The Sotra Link Consortium reaches the financial closure of the PPP Sotra Connection project, the largest road infrastructure contract in Norwegian history.

1H2022 Earnings

Report

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1. SIGNIFICANT EVENTS

FCC Construcción strengthens its international portfolio to 3,474 million euros at the end of the first half of the year

In March, the consortium in which FCC Construcción holds a 50% interest was the first bidder for the construction of a suburban railway line (RER-3) in Toronto. The contract includes the design, construction, operation and maintenance of a commuter rail network. The project has a total budget of more than 4 billion euros, though notably the award and contract performance phase will be progressive based on the agreement reached between the parties, such that only contracting for 170 million euros has been considered. Hence, the final award is expected within the next month or two, so that the operation and maintenance phase can commence in the second quarter of 2024.

Furthermore, in Norway, FCC Construcción, in a 35% consortium with other firms, was awarded the design and construction of the Sotra Link project. Its project involves the construction of the RV 555 motorway, which will link the island of Sotra with the city of Bergen. Sotra Link is part of the Sotra Connection PPP project and is the largest road infrastructure contract in Norway, with an overall budget of more than 1.2 billion euros to be implemented through a public-private partnership model. Lastly, in June, a consortium led by FCC Construcción won the contract to build the first tunnels for high-speed and freight railways, as well as the 28-kilometre-long underpasses in the new city of Neom (Saudi Arabia).

FCC Environmental Services increases its presence in the US in waste collection and treatment

The FCC Medio Ambiente subsidiary that provides integrated waste management and recycling services in the United States has been awarded several new contracts: in April, the renovation and operation of an environmental complex for the treatment of municipal solid waste in Placer County, California, which represents a portfolio of some 1.5 billion dollars for a 10-year term and two possible five-year extensions. The complex, with a capacity of 650,000 tonnes per year, will be one of the largest plants of its kind in the world. In addition, last May it won the contract for the residential collection of solid urban waste in the city of Port Saint Lucie, Florida. The contract, which will start on 5 September, involves a portfolio of more than 270 million euros for a seven-year term with a possible extension of three more years.

FCC Medio Ambiente enhances its presence in Spain with contracts worth more than €1,800 million

In Spain, FCC Medio Ambiente has maintained a healthy growth rate. In Vigo with the management of waste and street cleaning for the next 10 years, extendable to 12, for 380 million euros; renewal of the street cleaning and waste collection contract with the renovation and operation of the light packaging sorting plant in Salamanca, whose portfolio amounts to 231.6 million euros for the next 12 years; extension for 8 years of the Badajoz City Council contract for street cleaning and waste collection, for 83 million euros and in Mijas the award of the street cleaning and USW service for 10 years for 87.9 million euros.

Also in relation to treatment, in March the joint venture in which FCC Medio Ambiente holds a 29% interest was awarded the contract for the management of the waste complex on the island of Tenerife, for an attributable amount of 107.7 million euros and with a contract term of 15 years, extendable for a further four years.

FCC Aqualia wins a new contract in Saudi Arabia

In February, the consortium led by Aqualia (45%) and comprising other international groups was awarded the public tender for the management, operation and maintenance (MOM) contract for the integrated water cycle facilities in the southern regions of Assir, Jazan, Baha and Najran in Saudi Arabia. The South Cluster, whose water services will be managed by the consortium for a term of seven years, brings together four provinces and is home to a population of more than five million people in an area spanning more than 200,000 km2. The revenue backlog associated with this contract exceeds 60 million euros.

FCC Inmobiliaria's partial takeover bid accepted for more than 50% of the free float of Metrovacesa

On 24 April, the head of the Group's real estate division, FCC Inmobiliaria, launched a partial takeover bid for 24% of Metrovacesa's share capital, at the end of which, according to results published by the stock exchange regulator on 21 June last, it reached 11.47% of Metrovacesa's share capital.

2. EXECUTIVE SUMMARY

KEY FIGURES

(Millions of euros)	**Jun. 22**	**Jun. 21**	**Chg (%)**
Net Turnover	3,584.4	3,168.0	13.1%
EBITDA	603.2	529.2	14.0%
EBITDA Margin	16.8%	16.7%	*0.1 p.p*
Net Operating Profit (EBIT)	382.0	323.3	18.2%
EBIT margin	*10.7%*	*10.2%*	*0.5 p.p*
Income attributable to the parent company	226.6	232.5	-2.5%
	Jun. 22	**Dec 21**	**Chg (%)**
Equity	4,840.7	4,440.7	9.0%
Net financial debt	3,595.0	3,225.7	11.4%
Portfolio	38,001.2	30,196.9	25.8%

In the first half of the year, the FCC Group increased its revenues to 3,584.4 million euros, 13.1% higher than the same period in 2021. Of note was the good performance of all business activities, which equalled or surpassed the figures achieved in the first quarter of this year, with a 12.3% increase in the Environment area and, due to the increase in the scope of consolidation and the acquisitions made in November last year, the Real Estate area.

Gross operating profit (EBITDA) grew 14%, reaching 603.2 million euros. This can be explained by a number of factors. Operating margins rose in most business areas, particularly in Water and Real Estate due to the effect of acquisitions made. In Cement, the effect of higher energy costs on operating operations remains visible.

EBIT rose 18.2% to 382 million euros, reflecting this year, in addition to the aforementioned increase in EBITDA, the adjustment of the market value of various rental assets in the Real Estate area (29.7 million euros), while the previous year reflected the disposal of the Cedinsa subgroup in April 2021, with a positive contribution of 9.6 million euros.

Attributable net income reached 226.6 million euros, 2.5% lower than the previous business year. However, this change largely reflects the 45 million-euro combined effect of the sale of the Cedinsa subgroup in the previous year, which was largely offset by the good operating performance mentioned above.

Net financial debt closed the first half at 3,595 million euros, 369.3 million euros more than at the end of 2021. This increase is largely due to the acquisition and addition to the balance sheet of the operating debt of GGU (owner and operator of the integrated water cycle in the capital of Georgia) in the Water area last February and, to a lesser extent, the investment made in the acquisition of a minority financial stake by the head of the Real Estate area last June.

At 4,840.7 million euros, equity increased by 9% at the end of the period compared to the end of 2021 mainly due to the consolidated result for the period.

The FCC Group's revenue backlog stood at 38,001.2 million euros as at 30 June 2022, up 25.8% on the balance at year-end 2021, with a significant increase in different business areas, in particular contracts in Water and Construction.

3. SUMMARY BY BUSINESS AREA

(M€)

Area	Jun. 22	Jun. 21	Chg (%)	% of 22	% of 21
REVENUE BY BUSINESS AREA					
Environment	1,757.0	1,564.6	12.3%	49.0%	49.4%
Water	614.4	564.8	8.8%	17.1%	17.8%
Construction	855.5	768.2	11.4%	23.9%	24.2%
Cement	247.1	221.6	11.5%	6.9%	7.0%
Real Estate*	119.7	39.4	N/A	3.3%	1.2%
Corporate serv., etc.	(9.3)	9.4	N/A	-0.3%	0.3%
Total	**3,584.4**	**3,168.0**	**13.1%**	**100.0%**	**100.0%**
REVENUE BY GEOGRAPHICAL AREA					
Spain	2,006.6	1,878.7	6.8%	56.0%	59.3%
United Kingdom	485.4	392.3	23.7%	13.5%	12.4%
Rest of Europe and Others	399.9	371.0	7.8%	11.2%	11.7%
Latin America and the US	324.8	181.9	78.6%	9.1%	5.7%
Czech Republic	200.7	169.7	18.3%	5.6%	5.4%
Middle East & Africa	167.0	174.4	-4.2%	4.7%	5.5%
Total	**3,584.4**	**3,168.0**	**13.1%**	**100.0%**	**100.0%**
EBITDA**					
Environment	277.5	248.1	11.9%	46.0%	46.9%
Water	155.2	134.2	15.6%	25.7%	25.4%
Construction	56.1	46.2	21.5%	9.3%	8.7%
Cement	15.5	48.4	-68.0%	2.6%	9.1%
Real Estate*	66.5	10.0	N/A	11.0%	1.9%
Corporate serv., etc.	32.4	42.3	-23.5%	5.4%	8.0%
Total	**603.2**	**529.2**	**14.0%**	**100.0%**	**100.0%**
OPERATING PROFIT/(LOSS)					
Environment	145.6	133.7	8.9%	38.1%	41.4%
Water	81.4	75.5	7.8%	21.3%	23.4%
Construction	40.8	32.3	26.3%	10.7%	10.0%
Cement	(1.5)	32.7	-104.6%	-0.4%	10.1%
Real Estate*	97.0	10.0	N/A	25.4%	3.1%
Corporate serv., etc.	18.7	39.1	-52.2%	4.9%	12.1%
Total	**382.0**	**323.3**	**18.2%**	**100.0%**	**100.0%**
	Jun. 22	**Dec 21**	**Chg (%)**	**% of 22**	**% of 21**
NET FINANCIAL DEBT					
Corporate					
With recourse	(332.6)	(326.0)	2.0%	-9.3%	-10.1%
Without recourse	(13.5)	0.5	N/A	-0.4%	0.0%
Areas					
Environment	1,230.5	1,289.7	-4.6%	34.2%	40.0%
Water	1,613.2	1,247.6	29.3%	44.9%	38.7%
Cement	137.7	124.4	10.7%	3.8%	3.9%
Real Estate*	959.7	889.7	7.9%	26.7%	27.6%
Total	**3,595.0**	**3,225.7**	**11.4%**	**100.0%**	**100.0%**
BACKLOG**					
Environment	12,861.5	10,746.4	19.7%	33.8%	35.6%
Water	19,813.1	15,361.1	29.0%	52.1%	50.9%
Construction	5,168.4	3,981.3	29.8%	13.6%	13.2%
Real Estate*	158.2	108.1	46.3%	0.4%	0.4%
Total	**38,001.2**	**30,196.9**	**25.8%**	**100.0%**	**100.0%**

Real Estate presents its consolidated key figures for both business years separately.

