035	307,822	-1,480,004	1,189,365
Shareholders' equity	426,635	170,481	371,344	1,362,035	300,731	-1,479,629	1,151,597
Non-controlling interests	8,251	375	22,425		7,091	-376	37,768
NON-CURRENT LIABILITIES	449,054	73,306	756,841	1,605,580	428,806	463,602	3,777,189
Financial debt	53,896	54,674	380,175	1,554,312	247,763	583,830	2,874,650
Financial instruments at fair value	0	0	61,144	9,508	23,783	0	94,435
Provisions	330,349	5,624	94,883	9,079	68,215	1,449	509,599
Other non-current liabilities	64,809	13,008	220,639	32,681	89,045	-121,676	298,506
Current Liabilities	1,184,975	581,799	497,089	228,021	604,585	3,640,866	6,737,333
Liabilities associated with non-current assets held for sale	0	0	0	0	0	899,867	899,867
Financial debt	111,525	170,195	176,243	194,706	112,285	2,740,223	3,505,176
Financial instruments at fair value	0	0	6,976	2,482	3,630	6,494	19,582
Trade payables	674,002	328,601	18,629	8,310	217,832	41,671	1,289,045
Operating provisions	58,087	17,459	649	277	27,661	162,216	266,348
Other current liabilities	341,361	65,544	294,592	22,245	243,177	-209,605	757,314

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2013*

(Thousands of Euros)	Sacyr Construcción	Somague	Sacyr Concesiones	Testa	Valoriza	Holdings and Adjustments	TOTAL
NON-CURRENT ASSETS	265,449	163,969	1,510,890	3,088,688	861,543	2,223,111	8,113,651
Intangible assets	189	60	29	81	8,071	908	9,337
Investment property	0	0	0	2,029,258	0	-168,339	1,860,918
Concession project assets	49,913	1,385	518,038	58,163	263,501	0	891,001
Property, plant and equipment	49,673	81,547	3,478	0	232,278	3,991	370,967
Financial assets	165,674	61,905	989,345	1,001,187	242,635	2,386,552	4,847,299
Other non-current assets	0	0	0	0	3	0	3
Goodwill	0	19,071	0	0	115,055	0	134,126
CURRENT ASSETS	2,187,875	670,036	244,361	182,826	548,522	-58,799	3,774,821
Non-current assets held for sale	0	0	49,147	75,005	0	948,059	1,072,212
Inventories	137,375	40,418	97	0	19,957	205,080	402,927
Receivables	1,224,111	574,765	67,588	22,412	440,244	-578,566	1,750,553
Financial assets	728,594	7,268	82,851	10,713	12,460	-650,303	191,584
Cash	97,796	47,585	44,677	74,696	75,861	16,930	357,545
ASSETS = LIABILITIES	2,453,324	834,004	1,755,251	3,271,514	1,410,065	2,164,313	11,888,472
EQUITY	454,571	167,778	394,530	1,356,476	305,773	-1,711,623	967,506
Shareholders' equity	446,556	167,295	374,463	1,356,476	291,278	-1,716,086	919,982
Non-controlling interests	8,016	483	20,067	0	14,495	4,463	47,524
NON-CURRENT LIABILITIES	429,278	90,249	871,829	1,610,154	477,938	2,606,493	6,085,940
Financial debt	35,277	72,347	470,812	1,557,350	276,121	2,727,609	5,139,515
Financial instruments at fair value	0	0	65,035	9,146	22,498	2,973	99,652
Provisions	326,175	4,871	109,175	6,445	87,576	1,450	535,691
Other non-current liabilities	67,826	13,031	226,807	37,213	91,743	-125,538	311,083
CURRENT LIABILITIES	1,569,474	575,978	488,893	304,884	626,354	1,269,442	4,835,025
Liabilities associated with non-current assets held for sale	0	0	0	0	0	1,048,639	1,048,639
Financial debt	104,592	142,985	189,612	288,521	144,831	475,734	1,346,274
Financial instruments at fair value	0	0	9,930	2,611	3,731	3,063	19,335
Trade payables	772,895	328,725	209,385	9,486	218,525	109,576	1,648,592
Operating provisions	60,636	18,361	0	277	28,870	157,216	265,360
Other current liabilities	631,351	85,907	79,966	3,988	230,398	-524,784	506,826

