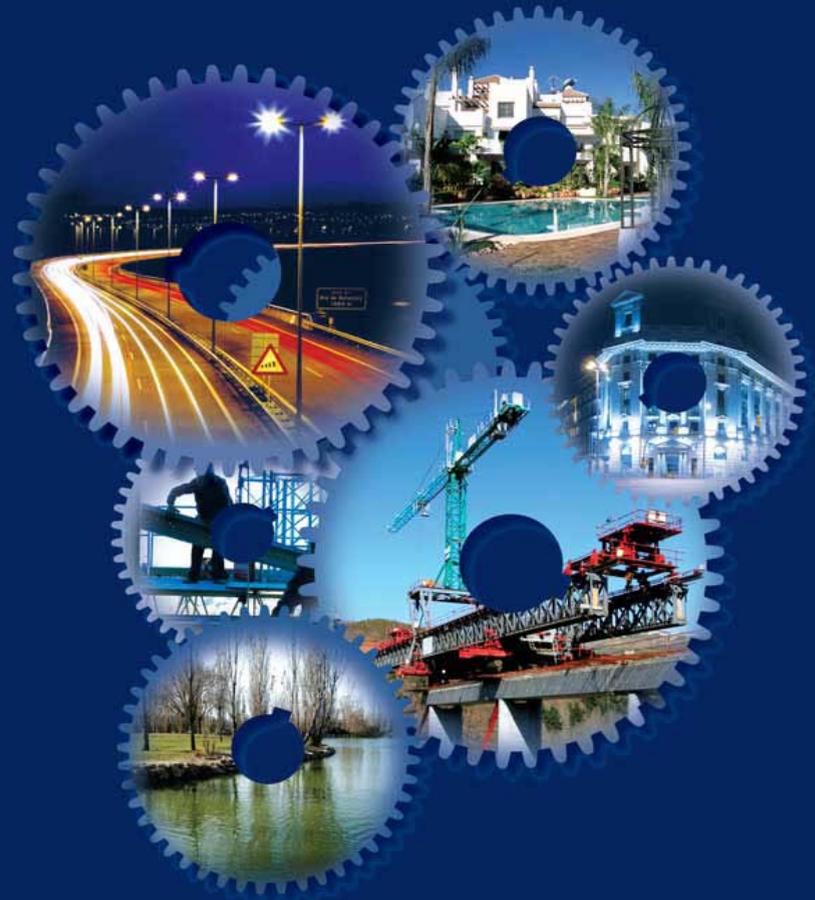


Promovemos Ideas Constructivas



Sacyr Vallehermoso STRATEGY AND 2004 CLOSING FORECAST

Madrid, 29 October 2004



Contents



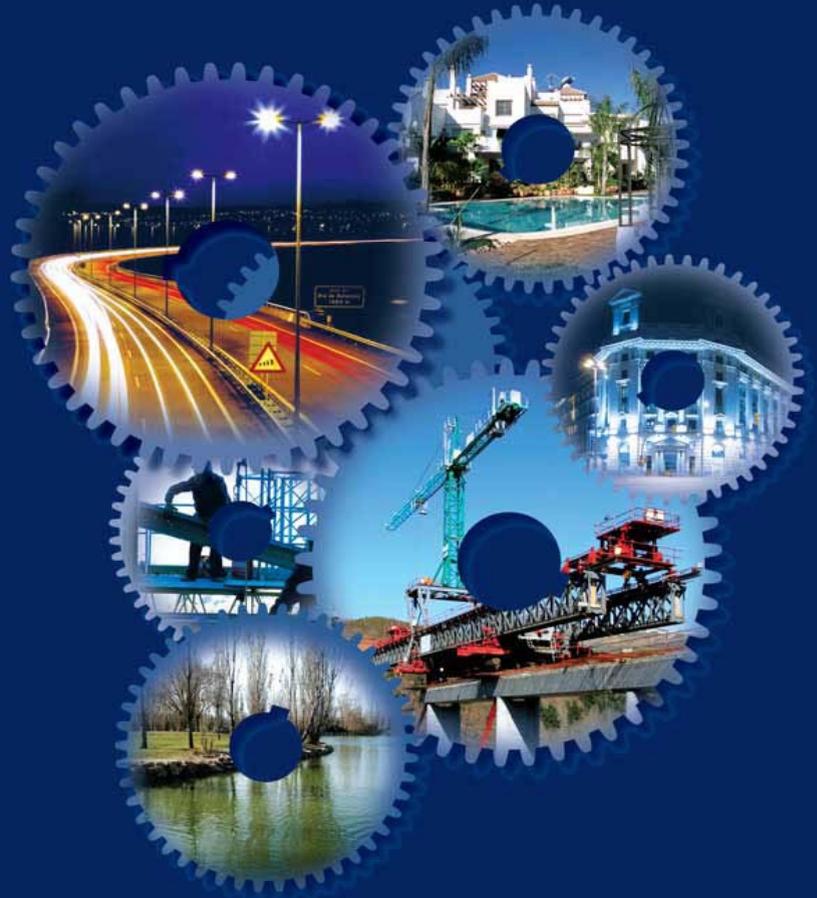
- Market Situation
- Strategy
- 2004 Earnings and Prospects



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Market Situation



Market Situation: Macroeconomic Outlook

MACROECONOMIC OUTLOOK 2003-2005

(Change in % y-o-y except otherwise stated) 30th July 2004

	2003	2004	2005
Domestic consumption	3.3	3.4	3.3
- Private Consumption	3.0	3.2	3.2
- Public Adm consumption	4.6	4.0	3.5
-Gross Capital Formation	3.0	3.7	4.2
-Capital goods & other products	2.2	4.0	5.6
-Construction	3.7	3.5	3.1
Domestic demand	3.3	3.5	3.5
Exports	4.0	5.1	6.5
Imports	6.7	7.0	8.1
External contribution	-1.0	-0.9	-0.7
GDP	2.4	2.8	3.0
-GDP at nominal prices	6.7	6.3	6.3
Employment market			
Employment	1.8	2.0	2.0
Productivity by worker	0.6	0.7	0.9
SOURCE: MINISTRY OF ECONOMY			

- The economic outlook points to:
 - GDP is expected to grow more than 2.5%.
 - This growth is backed by an increase in domestic demand of around 3.5%.
 - Slight rebound in private consumption.
 - Acceleration of growth in investment, fundamentally in capital goods, with a rate exceeding 4%.
 - Investment expansion in construction is expected to stabilize around 3% due to more moderate growth in residential building.
 - Job creation is advancing at an expected rate of 2.0% per annum, generating a rise in employment productivity.
- Risk in the evolution of oil prices.