*** See page 32 for a definition of the calculation in accordance with ESMA rules (2015/1415en).*

4. INCOME STATEMENT

(Millions of euros)	**Jun. 22**	**Jun. 21**	**Chg (%)**
Revenue	**3,584.4**	**3,168.0**	**13.1%**
EBITDA	**603.2**	**529.2**	**14.0%**
EBITDA margin	***16.8%***	***16.7%***	***0.1 p.p***
Provision for amortisation of fixed and non-current assets	(245.8)	(222.5)	10.5%
Other operating income	24.6	16.6	48.2%
Net Operating Profit (EBIT)	**382.0**	**323.3**	**18.2%**
EBIT margin	***10.7%***	***10.2%***	***0.5 p.p***
Financial income	(55.3)	(59.7)	-7.4%
Other financial profit/(loss)	53.7	28.3	89.8%
P/L Entities accounted for using the equity method	12.2	48.3	-74.7%
Profit/(loss) before tax from continuing activities	**392.6**	**340.3**	15.4%
Corporate income tax expense	(89.3)	(67.0)	33.3%
Income from continuing operations	**303.3**	**273.3**	**11.0%**
Net Income	**303.3**	**273.3**	**11.0%**
Non-controlling interests	(76.7)	(40.8)	88.0%
Income attributable to the parent company	**226.6**	**232.5**	**-2.5%**

4.1 Revenue

Consolidated revenues grew to 3,584.4 million euros in the first half of the year, up 13.1% on the previous year. This performance reflects sustained growth throughout the period, with a notable increase in contribution due to the increase in the scope of business in the Real Estate and Water areas and organic growth in Environment and Construction.

Environment recorded an increase of 12.3%, thanks to the general expansion in its various operating platforms, mainly due to the combination of the entry into service of new treatment contracts and street cleaning activity in Spain and collection in the USA, together with the increase in revenues in Central Europe and the UK, especially linked to waste treatment and recovery activities.

Revenues in Water grew by 8.8%, due to several factors, including the contribution of the operations acquired in Georgia in integrated water cycle management, together with a recovery in consumption levels, which was softened by the lower contribution expected in the year from the Technology and Networks business, due to the entry into the completion phase of some unique international projects.

In Construction, revenues were 11.4% higher than in 2021, with a significant increase in Mexico, the United Kingdom and the Netherlands, which was mitigated by other projects completed or at an advanced stage, especially in Spain and Belgium.

Real Estate, which has been presented separately since the fourth quarter of last year, experienced a significant increase in revenues to 119.7 million euros, compared to 39.4 million euros in the previous year, due to the entry into global consolidation of Realia and Jezzine from November 2021, as well as the increase in revenues from the development activity in this period due to higher land sales.

Finally, revenues in the Cement area reached double digit growth of 11.5% in the period, largely due to the increase in sales in Spain, as well as in exports.

Revenue breakdown by geographical area			
(Millions of euros)	**Jun. 22**	**Jun. 21**	**Chg (%)**
Spain	2,006.6	1,878.7	6.8%
United Kingdom	485.4	392.3	23.7%
Rest of Europe and Others	399.9	371.0	7.8%
Latin America and the US	324.8	181.9	78.6%
Czech Republic	200.7	169.7	18.3%
Middle East & Africa	167.0	174.4	-4.2%
Total	**3,584.4**	**3,168.0**	**13.1%**

By geographical area*,* Spain's contribution decreased slightly to 56% of the Group's total revenues, which totalled 2,006.6 million euros, an increase of 6.8% on the previous year. With regards to the different areas of activity, the Environmental area's revenues rose by 6.5% due to the increase in all main activities of the waste management chain, especially collection and street cleaning. The Water area's revenues rose by 3.7%, due to a progressive recovery in the non-domestic volumes invoiced in end-to-end cycle concessions and water network actions linked to concessions. Construction declined by 5%, with some slowdown in the planned execution of projects. In the Cement area, there was a progressive increase in revenues to 13.6% in the period, with expansion centred on higher selling prices. The Real Estate activity, which is concentrated entirely in Spain, has seen its revenues increase substantially (by 80.3 million euros), due both to the aforementioned integration of the Realia and Jezzine groups within its parent company, FCC Inmobiliaria, and to its increased activity in the sale of land. Lastly, it is worth mentioning that the Concessions area (included in the *Corporate Services and Others heading*, after completing the sale of some of its most significant concessions in the first quarter of 2021) contributes 17.5 million euros in revenues in the year, compared to 35.6 million euros in the previous business year.

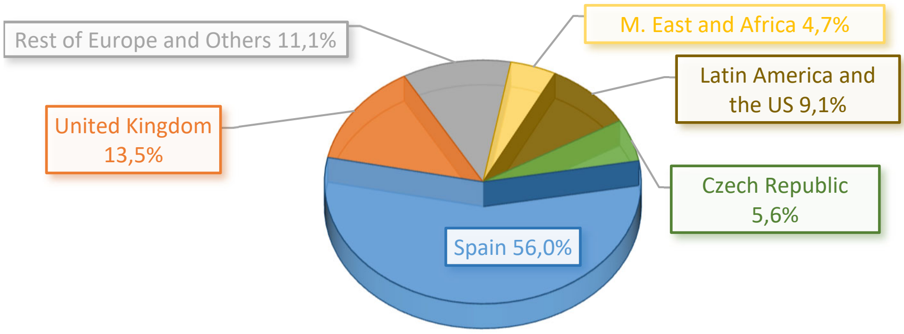
Moreover, revenues in the *United Kingdom* were up by 23.7% to 485.4 million euros, largely due to the recovery of the waste treatment plant activity in Environment and the start of several contracts of the Construction area.

Within the EU, business in the *Czech Republic*, increased substantially by 18.3% to 200.7 million euros, with a larger increase in waste management services in the Environment area and a more moderate increase in the end-to-end water cycle activity in the Water area. *Rest of Europe and Others* totalled 399.9 million, growing by 7.8%, largely due to higher revenues linked to the integral water cycle activity in Georgia and, to a lesser extent, the growth of Environment in Central Europe. Construction also moderated its level of activity, as new contract awards did not fully offset the completion and progress of other projects (e.g. Belgium).

Revenues in *Latin America and the USA* increased significantly by 78.6% to 324.8 million euros, largely due to the faster pace of execution of civil works in the Construction area, especially in Mexico, along with the continued growth in the US of Environment in collection and treatment of urban waste.

Finally, in *the Middle East and Africa*, activity decreased by 4.2% to 167 million euros largely due to the lower level of activity in the Tunisian market in Cement and a moderate reduction in Construction, while Water saw a slight increase.

% revenue by geographical area



4.2 EBITDA

The Gross Operating Profit for the period amounted to 603.2 million euros, an increase of 14% compared to the previous year. This amount represents a 16.8% margin over income, which is similar to the 16.7% achieved in 2021, but with some significant key components. First, (i) the increase due to higher revenues and profitability in the Environment, Water and Construction areas and (ii) the contribution of the rental activity in the Real Estate area, with an additional amount of 48.1 million euros this year. Second, (iii) the impact of higher energy costs, especially visible in the Cement area, which together with a null sale of emission rights this year, resulted in a reduction of its Ebitda by 32.9 million euros and (iv) the deconsolidation, by sale, of certain transport concession assets at 31 March 2021, which has led to a lower contribution of 17.4 million euros in the first half of 2022.

By business area, the most noteworthy developments have been:

The Environment area reached 277.5 million euros, a 11.9% increase, which is in line with the revenues distributed across all activities of the value chain. The operating margin reached 15.8%, which is similar to the 15.9% of the previous year, with a balanced expansion among the different geographic areas and types of services.

The Water area reported 155.2 million euros, up by 15.6% when compared to last year's figures, supported by an increased contribution from concessions and services, especially following the entry in Georgia and that, along with the effect of higher non-domestic volume and rates in the principal activity, offset the higher energy costs. The margin therefore grew to 25.3% compared to 23.8% in the same period of 2021.

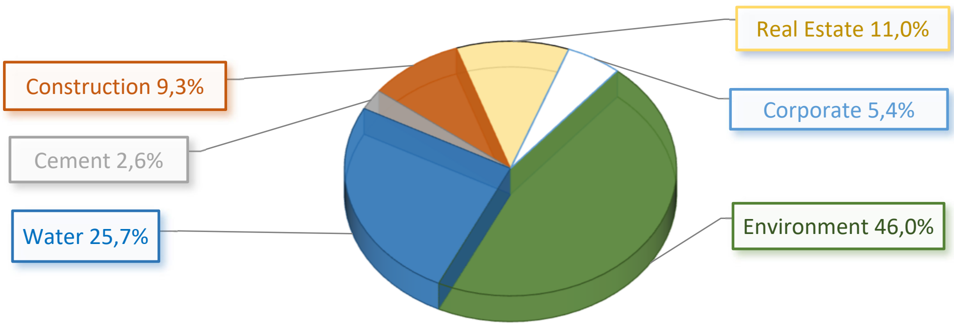
Construction amounted to 56.1 million euros, an increase of 21.5% compared to 2021, having improved project scheduling by readjusting the planned margin on certain international contracts. This allowed operating profit to increase to 6.6% compared to 6% in the previous year.

