

# Sacyr

FINANCIAL  
REPORT  
Third  
Quarter

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. HIGHLIGHTS

### FINAL AGREEMENT ON COMPLETION OF THE PANAMA CANAL EXTENSION PROJECT

On 1 August 2014, an agreement was reached with the Panama Canal Authority (ACP) to amend the contract so that work on the Panama Canal's Third Set of Locks could be co-financed, thereby complying with the objectives of the Memorandum of Understanding (MOU) signed on 13 March this year.

The situation is fully stable and operations are proceeding normally. Therefore, the works are expected to be completed as scheduled.

### BALANCE SHEET STRENGTHENING

Once its balance sheet consolidation phase was complete, Sacyr increased capital and issued convertible bonds in April, raising €416 million with which to develop the main business lines, mainly infrastructure concessions and industrial construction, both of which are priorities within Sacyr's international expansion strategy.

### FURTHER GROWTH IN CORE BUSINESSES

- International construction revenue soared 39%, underpinned by the international expansion strategy.
- Revenue from Sacyr's international business represented 70% of construction revenue and 90% of concession revenue in 9M14 (52% and 75%, respectively, in 9M13).
- Noteworthy was the improvement in the EBITDA margins of these businesses, to 5.9% in construction and 66.4% in concessions.
- The construction backlog increased by 20% thanks to international contract wins.

- At Sacyr Industrial, strong efforts in contracting in international construction (e.g. Peru, Bolivia and Mexico) have begun to feed through to the income statement. The industrial construction backlog increased by 86% like-for-like.
- In the concessions business, revenue jumped 33% thanks to revenue from the construction of new concession won in Chile and the commissioning of new assets.

### **ROTATION OF ASSETS**

Sacyr continues its global strategy of rotating mature assets and reducing financial debt. It successfully completed various disposals in the first nine months of 2014 in addition to those made in 2013, enabling it to reduce net financial debt this year by approximately €300 million. These include:

- In Sacyr Concesiones, the 33% interest in the Seville metro and the 49% stake in the Parla and Coslada hospital concessions.
- In Valoriza, the 25% interest in the Aguas de Alcalá joint venture, the Olextra and Extragol energy plants and certain water concessions in Portugal and Brazil.
- In Testa, a residential building at Calle Conde de Xiquena, 17, Madrid, and the surface right of a senior citizens' home in Madrid. Meanwhile, on 30 September, Testa sold its 20.1% stake in Preim Defense 2, thereby completing the disposal of its 32% interest in this company after the sale of a 12% stake in June. The total amount of the sale was €64 million.

## II. INCOME STATEMENT

STATEMENT OF INCOME (Thousands of Euros)	SEPTEMBER		% chg 14/13
	2014	2013*	
<b>Revenue</b>	<b>1,978,642</b>	2,027,751	-2.4%
Other income	<b>57,302</b>	60,661	-5.5%
Gain on sale of building	<b>4,492</b>	46,046	-90.2%
<b>Total operating income</b>	<b>2,040,436</b>	<b>2,134,458</b>	-4.4%
External and Operating Expenses	<b>-1,763,306</b>	-1,764,409	-0.1%
<b>GROSS PROFIT FROM ORDINARY OPERATIONS(1)</b>	<b>272,638</b>	324,003	-15.9%
<b>Gross profit from operations</b>	<b>277,131</b>	370,049	-25.1%
Amortisation and depreciation charge	<b>-83,784</b>	-96,549	-13.2%
Changes in provision	<b>10,427</b>	20,146	-48.2%
<b>NET OPERATING PROFIT</b>	<b>199,282</b>	<b>247,600</b>	-19.5%
<b>Net profit from operations</b>	<b>203,774</b>	293,646	-30.6%
Financial results	<b>-237,129</b>	-226,667	4.6%
Forex results	<b>1,170</b>	-2,254	n.s.
Results from equity accounted subsidiaries	<b>139,352</b>	90,413	54.1%
Provisions for financial investments	<b>-3,907</b>	-47,940	-91.9%
Change in value of financial instruments	<b>-3,635</b>	754	n.s.
Results from sales of non current assets	<b>10,728</b>	24,981	-57.1%
<b>PROFIT BEFORE TAXES</b>	<b>110,352</b>	<b>132,932</b>	-17.0%
Corporate Tax	<b>-18,077</b>	-13,884	30.2%
<b>PROFIT FOR CONTINUING ACTIVITIES</b>	<b>92,275</b>	119,049	-22.5%
RESULTS FOR COMPANIES WITH DISCONTINUOUS ACTIVITIES	<b>-5,176</b>	-35,280	85.3%
<b>CONSOLIDATE RESULTS</b>	<b>87,100</b>	83,768	4.0%
Minorities	<b>-4,516</b>	-3,657	23.5%
<b>NET ATTRIBUTABLE PROFIT</b>	<b>82,583</b>	80,111	3.1%

\*Restated

(1) EBITDA before gains on the sale of buildings

(2) EBIT before gains on the sale of buildings

Sacyr reported a 9M14 net attributable profit of €82.6 million, up 3.1% year-on-year.

Revenue for Sacyr totalled €1,979 million, underpinned by a positive performance in the third quarter. EBITDA amounted to €277 million, leaving an EBITDA margin of 14%, thereby meeting the profitability target for the businesses.

## REVENUE

Revenue continued to fare relatively well, declining a moderate 2.4% year-on-year, thanks mainly to solid performances by the international construction and concessions businesses.

REVENUE (Thousands Euros)	SEPTEMBER		% Chg 14/13
	2014	2013	
Construction (Sacyr Construcción- Somague)	<b>1,123,972</b>	1,091,660	3.0%
Services (Valoriza)	<b>669,845</b>	753,092	-11.1%
Concessions (Sacyr Concesiones)	<b>302,035</b>	226,834	33.2%
Property (Testa)	<b>140,737</b>	166,761	-15.6%
Holding and adjustments	<b>-257,947</b>	-210,595	
<b>REVENUE</b>	<b>1,978,642</b>	<b>2,027,751</b>	<b>-2.4%</b>
INTERNATIONAL	900,782	898,965	
% INTERNATIONAL	46%	44%	

The decrease compared to 9M13 was due mainly to the following factors:

- A sharp 39% increase in international construction revenue, driven by the international expansion strategy. This helped cushion the slowdown in public tenders in Spain, where revenue slumped 36%, paving the way for a 3% increase in construction activity. With the contribution to revenue from the backlog in Chile, Angola and Mozambique, among others, international operations accounted for 70% of 9M14 revenue, up from 52% for the same period in 2013.
- The year-on-year fall in revenue from the Water business at Valoriza due to the completion of the construction on the desalination plant in Israel and Australia and despite the growth in the Environment and Multiservices businesses. Sacyr Industrial's revenue was undermined by recent government regulations on renewable energies and disposals carried out, although the huge drive to win international business will ensure growth in this business in the future. As we noted in previous quarterly reports, the entry into force of the Royal Decrees regulating electricity tariffs led to a contraction of the margin in the Services business.

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- Growth in revenue in the Concessions business on the back of the positive performance of traffic on the company's toll roads and the increase in construction revenue in concessions awarded in Chile. There is also a strong focus on the international expansion of this business. Through 30 September 2014, 90% of revenue was generated abroad (66% of revenue from assets in operation and 100% of revenue from assets under construction).
  - The declines in Testa's revenue and EBITDA are largely explained by the disposals of property assets outside Spain in 2013 and a residential building in 2014, which led to a reduction in leasable area. However, like-for-like revenue (i.e. unchanged leasable surface area) was broadly unchanged.

#### EBITDA

EBITDA in the first nine months of 2014 amounted to €277 million. This figure includes a gain of €4 million recognised on the sale of two properties in the Rental Property business. The EBITDA margin (excluding capital gains on the sale of properties) was 13.8%, in line with Sacyr's target of maintaining the profitability of its businesses.

The decline in EBITDA compared to last year is mainly the result of the change in consolidation scope caused by disposals made since 30 September 2013 and the impact on the Services business of changes in regulations on renewable energies. Stripping out these two impacts, the profitability of the businesses held steady. Noteworthy was the improvement in the EBITDA margins from the first nine months of 2013 to 5.9% from 5.6% in the Construction business and to 66.4% from 63.9% in the Concessions business.

