

Sacyr 2016

Financial Report
Third Quarter





I.	THIRD QUARTER HIGHLIGHTS	2
II.	INCOME STATEMENT	5
III.	BACKLOG	11
IV.	CONSOLIDATED BALANCE SHEET	14
V.	PERFORMANCE BY BUSINESS AREA	17
VI.	STOCK MARKET PERFORMANCE	34
VII.	SHAREHOLDER STRUCTURE	35

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I. HIGHLIGHTS THIRD QUARTER 2016

DERIVATIVE ON REPSOL SHARES AND REDUCTION OF THE ASSOCIATED LOAN

Within the framework of constantly seeking out opportunities to mitigate or eliminate the risks associated with the stake in Repsol, in the third quarter of 2016 Sacyr significantly reduced its exposure to fluctuations in the oil market by arranging a hedge by means of a derivative transaction on 20 million shares of Repsol (16% of total ownership interest).

This transaction enabled the company to eliminate the risk of fluctuations in the trading price of Repsol below a threshold of €10.7/share. The structure of the derivative also allows the company to benefit from a potential increase in the trading price of Repsol shares up to a certain price.

The funds obtained were allocated to repaying €213 million on the loan associated with the stake in Repsol, which was reduced from €1,301 million to €1,088 million, thus allowing the financial burden to be reduced and providing the guarantee structure with greater flexibility. This debt reduction is not included in the figures at 30 September, since the transaction was not executed until 4 October 2016.

AWARD OF THE ROMA-LATINA TOLL ROAD

Autostrade del Lazio awarded SIS, an Italian subsidiary of Sacyr, with the construction and concession of the Rome-Latina toll road, spanning 186 km, with an expected investment of €2,800 million and a concession period of 43 years. This project represents the consolidation of Sacyr Concesiones in Italy where it already has, through SIS, the Pedemontana-Veneta toll road under construction, spanning 145 km and with an investment of €2,500 million.

The Rome–Latina toll road completes the large ring road of Lazio, which is made up of the Sole, Cisterna-Valmontone, Rome-Latina and Orte-Civitavecchia toll roads, bringing the infrastructure into line with European standards. Upon entry into service we expect to see Average Daily Traffic (ADT) of 32,000 vehicles and revenue of €12,250 million throughout the concession. Revenue from the toll road will be obtained through direct tolls with a rebalancing mechanism for the concession company by increasing tariffs.

AWARD OF ROUTES 2 AND 7 IN PARAGUAY (NOVEMBER 2016)

Sacyr entered the market in Paraguay with the award of the construction and operation of Route 2 (between Asunción and Coronel Oviedo) and Route 7 (between Coronel Oviedo and Caaguazú) with an expected investment in its construction of €475 million and revenue of €1,350 million throughout the 30 years of the concession.

This is the first motorway project under the new PPP law of Paraguay and its execution is vital for the country's growth, since this is the most important corridor as it connects Asunción with Ciudad del Este and covers 70% of the country's economic activity. The contract comprises 170 km of motorways that will be duplicated, improved, operated and maintained by the concession company, including the construction of five alternative routes between the cities of Asunción and Caaguazú.

ENTRY INTO OPERATION OF THE CONCEPCIÓN - CABRERO MOTORWAY

In August Sacyr Concesiones started up the Chilean motorway that joins the cities of Concepción and Cabrero, spanning 103 km. The project will generate revenue of €930 million over the term of the concession. The construction work, which began in June 2012, will significantly improve the connectivity of the region, as it will join Concepción and Cholguán in the Bio Bio region and connect with Route 5 South.

REFINANCING THE CONCESSIONS OF THE MADRID TRANSPORT HUBS

Sacyr Concesiones and its partner Eiser Infrastructure Partners successfully refinanced the debt of the concession companies that manage and operate the Moncloa and Plaza Elíptica transport hubs in Madrid, for a total sum of €190 million. All of the debt was placed among a group of five European and American institutional investors. The new arrangement means that existing bank debt for the project at the two concession companies, due in 2018 and 2019, has now been refinanced with long-term horizons (25 years). The deal benefited from the prevailing low market interest rates.

REFINANCING THE DEBT OF SOMAGUE

In the third quarter of 2016, €125 million of the financial debt maturing in the short term of our Portuguese subsidiary Somague was successfully refinanced. Within the framework of this transaction, the debt's maturity was extended to 2023, with price improvements and without guarantee of the holding company.

INAUGURATION OF THE EXPANSION OF THE LA PAMPILLA REFINERY

The expansion of the La Pampilla refinery (Peru) carried out by Sacyr Industrial was inaugurated in October 2016. This expansion, which required an overall investment of €425 million, included the engineering, supply and expansion of the refinery in order to bring fuel specifications into line with new environmental regulations in Peru and to comply with the required sulphur levels. The expansion will enable the refinery to fully use the oil distillation capacity currently installed and increase it by an additional 20%. This project enabled Sacyr Industrial to consolidate and strengthen its presence in the Oil&Gas sector.

II. INCOME STATEMENT

STATEMENT OF INCOME (Thousands of Euros)	SEPT 2016	SEPT 2015	% chg 16/15
Revenue	2,161,221	2,123,178	1.8%
Other income	60,139	77,784	-22.7%
Total operating income	2,221,360	2,200,962	0.9%
External and Operating Expenses	-1,959,711	-1,954,412	0.3%
EBITDA	261,649	246,550	6.1%
Amortisation and depreciation charge	-80,881	-79,314	2.0%
Trade Provisions and non recurring items	-21,454	-33,046	-35.1%
NET OPERATING PROFIT	159,314	134,190	18.7%
Financial results	-154,563	-186,358	-17.1%
Forex results	-832	3,968	n.s.
Results from equity accounted subsidiaries	115,136	-294,497	n.s.
Provisions for financial investments	-5,727	-103,530	-94.5%
Change in value of financial instruments	-19,487	-28,661	32.0%
Results from sales of non current assets	22,498	952	n.s.
PROFIT BEFORE TAXES	116,340	-473,936	n.s.
Corporate Tax	-15,594	-185,951	n.s.
PROFIT FOR CONTINUING ACTIVITIES	100,746	-659,887	n.s.
RESULTS FOR COMPANIES WITH DISCONTINUOUS ACTIVITIES	0	1,203,393	n.s.
CONSOLIDATE RESULTS	100,746	543,506	n.s.
Minorities	-11,360	-11,237	1.1%
NET ATTRIBUTABLE PROFIT	89,386	532,269	n.s.
Gross margin	12.1%	11.6%	

Sacyr's results at 30 September 2016 confirm the strong operating performance of the Group's businesses and the consolidation of growth in our strategic businesses and markets. The operating performance reflects the company's focus on profitability and cash generation, underpinned by stringent contract selection and exhaustive control of risks and costs associated with each contract.

