

SACYR VALLEHERMOSO

**2003
Q1 RESULTS**



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For more information, please contact:

Investor Relations Department

Tel: + 00 34 91545 5000
relacionesinversores@gruposv.com
Pº Castellana 83-85
28046
Madrid

Website: www.gruposyv.com

I. MOST SIGNIFICANT INFORMATION

OPERATING DATA			March 2003
GROWTH AREAS			
<u>DEVELOPMENT</u>			
ORDER BOOK		Euros thds €	1,980,400
		Months of Activity	23
	Domestic/Total	In %	77.9%
<u>HOUSING DEVELOPMENT</u>			
HOUSING	Committed sales	Nº houses	771
		Euros thds €	178,125
LAND	Committed sales	Euros thds €	1,531
LAND RESERVE (End of quarter)		Thds M2.	2,750
	Housing	%	88%
RECURRENT AREAS			
<u>CONCESSIONS</u>			
ORDER BOOK		Euros thds €	12,998,070
<u>PROPERTY</u>			
RENTAL INCOME		Euros thds €	42,802
NET SURFACE (End of quarter)		Thds M2.	1,437.8
OCCUPANCY (End of quarter)		%	94.7

I. MOST SIGNIFICANT INFORMATION

PROFORMA		March
ECONOMIC FINANCIAL DATA		2003
NET INCOME	Euros thds €	515,599
EBITDA	Euros thds €	126,553
By activity		
Growth	Construction	38,102
	Housing	36,765
Recurrent	Concessions	16,940
	Property	32,127
	Services	(58)
Others and Holding		2,677
NET ATTRIBUTABLE PROFIT	Euros thds €	113,330
EPS	€	0.46
CASH-FLOW	Euros thds €	131,070
<u>GROSS INVESTMENTS</u>		
Property (fixed assets)	Euros thds €	399,942
Land (Stocks)	Euros thds €	104,289
Work in progress (Stocks)	Euros thds €	98,140
Equity (as of end period)	Euros thds €	1,175,465
<u>NET FINANCIAL DEBT</u>	Euros thds €	3,514,547
Non recourse debt	Euros thds €	954,112
By activity:		
Construction*	Euros thds €	279,242
Housing	Euros thds €	799,458
	Pre-sales stock	729,972
	Stocks	1,368,174
Concessions	Euros thds €	938,720
	Non recourse/Total	1.0
Property	Euros thds €	1,383,093
	Over/G.A.V.	0.5
Others and Holding	Euros thds €	114,034

*Due to Vallehermoso acquisition

I. PRO FORMA FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (Thds Euros)	As of 31st March		% Change. 03 / 02
	2002	2003	
ASSETS			
Fixed assets	3,541,070	3,900,959	10.2%
Net tangible assets	2,926,718	2,877,784	(1.7%)
Net Intangible assets	383,404	810,272	111.3%
Financial and other fixed assets	230,948	212,903	(7.8%)
Goodwill	104,638	105,411	0.7%
Current assets	2,051,689	2,473,717	20.6%
Cash and Short term Financial investments	125,236	152,486	21.8%
TOTAL ASSETS / LIABILITIES	5,822,633	6,632,573	13.9%
LIABILITIES			
Equity	1,363,305	1,175,465	(13.8%)
Minorities Interests	172,071	36,010	(79.1%)
Badwill	7,603	13,879	82.5%
Long term debt	2,831,359	3,586,190	26.7%
Long term non interest bearing debt	549,465	512,097	(6.8%)
Long term interest bearing debt	2,281,894	3,074,093	34.7%
Short term debt	1,448,295	1,821,029	25.7%
Short term interest bearing debt	478,588	606,179	26.7%
Other short term debt	969,707	1,214,850	25.3%

II. PRO FORMA FINANCIAL STATEMENTS: EVOLUTION OF THE BALANCE SHEET

Fixed Assets

Regarding the balance on March 31, 2003, the most significant entries are related to the investment in highways (1,062,832 thousand euros in operation and 92,573 thousand euros for works in process) and leased property (1,488,015 thousand euros for operation and 57,646 thousand euros for works in process) in tangible fixed assets and leasing to Endesa for an amount of 385,000 thousand euros in intangible fixed assets.