EBITDA (Miles de Euros)	SEPTEMBER		% Chg. 14/13
	2014	2013	
Construction (Sacyr Construcción- Somague)	66,346	61,443	8.0%
Services (Valoriza)	53,028	78,336	-32.3%
Concessions (Sacyr Concesiones)	58,995	58,984	0.0%
Property (Testa)	106,398	132,559	-19.7%
Holding and adjustments	-12,126	-7,320	
<b>GROSS PROFIT FROM OPERATIONS*</b>	<b>272,641</b>	<b>324,003</b>	<b>-15.9%</b>
Gain on sales of buildings	4,492	46,046	
<b>GROSS PROFIT FROM OPERATIONS</b>	<b>277,133</b>	<b>370,049</b>	

\* Excluding gains on sales of buildings

### INTERNATIONAL ACTIVITY

Sacyr continues to press ahead with its overseas expansion; international business now represents 46% of revenue. This weight of international revenue continues to rise and should continue to do so going forward given the large international component of the backlog.

In relative terms, the change of consolidation method arising from IFRS 11 *Joint Arrangements* resulted in a decrease in the weight of international activity on revenue and the backlog since the revenue of GUPC (Panama) and a number of concessions in Ireland, Portugal and Italy was no longer consolidated.

Despite the economic downturn in Spain, revenue in the domestic market contracted a moderate 2.5% year-on-year in 9M14. The decrease in international revenue was due to sales of properties in France and the US, and the completion of construction work on the desalination plants in Israel and Australia.



REVENUE (Thousands Euros)	SEPTEMBER		% Chg 14/13
	2014	2013	
Spain	1,077,860	1,105,760	-2.5%
International	900,782	921,991	-2.3%
<b>REVENUE</b>	<b>1,978,642</b>	<b>2,027,751</b>	<b>-2.4%</b>
<b>INTERNATIONAL</b>	<b>46%</b>	<b>45%</b>	

31% of international revenue was generated in Chile (construction work carried out for the concessions awarded last year), 25% in Angola, 11% in Portugal, 8% in Italy and the remainder from our operations in Brazil, Togo, Israel, Cape Verde, Mozambique, Algeria, Bolivia, Australia, Mexico, Panama, Colombia, Ireland and Costa Rica.

### FINANCIAL RESULTS

Net finance expense was €237 million in 9M14, compared to €227 million in 9M13. The average interest rate on debt was 4.26% at 30 September 2014, up from 3.86% at 30 September 2013.

### PROFIT (LOSS) OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

This heading in the income statement includes €131 million from our holding in Repsol, of which €149 million relates to our share of Repsol's net profit of €1,646 million through 30 September 2014 and €-18 million to the write-down of the investment to fair value of the holding after an impairment test (€19.9/share).

In 9M13, this included €91 million, of which €121 million related to our share of Repsol's net profit and €-30 million to the write-down of the investment to fair value after an impairment test.

### III. BACKLOG

The revenue backlog at 30 September 2014 stood at €26,736 million, comprising mostly the more recurring concessions and services businesses, which represented 43% and 33% of the total, respectively, not to mention the large construction backlog relating to contracts awarded, mainly abroad.

Backlog (Thousands of euros)	SEPTEMBER 2014	DECEMBER 2013*	% Var 9M 14
Construction (Sacyr Construcción- Somague)	<b>5,265,461</b>	4,396,471	19.8%
Concessions (Sacyr Concesiones)	<b>11,476,905</b>	12,241,306	-6.2%
Property (Testa)	<b>1,273,115</b>	1,415,425	-10.1%
Services (Valoriza)	<b>8,720,678</b>	9,291,611	-6.1%
<b>Backlog</b>	<b>26,736,159</b>	27,344,813	-2.2%

\*Restated

Worth noting is the large international component of the backlog, particularly in the Construction and Concessions businesses, which now have a distinctly international profile. The international backlog accounts for 83% of the total at the Construction business and 41% of the total at the Concessions business.

Sacyr's international footprint is even greater considering that these percentages do not include the backlogs of GUPC (Panama) or the concession in Italy (Pedemontana – Veneta), the concessions in Ireland (N6 and GSJ Maintenance) and the Azores hospital in Portugal (which, in accordance with IFRS 11 *Joint Arrangements*, are accounted for using the equity method from 2014).

BACKLOG (Thousands of euros)	International	Spain	% International
Construction (Sacyr Construcción- Somague)	<b>4,379</b>	886	83%
Concessions (Sacyr Concesiones)	<b>5,116</b>	6,361	45%
Property (Testa)	<b>0</b>	1,273	0%
Services (Valoriza)	<b>2,156</b>	6,565	25%
<b>Backlog</b>	<b>11,651</b>	15,085	44%

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

At Valoriza, the international backlog represents 25% of the total, with presence in Algeria, Australia, Portugal, Bolivia, the UK, Peru and other countries, consisting mainly of water and industrial projects.

## IV. CONSOLIDATED BALANCE SHEET

BALANCE SHEET (Thousands of Euros)	SEPTEMBER 2014	DECEMBER 2013*	Chg 9M 14
<b>NON CURRENT ASSETS</b>	<b>8,861,442</b>	8,763,467	<b>97,975</b>
Intangible Assets	6,693	9,371	-2,678
Real Estate Investments	1,841,378	1,860,918	-19,540
Concessions Investments	1,197,125	1,234,544	-37,419
Fixed Assets	356,880	371,256	-14,376
Financial Assets	5,341,753	5,153,250	188,503
Other non Current Assets	1,056	3	1,053
Goodwill	116,557	134,126	-17,568
<b>CURRENT ASSETS</b>	<b>3,650,566</b>	3,819,724	<b>-169,158</b>
Non current assets held for sale	807,098	1,072,212	-265,114
Inventories	444,081	402,927	41,153
Accounts Receivable	1,869,726	1,759,031	110,695
Financial Assets	137,516	191,637	-54,121
Cash	392,145	393,917	-1,772
<b>ASSETS = LIABILITIES</b>	<b>12,512,008</b>	12,583,191	<b>-71,183</b>
<b>EQUITY</b>	<b>1,365,028</b>	1,041,350	<b>323,678</b>
Shareholder's Equity	1,247,426	911,954	335,472
Minority Interests	117,602	129,396	-11,794
<b>NON CURRENT LIABILITIES</b>	<b>4,560,969</b>	6,669,108	<b>-2,108,139</b>
Financial Debt	3,372,526	5,557,672	-2,185,145
Financial Instruments at fair value	131,317	116,768	14,549
Provisions	527,434	537,701	-10,267
Other non current Liabilities	529,692	456,967	72,725
<b>CURRENT LIABILITIES</b>	<b>6,586,011</b>	4,872,733	<b>1,713,278</b>
Liabilities associated with the non current assets held for sale	834,095	1,048,639	-214,544
Financial Debt	3,405,545	1,359,308	2,046,237
Financial Instruments at fair value	19,221	23,902	-4,681
Trade Accounts Payable	1,373,015	1,682,103	-309,088
Operating Provisions	260,404	265,360	-4,956
Other current liabilities	693,732	493,422	200,310

\*Restated

Noteworthy was the increase in equity in the first nine months of 2014 following the €166 million capital increase carried out in April 2014.

The most significant change was the transfer of the syndicated loan maturing in January 2015 taken out to finance the investment in Repsol from "Non-current financial debt" to

"Current financial debt". At 30 September 2014, the outstanding principal on this financing was €2,265 million.

The decrease in non-current financial assets held for sale was due mainly to the sale of the 32% stake in Preim Defense 2 and the sales of Vallehermoso.

#### **NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

"Non-current assets held for sale" and "Liabilities associated with non-current assets classified held for sale" include the assets and liabilities of Vallehermoso.

#### **EQUITY**

Total equity at 30 September 2014 stood at €1,365 million, of which 91% (or €1,247 million) is attributable to equity holders of Sacyr and €118 million to non-controlling interests in the Group.

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, at 30 September 2014, share capital was represented by 502.2 million shares with a par value of €1 each.