Net profit amounts to €89 million. This result is not comparable with that of the same period of 2015, due to the following:

- The gain on the sale of Testa for a gross amount of €1,280 million together with the corresponding asset impairment for deferred tax amounting to €-180 million.

- The adjustment in the carrying amount of the investment in Repsol to fair value, amounting to €-373 million.
- The working capital and financial provisions amounting to €-130 million.

Net profit compared to that at 30 September 2015 would be €71 million, which would mark an increase in net profit of 25.6%.

OPERATING PERFORMANCE

- Revenue in the third quarter of 2016 amounted to €2,161 million, up 1.8% year on year.
- EBITDA at 30 September amounted to €262 million, revealing a year-on-year increase of 6.1%.
- EBIT reached €159 million, up 19% on that at the end of September 2015.
- The EBITDA margin was 12.1% compared to 11.6% in the third quarter of 2015.

Driving revenue and EBITDA growth were the solid performances by the Concessions, Services and Industrial businesses, which offset the slowdown in Construction.

REVENUE (Thousands of Euros)	Sept. 2016	Sept. 2015	% Chg 16/15
Construction	996,712	1,174,963	-15.2%
Concessions	401,213	409,682	-2.1%
Services	653,921	566,842	15.4%
Industrial	289,743	189,777	52.7%
Holding y Adjustment	-180,369	-218,086	
REVENUE	2,161,221	2,123,178	1.8%
International	1,126,247	1,129,353	
% International	52%	53%	

EBITDA (Thousands of Euros)	Sept. 2016	Sept. 2015	% Chg 16/15
Construction	38,257	53,104	-28.0%
Concessions	158,285	143,379	10.4%
Services	52,505	50,333	4.3%
Industrial	22,358	12,299	81.8%
Holding y Adjustment	-9,756	-12,565	
EBITDA	261,649	246,550	6.1%
Ebitda Margin (%)	12.1%	11.6%	

CONCESSIONS

CONCESSIONS (Thousands of euros)	SEPT. 2016	SEPT. 2015	% Chg. 16/15	% Chg.* 16/15
Revenue	401,213	409,682	-2.1%	1.4%
Revenue from construction	168,332	206,915	-18.6%	-18.6%
Revenue from concessions	232,881	202,767	14.9%	21.9%
EBITDA	158,285	143,379	10.4%	16.8%

*Variation eliminating the effect of disinvestments during 1Q 2016

- The revenue from concession activities, amounting to €401 million, is not directly comparable with the third quarter of 2015, since last year's figure included revenue from the Braga and Vila Franca de Xira hospitals in Portugal, which were sold in 2016. In like-for-like terms, revenue rose by 1.4%.
- Concession revenue saw growth of 14.9%, reaching €233 million at 30 September 2016 (comparable growth is 21.9% stripping out the impact of the sale of the

hospitals explained above). This significant growth in revenue can be put down to healthy traffic figures, the partial operational start-up of the Chilean concessions Rutas de Algarrobo¹ and Rutas del Desierto,² plus the contribution made by the Montes de María and Pasto-Rumichaca toll roads in Colombia and Hospital de Antofagasta in Chile.

- The remaining €168 million corresponded to construction revenue, which was down 19% owing mainly to the reduction in income as a result of completing the construction work on the Chilean motorways (Rutas de Algarrobo and Valles del Bio Bio in 2016 and Rutas del Desierto in September 2015).
- EBITDA also performed extremely well, gaining 10.4% year-on-year (+16.8% adjusted to reflect the contributions made by the Braga and Vila Franca de Xira hospitals).

SERVICES

- Services posted 15.4% growth in revenue to €654 million, fuelled by the positive performances in all lines of business, in particular the significant growth of the Multiservices and Environment activities, with increases of 25.7% and 12.5%, respectively.
- EBITDA totalled €53 million at 30 September 2016, growing 13.7% in Multiservices, 7.9% in Environment and 1% in Water. The impact of overheads associated with the international expansion process meant that total EBITDA was up 4.3%.

¹ First section in operation in May 2015 and second and last section in May 2016.

² Start-up of the R-16 section in September 2015

INDUSTRIAL

- Sacyr Industrial continued the trend of significant growth that it has been consolidating each quarter. At 30 September 2016, billings were up 52.7% on 2015 and its contribution to the Group's revenue reached €290 million. Noteworthy was the higher revenue from EPC contracts, which amounted to €212 million (compared to €117 million at 30 September 2015) and represented 73% of revenue for this division. The increase was down to the larger contribution of contracts for the refinery in Pampilla (Peru), the regasification plant in Cartagena (Colombia), the cement plant in Oruro (Bolivia) and the electricity infrastructure projects (Mexico, Peru and Panama), as well as by Sacyr Nervión and Sacyr Fluor.
- EBITDA at 30 September 2016 was up 82% year on year to €22 million.

CONSTRUCTION

- As we have mentioned throughout the year, construction activity was undermined by the slowdown in the markets where Portuguese subsidiary Somague operates. The situation has persisted since 2015 and has resulted in a 9.7% year-on-year drop in revenue. Revenue from the rest of the construction business was down 16.9%, mostly as a result of completing the work on the Rutas del Algarrobo and Rutas del Bio Bio concessions in Chile, which were in full operation in the third quarter of 2015.
- The slightly negative contribution by Somague to EBITDA at 30 September 2016 is evident in total EBITDA, whereas the rest of the overseas projects are still contributing positively and sustaining the margin. The gross margin was 3.8%, thanks to the 5.4% return commanded by contracts not belonging to Somague.

EBIT

Net profit from operations includes a non-recurring expense in the amount of €25.5 million, as a result of the workforce changes made to the construction activity in Spain and Somague.

FINANCIAL RESULTS

Net financial losses were €155 million, shedding €32 million (-17%) year on year thanks to the reduction in bank borrowings and interest costs. The average interest rate on the borrowings stands at 4.06%, compared to 4.69% in the third quarter of 2015.

PROFIT AND LOSS OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

This heading of the income statement includes €109 million from our 8.4% stake in Repsol. The carrying amount of our Repsol stake was €15.6/share at 30 September 2016.