In Cement it reached 15.5 million euros, with an improvement concentrated in the second quarter, despite a substantial reduction compared to the 48.4 million euros recorded in the previous year, mainly due to the aforementioned effect of the higher energy costs together with the zero revenues from CO2 sales (compared to the 7.8 million euros recorded in the same period of 2021).

The Real Estate area recorded a notable increase to 66.5 million euros, compared to 10 million euros last year, largely due to the contribution, incorporated in November 2021, of the rental property activity through the subsidiaries Realia and Jezzine (with 48.1 million euros of contribution this year compared to their zero contribution in the same period last year) together with higher land sales.

It should be noted that the Corporate Services and Others heading includes the Infrastructure Concessions activity, to which the Cedinsa subgroup's activity contributed until the end of the first quarter of last year, which is why it reduced its contribution from 42.3 million euros in 2021 to 32.4 million euros in the first half of this year.

% EBITDA by Business Area



The performance of the utilities areas of Environment and Water maintained their high contribution to operating profit of 71.7% for the year as a whole. If Real Estate's recurring rental equity activity is added, this percentage contribution rises to 79.7% of the total.

4.3 Net Operating Profit (EBIT)

Net operating profit amounted to 382 million euros, 18.2% more than in the previous year. This increase reflects, in addition to the changes in gross operating profit, two other significant factors in Other Operating Income/(Losses), namely: (i) in the first half of the year, the accounting impact of the review of the market value of the rental assets of the Real Estate area, with a positive amount of 29.7 million euros, and (ii) 9.6 million euros of positive contribution in 2021 from the sale of the Cedinsa subgroup in Concessions.

4.4 Earnings before Taxes (EBT) from continuing operations

Profit before tax from continuing operations was 392.6 million euros, an increase of 15.4% compared to 340.3 million euros in 2021. This was because the good performance of operating operations was accompanied by a positive impact of financial results.

Thus, the performance was as follows for the various components:

4.4.1 Financial result

The net financial result amounted to -55.3 million euros, compared to -59.7 million euros in the previous year, a reduction of 7.4%, reflecting the effect of an unchanged average cost of financing and higher financial income, despite the higher average volume of financial debt in this period compared to the same period last year, which is explained by the aforementioned increase in the scope of activities in the Real Estate area.

4.4.2 Other financial results

This heading amounted to 53.7 million euros in the first half of the year, compared to 28.3 million euros in the same period of last year. The differential is mainly due to the higher positive contribution from the exchange rate evolution of certain currencies against the euro and is mitigated by the positive effect of 12.7 million euros in 2021 from the result of the disposal of various concession activity investees.

4.4.3 Profit/(loss) of equity-accounted investees

The contribution from investee companies amounted to 12.2 million euros, lower than the previous year's figure of 48.3 million euros. This was the result of a unique combination of factors compared to the previous year, the most significant of which were the following in 2021: (i) the 13.2 million euro profit from the sale of most of the energy assets in which the Group has an interest, which includes both the gain up to the time of sale and the gain on disposal, (ii) the 17.6 million euro effect of the closing of the sale of the Ceal 9 and Urbicsa transport concessions and, also, (iii) in 2022, Realia's change of the consolidation method to full consolidation in Real Estate, since it acquired a majority of its capital towards the end of the year, which reduced its contribution by 2.7 million euros.

4.5 Income attributable to the parent company

Attributable net income for this period does amounts to 226.6 million euros, a 2.5% lower compared to 232.5 million euros in the previous business year. This performance is explained by the increase in profit attributable to non-controlling shareholders, which rose to 76.7 million euros compared to 40.8 million euros the previous year, reflecting the increase in the Real Estate area and, to a lesser extent, in the Water area.

4.6 Profit and loss statement figures on a pro rata basis

The most significant figures in the income statement, calculated on the basis of the percentage of effective shareholding in each of the subsidiaries, joint ventures and associates, are as follows.

	Jun. 22	Jun. 21	Chg (%)
Net Turnover	**3,372.1**	**3,117.8**	**8.2%**
Gross Operating Profit (EBITDA)	**510.6**	**526.0**	**-2.9%**
EBITDA margin	*15.1%*	*16.9%*	*-1.7 p.p*
Net Operating Profit (EBIT)	**305.1**	**328.0**	**-7.0%**
EBIT margin	*9.0%*	*10.5%*	*-1.5 p.p*
Income attributable to the parent company	**226.6**	**232.5**	**-2.5%**

5. BALANCE SHEET

(Millions of euros)	**Jun. 22**	**Dec 21**	**Chg (€M)**
Intangible assets	2,435.0	2,445.2	(10.2)
Property, plant and equipment	3,289.3	2,862.5	426.8
Investment property	2,114.4	2,069.2	45.2
Investments accounted for using equity method	553.1	533.8	19.3
Non-current financial assets	756.2	604.0	152.2
Deferred tax assets and other non-current assets	470.2	559.2	(89.0)
Non-current assets	**9,618.1**	**9,074.1**	**544.0**
Non-current assets held for sale	130.6	0.0	130.6
Inventories	1,146.3	1,107.3	39.0
Trade and other receivables	2,544.5	2,340.9	203.6
Other current financial assets	194.1	184.4	9.7
Cash and cash equivalents	1,153.5	1,535.5	(382.0)
Current assets	**5,169.0**	**5,168.1**	**0.9**
TOTAL ASSETS	**14,787.1**	**14,242.2**	**544.9**
Equity attributable to shareholders of the parent company	3,283.5	3,007.1	276.4
Non-controlling interests	1,557.2	1,433.6	123.6
Equity	**4,840.7**	**4,440.7**	**400.0**
Grants	204.4	192.2	12.2
Non-current provisions	1,140.0	1,167.3	(27.3)
Long-term financial debt	4,112.5	3,294.3	818.2
Other non-current financial liabilities	420.7	438.7	(18.0)
Deferred tax liabilities and other non-current liabilities	420.8	473.4	(52.6)
Non-current liabilities	**6,298.3**	**5,565.9**	**732.4**
Liabilities relating to non-current assets held for sale	84.8	0.0	84.8
Current provisions	145.9	147.9	(2.0)
Short-term financial debt	830.1	1,651.2	(821.1)
Other current financial liabilities	188.7	169.0	19.7
Trade and other payables	2,398.6	2,267.5	131.1
Current liabilities	**3,648.0**	**4,235.6**	**(587.6)**
TOTAL LIABILITIES	**14,787.1**	**14,242.2**	**544.9**

5.1 Property, plant and equipment and investment property

Property, plant and equipment and investment property at the end of the first half amounted to a combined 5,403.7 million euros, 9.5% higher than at the end of the previous year. This increase is largely explained by the increase in the Water area, with assets incorporated by the takeover of GGU in Georgia, in the integral cycle management activity under property, plant and equipment.

5.2 Investments accounted for using the equity method

Investments accounted for using the equity method amounted to 553.1 million euros at the end of the year, with the following breakdown of the most significant investments in equity:

1) 113.1 million euros for the stakes held in companies attached to the Environment area (recycling and municipal services, mainly in Spain and the United Kingdom).
2) 109.1 million euros for the stakes held in various transport infrastructure and equipment concessions, mainly in Spain, Peru and the United Kingdom.
3) 38.2 million euros for stakes held in companies in the Water area, largely concessionary companies that manage services abroad (North Africa, Spain and Mexico).
4) A total of 39.1 million euros from the subsidiaries of the parent company in the Cement area.
5) 38.6 million euros from investee companies in the Real Estate area.

In addition, this heading includes another EUR 215 million for the rest of investments in own funds for other stakes together with the loans granted to the subsidiaries.

5.3 Non-current financial assets

The increase in the period of 152.2 million euros to 756.2 million euros largely reflects the investment in a minority stake in a housing development company in the Real Estate area in June, so that at the end of the period the breakdown of the value of the investment in equity of the most significant investees is as follows:

1) 120.7 million in companies in the Real Estate area.
2) 10.2 million euros for the portion in stakes companies in the Water area, largely concessionary companies that manage services abroad (North Africa).
3) 25.9 million euros in other holdings.

In addition, this heading includes, among others, collection rights from concession agreements, mainly in the areas of Environment and Water, together with financial credits granted to third parties, deposits and long-term guarantees.

5.4 Non-current assets held for sale

This item grew to 130.6 million euros compared to zero at the end of 2021. The entire balance is concentrated in the Water area and is explained by the value assigned to certain assets of the GGU group, which was acquired in February this year, which are not assigned to its main activity of water cycle management and whose non-controlling shareholder has agreed to acquire once its spin-off and exit from GGU has been completed.

5.5 Cash and cash equivalents

The balance of the Cash and cash equivalents heading amounts to 1,153.5 million euros at the end of June, 382 million euros less than the figure at the end of last year. This decrease is due to the optimisation of available cash balances following the most significant refinancing and acquisitions planned and mostly executed during the first half of this year.