The increase in fixed assets compared with the first quarter of 2002, for a total of 359,889 thousand euros, is mainly due to the increase in intangible fixed assets (including deferred expenses related to leasing investment) from purchases made for the assets leased to Endesa for an amount of 385,000 thousand euros.

Current assets

There was an overall increase in current assets of 422,028 thousand Euros, 21% compared with the same period in 2002. This is due to the following:

1. - An increase in stock due to residential development business for an amount of 312,839 thousand euros, from an increase in land purchase and works in process for new developments (The increase in the rate of the sales forecast for 2003 compared with 2002 implies higher investment). The latter aspect has also resulted in an increase in the current assets, under the heading of receivables, for an amount of 72,984 thousand euros. The balance of stock on March 31, 2003 for the development business amounts to 1,368,174 thousand euros and the receivables for such business amount to 345,257 thousand euros.
2. - An increase in receivables in the construction business for the amount of 50,473 thousand euros, partly offset by a reduction in stock of 14,537 thousand euros. The stocks in the construction business amount to 54,321 thousand euros.

Capital and reserves

The reduction in the section of Capital and Reserves is due to the merger that took place on January 1 between Vallehermoso, S.A. and Grupo Sacyr, S.A. The investment share that Sacyr Group had in Vallehermoso for an amount of 568 million euros (this did not exist in the first quarter of 2002) was offset with the capital and reserves of the merged company, which explains this reduction. Without this item, the capital and reserves would have been higher by 397,820 thousand euros as a result of the profits not allotted as dividends.

The stock capital is represented by 245.98 million shares, with a par value of 1€ each. In order to calculate the profit per share, the same number of shares in both years has been taken into account (to standardize criteria).

The ROE increased in the first quarter of 2003 by 29.2% (from 7.46% to 9.64%)

Financial debt

The net financial debt with costs increased by 33%, basically due to the purchase of the aforementioned assets of Endesa as well as the financing of the growth plan of the group.

Such purchase was financed with a long term lease (with due date in 14 years) for an amount of 289 million euros (75% of the purchase value)

A break-down of the group payables on March 31, 2003 is shown below:

FINANCIAL DEBT	31st March
(Thds Euros)	2003
Long Term Financial Debt	3,074,093
Non recourse	876,555
Other	2,197,538
Short term Financial Debt	606,179
Non recourse	77,557
Other	528,622

II. PRO FORMA FINANCIAL STATEMENTS:

CONSOLIDATED PROFIT AND LOSS (Thds Euros)	As of 31st March		% Change. 03 / 02
	2002	2003	
Net income	426,065	515,599	21.0%
Other income	47,869	39,846	(16.8%)
Total Income	473,934	555,445	17.2%
External and Operating expenses*	(361,222)	(428,892)	18.7%
Gross Operating Profit	112,712	126,553	12.3%
Depreciation	(13,863)	(16,154)	16.5%
Trade Provisions	23	(7,573)	(330.26%)
Net Operating Profit	98,872	102,826	4.0%
Financial Results	(23,654)	(26,703)	12.9%
Results from equity accounted subsidiaries	3,297	540	(83.6%)
Goodwill	(2,379)	(1,585)	(33.4%)
Ordinary Profit	76,136	75,078	(1.4%)
Net Extraordinary Results	48,665	61,833	27.1%
PROFIT BEFORE TAXES	124,801	136,911	9.7%
Corporate Tax	(17,307)	(22,004)	27.1%
TOTAL PROFIT	107,494	114,907	6.9%
Minorities	(5,784)	(1,576)	(72.8%)
NET ATTRIBUTABLE PROFIT	101,710	113,331	11.4%

* Includes Supplies

II. PRO FORMA FINANCIAL STATEMENTS: ANALYSIS OF PROFITS

The pre-tax profits amount to 136,911 thousand euros, with a growth of 9.7% compared with the first quarter of 2002

The post-tax profits of Sacyr Vallehermoso in the first quarter of 2003 amount to 113,331 thousand euros, exceeding the profits in the year 2002 by 11.4%.