At 30 September 2015, this heading included a loss of €300 million as a result of our stake in Repsol, of which €73 million related to our share of Repsol's net profit and €373 million to the write-down to fair value of the investment following the impairment test.

III. BACKLOG

The revenue backlog amounts to €26,240 million, with over 73% of this backlog relating to Sacyr's more recurrent concessions and services businesses, which account for 49% and 25%, respectively, of the total portfolio.

BACKLOG (Thousands of euros)	Sept. 2016	International	Spain	% Internat.
Construction	4,280	3,560	720	83%
Concessions	12,895	7,578	5,318	59%
Services	6,516	1,917	4,599	29%
Industrial	2,548	526	2,022	21%
Backlog 3Q 2016	26,240	13,581	12,659	

The backlog will increase in the last quarter of 2016 thanks to the significant contracts already secured, but that were not included at 30 September. These contracts include the following:

- The construction and operation of Route 2 (between Asunción and Coronel Oviedo) and Route 7 (between Coronel Oviedo and Caaguazú) in Paraguay, with a revenue backlog of €1,350 million throughout the 30 years of the concession.
- Ten-year contract worth €87 million for the collection and transport of municipal solid waste for the eastern part of the city of Madrid.
- The operation of the seawater desalination plant in Sohar, on the Batinah coast, for approximately €1,050 million.

Of Sacyr's backlog, 52% are from international contracts as a result of Sacyr Industrial's Construction and Concessions activities and its EPC projects. Sacyr's actual international presence is even greater considering that these percentages do not include the backlog of our concessions in Italy (Pedemontana–Veneta and Rome–Latina), or the backlog of the Mar 1 toll road concession in Colombia, which are accounted for using the equity method.

In Construction, international contracts account for 83% of the total, with contracts in Chile, Colombia, Italy, Panama, the United Kingdom, Qatar, Peru, Brazil, Mexico, Uruguay, Portugal, Angola and Morocco, among other countries.

Sacyr's international presence continues to steadily increase in the concessions business. At 30 September 2016, the international backlog of the concessions business accounted for 59%, with operations in Chile, Colombia, Uruguay, Peru, Italy, Ireland and Portugal.

Sacyr Industrial is present in countries such as Australia, the United Kingdom, Bolivia, Mexico, Peru, Panama, Chile, Colombia and Ecuador, as well as Spain, with numerous projects in the Oil&Gas, electricity infrastructure, power plant and waste treatment sectors. It now has backlog projects amounting to €2,548 million. A number of major contracts were secured in the first nine months of the year, including:

- The construction of the new "Nuevo Mundo" compressor station in Peru, in a deal worth €200 million.
- The main contract to upgrade the Chimborazo cement plant in Riobamba (Ecuador) for UCEM (Unión Cementera Nacional), worth €160 million.
- Construction and maintenance contracts awarded by Compañía General de Electricidad de Chile for various medium- and high-voltage power lines, for a total of €108 million.

At Valoriza, the international backlog accounts for 29% of the total, with operations in Algeria, Australia, Portugal, Israel, Oman and other countries, consisting mainly of water projects. The backlog increased in the first nine months of the year thanks to various major contracts, including:

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- The contract to design, construct, operate and maintain a seawater desalination plant in Sohar (Oman), a new market for the Group, in a deal worth approximately €1,050 million. Only part of the construction contract, €172 million, was included in Valoriza's backlog at 30 September 2016.
 - Street cleaning and waste collection services in the city of Albacete, in a 15-year contract worth €164 million and which may be extended for an additional five years.
 - The home care services contract awarded by the Madrid City Council for the Centro, Arganzuela, Moncloa-Aravaca, Latina and Carabanchel districts. The concession is worth €154 million and runs for three years, which may be extended for a further three years.
 - Subsequent to 30 September 2016, a 10-year contract worth €87 million for the collection and transport of municipal solid waste for the eastern part of the city of Madrid.

IV. CONSOLIDATED BALANCE SHEET

BALANCE SHEET (Thousands of Euros)	SEPT 2016	DEC 2015	Chg 9M16
NON CURRENT ASSETS	6,909,513	6,778,086	131,426
Intangible Assets	17,086	14,816	2,270
Concessions Investments	1,419,945	1,643,853	-223,908
Fixed Assets	361,800	376,148	-14,348
Financial Assets	3,204,745	3,164,864	39,881
Receivables from concession assets	1,483,074	1,388,989	94,085
Other non Current Assets	236,820	2,838	233,982
Goodwill	186,044	186,578	-535
CURRENT ASSETS	3,408,993	3,679,388	-270,395
Non current assets held for sale	204,899	527,535	-322,635
Inventories	221,038	196,661	24,377
Receivables from concession assets	233,094	213,985	19,110
Accounts Receivable	2,155,784	1,997,458	158,327
Financial Assets	77,713	140,928	-63,215
Cash	516,464	602,822	-86,358
ASSETS = LIABILITIES	10,318,506	10,457,474	-138,969
EQUITY	1,917,602	1,911,589	6,013
Shareholder's Equity	1,665,076	1,656,130	8,947
Minority Interests	252,526	255,460	-2,934
NON CURRENT LIABILITIES	5,135,417	5,052,321	83,096
Financial Debt	4,133,723	4,072,303	61,420
Financial Instruments at fair value	168,915	161,839	7,076
Provisions	368,776	361,804	6,971
Other non current Liabilities	464,003	456,374	7,629
CURRENT LIABILITIES	3,265,486	3,493,564	-228,077
Liabilities associated with the non current assets held for sale	210,587	224,186	-13,598
Financial Debt	689,304	850,612	-161,308
Financial Instruments at fair value	21,313	27,780	-6,467
Trade Accounts Payable	1,504,718	1,653,847	-149,129
Operating Provisions	233,052	246,248	-13,196
Other current liabilities	606,512	490,891	115,621

The most significant change to the balance sheet in the first nine months of 2016 was the sale of the 23% interest that Sacyr held in Testa, which was therefore derecognised from assets held for sale following its sale last June.

EQUITY

Total equity at 30 September 2016 stood at €1,918 million, of which 86% (or €1,665 million) is attributable to equity holders of Sacyr and €253 million to non-controlling interests in the Group. At 30 September 2016, share capital amounted to 517 million shares with a par value of €1 each.

BORROWINGS

The Group's net debt amounted to €4,021 million, after discounting the partial early repayment of the loan associated with our stake in Repsol, as payment was made subsequent to the end of the quarter (October 2016) in the amount of €213 million.