Its balance is distributed in such a way that:

1) In the perimeter with recourse, cash and cash equivalents totalled 379.0 million euros.
2) In the perimeter without recourse, cash and cash equivalents amounted to 774.5 million euros.

5.6 Equity

Equity period-end amounted to 4,840.7 million euros, compared with 4,440.7 million euros at the end of 2021. The 9% increase is mainly due to the contribution of net profit of 303.3 million euros achieved and the increase in non-controlling interests concentrated in Water.

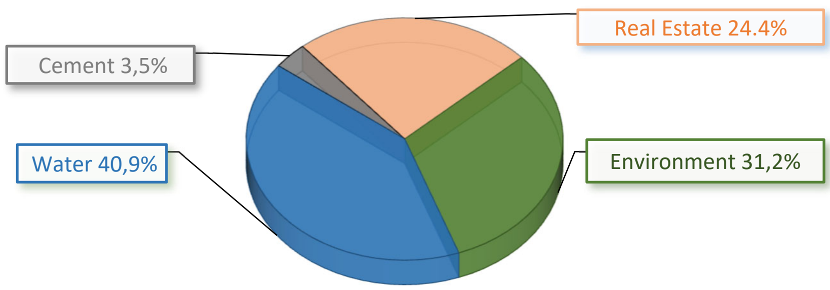
5.7 Financial debt

(Millions of euros)	**Jun. 22**	**Dec 21**	**Chg (€M)**
Bank borrowings	2,477.7	1,742.6	735.1
Debt instruments and other loans	2,290.7	3,031.5	(740.8)
Finance lease liabilities	31.7	37.3	(5.6)
Other financial liabilities	142.5	134.1	8.4
Gross financial debt	**4,942.6**	**4,945.5**	**(2.9)**
Cash and other current financial assets	(1,347.6)	(1,719.8)	372.2
Net financial debt	**3,595.0**	**3,225.7**	**369.3**
Net financial debt with recourse	*(122.0)*	*(326.0)*	*204.0*
Net financial debt without recourse	*3,717.0*	*3,551.7*	*165.3*

At the end of the first half, the Group's gross financial debt remained virtually unchanged from the previous year, at 4,942.6 million euros.
It should be noted that 83.2% have long-term maturities, amounting to 4,112.5 million euros, with a balanced distribution between bank and capital market debt.
The other indebtedness, representing 16.8%, consists of short-term debt, largely commercial paper issued on the Irish Stock Exchange by the Group's parent company and that of the Environment area.

The balance of net financial debt increased by 11.4% in the period to 3,595 million euros. This increase is due to a combination of two effects: (I) the acquisition and addition to the balance sheet of the operating debt of GGU (owner and operator of the integrated water cycle in the capital of Georgia) in the Water area last February and, to a lesser extent, the investment made in the acquisition of a minority financial stake by the head of the Real Estate area last June and (ii) and the optimisation of cash balances through the main refinancing operations scheduled for this year, which were carried out in the first half of the year.

Breakdown of Net Financial Debt without recourse by Business Area



Almost all of the net financial debt is without recourse and is mostly allocated to the Water Utilities and Environment areas and in the recurrent activity of rental property in Real Estate. As a result, the Group's parent company had a net cash position with recourse of 332.6 million euros at the end of June.

Net financial debt without recourse to the Group's parent company is structured as follows:

(i) The Water area added an amount of 1,613.2 million euros, which mainly includes the financing of a corporate bond at parent with a balance of 649.2 million euros and maturity in June 2027 and a long-term syndicated loan contracted last June; (ii) the Environment area added 1,230.5 million euros, most of which corresponds to long-term bonds issued at the end of 2019 by the head of the area and another 154.2 million euros to the activity in the United Kingdom (iii) the Real Estate area contributed 959.7 million euros, mostly concentrated in rental property activity and (iv) the Cement area contributed 137.7 million.

5.8 Other current and non-current financial liabilities

The epigraph of other current and non-current financial liabilities totals 609.4 million euros at the end of the period. The balance mainly includes the item suppliers of fixed and non-current assets for operating leases, amounting to 396.2 million euros. It also includes other liabilities that are not financial liabilities, such as those associated with hedging derivatives, suppliers of fixed and non-current assets, guarantees and deposits received.

6. CASH FLOW

(Millions of euros)	**Jun. 22**	**Jun. 21**	**Chg (%)**
EBITDA	**603.2**	**529.2**	**14.0%**
(Increase)/decrease in working capital	(154.1)	(301.1)	-48.8%
Corporation tax (paid)/received	(14.6)	(40.0)	-63.5%
Other operating cash flow	(27.2)	(24.8)	9.7%
Operating cash flow	**407.3**	**163.3**	149.4%
Investment payments	(543.2)	(208.8)	160.2%
Proceeds from disposals	28.2	408.5	-93.1%
Other investing cash flows	37.2	32.4	14.8%
Investing cash flow	**(477.8)**	**232.1**	**N/A**
Interest payments	(66.9)	(55.4)	20.8%
(Payment)/receipt of financial liabilities	(239.9)	(480.8)	-50.1%
Other financing cash flow	(25.1)	(27.5)	-8.7%
Financing cash flow	**(331.9)**	**(563.7)**	**-41.1%**
Exchange differences, change in consolidation scope, etc.	20.5	(4.3)	N/A
Increase/(decrease) in cash and cash equivalents	**(382.0)**	**(172.6)**	**121.3%**

6.1 Operating cash flow

Operating cash flow generated in the first half amounted to 407.3 million euros, 244 million more than in the previous year due to the increase in operating resources generated and the more favourable performance of working capital. Thus, operating working capital represented an application of funds of 154.1 million euros, concentrated in Construction, compared to 301.1 million euros in the previous year, as on the one hand, the balance of non-recourse loan assignments amounting to 109.1 million euros in the Water area was eliminated in 2021 and, on the other hand, arrears were paid in the Environment area, specifically in the United Kingdom.

Income tax payments/receivables reflect an outflow of 14.6 million euros compared to EUR 40 million euros in 2021, as in the previous period the first payment on account of corporate income tax was made on the sale of several transport concessions in the amount of 33 million euros.

The heading other operating cash flow includes an outflow of 27.2 million euros, similar to the amount of the previous business year, due to the application of provisions in different areas, mainly in Construction.

6.2 Investing cash flow

The investment cash flow represents an application of 477.8 million euros compared to generation of 232.1 million euros in the previous business year.
This differential behaviour is explained on the one hand by the higher Investment Payments concentrated in two main elements: (i) the acquisition of the GGU, manager of the integral water cycle in the capital of Georgia and surrounding areas last February, which involved an investment of 159 million euros in companies and business units in the Water area and (ii) the investment of 129.5 million euros in the acquisition of a minority stake in a housing development company in the Real Estate area last June. In addition, in payments for investments in property, plant and equipment and development of productive assets, 241 million euros were invested in the period, compared to 177.7 million euros the previous year, which, as in previous periods, were concentrated in the areas of Environment and Water, with a combined amount of 213.6 million euros, with a wide distribution and notably the investments in renewed and newly awarded contracts, especially in Spain and the US in Environment.

In addition, significant divestments were made in 2021 relating to the collection from the sale transport concessions, with a cash inflow of 384 million euros, bringing the total proceeds from disposals to 408.5 million euros, compared to 28.2 million euros in this year.

The breakdown of net investments by business area, excluding other cash flows from investment activities, in terms of payments and collections, is as follows:

(Million euros)	**Jun. 22**	**Jun. 21**	**Chg (€M)**
Environment	(142.8)	(111.2)	(31.6)
Water	(226.7)	(45.5)	(181.2)
Construction	(9.8)	(15.0)	5.2
Cement	(3.8)	(1.4)	(2.4)
Real Estate	(135.0)	0.1	(135.1)
Corporate serv., etc. & adjustments	3.1	372.7	(369.6)
Net investments *(Payments - Collections)*	**(515.0)**	**199.7**	**(714.7)**

Other investment flows include an inflow of 37.2 million euros, compared to 32.4 million euros last year. In addition to the interest income of 6.9 million euros, it includes, among other things, the inflow of cash and cash equivalents from the entry into consolidation of the GGU Group in Agua, amounting to 17.1 million euros.

6.3 Financing cash flow

The consolidated cash flow generated represents an application of 331.9 million euros compared to 563.7 million euros in the previous business year. The interest payment item shows an outflow of 66.9 million euros, mainly concentrated in Water and, to a lesser extent, Environment.
Proceeds from/(payments on) financial liabilities relates to the application of the financing flow with 239.9 million in this period, compared to 480.8 million in the previous period and which is concentrated on the refinancing process completed in the Water area in the second quarter of this year.

In addition, other financing flows remains similar to last year's figures with an application of 25.1 million euros and includes, among others, the payment of dividends to shareholders of the parent company and non-controlling shareholders of the rest of the consolidated group for a combined amount of 9.4 million euros.

6.4 Change in cash and cash equivalents

As a result of the performance of the different cash flow components, the FCC Group's cash position closed the first half of the year with a cash decrease of 382 million euros, leaving a balance of 1,153.5 million euros.

7. ANALYSIS BY BUSINESS AREA

7.1. Environment

The Environment area contributed 46% of the Group's EBITDA in the first half of 2022. 79.8% of its activity was focussed on essential waste collection, processing and disposal of wastes, as well as street cleaning. The remaining 20.2% related to other types of urban environmental activities, such as the protection of green areas and sewage systems.