Market Situation: Concessions

Traffic:

- From 1980 through 2002, ADT has grown 4.77% annualized.
- The percentage of light vehicles/total sector traffic is around 85%.

Toll Highways (Average daily traffic) (In thds)

	2001	2002
Total	22.5	23.0
Light vehicles	19.0	19.5
Heavy vehicles	3.5	3.5

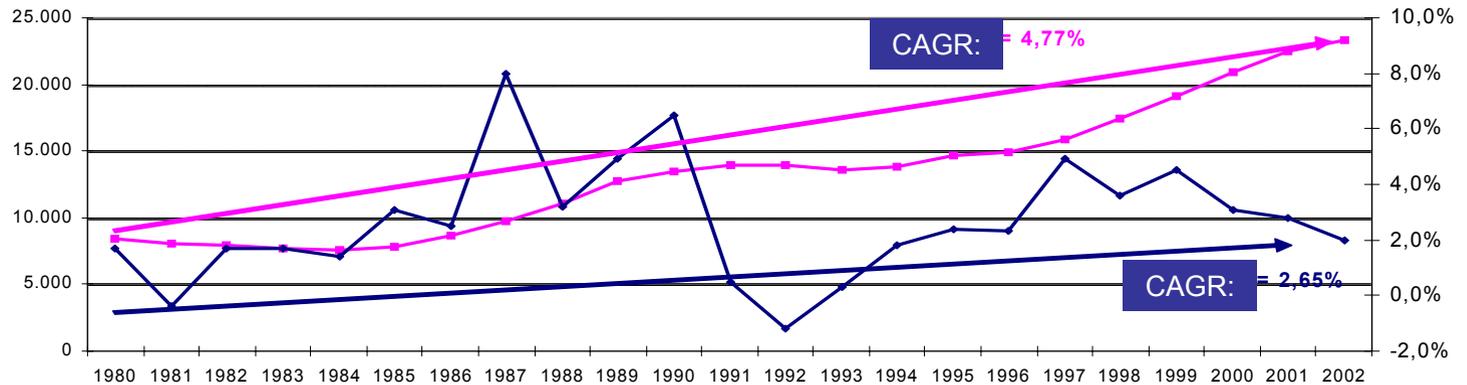
Source: Department of traffic. Internal affairs Ministry

State road network (Km.)

	2001	2002	2003
High capacity roads	8,082	8,368	8,765
Toll highways	1,820	1,933	2,040
Free highways	5,564	5,756	6,042
Two lane roads	698	679	683
Rest of network	16,376	16,273	16,048
From 5 to 7 m.	1,517	1,410	1,487
More than 7 m.	14,859	14,863	14,561
Total	24,458	24,641	24,813

Source: Public Works Ministry, Regional Administrations, County councils and Town councils.

Spanish Sector ADT performance 80/02

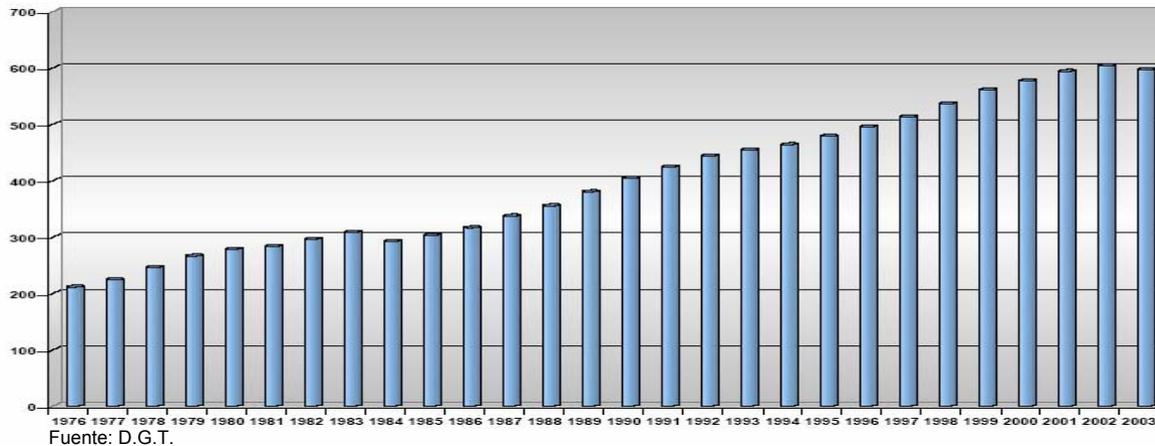


Market Situation: Concessions

Total Vehicle Pool:

- 2003 vehicle pool was 25.2 million vehicles, with an upward trend.
- The ratio of inhabitants per vehicle declined, ranking in 2003 at 2.26 inhabitants per vehicle.
- As of September 2004, 11.2% more vehicles were registered than the same period last year.

Number of vehicles per 1,000 inhabitants

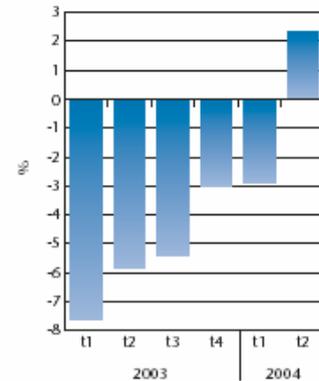


Market Situation: Rental Property

Offices:

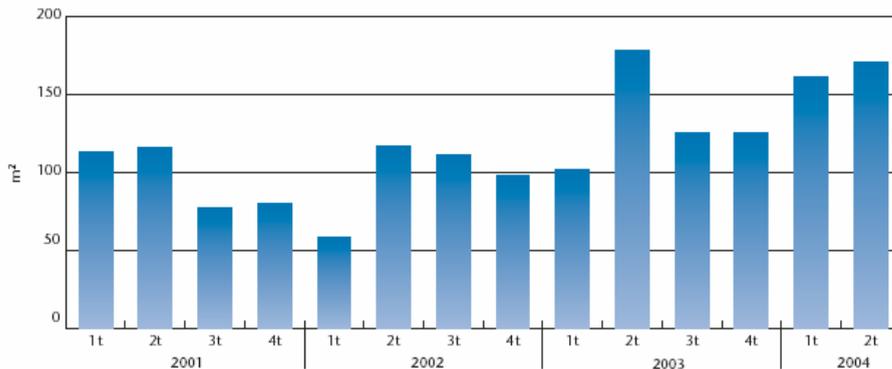
- In 1H 2004, take-up in Madrid market was 330,000 m², up 20.8% on the same period last year, setting a positive trend with regard to recovery of demand.
- This improvement in demand has stimulated the recovery of prices, which began a slight recovery in April-June.
- Clear process of improvement in the situation of imbalance between supply and demand, with a current vacancy rate in Madrid of 9% and 7% in Barcelona.