The breakdown is as follows:

€ million	SEPTEMBER 2016	JUNE 2016	CHG 3Q2016
Project Finance	2,074	2,055	19
Other business lines debt	306	260	46
Total Business Lines	2,380	2,315	65
Repsol	1,092*	1,291	-200
Corporate	260	255	5
Bonds	289	273	16
NET DEBT	4,021	4,134	-113

*It is included the early repayment of Repsol Loan done in October 2016 for an amount of €213m.

Corporate debt: the Group's net corporate debt amounted to €260 million, corresponding to working capital used by the parent to coordinate and provide the financial management as the Group's parent company.

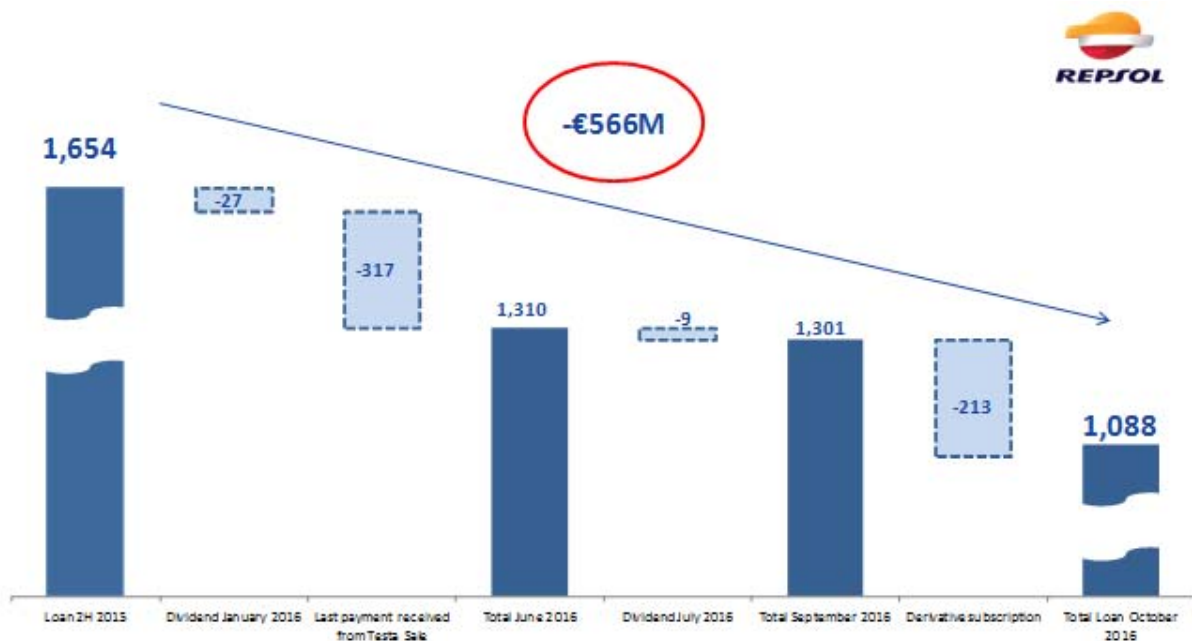
In addition, the holding shows a financial liability of €289 million at 30 September 2016, largely on account of the outstanding balance of the convertible bond issue placed in 2014 and due to mature in 2019, and the promissory notes of the ECP programme. On 1 May

2016, the Group redeemed €200 million of convertible bonds issued in 2011 and falling due in May 2016.

Debt from business activities: amounts to €2,380 million, of which 87% is associated with very long-term project finance. This debt is repaid with cash flows generated by the businesses.

A total of 79% of the debt from business activities, or €1,855 million, is associated with infrastructure concessions and other concession projects.

Repsol debt: the investment vehicle that holds the 8.4% stake in Repsol had net debt of €1,305 million at 30 September 2016. Subsequent to 30 September 2016, the loan associated with our stake in Repsol was reduced by €213 million. Following this transaction, the outstanding principal on the loan was €1,088 million. The debt, which matures on 31 January 2018, is serviced with Repsol dividends.



V. PERFORMANCE ACROSS BUSINESS AREAS

CONSOLIDATED INCOME STATEMENT AS OF SEPTEMBER 2016						
(Thousands of Euros)	Construcción	Sacyr Concesiones	Valoriza	Sacyr Industrial	Holding and Adjustments	TOTAL
Turnover	996,712	401,213	653,921	289,743	-180,369	2,161,221
Other Sales	34,287	10,242	12,658	1,869	1,083	60,139
Total Income	1,030,999	411,455	666,579	291,612	-179,286	2,221,360
External and Operating Expenses	-992,743	-253,170	-614,074	-269,254	169,530	-1,959,711
GROSS OPERATING PROFIT	38,257	158,285	52,505	22,358	-9,756	261,649
Depreciation	-12,715	-34,463	-25,493	-6,860	-1,350	-80,881
Trade Provisions and non recurring items	-17,254	-7,624	1,411	2,127	-113	-21,454
NET OPERATING PROFIT	8,287	116,198	28,423	17,625	-11,219	159,314
Financial results	-15,819	-65,630	-7,513	-2,938	-62,662	-154,563
Forex results	3,876	-2,552	-343	-1,736	-77	-832
Results from equity accounted subsidiaries	-44	1,480	4,767	23	108,910	115,136
Provisions for financial investments	-2,047	-2,950	-659	-70	0	-5,727
Change in value of financial instruments at fair value	0	-15,273	-2,732	-1,482	0	-19,487
Results from sales of non current assets	886	21,313	20	279	0	22,498
PROFIT BEFORE TAXES	-4,862	52,585	21,965	11,699	34,952	116,340
Corporate Tax	-9,046	-14,851	-4,505	-5,184	17,992	-15,594
PROFIT FOR CONTINUING ACTIVITIES	-13,907	37,734	17,459	6,515	52,944	100,746
PROFIT FOR DISCONTINUING ACTIVITIES	0	0	0	0	0	0
CONSOLIDATE RESULTS	-13,907	37,734	17,459	6,515	52,944	100,746
Minorities	-99	-11,565	152	-147	300	-11,360
NET ATTRIBUTABLE PROFIT	-14,007	26,169	17,612	6,368	53,244	89,386