The lower growth in pre-tax profits is partly due to the consolidation criteria of the licensee companies of Chilean highways, which in 2002 were accounted by the overall integration method, but in 2003 were proportionally accounted, which has implied a reduction in the profits of minority undertakings by 72.8%, and an increase in taxation of 14% in the financial year 2002 and 16% in 2003.

The evolution of the turnover by business activity has been as follows:

NET INCOME	31st March
(Thds Euros)	2003
Construction	218,217
Housing	175,479
Concessions	25,986
Property	44,011
Services	8,543
Somague	43,632
Others	(269)
TOTAL	515,599

The geographic distribution of the turnover is shown below:

NET INCOME	31st March
(Thds Euros)	2003
Domestic	440,830
Chile	33,313
Portugal	41,456
TOTAL	515,599

The operating expenses (overheads, personnel and operating expenses) amount to 428,892 thousand euros, showing an increase of 18.7% compared with 2002. If the turnover in the same period is taken into account there has been a growth of 21.0%, this explains the increase of 12.3% in the gross operating profits

Evolution in the operating expenses by business activity has been as follows:

OPERATING EXPENSES	31 st March
(Thds Euros)	2003
Construction	199,658
Housing Development	138,725
Concessions	21,517
Property	11,938
Services	9,782
Somague	42,823
Others	4,449
TOTAL	428,892

The increase of 16.5% in amortization, now amounting to 16,154 thousand euros, is due to various assets being put into operation, as well as the required provision being created for an amount of 7,573 thousand euros, basically to adjust our holdings in the listed companies WCM and Maag Holdings at their market price, and has meant the net operating profit is now 102,826 thousand euros, thus showing an increase of 4.0%

The increase of 12.9% in the net financial costs in the first quarter of 2003 compared with 2002 is mainly due to the increase in the average remunerated debts caused by, among other factors, the purchase of 12 buildings leased to Endesa, which has implied that the ordinary profits were reduced by 1.4%, amounting to 75,078 thousand euros.

The positive evolution in the extraordinary profits, almost all related to the sale of real estate property, which has resulted in profits of 61,833 thousand euros (27.1% higher than in 2002) is basically due to the sale of leased dwellings in Emilio Jiménez Millas 2 and Princesa 3, and brings the total pre-tax profits up to 136,911 thousand euros, as stated above.

III. EVOLUTION OF THE BUSINESS AREAS

CONSOLIDATED PROFIT AND LOSS									
As of 31 st March	Construction	Conces.	Housing	Property	Services	Somague	Holding	Adjustments	TOTAL
(Thds Euros)									
Net Income	218,217	25,986	175,479	44,011	8,543	43,632	3	(272)	515,599
Other income	23,286	12,471	11	18	1,395	2,643	28	(6)	39,846
Total Income	241,503	38,457	175,490	44,029	9,938	46,275	31	(278)	555,445
External and Operating expenses*	(199,658)	(21,517)	(138,725)	(11,938)	(9,782)	(42,823)	(881)	(3,568)	(428,892)
Gross Operating Profit	41,845	16,940	36,765	32,091	156	3,452	(850)	(3,846)	126,553
Depreciation	(2,554)	(4,107)	(36)	(6,759)	(193)	(1,259)	(858)	(388)	(16,154)
Trade Provisions	(3,742)	0	(200)	(7,507)	(144)	0	136	3,884	(7,573)
Net Operating Profit	35,549	12,833	36,529	17,825	(181)	2,193	(1,572)	(350)	102,826
Financial Results	(2,280)	(4,929)	(5,381)	(10,326)	(62)	(907)	12,082	14,900	(26,703)
Results from equity accounted subsidiaries	(33)	304	274	66	(71)	0	0	0	540
Goodwill	(66)	(1,146)	0	0	(94)	(265)	0	(14)	(1,585)
Ordinary Profit	33,170	7,062	31,422	7,565	(408)	1,021	10,510	(15,264)	75,078
Net Extraordinary Results	(748)	(449)	(90)	63,573	(121)	(239)	(57)	(36)	61,833
PROFIT BEFORE TAXES	32,422	6,613	31,332	71,138	(529)	(782)	10,453	(15,300)	136,911
Corporate Tax	(13,612)	858	10,706	(92)	148	(481)	1,882	(1)	(22,004)
TOTAL PROFIT	18,810	7,471	20,626	71,046	(381)	301	12,335	(15,301)	114,907
Minorities	(405)	(602)	0	0	(55)	(40)	0	(474)	(1,576)
NET ATTRIBUTABLE PROFIT	18,405	6,869	20,626	71,046	(436)	261	12,335	(15,775)	113,331