Avg. Rental Price performance

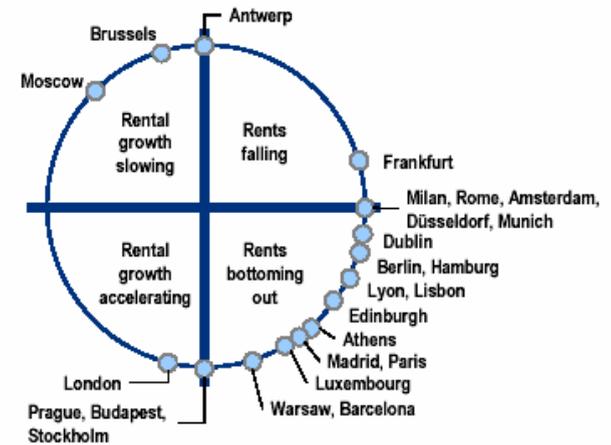


Source: Knight Frank

Take-up performance (m²)



Source: Knight Frank



European Office Property Clock - Quarter 2 2004

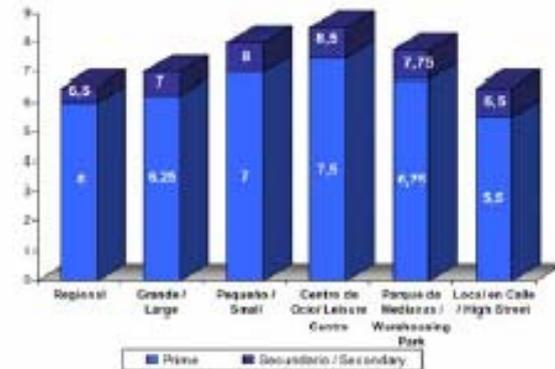


Market Situation: Rental Property

Shopping Centers:

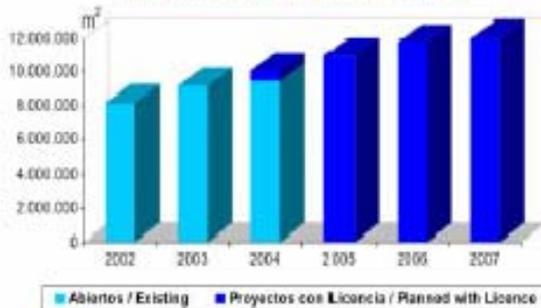
- At the end of 2003, the amount of m2 in Spain was 9.1 million and the total number of shopping centers 428.
- Lettable surface will increase by 31% in 2004-2007, if all planned projects are carried out.
- In 2003 a strong level of rents growth and consolidation of yields was observed.
- In general, occupancy levels on this use have remained high.

Rentabilidades Iniciales de Retail
Retail Prime Yield Profile



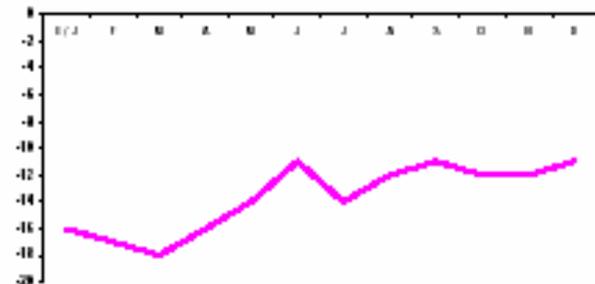
Fuente/Source: Jones Lang LaSalle, 27/02 2004

Oferta Futura de Centros Comerciales
Projected Shopping Centre Supply



Fuente/Source: Jones Lang LaSalle, 27/02 2004

Indice de confianza del consumidor 2003 / Consumer Confidence 2003



Market Situation: Construction

Public Bidding:

- Public bidding in construction has shown a constant/ascending line since 1994 up to 2003.
- Civil engineering sector has been the principal player of this growth, due to basically the projects executed within the Transportation Infrastructure Plan.

Public Tendering: By Administration Mn Euros

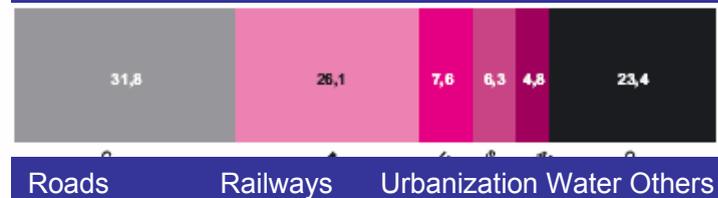
Public tender by contracting agent
Public Administrations (millions euros)

	2001	2002	2003
Public Administrations	23,729.4	26,834.2	23,900.2
Estate	8,917.3	9,440.3	10,609.6
General Administration	8,365.2	8,682.7	9,906.3
Local Administrations	552.1	757.5	703.3
Health care System	329.2	52.0	114.4
Local Authorities	14,482.8	17,341.9	13,176.2
Grupo Fomento	7,394.6	8,004.8	8,334.8
Ministry	2,771.3	3,643.0	2,473.9
Local Administrations	0.8	2.1	0.2
Estate public authorities	4,622.5	4,359.7	5,860.83

Public Tendering: By type of Work



Public tendering by type of works (2003 in %)



Market Situation: Construction

2004 Performance:

- Indicators related to construction have reduced their growth rates:
 - Apparent cement consumption grew 3.5% by August, versus a 4.8% the previous year.
 - Building permits on construction projects pointed to a moderation of activity with respect to year 2003, although residential building continues posting a clearly positive rate.
 - Short term negative balance of public bidding, although bidding of Ministry of Development and its associated entities, such as AENA, RENFE, GIF and PORTS on the rise.
 - Worthy of emphasis in September are very positive values in construction confidence (+18), reflecting a predominance of optimism.
- Mortgages continue posting a clear upward trend, reflecting the positive momentum in housing prices.