CONSOLIDATED INCOME STATEMENT AS OF SEPTIEMBRE 2015						
(Thousands of Euros)	Construcción	Sacyr Concesiones	Valoriza	Sacyr Industrial	Holding and Adjustments	TOTAL
Turnover	1,174,963	409,682	566,842	189,777	-218,086	2,123,178
Other Sales	53,889	11,186	9,533	3,459	-283	77,784
Total Income	1,228,853	420,868	576,375	193,236	-218,370	2,200,962
External and Operating Expenses	-1,175,748	-277,489	-526,042	-180,937	205,804	-1,954,412
GROSS OPERATING PROFIT	53,104	143,379	50,333	12,299	-12,565	246,550
Depreciation	-18,127	-31,879	-22,641	-5,475	-1,192	-79,314
Trade Provisions and non recurring items	3,095	-5,103	-2,507	1,470	-30,001	-33,046
NET OPERATING PROFIT	38,072	106,397	25,185	8,294	-43,758	134,190
Financial results	-13,476	-63,873	-8,283	-1,986	-98,740	-186,358
Forex results	1,910	-511	-45	1,635	979	3,968
Results from equity accounted subsidiaries	70	2,593	3,362	63	-300,585	-294,497
Provisions for financial investments	-169	-2,628	-738	-1	-99,994	-103,530
Change in value of financial instruments at fair value	0	-24,175	-2,871	-1,615	0	-28,661
Results from sales of non current assets	901	49	1	0	1	952
PROFIT BEFORE TAXES	27,308	17,852	16,611	6,390	-542,097	-473,936
Corporate Tax	-18,684	-4,162	-4,818	-2,020	-156,267	-185,951
PROFIT FOR CONTINUING ACTIVITIES	8,624	13,690	11,793	4,370	-698,364	-659,887
PROFIT FOR DISCONTINUING ACTIVITIES	0	0	0	0	1,203,393	1,203,393
CONSOLIDATE RESULTS	8,624	13,690	11,793	4,370	505,029	543,506
Minorities	-8	-11,072	319	-609	133	-11,237
NET ATTRIBUTABLE PROFIT	8,616	2,618	12,112	3,761	505,162	532,269

CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 2016						
(Thousands of Euros)	Construcción	Sacyr Concesiones	Valoriza	Sacyr Industrial	Holding y Ajustes	TOTAL
NON CURRENT ASSETS	365,298	3,294,547	664,211	200,840	2,384,617	6,909,513
Intangible Assets	649	37	11,397	3,730	1,272	17,086
Concessions Investments	51,569	1,096,207	259,948	12,220	0	1,419,945
Fixed Assets	119,574	3,259	132,623	102,943	3,401	361,800
Financial Assets	155,157	547,899	107,627	14,118	2,379,944	3,204,745
Receivables for concession assets	18,738	1,413,081	51,255	0	0	1,483,074
Other non Current Assets	0	234,063	2,757	0	0	236,820
Goodwill	19,610	0	98,604	67,829	0	186,044
CURRENT ASSETS	2,425,253	632,412	583,901	210,674	-443,246	3,408,993
Non current assets held for sale	0	0	0	0	204,899	204,899
Inventories	159,624	20,631	22,784	17,529	470	221,038
Receivables for concession assets	31	231,052	2,012	0	0	233,094
Accounts Receivable	2,059,778	114,168	394,030	132,287	-544,478	2,155,784
Financial Assets	63,073	29,676	84,389	11,801	-111,226	77,713
Cash	142,747	236,885	80,687	49,057	7,088	516,464
ASSETS = LIABILITIES	2,790,551	3,926,958	1,248,112	411,514	1,941,370	10,318,506
Equity	513,578	761,597	263,602	131,846	246,979	1,917,602
Shareholder's Equity	517,815	559,866	254,562	82,582	250,251	1,665,076
Minority Interests	-4,237	201,731	9,040	49,264	-3,272	252,526
NON CURRENT LIABILITIES	694,810	2,574,621	481,785	74,564	1,309,637	5,135,417
Financial Debt	213,949	1,904,743	203,403	60,691	1,750,937	4,133,723
Financial Instruments at fair value	0	147,127	20,014	1,773	0	168,915
Provisions	330,686	93,099	84,400	3,829	-143,238	368,776
Other non current Liabilities	150,175	429,651	173,968	8,271	-298,062	464,003
CURRENT LIABILITIES	1,582,163	590,740	502,725	205,104	384,754	3,265,486
Liabilities associated with the non current assets held for sale	0	0	0	0	210,587	210,587
Financial Debt	231,875	211,011	107,910	47,689	90,819	689,304
Financial instruments at fair value	0	18,867	1,453	994	0	21,313
Trade Accounts Payable	876,914	228,878	221,605	121,980	55,340	1,504,718
Operating Provisions	90,220	4,955	20,514	771	116,592	233,052
Other current liabilities	383,154	127,030	151,243	33,670	-88,584	606,512

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 2015						
(Thousands of Euros)	Construcción	Sacyr Concesiones	Valoriza	Sacyr Industrial	Holding y Ajustes	TOTAL
NON CURRENT ASSETS	372,995	3,181,176	640,974	203,575	2,379,366	6,778,086
Intangible Assets	130	50	7,805	5,285	1,547	14,816
Concessions Investments	48,220	1,353,153	242,480	0	0	1,643,853
Fixed Assets	137,004	3,618	125,395	106,725	3,406	376,148
Financial Assets	149,568	506,007	111,139	23,736	2,374,414	3,164,864
Receivables for concession assets	18,738	1,318,348	51,903	0	0	1,388,989
Other non Current Assets	0	0	2,838	0	0	2,838
Goodwill	19,335	0	99,414	67,829	0	186,578
CURRENT ASSETS	2,517,202	558,394	441,862	162,699	-770	3,679,388
Non current assets held for sale	0	0	0	0	527,535	527,535
Inventories	165,121	2,570	14,477	13,799	695	196,661
Receivables for concession assets	125	210,174	3,686	0	0	213,985
Accounts Receivable	2,022,576	133,392	338,643	83,249	-580,403	1,997,458
Financial Assets	117,712	28,010	14,691	452	-19,937	140,928
Cash	211,668	184,248	70,365	65,200	71,341	602,822
ASSETS = LIABILITIES	2,890,197	3,739,570	1,082,836	366,275	2,378,596	10,457,474
Equity	563,458	738,168	252,538	132,715	224,711	1,911,589
Shareholder's Equity	567,989	529,912	247,257	83,234	227,738	1,656,130
Minority Interests	-4,531	208,256	5,280	49,481	-3,026	255,460
NON CURRENT LIABILITIES	567,340	2,420,860	423,192	62,642	1,578,287	5,052,321
Financial Debt	118,875	1,730,853	182,038	46,666	1,993,872	4,072,303
Financial Instruments at fair value	0	140,545	19,286	2,009	0	161,839
Provisions	335,927	82,947	58,501	5,642	-121,213	361,804
Other non current Liabilities	112,539	466,515	163,367	8,325	-294,372	456,374
CURRENT LIABILITIES	1,759,399	580,544	407,107	170,918	575,596	3,493,564
Liabilities associated with the non current assets held for sale	0	0	0	0	224,186	224,186
Financial Debt	261,846	200,956	79,589	30,635	277,587	850,612
Financial instruments at fair value	0	24,562	1,373	1,846	0	27,780
Trade Accounts Payable	1,051,074	255,295	160,095	105,605	81,778	1,653,847
Operating Provisions	98,162	3,714	25,240	2,830	116,302	246,248
Other current liabilities	348,317	96,017	140,810	30,003	-124,256	490,891