#### **FINANCIAL DEBT**

At 30 September 2014, the Group's total net debt stood at €6,298 million, €345 million less than at 31 December 2013. Of this amount, €229 million was due to changes in accounting policies following the application of IFRS 11 *Joint Arrangements*. The breakdown is as follows:



Net Debt (Millions of Euros)	SEPTEMBER 2014	Type of debt		
		Structured	Related to construction and contracts	Corporate
Testa	1,655	1,655		
Sacyr Concesiones	978	978		
Sacyr Construcción + Somague	158	47	110	
Valoriza	271	164	107	
<b>SUBTOTAL, BUSINESS</b>	3,062	2,844	217	
Repsol	2,276		2,276	
Stake in Itínere	248		248	
<b>SUBTOTAL, INVESTMENTS</b>	2,524		2,524	
Corporate	293			293
<b>BANK BORROWINGS</b>	5,879	2,844	2,741	293
Convertible bond	419			
<b>TOTAL NET FINANCIAL DEBT</b>	6,298			

Corporate debt: the Group's net corporate debt amounted to €293 million, down 8% from December 2013.

Debt by businesses: debt related to businesses featured a 7% decrease in net debt in the Rental Property business and a 16% decrease in debt at Valoriza following selective disposals.

Approximately 90% of this debt is associated with very long-term project finance, mortgage loans and lease arrangements. It is repaid with cash flows. 89% 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 amounted to €3,280 million, stands at €1,655 million. Testa has carried out major refinancing of debt associated with significant assets falling due over the coming years, significantly extending the average maturity.

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Debt related to investments: the bank loan used to finance our 9.05% stake in Repsol at 30 September 2014 stood at €2,276 million. The principal outstanding on the loan at 30 September 2014 was €2,265 million, down €139 million on the loan amount outstanding at the end of 2013 due to early repayments, of which €120 million corresponded to the receipt of an extraordinary dividend from Repsol. The loan conditions envisage an interest rate of Euribor +350bp, maturing in 2015. 66% of the financing has been hedged against increases in interest rates with an IRS. 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.

## V. PERFORMANCE BY BUSINESS AREA

CONSOLIDATED INCOME STATEMENT AS OF SEPTEMBER 2014							
(Thousands of Euros)	Sacyr Construcción	Somague	Sacyr Concesiones	Testa	Valoriza	Holding and Adjustments	TOTAL
<b>Turnover</b>	<b>715,339</b>	<b>408,633</b>	<b>302,035</b>	<b>140,737</b>	<b>669,845</b>	<b>-257,947</b>	<b>1,978,642</b>
Other Sales	18,672	19,458	3,507	5,976	13,676	505	61,794
<b>Total Income</b>	<b>734,011</b>	<b>428,091</b>	<b>305,542</b>	<b>146,713</b>	<b>683,521</b>	<b>-257,442</b>	<b>2,040,436</b>
External and Operating Expenses	-695,419	-400,336	-246,547	-35,826	-630,493	245,316	-1,763,306
<b>GROSS OPERATING PROFIT</b>	<b>38,591</b>	<b>27,755</b>	<b>58,995</b>	<b>110,888</b>	<b>53,028</b>	<b>-12,126</b>	<b>277,131</b>
Depreciation	-10,377	-7,866	-14,178	-22,674	-26,459	-2,230	-83,784
Trade Provisions	2,084	1,929	-4,535	-656	9,662	1,943	10,427
<b>NET OPERATING PROFIT</b>	<b>30,298</b>	<b>21,819</b>	<b>40,282</b>	<b>87,558</b>	<b>36,230</b>	<b>-12,413</b>	<b>203,774</b>
Financial results	8,847	-11,526	-52,462	-6,688	-15,455	-159,846	-237,129
Adjustment in exchange rates	-346	1,757	-515	0	261	13	1,170
Results from equity accounted subsidiaries	441	-647	5,061	215	3,046	131,236	139,352
Provisions for financial investments	1,587	0	-2,814	0	-1,762	-918	-3,907
Change in value of financial instruments at fair value	0	0	-3,499	0	-136	0	-3,635
Results from sales of non current assets	-2,858	97	23,763	-11,814	1,531	10	10,728
<b>PROFIT BEFORE TAXES</b>	<b>37,969</b>	<b>11,499</b>	<b>9,816</b>	<b>69,271</b>	<b>23,716</b>	<b>-41,918</b>	<b>110,352</b>
Corporate Tax	-13,165	-6,786	-13,526	-17,367	-7,012	39,778	-18,077
<b>PROFIT FOR CONTINUING ACTIVITIES</b>	<b>24,804</b>	<b>4,713</b>	<b>-3,710</b>	<b>51,904</b>	<b>16,704</b>	<b>-2,140</b>	<b>92,275</b>
<b>PROFIT FOR DISCONTINUING ACTIVITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5,176</b>	<b>-5,176</b>
<b>CONSOLIDATE RESULTS</b>	<b>24,804</b>	<b>4,713</b>	<b>-3,710</b>	<b>51,904</b>	<b>16,704</b>	<b>-7,315</b>	<b>87,100</b>
Minorities	-505	-39	-1,279	0	-2,851	158	-4,516
<b>NET ATTRIBUTABLE PROFIT</b>	<b>24,299</b>	<b>4,674</b>	<b>-4,989</b>	<b>51,904</b>	<b>13,852</b>	<b>-7,157</b>	<b>82,583</b>

CONSOLIDATED INCOME STATEMENT AS OF SEPTEMBER 2013*							
(Thousands of Euros)	Sacyr Construcción	Somague	Sacyr Concesiones	Testa	Valoriza	Holding and Adjustments	TOTAL
<b>Turnover</b>	<b>760,961</b>	<b>330,699</b>	<b>226,834</b>	<b>166,761</b>	<b>753,092</b>	<b>-210,595</b>	<b>2,027,751</b>
Other Sales	16,985	19,203	3,081	56,783	14,986	-4,332	106,707
<b>Total Income</b>	<b>777,946</b>	<b>349,902</b>	<b>229,915</b>	<b>223,543</b>	<b>768,078</b>	<b>-214,927</b>	<b>2,134,458</b>
External and Operating Expenses	-738,416	-327,988	-170,927	-44,938	-689,742	207,603	-1,764,409
<b>GROSS OPERATING PROFIT</b>	<b>39,530</b>	<b>21,913</b>	<b>58,988</b>	<b>178,606</b>	<b>78,336</b>	<b>-7,323</b>	<b>370,049</b>
Depreciation	-10,997	-7,567	-13,371	-29,762	-32,853	-1,999	-96,549
Trade Provisions	11,203	9,506	-2,117	-3,641	5,195	0	20,146
<b>NET OPERATING PROFIT</b>	<b>39,736</b>	<b>23,852</b>	<b>43,500</b>	<b>145,203</b>	<b>50,678</b>	<b>-9,323</b>	<b>293,646</b>
Financial results	25,119	-11,898	-59,145	-14,123	-19,484	-147,136	-226,667
Adjustment in exchange rates	-1,472	-2,491	300	0	1,452	-43	-2,254
Results from equity accounted subsidiaries	-14,804	-11	7,233	-696	6,895	91,795	90,413
Provisions for financial investments	0	0	-27,927	0	-20,035	22	-47,940
Change in value of financial instruments at fair value	0	0	754	0	0	0	754
Results from sales of non current assets	39	0	24,945	0	-21	18	24,981
<b>PROFIT BEFORE TAXES</b>	<b>48,618</b>	<b>9,452</b>	<b>-10,338</b>	<b>130,383</b>	<b>19,483</b>	<b>-64,667</b>	<b>132,932</b>
Corporate Tax	-16,221	-5,020	11,257	-50,625	2,365	44,361	-13,884
<b>PROFIT FOR CONTINUING ACTIVITIES</b>	<b>32,397</b>	<b>4,432</b>	<b>919</b>	<b>79,758</b>	<b>21,849</b>	<b>-20,306</b>	<b>119,049</b>
<b>PROFIT FOR DISCONTINUING ACTIVITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-35,280</b>	<b>-35,280</b>
<b>CONSOLIDATE RESULTS</b>	<b>32,397</b>	<b>4,432</b>	<b>919</b>	<b>79,758</b>	<b>21,849</b>	<b>-55,587</b>	<b>83,768</b>
Minorities	-428	-117	5	0	-3,120	2	-3,657
<b>NET ATTRIBUTABLE PROFIT</b>	<b>31,969</b>	<b>4,315</b>	<b>924</b>	<b>79,758</b>	<b>18,729</b>	<b>-55,584</b>	<b>80,111</b>