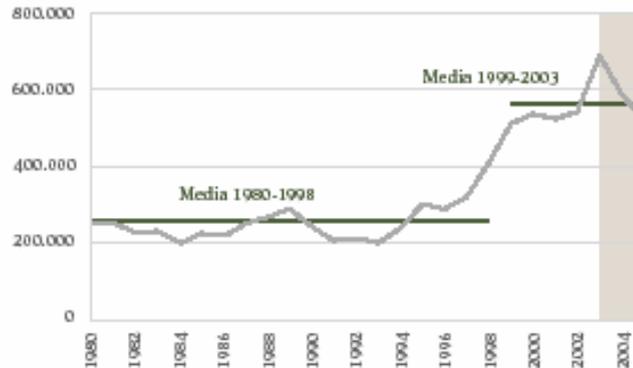


Market Situation: Housing

Activity:

- Given the present levels of housing starts, activity in the residential building segment will post growth rates in 2004 similar to those of 2003.
- This high housing production volume apparently exceeds the needs arising solely out of demographic factors, which exemplifies the important role Spain is playing as a second home destination, with a demand which amply exceeds the domestic sphere. In this regard, new home production has been concentrated, each year with a greater intensity, in the Mediterranean provinces.

Spain: Housing Starts



Fuente: M° de Fomento y BBVA

Spain: Breakdown of Housing Starts

	Total	Big cities	o/Total	Coast	o/total
	n°	n°	(%)	n°	(%)
1998	463.099	57.728	12,5%	222.375	48,0%
1999	558.260	58.419	10,5%	288.725	51,7%
2000	594.820	58.060	9,8%	306.677	51,6%
2001	561.186	59.958	10,7%	288.466	51,4%
2002	575.546	62.748	10,9%	292.843	50,9%
2003	690.207	64.814	9,4%	360.862	52,3%
2004	585.000	53.000	9,1%	325.000	55,6%

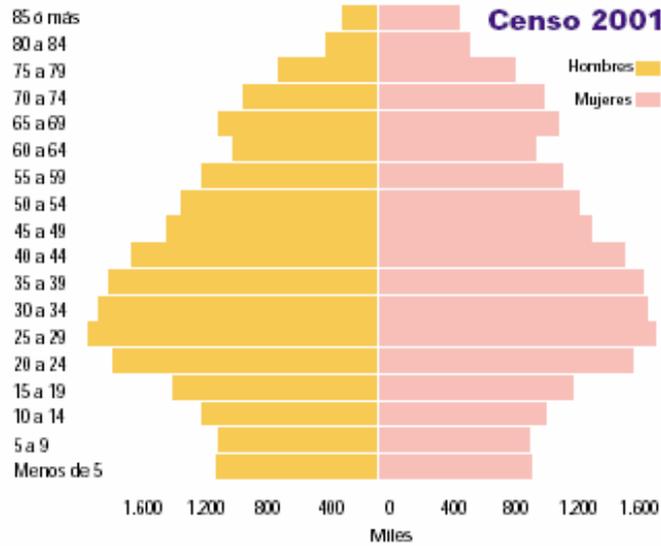
(*) Barcelona, Valencia, Málaga
 Costa: Mediterráneo, Canarias, Cádiz, Huelva
 Grandes Ciudades: Madrid, Barcelona, Valencia, Sevilla, Zaragoza y Málaga

Fuente: Colegio de Aparejadores y BBVA

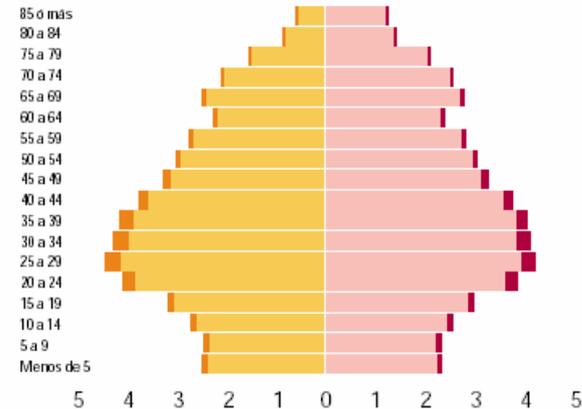


Market Situation: Housing

Demographic features



Distribution of Spain resident population (Spanish/foreigners)



- Slight increase in birth rate in recent years.
- Baby-boomers (1964/1978 period) generation has reached marriage age.
- Foreign population has increased nearly five-fold in the last decade, due for the most part in the total population growth.
- In addition, foreigners from developing countries settled in Spain are younger than the Spanish population, concentrated within the range of ages 25 to 34, that is, with the highest probability of creating households.

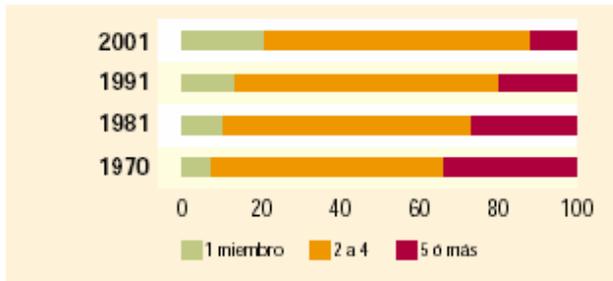
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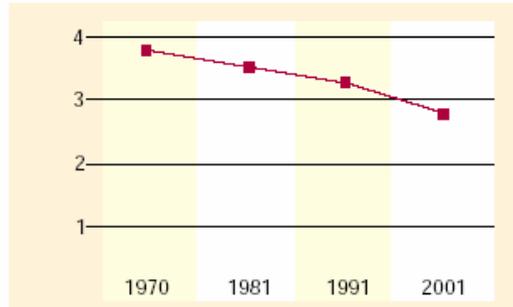
Market Situation: Housing

New families structure:

Distribution of households by number of members (In %)



Number of people per household

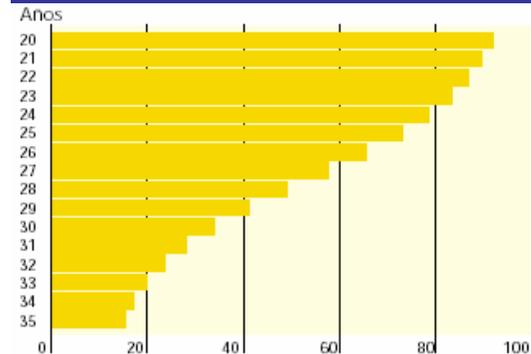


- On-going reduction of households: Average persons per household is below 3 members. Amount of people living alone is on the rise, and therefore the number of new homes demanded.