CONSTRUCTION

CONSTRUCTION (Thousands of euros)	SEPT. 2016	SEPT. 2015	% Chg
Revenue	997	1,175	-15.2%
Sacyr Construcción	742	893	16.9%
Somague	255	282	-9.7%
EBITDA¹	38	53	-28.0%
Sacyr Construcción	40	48	-16.8%
Somague	(2)	5	n.s.
EBITDA Margin	3.8%	4.5%	
EBITDA Margin Sacyr Construcción	5.4%	5.4%	
EBITDA Margin Somague	-0.7%	1.8%	

EBITDA¹: does not include the nonrecurring expense produced by the employment regulation plan of Sacyr Construction and Somague, for an amount of €25.5m in 2016

Revenue from the Construction business through 30 September 2016 totalled €997 million. Business was down 15.2% year on year, largely in response to the continued slowdown in Spain and also at our Portuguese subsidiary Somague, where business has been slow for a year now. Revenue from the rest of the construction business was down 16.9%, mostly as a result of completing the work on the Rutas del Algarrobo and Rutas del Bio Bio concessions in Chile, which were in full operation in 2015.

Turning to EBITDA, the scant contribution made by Somague at 30 September 2016 is reflected in the construction business, where projects for the other international markets are still contributing positively and sustaining the margin. The total gross margin was 3.8%, thanks to the 5.4% return commanded by contracts not belonging to Somague.

At 30 September 2016, net profit from the construction company reflects the one-off negative impact of €25.5 million as a result of the workforce changes made to the construction business in Spain and Somague, in order to adjust the organisation's structure to the current market situation. No amount was recognised in this connection at 30 September 2015.

The construction backlog stood at €4,280 million at 30 September 2016, covering 39 months of operations at current turnover rates. The international construction backlog represents 83% of the total backlog.

Construction contracts secured as of 30 September 2016 included the contract for special installations at the "Kinaxixi 2" commercial and business complex in Luanda (Angola) for €118 million; the contract to construct an industrial warehouse in Rivas Vaciamadrid (Spain) for €16 million; the contract to enlarge and remodel the National Bank of Angola for €7 million; and the contract to construct the "Canto da Maia" school in Azores for €5 million.

Sacyr secured a contract through its Italian subsidiary SIS for the construction and 43-year operation of the Rome–Latina toll road, spanning 186 km, with the total investment expected to reach €2,800 million. The project requires 78 viaducts and overpasses to be built for a combined length of 23,700 metres, plus two tunnels stretching 2,350 metres in total, five cut-and-cover tunnels, 17 junctions and three central toll booths, among other infrastructure.

Subsequent to 30 September 2016, Sacyr entered the market in Paraguay with the award of the construction and operation of Route 2 (between Asunción and Coronel Oviedo) and Route 7 (between Coronel Oviedo and Caaguazú) with an expected total investment of €475 million.

SACYR CONCESIONES

CONCESSIONS (Thousands of euros)	SEPT. 2016	SEPT. 2015	% Chg. 16/15	% Chg.* 16/15
Revenue	401,213	409,682	-2.1%	1.4%
Revenue from construction	168,332	206,915	-18.6%	-18.6%
Revenue from concessions	232,881	202,767	14.9%	21.9%
EBITDA	158,285	143,379	10.4%	16.8%

*Variation eliminating the effect of disinvestments during 1Q 2016

- The revenue from concession activities, amounting to €401 million, is not directly comparable with the third quarter of 2015, because last year's figure included revenue from the Braga and Vila Franca de Xira hospitals in Portugal, which were sold in 2016. In like-for-like terms, revenue rose by 1.4%.
- Concession revenue saw growth of 14.9%, reaching €233 million at 30 September 2016 (comparable growth is 21.9% stripping out the impact of the sale of the hospitals explained above). This significant growth in revenue can be put down to healthy traffic figures, the partial operational start-up of the Chilean concessions Rutas de Algarrobo¹ and Rutas del Desierto,² plus the contribution made by the Montes de María and Pasto-Rumichaca toll roads in Colombia and Hospital de Antofagasta in Chile.
- The remaining €168 million corresponded to construction revenue, which was down 19% owing mainly to the reduction in income as a result of completing the construction work on the Chilean motorways (Rutas de Algarrobo and Valles del Bio Bio in 2016 and Rutas del Desierto in September 2015).
- EBITDA also performed extremely well, gaining 10.4% year-on-year (+16.8% adjusted to reflect the contributions made by the Braga and Vila Franca de Xira hospitals).

1 First section in operation in May 2015 and second and last section in May 2016.

2 Start-up of the R-16 section in September 2015

The significant growth in concession revenue was driven by:

- The upturn in traffic on the Spanish concessions in operation (+5%) and the Chilean concessions (+8%).
- The operational start-up of the Rutas del Desierto motorway in Chile in September 2015 (R16 Section), Section 2 of Rutas de Algarrobo in May 2016 and Valles del Bio Bio in August 2016.
- The revenue contributions made by the Hospital de Antofagasta concession in Chile and by the Montes de María and Pasto Rumichaca concessions in Colombia.