SACYR CONSTRUCCIÓN / SOMAGUE

Millions of euros	JUNE		% Change 14/13
	2014	2013	
Revenue	696	740	-6.0%
Spain	217	397	-45.2%
International	478	344	39.2%
% International	69%	46%	
EBITDA	44	41	8.1%
EBITDA margin	6.4%	5.6%	
Backlog*	4,785	4,396	9%
International	3,882	3,505	11%
% International backlog	81%	80%	1.4 bp
*2013 Backlog at 31 December			
Months of activity	41	36	

At 30 June 2014, revenue from the construction business stood at €696 million, down 6% on 1H13 due to the sharp 45% decline in revenue in Spain as caused by cuts to public investment in infrastructure.

Sacyr's strategic focus on international expansion significantly boosted overseas activity by 39%, thereby offsetting this decline. Particularly noteworthy is the rise in EBITDA as a percentage of international revenue: 6.4% compared to 5.6% in 1H13.

Noteworthy in this respect were the efforts made by the to maintain the profitability of its businesses in accordance with the established strategies.

The construction backlog amounted to €4,785 million at 30 June 2014. 81% of this was accounted for by international contracts, with numerous tenders awarded in Mozambique, Angola, Togo, Chile, Qatar, India, Peru and Brazil.

84% of the backlog corresponds to civil engineering and 14% to non-residential construction; the residential construction backlog represents just 2% of the construction backlog. The backlog ensures 41 months of activity at the current rate of revenue.

CONTRACT WINS:

During the first half of the year, Sacyr won important tenders abroad:

- Chile: in May the company secured the €175 million contract to build the second phase of the Costanera Norte motorway. In February, the €20 million contract for the construction of a new town hall in Coquimbo was added to the international backlog.
- Mexico: Sacyr was awarded contracts for railway projects totalling €152 million in the first half of the year. In addition, on 15 July 2014 (excluded therefore from the backlog at 30 June), Sacyr was awarded a second contract worth €229 million.
- Peru: Sacyr was awarded the €32 million contract for the construction of two hospitals:
 - A €54 million contract for a hospital for the treatment of neoplastic diseases in the region of Junin.
 - A new hospital in Oxapampa Villa Rica, Pasco region, for €27 million.
- Angola: Somague was awarded various construction contracts, including the following:
 - Construction of two new buildings for the National Assembly of Angola, worth €98 million.
 - Completion of two 25-floor towers and a shopping centre in the Kinaxixi MXD complex in Luanda (Angola), for €151 million.
 - Construction of a fuel station in Malange for Sonangol, amounting to €54 million.

In Spain, Sacyr was awarded a major contract: the planning and construction of the reservoir in Almudévar (Huesca), worth €90 million and to be completed over 48 months.

VALORIZA

In the first half of 2014, Valoriza reported revenue of €448 million. Despite the growth in the Environment and Multiservices businesses, revenues in the Water business were down year-on-year due to the completion of the desalination plants in Israel and Australia. At Sacyr Industrial, revenue was affected by the new regulations for renewable energies and the disposals of Olextra and Extragol. However, the drive to win more international contracts will ensure the future growth of this business.