- The age of emancipation has increasingly delayed: 73% of people aged 25 continue to be single and live with their parents. This percentage is above 50% up to age 28.

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Range of Spanish people between 20/35 years living in parents home (In %)



Market Situation: Housing

Economic aspects:

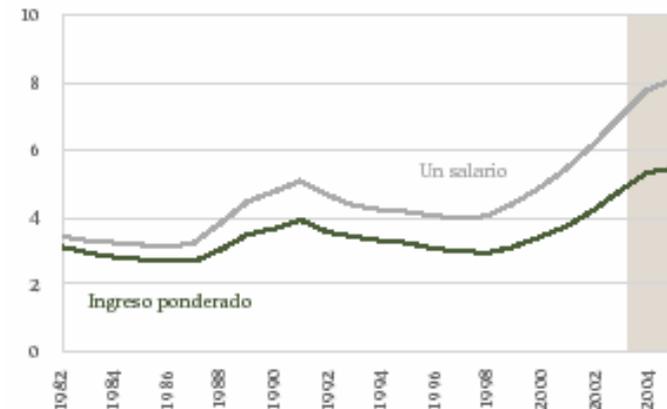
- Spanish active population performance shows the growing incorporation of women into the workworld. This implies an increase in household disposable income to dedicate to acquiring a home.
- The accessibility ratio indicates a decline with respect to ratios observed in the last quarter of 2003, placing the effort for acquiring a home at the same levels as 1996, when housing prices were somewhat less than one-half of present prices and mortgage loan interest rates exceeded 10%, and average mortgage terms were below 15 years.
- An increase in mortgage loan maturities could bring the accessibility index to lower levels.

Housing Prices Vs CPI



Fuente: M° de Fomento y BBVA

Housing Affordability Housing prices/Family Income



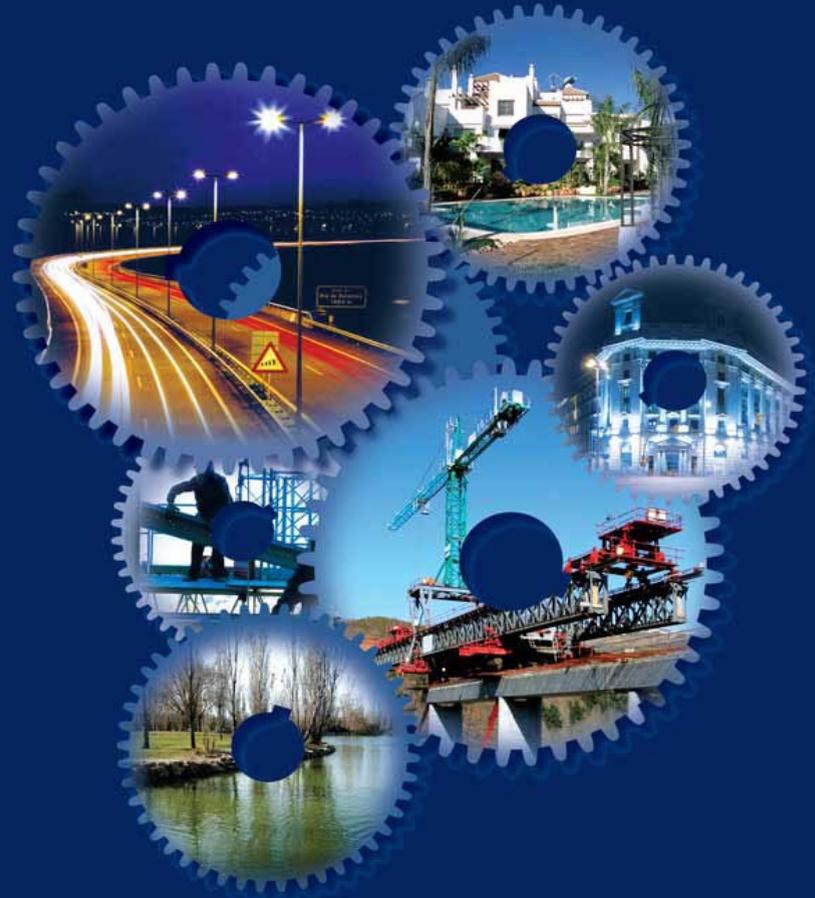
Fuente: BBVA



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Strategy and Forecasts



Strategy: Concessions

Present situation:

- Stakes in 24 concessionaires, representing a total of 2,750 km of highways and 19 km of inner-city rail systems.
- As at June 2004, investment in highways of €4,142 million, financed through long-term project finance.
- Locked growth in this area after the acquisition of Ena and the awarding of 5 new concessions:
 - 1 in 2002 (Américo Vespucio)
 - 2 in 2003 (Seville Metro and Northeast Access to Santiago de Chile)
 - 2 in 2004 (Palma de Mallorca-Manacor and S. José-Costa Rica)
- Presented bids for 2 new concessions, and 6 new projects under study.