\*Restated

CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 2014							
(Thousands of Euros)	Sacyr Construcción	Somague	Sacyr Concesiones	Testa	Valoriza	Holding and Adjustments	TOTAL
<b>NON CURRENT ASSETS</b>	<b>225,348</b>	<b>164,826</b>	<b>2,314,100</b>	<b>3,085,864</b>	<b>766,253</b>	<b>2,305,051</b>	<b>8,861,442</b>
Intangible Assets	188	27	65	36	5,420	955	6,693
Real Estate Investments	0	0	0	2,010,838	0	-169,460	1,841,378
Concessions Investments	48,518	220	852,039	47,219	249,129	0	1,197,125
Fixed Assets	43,233	82,433	4,327	0	223,294	3,593	356,880
Financial Assets	133,410	62,609	1,457,668	1,027,771	190,332	2,469,963	5,341,753
Other non Current Assets	0	1,053	0	0	3	0	1,056
Goodwill	0	18,482	0	0	98,075	0	116,557
<b>CURRENT ASSETS</b>	<b>1,768,129</b>	<b>706,555</b>	<b>244,086</b>	<b>67,003</b>	<b>532,310</b>	<b>332,484</b>	<b>3,650,566</b>
Non current assets held for sale	0	0	0	0	0	807,098	807,098
Inventories	166,287	35,500	2,955	0	34,178	205,160	444,081
Accounts Receivable	1,237,123	604,509	83,593	27,473	396,743	-479,715	1,869,726
Financial Assets	270,582	18,679	60,045	11,438	16,034	-239,260	137,516
Cash	94,137	47,867	97,493	28,091	85,354	39,203	392,145
<b>ASSETS = LIABILITIES</b>	<b>1,993,477</b>	<b>871,380</b>	<b>2,558,185</b>	<b>3,152,867</b>	<b>1,298,563</b>	<b>2,637,536</b>	<b>12,512,008</b>
<b>Equity</b>	<b>423,755</b>	<b>172,855</b>	<b>452,925</b>	<b>1,382,604</b>	<b>309,679</b>	<b>-1,376,789</b>	<b>1,365,028</b>
Shareholder's Equity	413,812	172,465	349,661	1,382,604	302,525	-1,373,641	1,247,426
Minority Interests	9,943	389	103,264	0	7,154	-3,148	117,602
<b>NON CURRENT LIABILITIES</b>	<b>461,697</b>	<b>65,127</b>	<b>1,592,461</b>	<b>1,586,196</b>	<b>438,848</b>	<b>416,640</b>	<b>4,560,969</b>
Financial Debt	55,646	47,093	891,427	1,537,129	253,263	587,969	3,372,526
Financial Instruments at fair value	0	0	97,189	8,216	25,911	0	131,317
Provisions	341,678	5,594	99,103	9,327	70,283	1,449	527,434
Other non current Liabilities	64,373	12,440	504,743	31,525	89,390	-172,779	529,692
<b>CURRENT LIABILITIES</b>	<b>1,108,025</b>	<b>633,399</b>	<b>512,799</b>	<b>184,067</b>	<b>550,037</b>	<b>3,597,685</b>	<b>6,586,011</b>
Liabilities associated with the non current assets held for sale	0	0	0	0	0	834,095	834,095
Financial Debt	79,293	190,680	183,910	147,060	117,483	2,687,119	3,405,545
Financial instruments at fair value	0	0	10,191	3,450	3,101	2,479	19,221
Trade Accounts Payable	712,995	353,234	22,502	8,172	205,286	70,825	1,373,015
Operating Provisions	56,086	17,200	649	277	26,976	159,216	260,404
Other current liabilities	259,650	72,285	295,547	25,108	197,190	-156,048	693,732



CONSOLIDATED BALANCE SHEET AS OF DECEMBER 2013*							
(Thousands of Euros)	Sacyr Construcción	Somague	Sacyr Concesiones	Testa	Valoriza	Holding and Adjustments	TOTAL
<b>NON CURRENT ASSETS</b>	<b>265,449</b>	<b>163,969</b>	<b>2,168,484</b>	<b>3,088,688</b>	<b>861,543</b>	<b>2,215,334</b>	<b>8,763,467</b>
Intangible Assets	189	60	63	81	8,071	908	9,371
Real Estate Investments	0	0	0	2,029,258	0	-168,339	1,860,918
Concessions Investments	49,913	1,385	861,581	58,163	263,501	0	1,234,544
Fixed Assets	49,673	81,547	3,766	0	232,278	3,991	371,256
Financial Assets	165,674	61,905	1,303,074	1,001,187	242,635	2,378,775	5,153,250
Other non Current Assets	0	0	0	0	3	0	3
Goodwill	0	19,071	0	0	115,055	0	134,126
<b>CURRENT ASSETS</b>	<b>2,187,875</b>	<b>670,036</b>	<b>292,025</b>	<b>182,826</b>	<b>548,522</b>	<b>-61,559</b>	<b>3,819,724</b>
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
Accounts Receivable	1,224,111	574,765	78,827	22,412	440,244	-581,326	1,759,031
Financial Assets	728,594	7,268	82,905	10,713	12,460	-650,303	191,637
Cash	97,796	47,585	81,050	74,696	75,861	16,930	393,917
<b>ASSETS = LIABILITIES</b>	<b>2,453,324</b>	<b>834,004</b>	<b>2,460,509</b>	<b>3,271,514</b>	<b>1,410,065</b>	<b>2,153,774</b>	<b>12,583,191</b>
<b>Equity</b>	<b>454,571</b>	<b>167,778</b>	<b>468,374</b>	<b>1,356,476</b>	<b>305,773</b>	<b>-1,711,623</b>	<b>1,041,350</b>
Shareholder's Equity	446,556	167,295	366,435	1,356,476	291,278	-1,716,086	911,954
Minority Interests	8,016	483	101,939	0	14,495	4,463	129,396
<b>NON CURRENT LIABILITIES</b>	<b>429,278</b>	<b>90,249</b>	<b>1,462,774</b>	<b>1,610,154</b>	<b>477,938</b>	<b>2,598,715</b>	<b>6,669,108</b>
Financial Debt	35,277	72,347	888,968	1,557,350	276,121	2,727,609	5,557,672
Financial Instruments at fair value	0	0	82,151	9,146	22,498	2,973	116,768
Provisions	326,175	4,871	111,185	6,445	87,576	1,450	537,701
Other non current Liabilities	67,826	13,031	380,469	37,213	91,743	-133,316	456,967
<b>CURRENT LIABILITIES</b>	<b>1,569,474</b>	<b>575,978</b>	<b>529,361</b>	<b>304,884</b>	<b>626,354</b>	<b>1,266,682</b>	<b>4,872,733</b>
Liabilities associated with the non current assets held for sale	0	0	0	0	0	1,048,639	1,048,639
Financial Debt	104,592	142,985	202,646	288,521	144,831	475,734	1,359,308
Financial instruments at fair value	0	0	14,497	2,611	3,731	3,063	23,902
Trade Accounts Payable	772,895	328,725	231,609	9,486	218,525	120,863	1,682,103
Operating Provisions	60,636	18,361	0	277	28,870	157,216	265,360
Other current liabilities	631,351	85,907	80,609	3,988	230,398	-538,831	493,422

(\*) Restated

## SACYR CONSTRUCCIÓN / SOMAGUE

Thousands of Euros	SEPTEMBER		%Chg. 14/13
	2014	2013*	
<b>Revenue</b>	<b>1,124</b>	<b>1,092</b>	3.0%
Spain	336	524	-35.9%
International	788	568	38.8%
<b>% International</b>	<b>70%</b>	52%	
<b>EBITDA</b>	<b>66</b>	<b>61</b>	8%
<b>EBITDA Margin</b>	<b>5.9%</b>	5.6%	
<b>BACKLOG*</b>	<b>5,265</b>	<b>4,396</b>	20%
International	<b>4,379</b>	<b>3,505</b>	25%
<b>% International Backlog</b>	<b>83%</b>	80%	3 bp
<b>Months of activity</b>	<b>42</b>	36	

\* 2013 backlog is at december, 31th

Revenue from the Construction business through 30 September 2014 totalled €1,124 million, marking an increase of 3% year-on-year and a reversal in the downward trend in business of recent quarters.

The EBITDA margin of this business improved to 5.9% from 5.6% in the first nine months of 2013. Noteworthy in this respect were the efforts made by Sacyr to maintain the profitability of its businesses in accordance with the established strategies.