In Spain, it provides services in more than 3,500 municipalities and serves a population of more than 31 million inhabitants. Municipal waste management and street cleaning services account for a significant part of the business. In the United Kingdom, it focuses on urban waste treatment, recovery and disposal activities and serves more than 22 million people. In Central Europe, mainly Austria and the Czech Republic, FCC is present across the entire waste management chain (collection, treatment and disposal). FCC's activities in the US include both the collection and end-to-end retrieval of municipal waste.

7.1.1. Earnings

(Millions of euros)	**Jun. 22**	**Jun. 21**	**Chg (%)**
Revenue	1,757.0	1,564.6	12.3%
Waste collection and street cleaning	*841.4*	*755.0*	*11.4%*
Waste processing	*560.5*	*501.0*	*11.9%*
Other services	*355.1*	*308.6*	*15.1%*
EBITDA	277.5	248.1	11.9%
EBITDA margin	15.8%	15.9%	*-0.1 p.p*
EBIT	145.6	133.7	8.9%
EBIT margin	8.3%	8.5%	*-0.3 p.p*

Revenues at the Environment area were up 12.3% to reach 1,757 million euros in the first half of the year. The waste collection and street cleaning activity's revenues rose by 11.4% to 841.4 million euros, thanks to new contracts, especially in Spain and the US, as well as the good performance in Central Europe. Waste treatment activity was up 11.9% to 560.5 million euros, largely due to the recovery of the activities in the UK and the increase in activity in Central Europe, alongside the activity of a new plant in the US. Other services et al were up by 15.1% to 355.1 million euros.

Breakdown of revenue by geographical area

(Millions of euros)	**Jun. 22**	**Jun. 21**	**Chg (%)**
Spain	953.1	895.1	6.5%
United Kingdom	383.6	333.1	15.2%
Central Europe	303.5	267.5	13.5%
United States and other	116.8	68.9	69.5%
Total	**1,757.0**	**1,564.6**	**12.3%**

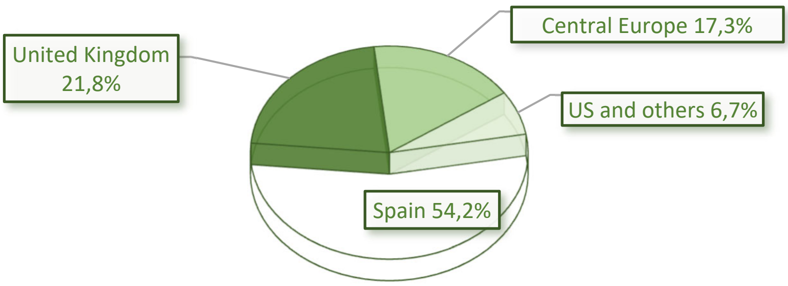
By geographical area, revenues in Spain increased by 6.5% compared to the first half of the previous year to 953.1 million euros, due to the good performance of waste collection and street cleaning activities, with new contracts in Madrid, which offset the lower contribution in the Treatment activity, due to completion of the construction of plants that are already fully operational.

In the United Kingdom, revenue grew by 15.2% to 383.6 million euros, especially owing to an increase in plants' waste revaluation and landfill plants, along with the trend in the exchange rate (pound sterling appreciated by 3% in the period).

In Central Europe, revenues increased by 13.5% to 303.5 million euros, with all activities making good contributions, especially by-product treatment and recovery. Virtually all countries in which the area operates performed well, especially the Czech Republic and Hungary.

Lastly, turnover in the United States and other markets increased by a remarkable 69.5% up to 116.8 million euros due to the contribution of new contracts in the US, such as Hillsborough (Florida) or Premier Waste, a tertiary waste management company located in Texas, which are added to the larger contribution of other existing ones such as Palm Beach, in Florida, or Dallas.

Breakdown of revenue by geographical area



The gross operating profit (EBITDA) increased by 11.9% to 277.5 million euros due to the evolution described above in the revenue figure and given that the increase in volumes treated and prices of by-products in the treatment and recovery activities offset the increase in energy costs. This produced an operating margin at levels similar to those of the previous year.

The net operating profit (EBIT) increased by 8.9% over the previous year to 145.6 million euros, thanks to the development of the different components mentioned in the Ebitda.

Breakdown of the backlog, by geographical area

(Millions of euros)	**Jun. 22**	**Dec 21**	**Chg (%)**
Spain	7,199.0	6,300.6	14.3%
International	5,662.5	4,445.8	27.4%
Total	**12,861.5**	**10,746.4**	**19.7%**

At the end of the first half of the year, the backlog increased by 19.7% compared to last December, with 12,861.5 million euros. Of particular note was the 27.4% increase in international, thanks to new contracts in the US, such as the integrated management and recycling of glass in Placer County, California and residential collection in Port Saint Lucie, Florida, as well as others in Central Europe and the United Kingdom. In Spain, the backlog increased by 14.3% due to the high level of contracting, notably the urban sanitation contracts in Salamanca, Badajoz, the solid waste treatment contract in Tenerife or the renovation of the urban sanitation contract in Vigo.

7.1.2. Financial Debt

(Millions of euros)	**Jun. 22**	**Dec 21**	**Chg (€M)**
Net financial debt	1,230.5	1,289.7	(59.2)

Financial debt decreased by 59.2 million euros compared to December 2021, to 1,230.5 million euros. Its principal amount relates to two green bonds for a combined amount of 1,100 million euros. The remainder corresponds, on the one hand, to commercial paper and, on the other hand, to project financing of waste treatment and recycling plants mainly in the UK.

7.2. Water

The Water area contributed 25.7% of FCC Group's EBITDA in the period. 91.8% of its activity focuses on public service concession management related to the end-to-end water cycle (collection, treatment, storage and distribution) and the operation of different types of water infrastructures; the remaining 8.2% corresponds to Technology and Networks, which is responsible for the design, engineering and equipment of hydraulic infrastructures, related to a great extent to the development of new concessions and ancillary works for operations.

In Spain the area serves over 13 million inhabitants in more than 1,100 municipalities. In Central Europe, it serves 1.3 million users, mainly in the Czech Republic, while in the rest of the continent it is present in Italy, Portugal, Georgia and France. In Latin America, the Middle East, and Africa its activity centres on the design, equipping, and operation of processing plants. All in all, the Water area provides supply and/or sanitation services to more than 29 million inhabitants.

7.2.1 Earnings

(Millions of euros)	**Jun. 22**	**Jun. 21**	**Chg (%)**
Revenue	614.4	564.8	8.8%
Concessions and services	*564.1*	*502.4*	12.3%
Technology and networks	*50.3*	*62.4*	-19.4%
EBITDA	155.2	134.2	15.6%
EBITDA margin	25.3%	23.8%	*1.5 p.p*
EBIT	81.4	75.5	7.8%
EBIT margin	13.2%	13.4%	*-0.1 p.p*

Revenues increased by 8.8% to 614.4 million euros in the first half of the year mainly due to the increase in activity in municipal concessions and integrated cycle management with the differential contribution of GGU in Georgia (with 31.2 million euros of contribution since February) and the continued recovery of non-residential consumption, following the full lifting of mobility restrictions. On the other hand, there was a decrease in the volume of activity in Technology and Networks due to the entry into the completion phase of unique international projects, especially in the Middle East and Africa.

Breakdown of revenue by geographical area

(Millions of euros)	**Jun. 22**	**Jun. 21**	**Chg (%)**
Spain	403.0	388.8	3.7%
Central and Eastern Europe:	91.5	53.4	71.3%
Middle East, Africa and Other	58.7	53.6	9.5%
Rest of Europe (France, Portugal and Italy)	41.2	39.0	5.6%
Latin America	20.0	30.0	-33.3%
Total	**614.4**	**564.8**	**8.8%**

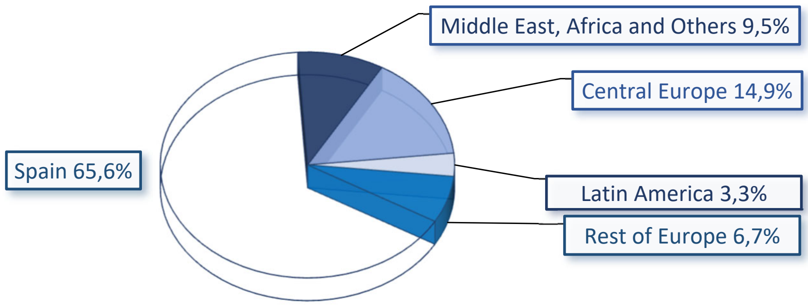
By geographical area, revenues in Spain increased by 3.7% to 403 million euros. This growth occurred in the Concessions business due to the increase in m3 billed in the non-domestic market together with an increase in tariffs, which offset the lower domestic consumption. The Technology and Networks activity also recorded a healthy performance due to the execution of work on the investment plans associated with the concession contracts.

In the international area, Central and Eastern Europe grew by 71.3% to 91.5 million euros. The most significant growth occurred in the Concessions and Services activity, mainly due to the aforementioned acquisition last February of 80% of the company GGU in Georgia. The Czech Republic also saw healthy positive performance due to the tariff update in its full cycle activity and the favourable performance of the exchange rate of the Czech koruna (+4.9% in the period). In the Rest of Europe, revenues increased by 5.6% to 41.2 million euros due to a higher contribution in the concession activity and new contracts in France, which offset the lower activity in Technology and Networks.