* Includes Supplies

CONSOLIDATED BALANCE SHEET	as of March 31st								TOTAL
	(Thds €)	Construction	Concessions	Housing	Property	Services	Somague	Holding	
FIXED ASSETS	260,294	1,472,683	105,042	2,276,926	48,850	84,116	2,078,266	(2,319,807)	4,006,370
Tangible	23,947	1,137,508	48,960	1,498,051	23,553	25,631	23,239	96,895	2,877,784
Intangible	23,270	97	7,387	504,142	7,290	111	9,066	258,909	810,272
Financial and Other	212,528	261,434	48,695	274,537	13,580	32,781	2,045,961	(2,676,613)	212,903
Goodwill	549	73,644		196	4,427	25,593	0	1,002	105,411
CURRENT ASSETS	1,004,043	102,458	1,723,909	92,409	26,763	179,065	101,027	(603,471)	2,626,203
Stocks	54,331	274	1,368,174	6,819	5,400	18,055	5,516	17,259	1,475,828
Debtors	371,911	68,129	345,257	60,434	10,962	156,035	7,149	(23,525)	996,352
Others	577,801	34,055	10,478	25,156	10,401	4,975	88,362	(597,205)	154,023
ASSETS = LIABILITIES	1,264,337	1,575,141	1,828,951	2,369,335	75,613	263,181	2,179,293	(2,923,278)	6,632,573
LONG TERM FUNDS	795,990	1,428,524	1,049,787	2,213,315	53,049	102,129	1,469,157	(2,300,407)	4,811,544
Equity	443,408	193,811	365,334	876,063	27,472	50,979	1,209,692	(1,991,294)	1,175,465
Long term non interest bearing debt	17,594	376,284	93,749	43,915	4,719	16,974	12,036	(3,285)	561,986
Long term interest bearing debt	334,988	858,429	590,704	1,293,337	20,858	34,176	247,429	(305,828)	3,074,093
PASIVO CIRCULANTE	468,347	146,617	779,164	156,020	22,564	161,052	710,136	(622,871)	1,821,029
Short term debt	450,863	32,271	566,074	49,624	21,337	117,430	526,478	(549,227)	1,214,850
Short term interest bearing debt	17,484	114,346	213,090	106,396	1,227	43,622	183,658	(73,644)	606,179

GROWTH AREAS

3.1 CONSTRUCTION

CONSTRUCTION	31 st March
(Thds Euros)	2003
Net Income	218,217
Ebitda	38,102
Net Profit	18,405

The post-tax profits of Sacyr in the first quarter of 2003 amounted to 18,405 thousand euros.

The works portfolio amounted to 1,980.39 million euros, equivalent to 23 months business.

The break-down of the works portfolio is shown below:

ORDER BACKLOG	31 st March
(Thds Euros)	2003
Spain	1,542,380
Portugal	297,000
Other countries	141,020
TOTAL	1,980,400

The most important contracts obtained in the period were as follows:

MAIN CONTRACTS AWARDED	
(Thds Euros)	
"La Fonsanta" building office	7,497,010
Alcira-Algemessí high speed train stretch	39,546,430
Seville tube (line 1)	141,000,000
Total	188,061,440

3.2 HOUSING DEVELOPMENT

HOUSING DEVELOPMENT	31 st March
(Thds Euros)	2003
Net Income	175,479
Ebitda	36,765
Net Profit	20,626