Strategy: Concessions

Target:

In Growth

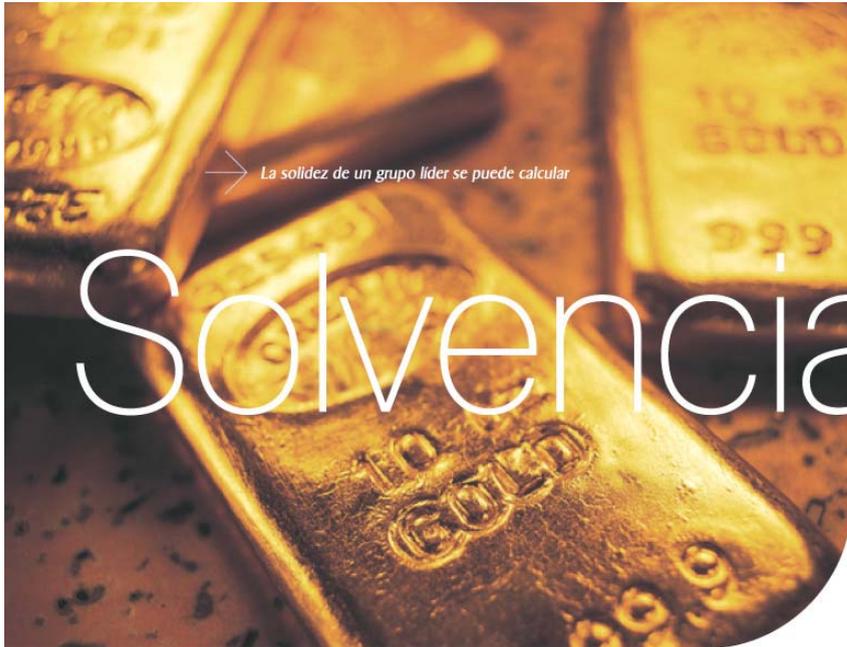
- Consolidate and increase domestic presence in tollroads and expand presence to other new geographic areas:
 - Countries such as Italy, Greece or Ireland, with new projects on the boards.
 - Emerging nations with solid financial systems and low political risk such as Chile, Costa Rica, Brazil and Mexico, with an adequate selection of local partners.
 - Opportunities in European eastern countries.
- Increase exposure to products having a potential for development in transportation infrastructure concessions such as airports, ports, rail systems, etc.
- Potential for creating value with new concessions (target: 2 by year) and corporate actions.

In Management.

- Strengthen its nature of expansion platform for other group areas, taking advantage of existing synergies (construction and services).
- Reinforced the fitting of new operation systems with greater induced traffic (free-flow) and customer loyalty (payment systems, discounts, etc.).



Strategy: Rental Property



Present situation:

- 1.4 million m2 under lease at June 2004.
- 97,5% occupancy rate.
- Average net yield 8.2%.
- Solvent clients with long-term leases.
- Spanish leading rental property group by assets value and net profit.
- Listed on Madrid and Barcelona Stock Exchanges, with a market capitalization of €1,674 million at September 30.



Strategy: Rental Property

Target:

- Consolidate leadership position in Spanish market, providing recurrent earnings and generate capital gains on assets.
- Increase letting surface in next 4 years:

New products development	M2
Offices	50.497
Shopping Centers	7.000
Hotels	37.259
Other Products	62.095
TOTAL	156.851

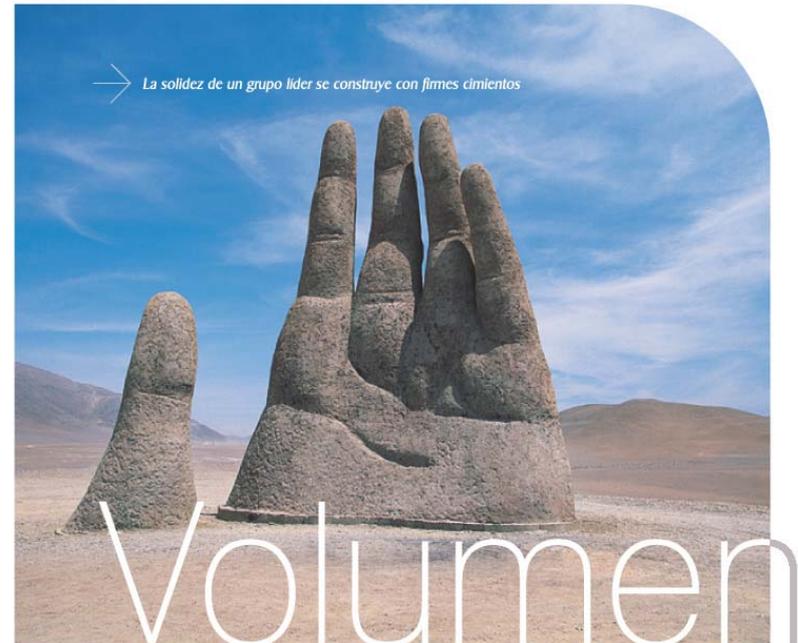
- Maintain an asset turnover policy to set average portfolio age at 20 years.
- Enter into new products under concession such as hospitals and new rental homes backed by the new regional and Central administrations plans.
- Increase third parties property management (real estate funds)



Strategy: Construction

Present situation:

- By turnover, our companies are:
 - 5th in Spain
 - 1st in Portugal
 - 1st in Chile
- € 3,126 Million in construction backlog at June 2004, equivalent to 18 months of activity.
- International presence through Sacyr Chile and Somague.
- Stable growth in turnover (CAGR 2001-2003: 23.5%).



Strategy: Construction



Target:

- Consolidate a construction company leader in profitability with a weight of around 60% in civil works and 40% in building.

In Civil Works

- Sustained growth, increasing market share and identifying new markets.
- Sustained margins in Spanish operations and improving those at Somague.

In Building

- The group will carry out 80% of the residential building developed by Vallehermoso.
- Growing in public building once has been consolidated the entire delegations network opened in 2004.



Strategy: Construction



Target:

- Focus our business as direct contractor in the following markets:
 - Spain, both in civil works as well as building through Sacyr
 - Portugal, both in civil works as well as building through Somague
 - Chile in civil works through Sacyr Chile
 - Italy in civil works through Sis
- Markets in which we will focus our business as construction provider for our concessions unit are:
 - Ireland
 - Greece
 - Costa Rica
 - Mexico
 - Brazil