In the Middle East, Africa and Others, revenues increased by 9.5% to 58.7 million euros due to increased concession activity from new contracts in Qatar, as well as the start of operations at the Abu Rawash plant in Egypt last March. There has also been an increased contribution from the Mostaganem contract. In contrast, the Technology and Networks activity has decreased due to contracts already completed or nearing completion.

Lastly, in Latin America, turnover decreased by 33.3% to 20 million euros, due to the lower contribution in the Technology and Networks business, both in Mexico and Colombia, of projects that are already at very advanced stages of execution have not been offset by others by the increase in the end-to-end cycle business in Colombia.

Breakdown of revenue by geographical area



Gross operating profit (EBITDA) grew by 15.6% to 155.2 million euros, due to the higher operating profitability of the full cycle in Georgia, as well as the higher contribution of the Technology and Networks activity, despite having a lower revenue, as its generation is more closely linked to the full cycle management assets. This made it possible to offset the higher cost of energy, especially electricity.

EBIT increased by 7.8% year-on-year to 81.4 million euros due to the aforementioned performance of gross operating profit and reflecting the effect of higher depreciation and amortisation charges linked to the higher volume of assets owned and operated in the period.

Breakdown of the backlog, by geographical area

(Millions of euros)	**Jun. 22**	**Dec 21**	**Chg (%)**
Spain	7,083.4	7,149.6	-0.9%
International	12,729.7	8,211.5	55.0%
Total	**19,813.1**	**15,361.1**	**29.0%**

The backlog at the end of June amounted to 19,813.1 million euros, 29% more than at the end of December 2021. Internationally, it rose by a sizeable 55% due to the incorporation of the integral cycle in the capital of Georgia (cities of Tbilisi, Mushketa and Rustavi), as well as smaller ones in Saudi Arabia. In Spain it remained at practically the same levels as the previous year.

7.2.2. Financial Debt

(Millions of euros)	**Jun. 22**	**Dec 21**	**Chg (€M)**
Net financial debt	1,613.2	1,247.6	365.6

Net financial debt amounted to 1,613.2 million euros at the end of June, an increase of 365.6 million euros compared to December 2021. This growth is largely due to the acquisition and operating debt brought onto the balance sheet with the acquisition of GGU for a combined amount of EUR 340.8 million.

7.3. Construction

The Construction area contributed 9.3% of the FCC Group's EBITDA at the end of the period. Its activity focuses on the design and construction of large civil, industrial and building works, with a selective presence in certain regions, currently around 15 countries. Highlights included the Company's involvement in major works such as railways, tunnels, motorways and football stadiums, which accounted for a large part of its activity in the period.

(Millions of euros)	**Jun. 22**	**Jun. 21**	**Chg (%)**
Revenue	855.5	768.2	11.4%
EBITDA	56.1	46.2	21.5%
EBITDA margin	*6.6%*	*6.0%*	*0.5 p.p*
EBIT	40.8	32.3	26.3%
EBIT margin	*4.8%*	*4.2%*	*0.6 p.p*

Revenues in the area were up by 11.4% to 855.5 million euros due to the steady pace of project execution in Latin America and a number of countries in Europe, offsetting the lower activity levels in the Middle East and in Spain.

Breakdown of revenue by geographical area			
(Millions of euros)	**Jun. 22**	**Jun. 21**	**Chg (%)**
Spain	394.0	414.8	-5.0%
Rest of Europe and Others	194.8	169.5	14.9%
Latin America and the US.	189.6	99.8	90.0%
Middle East and Africa	77.1	84.1	-8.3%
Total	**855.5**	**768.2**	**11.4%**

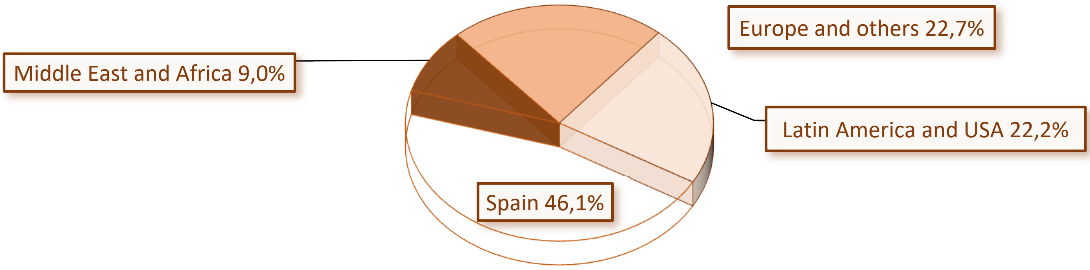
By geographical area, turnover in Spain fell by 5% to 394 million euros, despite the good pace of progress in the remodelling of the Santiago Bernabéu football stadium, due to the lower level of execution of work on other public and private projects.

On the other hand, in the Rest of Europe and other markets, turnover grew by 14.9% compared to the previous year and reached 194.8 million euros, mainly due to the development of the A-9 motorway in Holland and the A-465 in Wales (United Kingdom), which offset the lower contribution of other works, such as the Haren penitentiary centre in Belgium.

In Latin America and the United States, In the US, revenues grew significantly, up to 189.6 million euros, driven mainly by the increased contribution of the Maya Train in Mexico and the sustained progress of the Lima Metro and advances in other works in Colombia and Chile.

The drop in revenues is mainly concentrated in the Middle East, down to 8.3% to 77.1 million euros, essentially due, as in the first quarter, to the lower activity in the construction of the Riyadh metro in Saudi Arabia. It should be noted that this project has extended its completion until April 2024, with an additional contract for FCC Construcción of over 200 million euros, to which will be added, with greater activity in the future, the recent award of a tunnel in the region of Neom, in the northwest of the country.

Breakdown of revenue by geographical area



Gross operating profit increased by 21.5% to 56.1 million euros compared to 46.2 million euros in the previous year. This increase is based on the aforementioned revenue together with upward adjustments to the margin of the degree of progress in certain international projects. As a result, the operating margin for the period was 6.6%, higher than in previous half years.

For its part, net operating profit totalled 40.8 million euros, compared to 32.3 million euros for the previous year, thanks to the performance of gross operating earnings, as mentioned previously.

Breakdown of the backlog, by geographical area

(Millions of euros)	**Jun. 22**	**Dec 21**	**Chg (%)**
Spain	1,694.7	1,368.0	23.9%
International	3,473.7	2,613.3	32.9%
Total	**5,168.4**	**3,981.3**	**29.8%**

The revenue backlog increased at the end of June to 5,168.4 million euros, an outstanding 29.8%, and more markedly so in the International area, this was mainly due to the new contracts signed, such as the initial phase of the RER-3 project in Canada and the Sotra bridge in Norway, in addition to the aforementioned increases in scope for the Riyadh Metro and the Maya Train in Mexico.

Breakdown of the backlog by activity segment

(Millions of euros)	**Jun. 22**	**Dec 21**	**Chg (%)**
Civil engineering works	4,264.6	3,301.6	29.2%
Building	490.0	426.3	14.9%
Industrial Projects	413.8	253.4	63.3%
Total	**5,168.4**	**3,981.3**	**29.8%**

By type of activity, civil works continues to dominate, with 82.51% of the total, concentrated in large public contracts in certain key and selective markets in Europe, America and the Middle East.

7.4. Cement

The Cement area contributed 2.6% of the FCC Group's EBITDA in the business year. This activity was undertaken by the CPV Group, which focuses on manufacturing cement and by-products, with 7 main production centres in Spain and 1 in Tunisia, in addition to a minority stake of 45% in Giant Cement, which operates a number of factories on the east coast of the US. US.

7.4.1. Earnings

(Millions of euros)	**Jun. 22**	**Jun. 21**	**Chg (%)**
Revenue	247.1	221.6	11.5%
Cement	*227.3*	*199.3*	*14.0%*
Other	*19.8*	*22.3*	*-11.2%*
EBITDA	15.5	48.4	-68.0%
EBITDA margin	*6.3%*	*21.8%*	*-15.6 p.p*
EBIT	(1.5)	32.7	-104.6%
EBIT margin	*-0.6%*	*14.8%*	*-15.4 p.p*

The area's revenues grew by 11.5% to 247.1 million euros compared to June of the previous year, due on the one hand to the substantial increase in prices in the Spanish market and to a lesser extent in Tunisia, which have offset the decrease in invoiced volumes and the favourable trend in the amount of exports made.

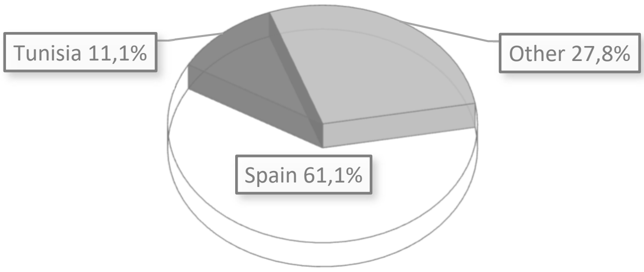
Breakdown of revenue by geographical area			
(Millions of euros)	**Jun. 22**	**Jun. 21**	**Chg (%)**
Spain	151.1	133.0	13.6%
Tunisia	27.4	31.5	-13.0%
Other (exports)	68.6	57.1	20.2%
Total	**247.1**	**221.6**	**11.5%**

By geographic area, revenue in Spain increased by 13.6% to 151.1 million euros due to the increase in prices, which rose significantly and offset the relative decline in volumes shipped compared to the same half of the previous year.