The construction backlog at 30 September 2014 stood at €5,265 million, increasing by 20% in the first nine months of the year thanks to international contract wins. Civil engineering work accounts for 81% and non-residential construction for 15%, with residential construction representing just 4% of the total. The backlog ensures 42 months of business at the current rate of revenue.

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## INTERNATIONAL CONSTRUCTION

Sacyr's international expansion strategy drove a 39% increase in international revenue, which represented 70% of total construction revenue in 9M14, fuelled by contributions from major contract wins in the pipeline in Chile, Angola, Mozambique, Brazil and Mexico, among others.

The international construction backlog increased by 25% in the first nine months of the year and represented 83% of the total construction backlog. The company secured four major contract wins in the third quarter:

- In Brazil, a new contract, through a consortium involving its Somague subsidiary, for the São Paulo Metro worth a total €500 million entailing the construction of the section of Green Line 2 between Vila Prudente and Dutra.
- In Chile, the construction of the Autopista Américo Vespucio Oriente motorway for €304 million.
- In Mexico, the construction of the second stage of Line 3 of the Guadalajara light rail system, with a €95 million budget.
- In Peru, the construction of the Autopista Longitudinal de la Sierra motorway for €88 million.

These contracts come in addition to those won in the first half of 2014 in Chile (construction of the second phase of the Costanera Norte motorway for €175 million and the construction of the new town hall in Coquimbo for €20 million), Mexico (railway projects totalling €152 million), Peru (two hospitals for combined €32 million) and Angola, where Somague was awarded numerous construction contracts.

## VALORIZA

Revenue through 30 September 2014 at Valoriza amounted to €670 million, with increases in the Environment and Multiservices business, but decreases in the Water business compared to the same period last year due to the completion of the construction on the desalination plants in Israel and Australia and the sale of certain water concessions in Portugal.

At Sacyr Industrial, revenue was affected by recent government regulations on renewable energies and disposals (Olextra, Extragol), which led to a 30% fall in revenue from renewable energy plants. Conversely, the strong drive to win international construction contracts (e.g. in Peru and Bolivia) has begun to feed through to earnings, with a 14% increase in revenue for this business area, limiting the overall decline in revenue at Sacyr Industrial to 20%.

(Thousands of Euros)

	SEPTEMBER		% Chg. 14/13
	2014	2013*	
<b>REVENUE</b>	<b>669,845</b>	<b>753,092</b>	<b>-11.1%</b>
Environment	220,666	204,696	7.8%
Multi-Services	205,896	199,597	3.2%
Industrial	131,135	164,248	-20.2%
Water	112,098	184,550	-39.3%
<b>EBITDA</b>	<b>53,028</b>	<b>78,336</b>	<b>-32.3%</b>
Environment	23,934	26,609	-10.1%
Multi-Services	9,437	13,133	-28.1%
Industrial	5,854	21,080	-72.2%
Water	12,592	14,732	-14.5%
<b>EBITDA Margin</b>	<b>7.9%</b>	<b>10.4%</b>	<b>(2.5)</b>

EBITDA for Valoriza totalled €53 million. This represents a 32% year-on-year decline and was largely the result of the impact of new legislation regulating renewable energy tariffs on the operating margins of Sacyr Industrial's energy plants. The margin of this business

should improve as revenue from contracts being awarded to Sacyr Industrial, which is currently in a growth phase, start to flow in.

In the Environment business, in addition to the smaller contribution to margins of certain projects that were completed and contributed to the construction margin in 2013, some municipal contracts that contribute significantly to revenue are still in the early stages, in when margins are thinner. Therefore, margins in this business look set to improve going forward.

Valoriza's backlog at 30 September 2014 stood at €8,721 million, of which 25% came from the international business. Valoriza remains firmly committed to tendering activity in all its business areas both in Spain and abroad.

Sacyr Industrial, the Valoriza business that boasts the strongest growth potential, is targeting the international market. Its backlog grew 69% in the first nine months of the year, or 86% stripping out the impact of disposals. The company has either submitted bids or been shortlisted in nearly 20 countries, and already has operations in Australia, the UK, Bolivia, Peru and Mexico, in addition to Spain, with several projects in the oil and gas, electricity infrastructure, power plant and waste treatment sectors.

<b>BACKLOG (Thousands of euros)</b>	<b>SEPT 2014</b>	<b>DIC * 2013</b>	<b>%Chg. 9M</b>
Water	3,095	4,213	-26.5%
Industrial	2,375	1,278	85.8%
Environment	2,358	2,586	-8.8%
Multi-Services	893	939	-4.9%
<b>TOTAL</b>	<b>8,721</b>	<b>9,016</b>	<b>-3.3%</b>

\* Restated with disinvestments



## TESTA

Testa obtained €141 million of revenue in the first nine months of 2014. Of this amount, €137 million related to rental income on investment properties in operation and the remaining €4 million mostly to property management services.

(Thousands of euros)	SEPTEMBER		% Chg. 14/13
	2014	2013	
<b>Revenue</b>	<b>140,737</b>	166,761	-15.6%
<b>EBITDA</b>	<b>110,888</b>	178,606	-37.9%
<b>EBITDA (*)</b>	<b>106,395</b>	132,559	-19.7%
<b>Net Profit</b>	<b>51,904</b>	79,758	-34.9%
<b>EBITDA Margin (*)</b>	<b>76%</b>	79%	-3.9 pp
<b>Leseable Area (Thousands of m2)</b>	<b>1,367</b>	1,373	-0.4%
<b>Occupation Rate (Rentals)</b>	<b>96%</b>	96%	-0.9%

(\*) Exlcuding gains on sales

Under the policy to rotate certain mature assets, in January, a residential building for rent on Calle Conde de Xiquena (Madrid) was sold, while in June, the surface right for a senior citizens' home in Madrid was transferred. Both transactions were carried out above the appraisal value assigned by an independent expert, generating a gain of €4.5 million.

The reduction in leasable area produced by these transactions, together with the sales of office buildings in Miami (US) and Paris (France) in April and July 2013, respectively, largely explain the decline in revenue and EBITDA compared to 9M13.

(Thousands of Euros)	Revenue		
	30/09/2014	30/09/2013*	%
<b>Buildings for rentals</b>	<b>137,748</b>	<b>142,404</b>	-3.3%
Offices	82,699	85,885	-3.7%
Hotels	18,965	19,975	-5.1%
Shopping centres	19,515	19,555	-0.2%
Housing	8,658	9,098	-4.8%
Industrial premises	6,450	6,455	-0.1%
Residences	531	522	1.9%
Car Parks	930	914	1.7%
<b>Income from services</b>	<b>4,202</b>	<b>3,378</b>	24.4%
<b>LFL Revenue</b>	<b>141,950</b>	<b>145,782</b>	-2.6%
Cancellation of linear revenue of hotel	-1,856		
<b>Assets sold in 2013</b>			
1111 Brickell Ave (Miami)	0	3,262	
Tour Adriá (Paris)	0	16,629	
<b>Assets sold in 2014</b>			
Conde de Xiquena	21	186	
Madrid residence	622	902	
<b>REVENUE</b>	<b>140,737</b>	<b>166,761</b>	-15.6%

\* Restated IFRS 11

Following the cancellation in the first quarter of 2014 of the lease for a hotel in Madrid's Plaza de Castilla, the company recognised a one-off negative impact on revenue and EBITDA of approximately €1,856 thousand for the cancellation of the unrecognised linear revenue arising from the lease. The company now has a new lessee/operator for this hotel.

Excluding these impacts, revenue would have fallen by 2.6%, due mainly 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, amounting to €111 million. The EBITDA margin excluding gains on asset disposals was around 76%.

Leasable area at 30 September 2014 stood at 1,367 thousand m<sup>2</sup>, while the occupancy rate was close to 100%.

## SACYR CONCESIONES

Sacyr Concesiones' revenue through 30 September 2014 rose 33% year-on-year to €302 million, driven *inter alia* by increased traffic on the concessions in operation and the contribution of construction revenue from concessions won in Chile.