The break-down for Sales and Operating Profits in the first quarter of 2003 is shown below:

(Thds Euros)	SALES			GROSS PROFIT		
	2002	2003	% Δ	2002	2003	% Δ
Land	6,618	1,531	(76.9)	736	0	(100)
Housing	90,647	174,324	92.3	43,772	45,463	3.9
Residential	90,724	174,136	91.9	43,772	45,463	3.9
Others	(77)	188	(344.2)	0	0	0
TOTAL	97,265	175,855	80.8	44,508	45,463	2.1

The sales made in the residential sub-sector have consistently increased in the first quarter of the year, reaching 178,125 thousand euros and implying a growth of 2.1% compared with 2002.

In the last 5 years, the annual contracted sales have increased by approximately 24.4% at an accumulative annual rate.

The evolution of contracted sales of residential products in the first quarter of each year since 1999 is shown below:

CONTRACTED SALES	1999	2000	2001	2002	2003	Growth
						2003/99 Annual Accumulative Rate
Thousand of euros	74,400	124,870	155,117	174,405	178,125	24.4%
Number of units	533	751	753	836	771	9.7%

The geographic distribution of the aforementioned contracted sales in the residential sub-sector, which was 178,125 thousand euros, is shown below:

<u>Thousands of €</u>	<u>zone</u>
29,176	Andalusia
34,301	Catalonian
63,929	Central
19,213	East
31,506	North

The development, the sale of which has been started in the first quarter of 2003, is shown below:

Regional Area	Number of Houses	Total M2.
Western Andalusia	127	21,705
Eastern Andalusia	156	27,963
Central	103	19,929
Catalonia	180	43,219
East	99	18,261
North	103	17,606
	768	148,683

In the first quarter of 2003, the main land purchases have been as follows:

<u>Location</u>	<u>Equivalent Product</u>	<u>Location</u>	<u>Equivalent Product</u>
. Madrid	456 houses	. Barcelona	47 houses
. Lérida	57 houses	. Alicante	105 houses
. La Coruña	278 houses	. Valencia	215 houses
. Santander	8 houses		
. Bilbao	50 houses		
		TOTAL	1,216 houses

RECURRENT AREAS

3.3 LICENSES

CONCESSIONS	31 st March
(Thds Euros)	2003
Net Income	25,986
Ebitda	16,940
Net Profit	6,869

The turnover amounted to 25,986 thousand euros.

The break-down of the service portfolio is as follows:

SERVICES ORDER BOOK	31 st March
(Thds Euros)	2003
Spain	7,847,400
Other countries	5,150,670
TOTAL	12,998,070

The most important contract obtained in the period was the metro system of Seville

3.4 PROPERTY

PROPERTY (Thds Euros)	31 st March
	2003
Net Income	44,011
Ebitda	32,127
Net Profit	71,046

The income obtained from this business in the first quarter, 44,011 thousand euros, means a growth of 31.7% compared with 2002, basically due to an increase in the average leasable surface area of 22.3%, and the average unitary income of 5.6%. In addition, the occupancy level at the close of the first quarter of 2003 was 94.6% showing a growth of 2.0% compared with 2002.

The evolution in the explanatory factors of the lease income variation compared to the previous year is shown below:

	2002	2003	% Δ
Income (Thousand of euros)	32,490	42,802	31.7
Average Occupied Surface Area (M ²)	1,025,332	1,279,596	24.8
Average Unitary Income (€ /m ² /mes)	10.56	11.15	5.6
Average Leasable Surface Area (M ²)	1,106,590	1,353,212	22.3
Occupancy Level	92.7	94.6	2.0

The fact should be pointed out that Testa Inmuebles en Renta was the successful bidder of 12 office buildings awarded by Endesa for an amount of 385 million euros, which implies an increase of more than 26% office space and an approximate increase of 28% in the net lease income.

The transaction was carried out on February 15, 2003 and is financed by means of a leasing contract.