} Local
Companies

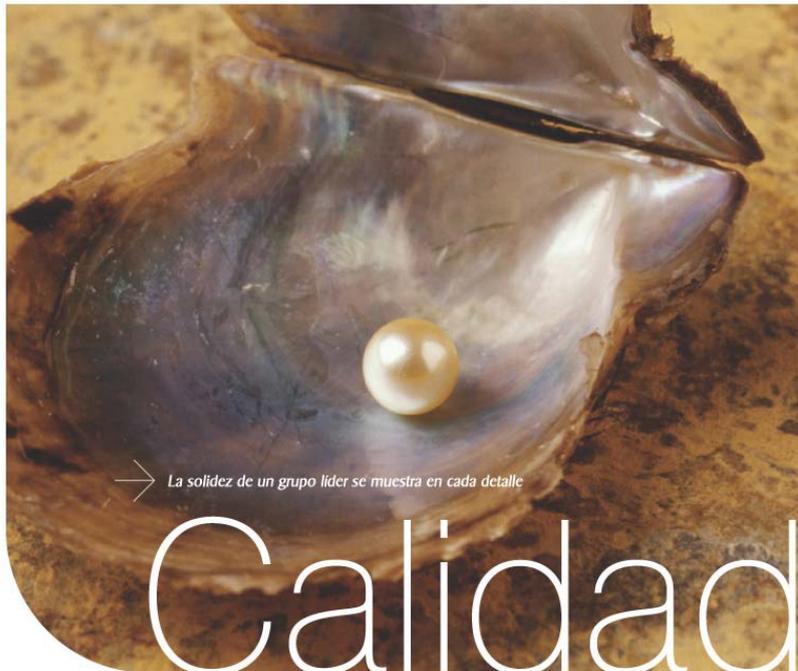


Strategy: Residential



Present situation:

- Geographic diversification with a well-spread presence in the entire domestic territory: 70 cities with 250 developments.
- Land reserve at June 2004 of 3.7 million m², significant latent capital gains which guarantees 4.9 years of sales.
- More than 4,000 homes to be sold in 2004, our market share is 0.7%.



Strategy: Residential

Target:

- Increase our share and the number of homes sold in a market whose total number of sales will be falling in future years.

Land

- Invest in land with a timeline for urban development of 3 to 10 years, taking advantage of sound opportunities.
 - Urban land or land eligible for building development.
 - Maintain a reserve equivalent to 5 years of sales (4.5 – 5 million m²).
 - Cost of land equivalent to 35% - 45% of sale price.

Primary residence

- Target sales of 5,000 – 5,500 units per year.
- Type: 80-unit per development: Flats of 100/125 m² surface.
- Oriented to several market niches (high end: €400,00, medium-end: €200,000 and public subsidized housing through a differentiated brand named Erantos).
- Present in cities of more than 100,000 inhabitants.

Coast

- Sale objective of 500 – 1,000 units per annum.
- Type:
 - Domestic clients: Large projects, with low-density and services and leisure offered combined.
 - E.U.: Mediterranean and south atlantic coast: transport infrastructure are essential (airports, train, etc.), with a balance offer of services, health care, leisure/golf. 1st line beach is not a must.



Strategy: Services

Present situation:

- Presence in activities of:
 - Integral water cycle (supply, desalination, purification)
 - Alternative energies (wind generation and biomass)
 - Facilities Management
- 420 MW of alternative energy generation contracted (320 in Somague and 100 in Iberese)
- 250,000 m³/day in desalinated water
- 1.2 Mn inhabitants supplied (Somague is the market leader of Portuguese water distribution market).
- 1 million m² of property under integral management.



Strategy: Services



Target:

- Aimed at expanding in a significant proportion in activities where we have an active role and get entrance into new areas.

Alternative Energies

- In wind energy generation, Spain will develop 10,000 MW, possibly expandable by the needs for energy to desalinate. In Portugal 3,500 MW are expected. In this framework SyV expects to increase its activity considerably. Target to arise in Portugal with 520 MW and in Spain at 520 MW through 2007.
- In cogeneration and biomass, through IBERESE, SyV develops and manages 100MW of installed capacity. Target to reach 400 MW.

Solid Urban Waste

- Hidurbe carries out solid waste collection and street cleaning for several cities. Moreover, it operates a treatment plant in Madeira and other in Macao, with a processing capacity of 400,000 Tn/year.
- SyV considers collection and treatment of waste an strategic area of development, with the potential acquisition of companies in Spain and bidding for new contracts in this market as a way of expansion.



Strategy: Services



Water Cycle

- SyV has activity in water distribution and treatment activities developed through Aguas de Toledo, AGS and Sadyt.
- The strategy is aimed at strengthening the organic growth combined with acquisitions.

Multiservices

- SyV is present in gardening and landscaping through MICROTEC in Spain and Viveiros del Falcao in Portugal. Organic growth in this area will be supported by the gardening of the 1,000 km. in highways controlled by SyV in Spain.
- VALORIZA Facilities develops integral facilities maintenance activities for buildings of TESTA and other external clients. Objective to develop clients portfolio outside the group.
- SyV expects to start operations in business such as: airport handling, cleaning and others. For the implementation in this areas, acquisitions of specialized companies are considered an option.

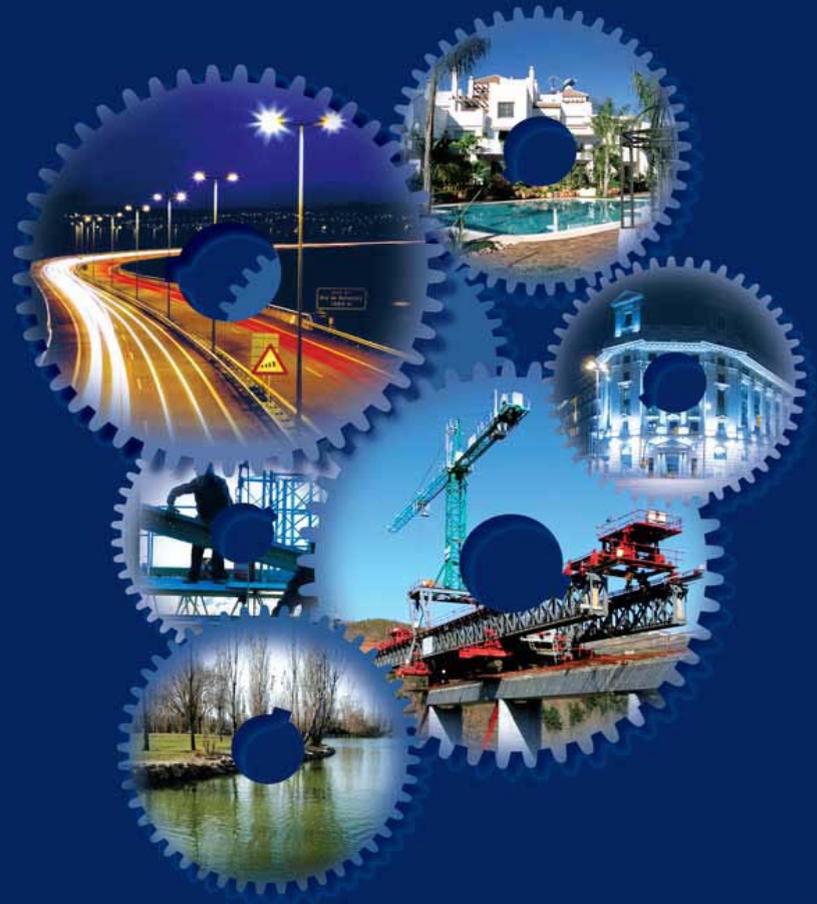
Investments forecasted for next 3 years of Mn €600.