Thousands of euros	SEPTEMBER		% Var 14/13
	2014	2013	
Revenue	<b>302,035</b>	226,834	33.2%
<b>Revenue from concessions</b>	<b>88,823</b>	<b>92,254</b>	<b>-3.7%</b>
Revenue from construction*	<b>213,212</b>	134,580	58.4%
<b>EBITDA</b>	<b>58,995</b>	<b>58,988</b>	<b>0.0%</b>
<b>EBITDA Margin</b>	<b>66.4%</b>	<b>63.9%</b>	2.5 pp

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

Concession revenue amounted to €89 million, up 18% year-on-year (adjusted for the impact of disposals since 30 September 2013) due to improved traffic on our concessions and the start-up of operations of the Vilafranca de Xira hospital in Portugal. EBITDA was €59 million, leaving an EBITDA margin of 66.4%, well above the level for the same period in 2013.

Especially noteworthy were the improved performance of traffic on the Group's international motorways and the start of an upturn in traffic on our concessions in Spain. In Spain, highlights include the 11% increase in traffic on the Guadalmedina motorway in Malaga, compared to average industry growth of 2.4% according to data from the Spanish Association of Construction Companies, SEOPAN.

	ACUMULATED IMD		Var(%)
	SEPTEMBER 2014	SEPTEMBER 2013	
<b>DIRECT TOOLL ABROAD</b>	<b>14,539</b>	<b>14,364</b>	<b>1.22%</b>
N6 GALWAY - BALLINASLOE (IRLANDA)	9,661	9,356	3.26%
VALLES DEL DESIERTO (CHILE)	4,878	5,008	-2.60%
<b>TRANSPORT HUB (Nº of traveller)</b>	<b>13,042,608</b>	<b>13,026,565</b>	<b>0.12%</b>
<b>SHADOW TOLL IN SPAIN (average)</b>	<b>18,291</b>	<b>18,317</b>	<b>-0.14%</b>
<b>DIRECT TOLL IN SPAIN</b>	<b>17,957</b>	<b>17,284</b>	<b>3.90%</b>
AP-36 OCAÑA - LA RODA	3,199	3,079	3.90%
RADIALES	6,513	6,789	-4.06%
GUADALMEDINA	8,245	7,416	11.18%

As for contract wins, Sacyr Concesiones was awarded the contract to build and operate the Américo Vespucio Oriente urban motorway in Santiago de Chile, with an investment of €710 million (US\$970 million) and a backlog of €2,319 million.

At 30 September 2014, Sacyr Concesiones had interests in 34 concessions in six countries, of which 25 are currently in operation and nine are under construction. Of the 34 concessions, 21 are motorway and road concessions in the EU and America (11 in Spain, six in Chile, one in Italy, one in Portugal, one in Ireland and one in Peru) and 13 are other concessions:

- Hospitals: Sacyr Concesiones has consolidated its position as a benchmark in hospital concessions, with seven hospitals at present, three in the Madrid area, three in Portugal and one in Chile.
- Transport hubs: Sacyr Concesiones operates two of the five transport hub concessions in the Madrid area, with annual volume of over 35 million passengers between the two.
- Metro lines: one in Tenerife
- International Airport: for the region of Murcia.
- Service areas: one concession in Spain.

The assets are in their first years of operation, with huge scope for creating valuing in the future. The average remaining life of the concessions is 26 years.

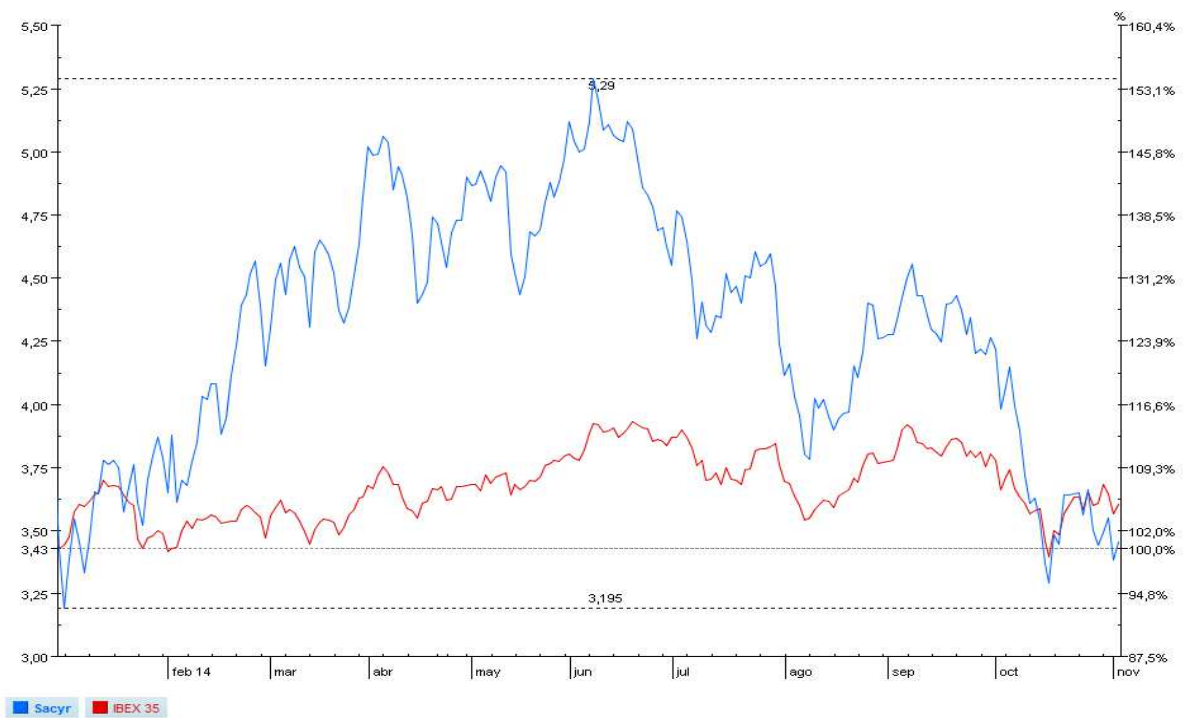
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In November, three months ahead of schedule, Sacyr Concesiones commissioned the first section of Chile's Rutas del Desierto motorway. This 30-km stretch of motorway connects the Airport to the city of Iquique.

Also in November, the company completed the financing arrangement for the Antofagasta Hospital in Chile for €230 million with Chilean banks Corpbanca and Banco Santander Chile.

## VI. STOCK MARKET PERFORMANCE

SACYR	SEPTEMBER		% Chg 14/13
	2014	2013	
Market Price at closing (euros per share)	4.26	3.41	25.15%
High share price	5.38	3.62	48.62%
Low share price	3.06	1.30	135.38%
Market Capitalization at closing (Thousands of euros)	2,141,434	1,711,038	25.15%
Average Trading Volume (Thousands of euros)	5,854,001	2,379,578	146.01%
Average Daily Trading Volume (Number of shares)	7,111,017	5,713,157	24.47%
Liquidity (%)	100	100	
Number of shares (Thousands)	502,212	465,915	7.79%
Share Nominal Value	1 EURO	1 EURO	



## VII. SHAREHOLDER STRUCTURE

The owners of significant stakes in Sacyr, S.A. at the date of this report are as follows:

SHAREHOLDER	%Total
<b>D. Manuel Manrique Cecilia</b>	<b>5.3%</b>
Cymofag, S.L.	5.3%
<b>DISA . Demetrio Carceller Arce</b>	<b>12.1%</b>
<b>D. José Manuel Loureda Mantiñán</b>	<b>7.8%</b>
Prilou, S.L.	3.2%
Prilomi, S.L.	4.6%
<b>Grupo Corporativo Fuertes, S.L</b>	<b>5.8%</b>
<b>Beta Asociados, S.L.</b>	<b>5.1%</b>
<b>Taube Hodson Stonex Partners LLP</b>	<b>4.9%</b>
<b>Grupo Satocan, S,A.</b>	<b>2.6%</b>
<b>TOTAL SIGNIFICANT SHAREHOLDINGS</b>	<b>43.6%</b>

## VIII. ACCOUNTING ISSUES

### APPLICATION OF IFRS 11

The application of IFRS 11 *Joint Arrangements* from January 2014 entailed significant changes in Sacyr's financial statements, as interests in jointly-controlled entities are no longer consolidated using proportionate consolidation. IFRS 11 requires a joint venturer to recognise an investment and to account for that investing using the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures*.