(Thousands of Euros)	JUNE		% change 14/13
	2014	2013	
Revenue	448,221	512,935	-12.6%
Environment	147,260	134,987	9.1%
Multiservices	133,815	131,748	1.6%
Water	84,027	130,311	-35.5%
Sacyr Industrial	83,119	115,889	-28.3%
EBITDA	33,359	50,913	-34.5%
EBIT	27,517	34,011	-19.1%
NET PROFIT	11,023	8,973	22.9%
Ebitda margin	7.4%	9.9%	

Ebitda at Valoriza stood at €33 million, down 34% on 1H13 as a result of a number of factors:

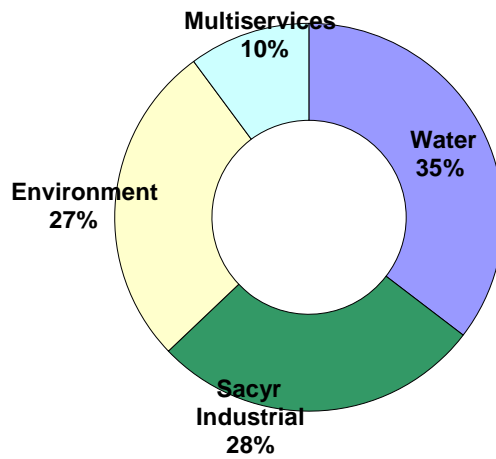
- Mainly, the impact of the new legislation regulating renewable energy tariffs on the operating margins of Sacyr Industrial's energy plants. The margin of this business will improve as revenues from the contracts being awarded to Sacyr Industrial - which is currently in a growth phase – start to flow in.
- In the Environment business, the contribution of certain projects that have been completed and which contributed profit to the construction business in 2013 was lower while certain municipal contracts that will significantly boost revenue are at an early stage, when the margin is lower, and so margins from this business are likely to widen.

The EBITDA breakdown, by business, is as follows:

EBITDA (Thousands of Euros)	JUNE		% change 14/13
	2014	2013	
Agua	9,522	8,532	11.6%
Sacyr Industrial	2,562	15,477	-83.4%
Environment	14,529	18,138	-19.9%
Multi services	5,379	6,726	-20.0%
Central	1,367	2,040	-33.0%
TOTAL	33,359	50,913	-34.5%

Valoriza's backlog stood at €8,835 million, with international business accounting for 25%.

BACKLOG



CONTRACT WINS:

Valoriza continued with its intense tendering activity abroad and in Spain.

Sacyr Industrial, the Valoriza business with the greatest growth potential, is targeting the international market. It has submitted bids or been shortlisted in around 20 countries and has a presence in countries such as Australia, the UK, Bolivia, Peru and Mexico, as well as Spain, with several projects in the oil and gas, electricity infrastructure, energy plant and waste treatment industries.

The company added a further two contracts to its backlog in the first half of the year:

- A €63 million contract for the design and construction of a new cement plant for the state-owned company Productiva Cementos de Bolivia (ECEBOL) in the region of Oruro
- Two electricity lines and three substations in Monterrey, Mexico, for USD 16 million.

In the Water business, Valoriza was awarded the operation, maintenance and upkeep of the sanitation system for high Nalón and the water purification station in Sobrescobio, worth €11 million, the construction work to increase the capacity of the La Gavia Wastewater Regeneration plant, worth €4 million, and the services for the supply of water to Cantabria, worth €4 million, as well as other smaller contracts including improvement of the water purification station in Nigrán (Galicia) and the maintenance and operation of the WWTP in Azuqueca de Henares (Guadalajara).

In Multiservices, wins include a €6 million contract from the regional government of La Rioja for the management of six day care centres at homes for the elderly, the cleaning contract for the Puerta del Mar university hospital in Cádiz, worth €5 million, the extension of the cleaning service at T4S, Madrid Barajas airport (€4 million), the Guadalajara council home help service (€3 million) and the extension of the Zamora road upkeep contract (Benavente-Orense and León- Benavente sections - €3 million).

Lastly, particularly noteworthy in the Environment business were the contracts won for the upkeep and enhancement of green zones in the Fuenlabrada district of Madrid (zone 1), worth €7 million. The company also secured a four-month extension to the Urgent Cleaning contract (SELUR) in Madrid (€3 million) and an extension to the maintenance and conservation contract for the green zones of various neighbourhoods in Getafe (Madrid), worth €2 million.