(Thds Euros)	SALES		GROSS PROFIT	
	2002	2003	2002	2003
E. J. Millas 2		58,193		46,050
Princesa 3		12,727		10,041
Cedro Building	67,613		8,270	
Gral. Perón	28,398		24,925	
Albarracín	6,611		1,230	
Others	8,816	7,375	4,004	6,540
TOTAL	111,438	78,295	38,429	62,631

The most substantial sale of property assets has been the 414 apartments in Princesa 3 and E. Jiménez Millas 2 for an amount of 70,920 thousand euros, which has provided a margin of 56,091 thousand euros.

3.4 SERVICES

SERVICES	31 st March
(Thds Euros)	2003
Net Income	8,543
Ebitda	156
Net Profit	(436)

The income for this business activity amounted to 8,543 thousand euros in the first quarter, basically due to the increase in income from the service areas put into operation during the first quarter.

IV. RESOLUTIONS ADOPTED BY THE BOARD OF DIRECTORS

- The Board of Directors adopted a resolution at the meeting held on January 29, 2003 to pay a third dividend on account for the year 2002 for an amount of 0.075 euros per share (7.5% over the par value of the shares). This payment was made on January 31, 2003. Similarly, the Ordinary and Extraordinary General Meeting held on April 3, 2003, adopted a resolution to pay a supplementary dividend for the year 2002 for an amount of 0.075 euros per share. Such dividend was paid on April 10, 2003. These dividends represent an increase of 20% compared with the previous year.
- On January 29, 2003, the Boards of Directors of the Vallehermoso Group and the Sacyr Group approved a merger project by take over of the Sacyr Group by Vallehermoso, S.A., determining the share swap ratio of the two companies involved in the merger at 1 share of Vallehermoso for each 1.2765 shares of the Sacyr Group. The consultants for the transaction were the firm Goldman Sachs International, acting on behalf of Vallehermoso, and the firm Schroder Salomon Smith Barney acting on behalf of the Sacyr Group. In order to cover the funds needed for the swap, Vallehermoso, S.A. will increase its capital for an amount of 91,046,810 euros. The merger was approved at the Ordinary and Extraordinary General Meeting held on April 3, 2003.
- On the same date the Board of Directors de Vallehermoso, S.A. adopted the following resolutions:
 - a) To accept the resignation submitted by the Director Mr. Francisco Javier Pérez Gracia, who was thanked by the Board for the professional services he had provided to the Company.
 - b) To appoint the shareholder Mr. Demetrio Carceller Arce as a new Director, by means of a cooptation system.
 - c) To accept the resignation of Mr. Antonio de Hoyos González as Chairman of the Auditing and Fulfillment Committee, thanking him for the professional service he had provided in this post, and the Director Mr. Pedro del Corro García-Lomas was appointed to take his place. Mr. Antonio de Hoyos González will continue as a member on such committee.
- On February 26, 2003, the Board of Directors of Vallehermoso, S.A. agreed to submit the proposals for resolutions to General Shareholder's Meeting regarding the composition of the Board of Directors resulting from the merger of Vallehermoso and Sacyr and the new company name; it also approved the date for holding the General Shareholders' Meeting and the organizational chart for the senior executive body. The new Board of Directors of the company resulting from the merger will consist of 17 Directors.

V. STOCK MARKET PERFORMANCE

	As of 31 March		% Change 03 / 02
	2002	2003	
Closing Stock Price (euros p.s.)	8.79	9.49	7.96
Market Capitalization (Mn Euros)	1,360,376	1,468,711	7.96
EPS (Y-o-Y EPS / N° Shares)	Euros 1.24	1.79	44.28
CFPS (Y-o-Y / N° Shares)	Euros 1.59	1.47	(7.43)
P/E (Closing Price / Y-o-Y EPS)	7.08	5.30	(25.17)
Trading Volume (Thds Euros)	177,948	1,409,084	691.85
Frecuency of trading	% 100	100	
P /BV	1.42	1.29	(8.76)
N° of Shares (Thds)	154,764	154,764	
Share Nominal Value	1 EURO	1 EURO	