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2004 Results and Forecasts



2004 Results



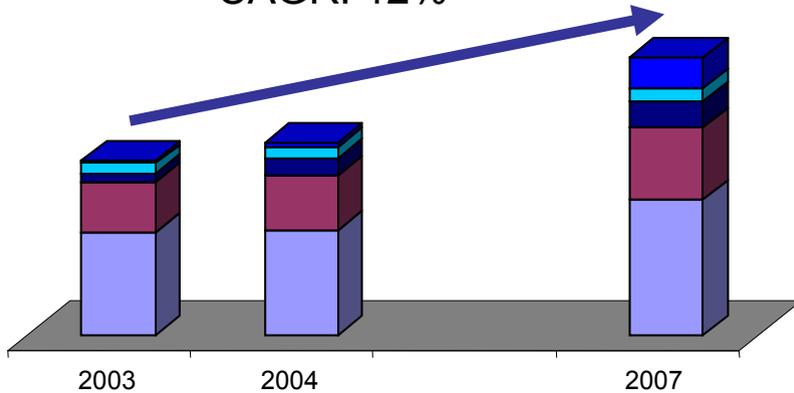
- Expansion of sales by more than 10%, due to organic growth in all activities and acquisitions in concessions (Ena).
- Growing operating profit due to:
 - Expansion of operating margins due to increasing contribution of infrastructure concessions.
 - Sales growth with sustained business margins.
- Expansion of ordinary profit will allow to compensate lower generation of extraordinary results from rental property turnover



2003-2007: Performance by Areas

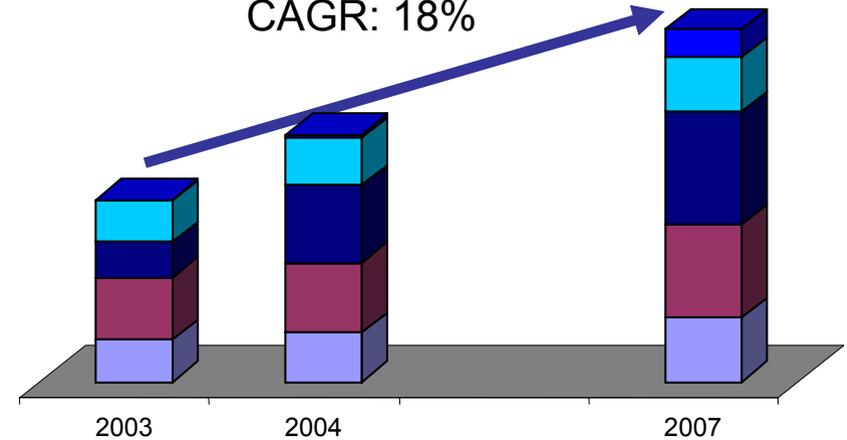
Net Sales Performance by Area

CAGR: 12%



EBITDA performance ny Area

CAGR: 18%



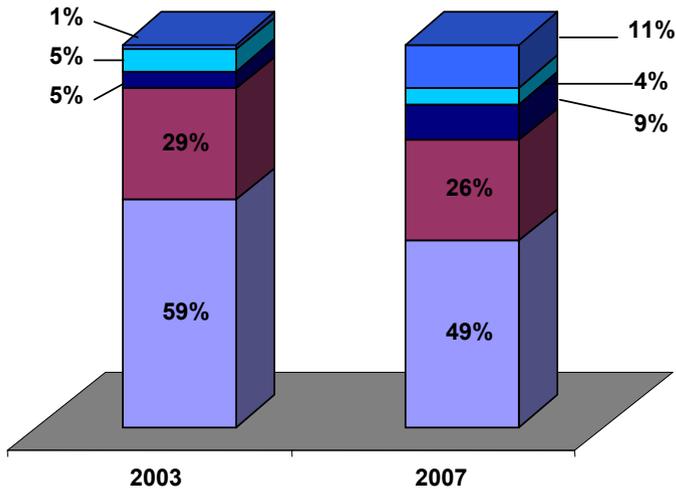
■ Construction ■ H. Develop. ■ Concessions ■ Property ■ Services

- Sales and operating profit growth expected higher than 10% (cagr) due to:
 - Organic growth strategy in all the activities
 - Focus on activities with high operating margins (concessions)
 - Development of new areas (services)

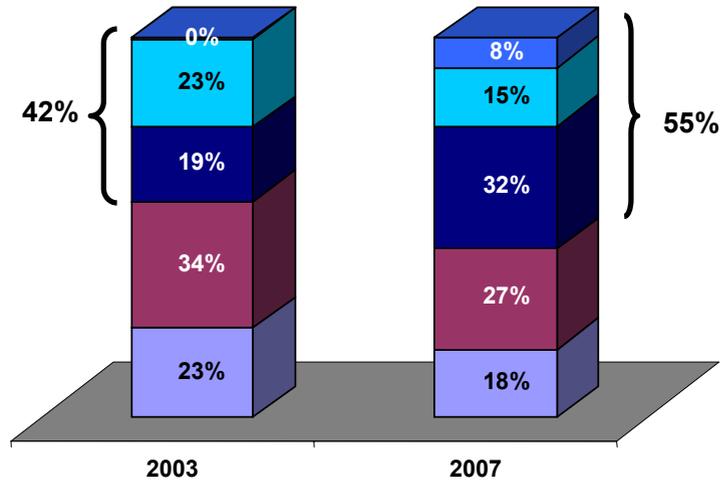


2003-2007: Performance by Areas

Net Sales Breakdown



EBITDA Breakdown



■ Construction ■ H.Develop ■ Concessions ■ Property ■ Services

Investment effort in recurrent activities (concessions, rental property and services) makes the importance of these areas to grow in the future.