(€ Thousands)	Revenue		
	Sept. 2016	Sept. 2015	Chg. (%)
AUTOVÍA DEL TURIA	9,204	8,811	4.5%
AUTOVÍA NOROESTE C.A.R.M.	6,245	6,231	0.2%
VIASTUR	5,229	5,075	3.0%
PALMA MANACOR	7,945	7,359	8.0%
AUTOVÍA DEL BARBANZA	7,485	7,206	3.9%
AUTOVÍA DEL ERESMA	5,014	4,706	6.5%
AUTOVÍA DEL ARLANZÓN	26,318	24,898	5.7%
INTERCAMBIADOR DE MONCLOA	9,363	9,645	-2.9%
INTERCAMBIADOR DE PLAZA ELÍPTICA	4,938	4,829	2.2%
AUTOPISTA DE GUADALMEDINA	11,390	9,901	15.0%
HOSPITAL DE PARLA	10,969	9,588	14.4%
HOSPITAL DE COSLADA	10,603	10,275	3.2%
HOLDINGS	1,944	530	266.9%
SPAIN	116,646	109,053	7.0%
HOLDINGS	905	806	12.3%
IRELAND	905	806	12.3%
HOSPITAL BRAGA	1,239	7,111	-82.6%
HOSPITAL DE VILA FRANCA	1,285	6,758	-81.0%
PARQUE DO NOVO HOSPITAL	155	607	-74.5%
HOLDINGS	799	71	1021.9%
ESCALA PARQUE	327	1,363	-76.0%
PORTUGAL	3,805	15,910	-76.1%
HOLDINGS (Incluye Saopse)	1,010	2,299	-56.1%
RUTAS DEL DESIERTO - ACCESOS A IQUIQUE	14,693	11,894	23.5%
VALLES DEL BIO BIO - CONCEPCIÓN CABRERO	18,088	14,187	27.5%
VALLES DEL DESIERTO - VALLENAR CALDERA	17,158	18,648	-8.0%
RUTA 43 - LIMARI	1,172	842	39.1%
HOSPITAL ANTOFAGASTA	9,425	3,750	151.3%
SERENA VALLENAR - RUTAS DEL ALGARROBO	23,105	16,017	44.2%
CHILE	84,651	67,638	25.2%
CONVIAL SIERRA NORTE	10,456	9,340	11.9%
PERU	10,456	9,340	11.9%
MONTES DE MARÍA - PUERTA DE HIERRO - CRUZ DEL VIZO	9,863	19	n/a
VIAL UNIÓN SDEL SUR - PASTO RUMICHACA	6,553	-	
COLOMBIA	16,417	19	n/a
RUTAS DEL LITORAL	3	-	
URUGUAY	3	-	n/a
TOTAL WITHOUT CONSTRUCTION INCOME	232,881	202,767	14.9%
CONSTRUCTION INCOME	168,332	206,915	-18.6%
TOTAL	401,213	409,682	-2.1%

TRAFFIC PERFORMANCE

Traffic continued to perform well, with average growth of 5% for our concessions in Spain and 8% for our concessions in Chile. The following table shows traffic data:

	ACCUMULATED ADT		
	SEPT. 2016	SEPT. 2015	Change
SHADOW TOLL HIGHWAY SPAIN			
- AUTOVIA DEL NOROESTE	11,626	10,969	6.0%
- Ma-15 PALMA-MANACOR	24,142	22,389	7.8%
- AS-II OVIEDO-GIJÓN (VIASTUR)	22,761	22,036	3.3%
- AUTURSA CV-35	37,973	36,511	4.0%
- ERESMA	7,733	7,285	6.1%
- BARBANZA	13,592	13,165	3.2%
- ARLANZON	21,768	20,810	4.6%
TOLL HIGHWAY SPAIN			
- AP-46 MÁLAGA - LAS PEDRIZAS	11,923	10,322	15.5%
TOLL HIGHWAY OTHER COUNTRIES			
- N6 GALWAY-BALLINASLOE	11,186	10,355	8.0%
- VALLES DEL DESIERTO	5,223	4,853	7.6%
- R-1 RUTAS DEL DESIERTO	5,648	5,619	0.5%
- R-16 RUTAS DEL DESIERTO	7,377	6,819	8.2%
- RUTAS DEL ALGARROBO RG- III	4,313	3,877	11.2%
- RUTAS DEL ALGARROBO RG-IV	3,860	-	
- MONTES DE MARÍA - EL CALAMAR	2,656	2,486	6.8%
- MONTES DE MARÍA - EL CARMEN	3,377	3,048	10.8%
- UNIÓN VIAL DEL SUR	6,026	-	
- DESARROLLO VIAL AL MAR	2,264	-	

Note: Highways without accumulated ADT data as of 3Q2015 are concessions with less than 12 months in operation

All our shadow toll road concessions in Spain reported higher levels of traffic in comparison with the same period of 2015. A particular highlight was the 16% increase in traffic on the Malaga - Las Pedrizas motorway.

International activities accounted for 59% of the backlog at 30 September 2016, up from 46% in the same period last year.

CONTRACT WINS

- Sacyr was awarded the construction and 43-year operation of the Rome–Latina toll road, spanning 186 km, with the total investment expected to reach €2,800 million. We expect to see Average Daily Traffic (ADT) of 32,000 vehicles and total revenue of €12,250 million over the term of the concession.
- Subsequent to 30 September 2016, Sacyr obtained a foothold in Paraguay –a new market for the Group– with the award of the construction and operation of Route 2 (between Asunción and Coronel Oviedo) and Route 7 (between Coronel Oviedo and Caaguazú) with an expected investment in its construction of €475 million and revenue of €1,350 million throughout the 30 years of the concession.

INDUSTRIAL

(Thousands of Euros)	SEPTEMBER		% Chg. 16/15
	2016	2015	
Revenue	289,743	189,777	53%
Oil and gas	171,739	70,115	
Electricity grid	16,080	13,635	
Environment and mining	21,314	4,595	
Generation	79,672	101,273	
Central	938	159	
EBITDA	22,358	12,299	82%
EPC	13,720	4,980	
Generation	13,665	12,475	
Central	(5,027)	(5,156)	
EBITDA Margin	7.7%	6.5%	
BACKLOG	2,548	2,413	6%
National	2,022	2,074	-2%
International	526	340	55%

Sacyr Industrial's revenue totalled €290 million, up 53% on the €190 million reported in the same period of 2015.

Turning to EPC contracts, Oil&Gas increased sales by 145%, reaching a total of €172 million. Meanwhile, Electrical Infrastructure posted €16 million in revenue, showing 18% growth, while Environment and Mining climbed to €21 million versus the €5 million seen in the same period of the previous year.