TESTA

Testa generated revenue of €93 million in 1H14. Of this total, €92 million related to rental income on investment properties in operation and €1 million to property management services.

(Thousands of euros)	JUNE		% Chg 14/13
	2014	2013	
Revenue	93,448	117,810	-20.7%
EBITDA	74,755	141,590	-47.2%
EBITDA (*)	70,266	93,986	-25.2%
NET PROFIT	34,924	69,673	-49.9%
EBITDA Margin (*)	75%	80%	-4.6 pp
LEASABLE AREA (Thousands of m²)	1,367	1,442	-5.2%
OCCUPANCY RATE (Rentals)	98%	97%	0.7%

(*) Excluding gains on sales of assets

Under its policy to rotate certain mature assets, in January a residential building for rent on Calle Conde de Xiquena (Madrid) was sold. In June the surface right was transferred for a home for the elderly in Madrid. Both transactions were completed for above the appraisal value assigned by an independent expert and generated a gain of €4.4 million.

The smaller rental surface area produced by these transactions, together with the sales of office buildings in Miami (US) and Paris (France) in April and July 2013 respectively, account for the decline in revenue and EBITDA compared with the same six-month period in 2013.

Thousands of Euros	Gross income		
	30/06/2014	30/06/2013*	%
Buildings for rentals	91,794	95,643	-4.0%
Offices	55,255	57,778	-4.4%
Hotels	12,538	13,294	-5.7%
Commercial	13,019	13,143	-0.9%
Housing	5,775	6,119	-5.6%
Industrial	4,233	4,365	-3.0%
Residences	354	348	1.8%
Car parks and other	621	596	4.2%
Revenue from services	2,904	2,242	29.5%
LFL REVENUE	94,698	97,885	-3.3%
Settlement linearization Hotel	-1,856		
Assets sold in 2013			
1111 Brickell Ave (Miami)	0	3,272	
Tour Adriá (Paris)	0	15,938	
Assets sold in 2014			
Conde de Xiquena	21	117	
Madrid residence	586	598	
REVENUE	93,448	117,810	-20.7%

* Restated, IFRS 11

In 1H14 the cancellation of a lease contract for a hotel in Madrid's Plaza de Castilla de Madrid, for which linear revenue pending recognition on the income statement had to be cancelled, gave rise to a non-recurrent loss in revenue and EBITDA of approximately € 1,856 thousand. The company now has a new lessee/operator for this hotel.

Excluding these impacts, revenue was down 3.3%, mainly due to the renegotiation of the rental contract terms of a major office lease in Testa's official portfolio to market rates.

EBITDA also performed well and stood at €74.8 million. The EBITDA margin, excluding the gain on the disposal of assets, was around 75%.

Leasable area stood at 1,367 thousand m² and the occupancy rate was close to 100%.

SACYR CONCESIONES

Revenue in the first half of 2014 amounted to €118 million, up 78% on the first half of 2013 due to traffic growth on concessions in operation and the contribution of construction revenue from the concession contracts won in Chile.

Revenue from concessions was €37 million, down 6% on 1H13 due to the sale in March 2014 of 49% of the Parla and Coslada hospitals. Stripping out this impact, concession revenue was up 24% due to the improved traffic performance on our concessions. EBITDA was €18 million.

(Thousands of Euros)	JUNE		% Chg 14/13
	2014	2013	
Revenue	117,974	66,182	78.3%
Revenue from concessions	37,144	39,677	-6.4%
Revenue from construction*	80,830	26,505	205.0%
EBITDA	17,857	19,871	-10.1%
Ebitda margin	48.1%	50.1%	-2.0 pp

*Includes construction by the concession operator pursuant to IFRIC 12, excluding the effect of Ebitda, since revenue is the same as the construction business costs.

Especially noteworthy were the improved performance of traffic on our international concessions and the start of an upturn in traffic on our concessions in Spain.