In the local Tunisian market, revenue decreased to 27.4 million euros, 13% less than the previous year, as there was a greater decrease in volumes than in Spain, which could not be offset by the limited increase in prices.

Export revenues grew by 20.2% to 68.6 million euros due to the increase in shipments from Tunisia, which in the case of Spain were made at higher prices to their usual European destinations, while alternative routes were opened from Tunisia to certain nearby markets that continue to be affected by temporary import closures.

Breakdown of revenue by geographical area



Moreover, EBITDA was down to 15.5 million euros, compared to 48.4 million euros in the previous year. This decrease was due to the significant increase in the price of electricity in Spain, together with the rise in the cost of fuel in both Spain and Tunisia. This situation was particularly visible in the first quarter and eased in the second half of the year, allowing operating profit to recover part of the margin to 6.3% in the period, still far from the levels of the previous year. In addition, no CO2 rights were sold in this period, compared to 7.8 million euros in the first half of the previous year.

Net operating profit stood at -1.5 million euros, due to the performance of gross operating profit as mentioned previously, through recognition of the provision for depreciation of production assets.

7.4.2. Financial Debt

(Millions of euros)	**Jun. 22**	**Dec 21**	**Chg (€M)**
Net financial debt	137.7	124.4	13.3

Net financial debt, entirely without recourse to the Group's parent, increased by 13.3 million euros compared to December of the previous year and amounted to 137.7 million euros at the end of the first half, as a result of the absorption of cash from operating and investing operations during the period and reflecting a situation of exceptionally high energy costs. All in all, the area's low level of indebtedness allows for prudent and reasonable management of the current operating environment.

7.5. Real Estate

As a result of the various corporate operations carried out in the fourth quarter of 2021 by the head of the real estate activity, FCC Inmobiliaria, the most significant figures are presented separately for both years, as opposed to their inclusion in Corporate Services, which reported them until September 2021.
Of note among the operations carried out in the last quarter of 2021 was the acquisition of 13.12% of Realia's share capital for 83.9 million euros, giving it control, with a 50.1% stake, and its full consolidation. In addition, 100% of the capital of Jezzine, a holding company exclusively dedicated to the operation of rental assets, was incorporated through a non-monetary contribution. As a result of this last operation, FCC Inmobiliaria remains controlled by FCC SA, with 80.03% of its capital. These operations allowed for a significant strengthening of FCC Inmobiliaria's competitive position and the weight of the rental property business, as well as the enhancement of operating synergies. The two corporate incorporations described above, Grupo Realia and Jezzine, only contributed to the FCC Group's operations for two months of 2021.
Of note among the operations carried out in this period was the acquisition of 11.47% of the capital of Metrovacesa in June, a listed Spanish developer, which is included in the balance sheet as a financial asset.

The Real Estate area contributed 11.2% of the FCC Group's EBITDA in the first half of the year. Its activity is centred in Spain and is structured in two main activities, with the first being the holding, development, and operation of all types of real estate on a rental basis (mainly offices, premises, and shopping centres). This is in addition to the development for sale of properties, which includes the urban management of its land portfolio, providing development management services for third parties.

7.5.1. Earnings

(Millions of euros)	**Jun. 22**	**Jun. 21**	**Chg (%)**
Revenue	119.7	39.4	203.9%
Assets	*52.9*	*0.0*	*N/A*
Development and land	*66.8*	*39.4*	*69.7%*
EBITDA	66.5	10.0	N/A
EBITDA margin	*55.6%*	*25.4%*	*30.1 p.p*
EBIT	97.0	10.0	N/A
EBIT margin	*81.0%*	*25.4%*	*55.6 p.p*

The area's revenues amounted to 119.7 million euros in first half of 2022, which is a substantial increase over the previous year due both to the aforementioned full consolidation of the Realia Group and Jezzine and to the increase in land sales during the period.

In the Residential Development activity, with 66.8 million euros in revenues, there was an increase due to the aforementioned consolidation of the Realia Group and a substantial increase in land sales of 33 million euros compared to the 13.5 million euros recorded in the previous year.

In Assets, income amounted to 52.9 million euros, compared to zero in the previous year, and includes the contribution of Jezzine and the Realia Group's rental activity. Its revenues are concentrated in the use of offices (comprising Jezzine's network of properties dedicated to the rental of bank branches), which accounted for more than 80% of the total, followed by rent generated by the operation of shopping centres. At the end of the half year, the occupancy rate exceeded 93%, supported by high occupancy levels in all uses, locations, and the very long-term contract held by the subsidiary Jezzine in relation to offices.

Similarly, EBITDA performed better in the period, with a figure of 66.5 million euros, due mainly to the effect of the contribution of the new Assets activity, with a much larger operating margin under development. On a like-for-like basis, there was also an increase in EBITDA owing to the higher contribution margin in Development and Land. Nevertheless, the operating margin was 55.6% in the period, well above the previous one due to the aforementioned factors of the Assets business.

EBIT contains both the effect of the aforementioned evolution in EBITDA, together with the impact at the end of the half year of the recording of the change in the fair market value of its rental assets, for a total amount of 29.68 million euros.

7.5.2. Financial Debt

(Millions of euros)	**Jun. 22**	**Dec 21**	**Chg (€M)**
Net financial debt	959.7	889.7	70.0

The balance of financial debt at 30 June 2020 amounted to 959.7 million euros, with an increase of 70 million euros. It is worth mentioning that this increase includes the amount relating to the purchase of a minority stake in Metrovacesa, a housing development company, for 129.5 million euros last June. A large part of the area's debt is located in the equity-accounted subsidiaries, without recourse to the head of the FCC Group, with a combined amount of 749 million euros at the end of the period, the rest relating to the various stakes acquired in subsidiaries and investees.

8. SHARE INFORMATION

8.1. Stock market performance

	Jan. – Jun. 2022	Jan. – Jun. 2021
Closing price (€)	9.43	9.40*
Change in the period	*-11.84%*	*11.36%*
High (€)	11.00*	10.84*
Low (€)	9.00*	8.31*
Average daily trading (shares)	53,218	83,539
Average daily trading (M€)	0.6	0.8
Market capitalisation at end of period (M€)	4,009	3,846
No. of shares outstanding at 30 June	425,173,636	409,106,618

**2021 and 2022 Data adjusted for scrip dividend*

8.2. Dividends

The Company's Board of Directors, at its meeting held on 14 June 2022, agreed to implement the agreement on the distribution of the scrip dividend adopted at FCC's General Shareholders' Meeting on 14 June 2022, in item four of the Agenda, in compliance with the terms and conditions agreed at the General Shareholders' Meeting. The holders of 97.94% of the free allocation rights opted to receive new shares, a percentage very similar to previous years, which is an acknowledgement of the confidence in the management and the value creation potential of the Group. Therefore, the paid-up capital increase was 14,871,347 shares; the total number of shares of the new capital stock was 440,044,983 on 12 July (see heading below).

8.3. Treasury shares

On 15 June 2022, the company reported that the Board of Directors, at its meeting of 14 June 2022, approved a temporary share buyback programme for one year. This programme, implemented with the aim of reducing FCC's share capital through the redemption of treasury shares, has the following characteristics: the maximum number of shares to be acquired under the Programme is 2 million and the maximum investment under the Programme is 25 million euros.

All in all, the treasury share position at 30 June 2022 stood at 3,398,967 shares, equivalent to 0.79% of the share capital.
It is also reported that, in accordance with the resolution of the General Shareholders' Meeting held on 14 June 2022, 1.7 million treasury shares were redeemed on 20 July, thus establishing the share capital at the date of publication of this report at 438,344,983 shares.

9. 2H2022 RISKS AND OUTLOOK

As a benchmark global group in the design, execution and management of infrastructures and services, FCC is subject a variety of environmental and socio-political and economic environments and regulatory frameworks. In this context, the FCC Group is exposed both to the risks inherent to its activities and to the risks related to global and local environmental, economic, social and geopolitical environments. However, the FCC Group operates in sectors classified as essential, with growing global needs, such as environmental services and water and infrastructure management. It has shown, in its more than 120 years of history, that it has sufficient resilience to overcome complex times such as the ones we are living through. The Group's resilience is based on solid foundations, a solid risk management framework, a commitment to good corporate governance, sustainability, financial prudence and a focus on the challenges of the future.

Global risks and outlook

The international economic situation has worsened significantly in the first half of 2022, partly due to the conflict in Ukraine. There is a slowdown in the growth outlook and a rise in inflation rates and interest rate hikes. According to the International Monetary Fund's April 2022 forecast, global growth is projected to decelerate from 6.1% in 2021 to 3.6% in 2022 and 2023. These estimates are being periodically corrected downwards and a recession scenario is not being ruled out.

In this regard, given the current economic situation, there is a growing risk of a tightening of central banks' monetary policy. In terms of fiscal policy, the spending made necessary by the pandemic has already reduced the room for manoeuvre in many countries. In addition, debt levels have risen significantly and extraordinary fiscal support is expected to be phased out in 2022-23.