This includes the EPC contracts for the Pampilla oil and diesel refinery (Peru), the regasification plant in Cartagena (Colombia), the cement plant in Oruro (Bolivia), and the electricity infrastructure projects (Mexico, Peru and Panama), as well as Sacyr Nervión and Sacyr Fluor.

Power plants contributed €80 million to revenue. The increase on the first nine months of 2015 was fuelled by the drop in the electricity pool price caused by weather conditions, which favoured wind and hydro generation. The drop in fuel prices was also behind the decline in the pool price. The average electricity pool price in the first nine months of 2016 was €34/MWh, well below that of the same period of 2015 (€50/MWh).

Higher revenue, coupled with an improvement in the company's profitability and an 82% increase in EBITDA, reaching €22 million, revealed an operating margin of 7.7%.

CONTRACTING AND BACKLOG

The backlog of the industrial line totalled €2,548 million, with international backlog posting 55% growth.

The project for expanding the La Pampilla diesel refinery (Peru) was inaugurated on 19 October 2016. The project undertaken by Sacyr Industrial included the engineering, supply and construction of the expansion of the refinery in order to bring fuel specifications into line with new environmental regulations in Peru and to comply with the sulphur levels required in the middle distillate block. This expansion will enable the refinery to fully use the oil distillation capacity currently installed and increase it by an additional 20%.

As of 30 September 2016, the following contracts and projects were awarded:

- Construction of the new "Nuevo Mundo" compressor station in Peru, in a deal worth €200 million.
- Main contract to upgrade the Chimborazo cement plant at Riobamba (Ecuador) for UCEM (Unión Cementera Nacional). Worth €160 million, this EPC marks Sacyr's entry into a new market. The contract includes the design, construction, assembly

and start-up of the new clinker line, which will have a capacity of 2,600 tonnes per day.

- Construction and maintenance contracts awarded by Compañía General de Electricidad de Chile for several medium- and high-voltage power lines, for a total of €92 million.
- Construction of the new “Crucero Encuentro” electrical substation for Sociedad Austral de Transmisión Troncal de Chile (Chile), a deal worth €16 million.

VALORIZA

Valoriza's revenue amounted to €654 million, up 15% year on year as a result of the strong performance of the Services business.

The Multiservices, Environment and Water businesses also grew by 26%, 13% and 1%, respectively, thanks to the revenue from major contracts in the portfolio and from new contracts, especially related to environmental services, infrastructure conservation and dependency services.

VALORIZA (Thousands of Euros)	Sept. 2016	Sept. 2015	% Chg. 16/15
REVENUE	653,921	566,842	15.4%
Environment	262,055	232,905	12.5%
Multi-Services	281,710	224,180	25.7%
Water	108,444	107,739	0.7%
Central	1,712	2,018	-15.2%
EBITDA	52,505	50,333	4.3%
Environment	32,225	29,862	7.9%
Multi-Services	12,467	10,967	13.7%
Water	7,711	7,659	0.7%
Central	102	1,845	-94.5%
EBITDA Margin	8.0%	8.9%	

EBITDA stood at €53 million, up 4% on the same period last year. Of particulate note were the growing returns on the Multiservices (+14%) and Environment (+8%) businesses. The impact of overhead costs associated with the international expansion process brought up total EBITDA.

CONTRACTING AND BACKLOG

Valoriza's backlog rose by 8% in the first nine months of 2016 to €6,516 million, of which 29% is accounted for by international business. Valoriza continues to see heavy commercial activity across all business areas both in Spain and abroad.

Some of the most noteworthy contracts won are as follows:

- Valoriza Agua began operating in Oman, a new market for the Group, by securing the contract to design, build, operate and maintain a seawater desalination plant in Sohar, on the Batinah coast, for approximately €11,050 million. The facility, which will produce 250,000m³ of fresh water a day, is one of the largest investments ever seen in Oman in seawater desalination plants. Only part of the construction contract, €172 million, was included in Valoriza's backlog at the end of the quarter.
- Environmental Services:
 - o Street cleaning and waste collection services in the city of Albacete, in a 15-year contract worth €164 million and which may be extended for an additional five years.
 - o Ten-year contract worth €68 million for the collection and transport of municipal solid waste and street and beach cleaning services on the island of Ibiza.
 - o Subsequent to 30 September 2016, a 10-year contract worth €87 million for the collection and transport of municipal solid waste for the eastern part of the city of Madrid.

- Multi-services:

- The home care services contract awarded by the Madrid City Council for the Centro, Arganzuela, Moncloa-Aravaca, Latina and Carabanchel districts. The concession is worth €154 million and runs for three years, which may be extended for a further three years.
- Two-year home care services contract worth €29 million for the Barcelona City Council (Gracia and El Ensanche districts).
- Rolling stock cleaning services on the Madrid Underground, batches 1 and 2, worth €21 million and with a term of four years.
- Bus and depot cleaning service for the ALSA bus line across all of Spain, in a contract worth €18 million.
- Two-year contract worth €15 million to clean the buildings and facilities of the Elche, Alcoy and Requena hospitals and healthcare centres.

VI. STOCK MARKET PERFORMANCE

SACYR	SEPTEMBER		% Chg 16/15
	2016	2015	
Market Price at closing (euros per share)	1.88	1.98	-4.91%
High share price	1.95	4.28	-54.45%
Low share price	1.17	1.90	-38.21%
Market Capitalization at closing (Thousands of euros)*	971,735	1,021,926	-4.91%
Average Trading Volume (Thousands of euros)	1,755,905	4,513,506	-61.10%
Average Daily Trading Volume (Number of shares)	5,582,753	6,747,534	-17.26%
Liquidity (%)	100	100	
Number of shares (Thousands)	517,431	517,431	0.00%
Share Nominal Value	1 EURO	1 EURO	

VII. SHAREHOLDER STRUCTURE

Significant shareholders in Sacyr, S.A. at 30 September 2016 were as follows:

SHAREHOLDER	%Total
D. Manuel Manrique Cecilia	5.1%
Cymofag, S.L.	5.1%
DISA . Demetrio Carceller Arce	12.7%
D. José Manuel Loureda Mantiñán	7.8%
Prilou, S.L.	3.2%
Prilomi, S.L.	4.6%
Grupo Corporativo Fuertes, S.L	6.3%
Beta Asociados, S.L.	5.1%
GAM INTERNATIONAL MANAGEMENT LIMITED	3.9%
Grupo Satocan, S.A.	2.6%
TOTAL SIGNIFICANT SHAREHOLDINGS	43.5%

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