	ACCUMULATED IMD		
	2014	2013	Chg (%)
SHADOW TOLL MOTORWAYS			
AUTOVIA DEL NOROESTE	10,343	10,207	1.33%
Ma-15 PALMA-MANACOR	19,764	19,597	0.85%
AS-II OVIEDO-GIJÓN (VIASTUR)	21,669	21,293	1.77%
AUTURSA CV-35	34,640	34,400	0.70%
ERESMA	6,573	6,347	3.56%
BARBANZA	11,349	11,179	1.53%
ARLANZÓN	18,857	20,426	-7.69%
TOLL MOTORWAYS OUTSIDE OF SPAIN			
N6 GALWAY-BALLINASLOE	9,080	8,752	3.75%
VALLES DEL DESIERTO	5,094	5,117	-0.44%
INTERCHANGES			
MONCLOA	14,095,533	14,703,446	-4.13%
PLAZA ELÍPTICA	4,211,769	3,816,931	10.34%
TOLL MOTORWAYS, SPAIN			
AP-46 MÁLAGA - LAS PEDRIZAS	6,988	6,303	10.87%
AP-36 - OCAÑA-LA RODA	2,545	2,416	5.33%
R-3 MADRID-ARGANDA	7,544	7,889	-4.38%
R-5 MADRID-NAVALCARNERO	6,759	7,073	-4.44%
R-4 MADRID-OCAÑA	4,090	4,225	-3.20%

In Spain, highlights include the rise in traffic on the Guadalmedina motorway in Malaga, with accumulated year-on-year growth in June of 27.3% and increased traffic of 11%, even ahead of the summer months, when traffic levels are typically denser.

Overall, revenue from direct toll motorways in which Sacyr Concesiones has an interest in Spain was up 6%, while revenue from shadow tolls advanced 5.1%.

In 1H14 several disposals were successfully completed:

- In March, Sacyr Concesiones sold 49% of its interest in the concessions in the Parla and Coslada hospitals in Madrid for €90 million. Sacyr Concesiones, which renders the non-healthcare services at these two centres, has an interest of 51%.
- In March, the sale of 33% of our interest in the Seville metro, amounting to an enterprise value of €403 million.

Sacyr Concesiones and OHL Concesiones were awarded the contract for the construction and operation of the Américo Vespucio Oriente (AVO) urban motorway in Santiago de Chile, with an investment of €710 million (USD 970 million) and a backlog of €2,319 million.

The project entails the construction and operation of a 9.3-km urban motorway divided into two sections: the first one comprises: (i) a 3.2-km tunnel and three lanes under the La Pirámide hill, east-facing; (ii) adaptation of the above-ground construction for three lanes on the La Pirámide hill, west-facing; the latter corresponds to a 6.1-km false tunnel with superimposed three-lane roads.

At 30 June 2014 Sacyr Concesiones had stakes in 34 concessions in 6 countries, 25 of which are currently in operation and the remaining 9 under construction. These include 21 motorway and road concessions, and 13 other concession types.

The motorway and road concessions are in the US and America, and are distributed as follows: Spain (11 concessions), Italy (1 concession), Portugal (1 concession), Ireland (2 concessions), Chile (6 concessions) and Peru (1 concession).

The other concessions are classified as follows:

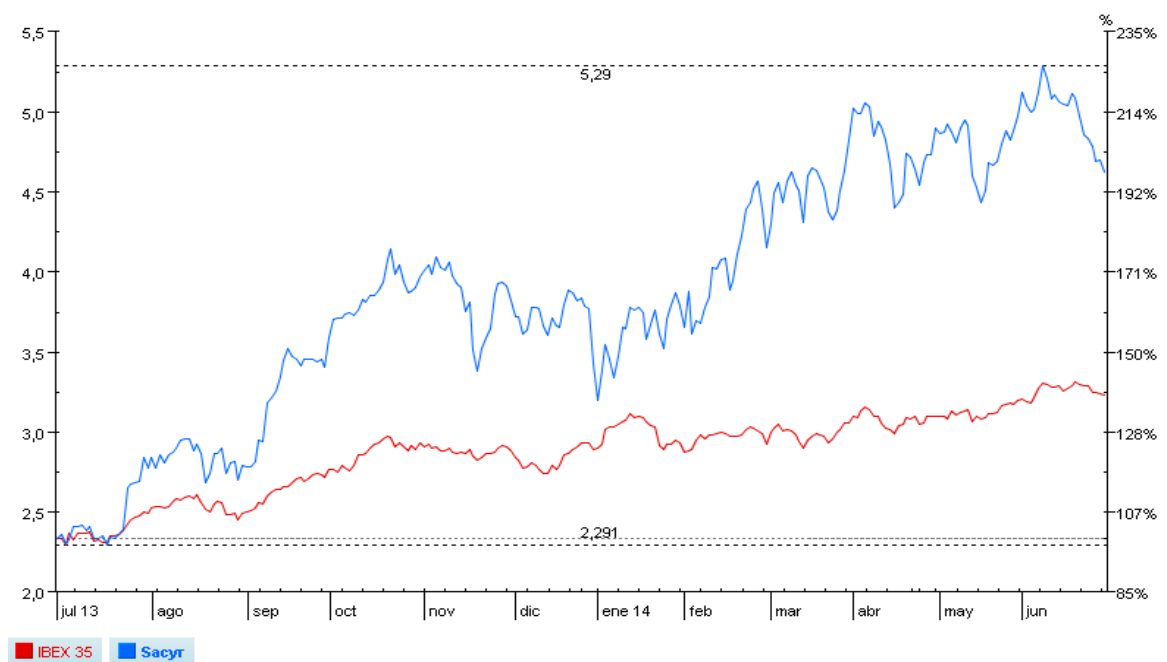
- Hospitals: Sacyr Concesiones has consolidated its position as one of the benchmarks in the hospital concession sector, and currently has 7 hospitals, of which 3 are in Madrid, 3 in Portugal and 1 in Chile.
- Transport hubs: Sacyr Concesiones has the concession for 2 of the 5 transport hubs in Madrid, recording an annual volume of over 35 million passengers between the two.
- Metro lines: Sacyr Concesiones has the concession for the Tenerife metro.
- International airport in the region of Murcia.
- Service areas: 1 concession in Spain.

The assets are in their first year of operation, and there is huge scope for creating value in the future. The average outstanding period is 26 years.

VII. SHARE PRICE

SACYR	JUNE		% Chg 14/13
	2014	2013	
Share price at close (euros / share)	4.63	2.14	116.17%
Maximum share price	5.38	2.30	133.91%
Minimum share price	3.06	1.30	135.38%
Market capitalization, price at close (Thousands of Euros)*	2,323,235	1,074,735	116.17%
Effective trading volume (Thousands of Euros)	4,383,656	1,014,746	332.00%
Average daily trading volume (no. of shares)	8,128,597	5,549,175	46.48%
Frequency of trading (%)	100	100	
Number of shares (thousands)	502,212	443,728	13.18%
Par value of the share	1 EURO	1 EURO	

*Adjusted for accelerated capital increase



VIII. SHAREHOLDER STRUCTURE

At 30 June 2014, the owners of significant stakes in Sacyr are as follows:

SHAREHOLDER	%Total
Manuel Manrique Cecilia	5.3%
Cymofag, S.L.	5.3%
Demetrio Carceller Arce	12.1%
José Manuel Loureda Mantiñán	7.8%
Prilou, S.L.	3.2%
Prilomi, S.L.	4.6%
Grupo Corporativo Fuertes, S.L.	5.8%
Beta Asociados, S.L.	5.0%
Taube Hodson Stonex Partners LLP	5.0%
Credit Suisse Group, S.A.	3.2%
Grupo Satocan, S.A.	2.7%
TOTAL SIGNIFICANT SHAREHOLDINGS	46.9%

For more information, please contact:

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