In practice it means that many companies that had been consolidated in the Group's financial statements using the proportionate method are now consolidated using the equity method, with their contribution to profit or loss for the period in the income statement recognised in "Profit (loss) of companies accounted for using the equity method". As a result, there was a decline in revenue and EBITDA, with no impact on net profit.

(€ thousand)	SEPT 2013 (excluding IFRS 11)	SEPT 2013 (including IFRS 11)	IMPACT OF IFRS 11
REVENUE	2,407,587	2,027,751	(379,837)
EBITDA	423,192	370,049	(53,143)
NET PROFIT	82,452	80,111	0

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



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

#### **DISCONTINUED OPERATIONS**

Vallehermoso's assets and liabilities are classified as "Non-current assets held for sale" and "Liabilities associated with non-current classified assets held for sale", respectively, while its contribution to profit and loss is recognised under "Profit/(loss) for the period from discontinued operations".

In September 2014, Sacyr sold Testa's 20% stake in the owner of Tesfran. This investment was recognised under "Assets held for sale".

## IX. APPENDIX: CHANGES IN THE CONSOLIDATION SCOPE

The Sacyr Group reassessed the accounting policies applicable for determining its level of control over the concessions in which it is involved under the new accounting framework applicable for determining control over an investee (IFRS 10).

In previous reporting periods, under the applicable accounting standard (IAS 27), considering that the companies involved were in the initial stages of operation and that the arrangements entered into with other venturers required joint approval of any amendments to the engineering and construction contract and the contract for the operation and maintenance of the concessions, the Group considered that for the Chilean companies (S.C. Rutas del Desierto, S.A, S.C. Valles del Bio Bio, S.A. and S.C. Valles del Desierto, S.A.) consent of shareholders was necessary for decisions regarding the operating and financial policies of the concessions. Accordingly, it was presumed that joint control existed. Under the scope of the new standard applicable from 1 January 2014 (IFRS 10) and with the new definition of control, which considers the power to direct the relevant activities of the companies, the Group reassessed its relevant activities, concluding that these entailed establishing budgets and financing activities. Therefore, the other shareholders only hold protective rights. Accordingly, the Group has control and fully consolidates the three Chilean concessionaires. In addition, in Autopista del Guadalmedina Concesionaria, S.A. we reviewed the situation regarding the possibility of exercising voting rights held by other shareholders, confirming that the Group controlled them, enabling it to direct the relevant activities of the investee.

As a result of both impacts, instead of using full consolidation, the Group consolidated these four concessions using the equity method in 2014 (the three Chilean concessions were consolidated using proportionate consolidation until December 2013), with the following impact on the financial statements for the third quarter of 2014:

(€ million)	<b>SEPT 2014</b>
REVENUE	38
EBITDA	31
NET DEBT	478
NET PROFIT (*)	-3

(\*) The impact on net profit relates primarily to profit attributable to the additional 30% interest in Guadalmedina after the increase in the shareholding from 40% to 70%.

## Restatement of previous reporting periods

In accordance with IAS 1 *Presentation of Financial Statements*, the restated balance sheets and income statements of previous periods are as follows:

Consolidated balance sheet Sacyr Group € million						
ASSETS	01-January-13	September-13	December-13	March-14	June-14	September-14
<b>NON-CURRENT ASSETS</b>	<b>9,281</b>	<b>8,614</b>	<b>8,761</b>	<b>8,587</b>	<b>8,596</b>	<b>8,861</b>
Property, plant and equipment	409	387	371	355	359	358
Investment property	2,436	1,881	1,861	1,852	1,847	1,841
Concession projects	1,231	1,222	1,235	1,222	1,204	1,197
Goodwill	141	141	134	134	119	117
Intangible assets	10	10	9	10	8	7
Investments in associates	2,724	2,604	2,632	2,582	2,494	2,622
Deferred tax assets	1,258	1,279	1,178	1,159	1,187	1,256
Receivables from concessions	697	748	782	708	662	826
Non-current financial assets	375	342	559	565	716	637
<b>CURRENT ASSETS</b>	<b>4,608</b>	<b>4,638</b>	<b>3,821</b>	<b>3,623</b>	<b>3,880</b>	<b>3,651</b>
Non-current assets held for sale	1,702	1,733	1,072	949	887	807
Inventories	452	465	403	407	444	444
Receivables	1,738	1,894	1,759	1,774	1,786	1,871
Receivables from concessions	76	97	82	50	49	48
Other current financial assets	90	61	108	143	198	88
Derivative financial instruments	3	2	2	2	2	1
Cash and cash equivalents	547	386	395	298	514	392
<b>TOTAL ASSETS</b>	<b>13,889</b>	<b>13,252</b>	<b>12,582</b>	<b>12,210</b>	<b>12,476</b>	<b>12,512</b>

Consolidated balance sheet Sacyr Group € million						
EQUITY AND LIABILITIES	01-January-13	September-13	December-13	March-14	June-14	September-14
<b>EQUITY</b>	<b>1,527</b>	<b>1,590</b>	<b>1,042</b>	<b>1,051</b>	<b>1,261</b>	<b>1,365</b>
Shareholders' equity	1,628	1,675	1,044	1,055	1,325	1,349
Valuation adjustments	(208)	(188)	(132)	(123)	(184)	(102)
<b>NET EQUITY ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>1,420</b>	<b>1,487</b>	<b>912</b>	<b>932</b>	<b>1,141</b>	<b>1,247</b>
<b>EQUITY OF NON-CONTROLLING INTERESTS</b>	<b>107</b>	<b>103</b>	<b>130</b>	<b>119</b>	<b>120</b>	<b>118</b>
<b>NON-CURRENT LIABILITIES</b>	<b>6,798</b>	<b>6,708</b>	<b>6,667</b>	<b>4,119</b>	<b>4,442</b>	<b>4,561</b>
Interest-bearing loans and borrowings	5,866	5,778	5,556	3,042	3,345	3,373
Trade and other payables	374	307	274	272	274	283
Derivative financial instruments	156	125	117	116	122	131
Deferred tax liabilities	74	134	146	140	158	216
Provision for contingencies and expenses	290	330	537	517	512	527
Deferred income	38	34	37	32	31	31
<b>CURRENT LIABILITIES</b>	<b>5,564</b>	<b>4,954</b>	<b>4,873</b>	<b>7,040</b>	<b>6,773</b>	<b>6,586</b>
Liabilities associated with non-current assets classified as held for sale	1,456	1,395	1,049	968	900	834
Interest-bearing loans and borrowings	1,768	1,316	1,359	3,689	3,522	3,406
Derivative financial instruments	22	25	24	22	24	19
Trade and other payables	2,318	2,218	2,441	2,361	2,327	2,327
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>13,889</b>	<b>13,252</b>	<b>12,582</b>	<b>12,210</b>	<b>12,476</b>	<b>12,512</b>

Income statement Sacyr Group € million					
INCOME STATEMENT	September-13	December-13	March-14	June-14	September-14
Revenue	2,028	2,672	590	1,265	1,979
<b>OPERATING INCOME</b>	<b>2,135</b>	<b>2,783</b>	<b>607</b>	<b>1,301</b>	<b>2,040</b>
<b>OPERATING EXPENSES</b>	<b>(1,841)</b>	<b>(2,491)</b>	<b>(545)</b>	<b>(1,154)</b>	<b>(1,837)</b>
<b>OPERATING PROFIT</b>	<b>294</b>	<b>292</b>	<b>62</b>	<b>147</b>	<b>203</b>
<b>PROFIT/(LOSS) OF ASSOCIATES</b>	<b>90</b>	<b>(62)</b>	<b>44</b>	<b>93</b>	<b>139</b>
<b>GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>	<b>25</b>	<b>24</b>	<b>24</b>	<b>20</b>	<b>11</b>
<b>FINANCE INCOME</b>	<b>32</b>	<b>40</b>	<b>9</b>	<b>19</b>	<b>35</b>
<b>FINANCE COSTS</b>	<b>(308)</b>	<b>(427)</b>	<b>(88)</b>	<b>(184)</b>	<b>(277)</b>
<b>FINANCIAL LOSS</b>	<b>(276)</b>	<b>(387)</b>	<b>(79)</b>	<b>(165)</b>	<b>(242)</b>
<b>CONSOLIDATED PROFIT BEFORE TAX</b>	<b>133</b>	<b>(133)</b>	<b>51</b>	<b>95</b>	<b>111</b>
Income tax expense	(14)	(182)	(13)	(15)	(18)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>119</b>	<b>(315)</b>	<b>38</b>	<b>80</b>	<b>93</b>
<b>PROFIT/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS</b>	<b>(35)</b>	<b>(189)</b>	<b>(15)</b>	<b>(15)</b>	<b>(5)</b>
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>84</b>	<b>(504)</b>	<b>23</b>	<b>65</b>	<b>88</b>
Non-controlling interests	(4)	5	1	(4)	(5)
<b>ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>80</b>	<b>(499)</b>	<b>24</b>	<b>61</b>	<b>83</b>