The economic effects of the war are spreading mainly through commodity and energy markets, international trade and financial linkages. The war adds to the series of supply shocks that shook the world economy in the course of the pandemic. This increase in the cost of materials and energy, together with a possible increase in labour costs, could have an impact on the profitability of the Projects, especially in those that do not include contractual price revision clauses, or in those that do not cover 100% of price variations. In addition, there are tensions in the availability of certain materials, which could also influence the normal development of ongoing projects.

In these circumstances, and in response to this economic environment, governments may themselves make changes in fiscal policies, public-private partnership models or infrastructure investments, which could lead to changes in business opportunities.

Moreover, the FCC Group must manage the risks and opportunities derived from a series of global trends, such as the expansion of sustainable cities and developments, digitisation, sustainable use of natural resources, the fight against climate change, inequality and social exclusion, which may affect its business model, but which also open up new development opportunities and the chance to contribute value, with the development of competitive and technologically advanced solutions, in line with the Sustainable Development Goals (SDGs) and the 2030 Agenda, channelled through the specialisation of its business areas in the field of design, execution and management of infrastructures and services associated with the environment, water and mobility. In this sense, these areas are participating, through the study and presentation of projects related to these matters, in the Next Generation European funding programme, either individually or in consortium with other entities.

Strategic Risks and focus by business line

FCC Medioambiente, which has developed its Sustainability Strategy 2050, maintains a positive outlook with the evolution of the sector towards a circular economy model that promotes the recovery of waste and the reduction of greenhouse gas emissions. In terms of business development, the operation of new contracts such as waste collection in the city of Port Saint Lucie in Florida and in the county of Placer in California are noteworthy (USA).

Aqualia - leading end-to-end water cycle operator that has certified its Sustainability Strategy and contribution to the SDGs - will continue to work on improving operational management efficiency, optimising resources and minimising its environmental impact, consolidating smart customer management and also on a selective and profitable growth strategy, increasing its backlog in Spain and its international presence, for example, in Saudi Arabia, France, Colombia or through the acquisition in February of GGU, which owns and operates integral water cycle infrastructures in the capital of Georgia, Tiflis and other cities, providing services to 1.4 million inhabitants.

FCC Construcción, supported by its design and technology capabilities, will continue to focus on civil works contracts and singular buildings such as, among others, the new road and hospital projects in the United Kingdom, section 2 of the Maya Train, the construction of tunnels for the Neom Project in Saudi Arabia, the Sotra PPP in Norway, the concession for the Bridge Project in Pennsylvania, the New Railway Suburban Network in Toronto and the remodelling of the Santiago Bernabéu Stadium in Madrid.

In the Cement area, Cementos Portland Valderrivas continues to strengthen efficiency in the operation of its production plants through digitisation and automation of its production processes and energy efficiency, including new digital tools for customers, suppliers and employees.
For its part, the Real Estate area, articulated through FCC Inmobiliaria and dedicated to the property business - with prime assets, which are highly secure in terms of cash flow generation - and to the housing development and land management business, maintains its commitment to innovation, sustainability and optimisation of the customer experience.

Financial risks and outlook

The FCC Group's ability to obtain financing depends on a number of factors, some of which are beyond its control and could be affected by adverse prospects due to, among others, the war in Ukraine, rising inflation and interest rates due to a restrictive monetary policy of central banks, the accumulated increase in public debt, the availability of funds in financial institutions and the resulting overall economic situation. Nevertheless, the FCC Group has continued to work on the search for balanced sources of financing and to carry out actions aimed at dealing with these growing uncertainties from a position of stability and financial strength.

The FCC Group faces the second half of 2022 with solid financial structures, with amounts, maturities and financing costs appropriate to the nature of its different business areas. During this period, the departments responsible for each of the business units, together with the General Administration and Finance Department, will continue to work on the management, assessment and mitigation of the various financial risks, as well as on the search for natural hedging against exchange rate risk, management of decisions on risk transfer mechanisms (insurance), interest rate hedges and the management of asset risks.

Operational, compliance and reporting risks

The complexity and diversity of the projects in which the FCC Group participates requires a great effort in identifying and assessing operational risks from the study phase to completion, to enable contracts to be completed within the deadlines, scope and profitability targets. Among the potential operational risks that could affect the Group's operations during the second half of 2022 are:

- the termination or amendment of contracts and rescheduling of projects, requiring on-going monitoring of contractual contingencies, planning and operational budgets.
- the increase in production costs, especially those related to raw materials, materials, fuel and energy, subcontracted services and wages and other labour costs. These circumstances could be compounded by a lack of availability of materials, restrictions on energy use and supply chain disruptions. The Group addresses these risks through the application of its budgetary control and project planning policies.
- changes in the value of investment property, which the Group monitors by means of periodic valuations carried out by independent experts.
- attacks that may affect cyber-security, for which the FCC Group continues to strengthen its systems and is developing various action plans aimed at protecting its systems and assets.
- the FCC Group will continue to develop improvement plans and review its health and safety policies to guarantee the health and safety of people, allowing the group to monitor how FCC grows as a healthy company and applying a certified occupational hazard prevention system.
- the risks derived from quality assurance and ensuring respect for the environment of the activities and services they provide, for which FCC's Business Areas have certified quality assurance, environmental management systems, in accordance with international standards, and specifically, some of these areas are part of the EU Eco-Management and Audit Scheme.

- vulnerability to natural disasters, during which, in addition to implementing different prevention methods, the FCC Group's policy sets to take out the necessary insurance policies to cover the possible risks to which the various elements of its property, plant and equipment and the activities carried out are subject.

To manage the risk of noncompliance, through its Compliance Model, the FCC Group guarantees that all the companies and employees are governed in accordance with the principles established in the corporate Code of Ethics and Conduct, at the same time strengthening internal control so as not to commit any criminal breach. This commitment means that during the second half of 2022 and in accordance with the policy of continuous improvement, the Compliance Model will continue to evolve, both nationally and internationally, so that internal control continues to be strengthened in an integrated manner with operational and reporting processes. To this end, the Compliance Model establishes specific procedures for the assessment of counterparties, including agents, business partners and suppliers, which contribute to managing the risks derived from third-party engagement. Regarding other compliance risks, such as contractual disputes and a potential increase in litigation, a huge effort will continue to be made on monitoring and managing contracts and identifying legal risks.

In addition, and in relation to reporting risks, the FCC Group has carried out the FCC ESG Framework, an analysis and study prior to the company's sustainability strategy for the coming years, which will be materialised in the Group's 5th plan "ESG Plan 2025". The commitment to achieve the different goals of the FCC Group, as well as the increasing requirements of the different stakeholders, for accurate and agile financial, non-financial and diversity information with different levels of development represents a challenge for all organisations, especially those with a high organisational, corporate and geographical complexity, as is the case of the FCC Group. In this regard, during the second half of 2022, and as part of its policy of continuous improvement, progress will be made in further development of the information, communication and internal control systems, optimising the integration and management of information and the use of transversal computer systems, both within and outside of Spain, while establishing advanced reporting models in projects managed with third parties.

Explanatory note

EBITDA

We define EBITDA as earnings from continuing operations before tax, earnings of companies accounted for using the equity method, financial result, depreciation and amortisation charges, impairment, gains or losses on disposals of non-current assets, grants, net changes in provisions and other non-recurring revenues and expenses.

BACKLOG

The FCC Group uses the backlog as an additional accounting measure in certain areas of our businesses. We calculate the backlog for our Environment, Water and Construction areas because these businesses are characterised by medium and long-term contracts. Because of its typically short-term purchase cycle, we do not calculate backlog for our Cement business area.

As at any given date, the backlog reflects pending production, that is, amounts under contracts or client orders, net of taxes on production, less any amounts under those contracts or orders that have already been recognised as revenue. We value pending production according to current prices as at the date of calculation. The backlog includes only those amounts to which clients are bound by virtue of a signed contract or firm order.

At the Environment division, we recognise the backlog for our waste management contracts only when the relevant contract grants us exclusivity in the geographical area where the plant, landfill or other facility is located.

In our Water business area, we calculate the revenue backlog on the basis of the same long-term volume estimates that serve as the basis for our contracts with clients and for the tariffs set in those contracts.

In our Construction business area, we recognise the backlog only when we have a signed contract with, or a firm order from, the end client.

Once we have included a contract in our backlog, the value of pending production under that contract remains in backlog until fulfilled or cancelled. However, we do adjust the values of orders in the backlog as needed to reflect any price or schedule changes that may be agreed with the client. For example, after the date of calculation, a price may increase or decrease as a result of changes in contractual production due to additional works to be performed. Due to a number of possible factors, we could fail to realise as revenue part or all of our calculated backlog with regard to a given contract or order. Our backlog is subject to adjustments and project cancellations and is, therefore, an uncertain indicator of future earnings.

In the Real Estate area, the real estate portfolio corresponds to the amount of the collection corresponding to the sales of properties pending formalisation at the end of the period in the Development activity. The GAV at the market value of the real estate assets as determined by independent experts and the occupancy rate at the occupied surface area of the portfolio of rental property assets divided by the portfolio's operating surface area.

NET FINANCIAL DEBT

Net financial debt is defined as total gross financial debt (current and non-current) less current financial assets, cash and other cash equivalents.

10. DISCLAIMER

The interim financial information contained in this document was obtained from the consolidated interim financial statements as at 30 June 2022, prepared in accordance with the International Financial Reporting Standards (IFRS) that had been adopted by the European Union at the end of the period, in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002.

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