## Impact of changes

In accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the impact of the changes in the balance sheets and income statements as of 1 January 2013 and 31 December 2013 are as follows:

Consolidated balance sheet Sacyr Group € million	IMPACTS			
	1 January 2013	GUADALMEDINA	CHILEAN	1 January 2013 (INCLUDING IMPACTS)
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>	<b>8,708</b>	<b>291</b>	<b>282</b>	<b>9,281</b>
Property, plant and equipment	409	0	0	409
Investment property	2,436	0	0	2,436
Concession projects	884	347	0	1,231
Goodwill	141	0	0	141
Intangible assets	11	(1)	0	10
Investments in associates	2,829	(30)	(75)	2,724
Deferred tax assets	1,217	15	26	1,258
Receivables from concessions	402	0	295	697
Non-current financial assets	379	(40)	36	375
<b>CURRENT ASSETS</b>	<b>4,560</b>	<b>8</b>	<b>40</b>	<b>4,608</b>
Non-current assets held for sale	1,702	0	0	1,702
Inventories	452	0	0	452
Receivables	1,745	(6)	(1)	1,738
Receivables from concessions	76	0	0	76
Other current financial assets	92	(2)	0	90
Derivative financial instruments	0	0	3	3
Cash and cash equivalents	493	16	38	547
<b>TOTAL ASSETS</b>	<b>13,268</b>	<b>299</b>	<b>322</b>	<b>13,889</b>

Consolidated balance sheet Sacyr Group € million	IMPACTS			
	1 January 2013	GUADALMEDINA	CHILEAN	1 January 2013 (INCLUDING IMPACTS)
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>	<b>1,469</b>	<b>16</b>	<b>42</b>	<b>1,527</b>
Shareholders' equity	1,635	(7)	0	1,628
Valuation adjustments	(208)	0	0	(208)
<b>NET EQUITY ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>1,427</b>	<b>(7)</b>	<b>0</b>	<b>1,420</b>
<b>EQUITY OF NON-CONTROLLING INTERESTS</b>	<b>42</b>	<b>23</b>	<b>42</b>	<b>107</b>
<b>NON-CURRENT LIABILITIES</b>	<b>6,269</b>	<b>270</b>	<b>259</b>	<b>6,798</b>
Interest-bearing loans and borrowings	5,465	152	249	5,866
Trade and other payables	300	96	(22)	374
Derivative financial instruments	129	21	6	156
Deferred tax liabilities	48	0	26	74
Provision for contingencies and expenses	289	1	0	290
Deferred income	38	0	0	38
<b>CURRENT LIABILITIES</b>	<b>5,530</b>	<b>13</b>	<b>21</b>	<b>5,564</b>
Liabilities associated with non-current assets held for sale	1,456	0	0	1,456
Interest-bearing loans and borrowings	1,758	2	8	1,768
Derivative financial instruments	17	5	0	22
Trade and other payables	2,299	6	13	2,318
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>13,268</b>	<b>299</b>	<b>322</b>	<b>13,889</b>

Consolidated balance sheet Sacyr Group € million	IMPACTS			31 December 2013 (INCLUDING IMPACTS)
	31 December 2013	GUADALMEDINA	CHILEAN	
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>	<b>8,112</b>	<b>286</b>	<b>363</b>	<b>8,761</b>
Property, plant and equipment	371	0	0	371
Investment property	1,861	0	0	1,861
Concession projects	891	344	0	1,235
Goodwill	134	0	0	134
Intangible assets	9	0	0	9
Investments in associates	2,733	(31)	(70)	2,632
Deferred tax assets	1,092	15	71	1,178
Receivables from concessions	433	0	349	782
Non-current financial assets	588	(42)	13	559
<b>CURRENT ASSETS</b>	<b>3,776</b>	<b>5</b>	<b>40</b>	<b>3,821</b>
Non-current assets held for sale	1,072	0	0	1,072
Inventories	403	0	0	403
Receivables	1,751	0	8	1,759
Receivables from concessions	82	0	0	82
Other current financial assets	110	(2)	0	108
Derivative financial instruments	0	0	2	2
Cash and cash equivalents	358	7	30	395
<b>TOTAL ASSETS</b>	<b>11,888</b>	<b>291</b>	<b>403</b>	<b>12,582</b>

Consolidated balance sheet Sacyr Group € million	IMPACTS			31 December 2013 (INCLUDING IMPACTS)
	31 December 2013	GUADALMEDINA	CHILEAN	
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>	<b>968</b>	<b>15</b>	<b>59</b>	<b>1,042</b>
Shareholders' equity	1,052	(8)	0	1,044
Valuation adjustments	(132)	0	0	(132)
<b>NET EQUITY ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>920</b>	<b>(8)</b>	<b>0</b>	<b>912</b>
<b>EQUITY OF NON-CONTROLLING INTERESTS</b>	<b>48</b>	<b>23</b>	<b>59</b>	<b>130</b>
<b>NON-CURRENT LIABILITIES</b>	<b>6,085</b>	<b>264</b>	<b>318</b>	<b>6,667</b>
Interest-bearing loans and borrowings	5,139	151	266	5,556
Trade and other payables	200	101	(27)	274
Derivative financial instruments	100	10	7	117
Deferred tax liabilities	74	0	72	146
Provision for contingencies and expenses	535	2	0	537
Deferred income	37	0	0	37
<b>CURRENT LIABILITIES</b>	<b>4,835</b>	<b>12</b>	<b>26</b>	<b>4,873</b>
Liabilities associated with non-current assets held for sale	1,049	0	0	1,049
Interest-bearing loans and borrowings	1,346	0	13	1,359
Derivative financial instruments	19	5	0	24
Trade and other payables	2,421	7	13	2,441
<b>TOTAL LIABILITIES</b>	<b>11,888</b>	<b>291</b>	<b>403</b>	<b>12,582</b>

Income statement Sacyr Group € million	IMPACTS			31 December 2013 (INCLUDING IMPACTS)
	31 December 2013	GUADALMEDINA	CHILEAN	
<b>INCOME STATEMENT</b>				
Revenue	2,638	8	26	2,672
<b>OPERATING INCOME</b>	<b>2,748</b>	<b>9</b>	<b>26</b>	<b>2,783</b>
<b>OPERATING EXPENSES</b>	<b>(2,485)</b>	<b>(8)</b>	<b>2</b>	<b>(2,491)</b>
<b>OPERATING PROFIT</b>	<b>263</b>	<b>1</b>	<b>28</b>	<b>292</b>
<b>PROFIT/(LOSS) OF ASSOCIATES</b>	<b>(60)</b>	<b>3</b>	<b>(5)</b>	<b>(62)</b>
<b>GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>24</b>
<b>FINANCE INCOME</b>	<b>38</b>	<b>0</b>	<b>2</b>	<b>40</b>
<b>FINANCE COSTS</b>	<b>(395)</b>	<b>(12)</b>	<b>(20)</b>	<b>(427)</b>
<b>FINANCIAL LOSS</b>	<b>(357)</b>	<b>(12)</b>	<b>(18)</b>	<b>(387)</b>
<b>CONSOLIDATED PROFIT BEFORE TAX</b>	<b>(130)</b>	<b>(8)</b>	<b>5</b>	<b>(133)</b>
Income tax expense	(184)	3	(1)	(182)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>(314)</b>	<b>(5)</b>	<b>4</b>	<b>(315)</b>
<b>PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS</b>	<b>(189)</b>	<b>0</b>	<b>0</b>	<b>(189)</b>
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>(503)</b>	<b>(5)</b>	<b>4</b>	<b>(504)</b>
Non-controlling interests	7	2	(4)	5
<b>ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>(496)</b>	<b>(3)</b>	<b>0</b>	<b>(499)</b>

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