FCC Environment area agrees to expand its waste management and treatment business in the UK.

Report
Earnings 2023

TABLE OF CONTENTS

1. SIGNIFICANT EVENTS

FCC completes sale of 24.99% of the Environment parent company for €965 million

On 31 October, Canadian pension fund CPP Investment completed its acquisition of capital in the Environment parent company, following the agreement reached on 1 June for it to acquire a minority stake of 24.99% for an amount of €965 million. The entry of the new shareholder will enhance the position and strategic development of the subsidiary, its areas and geographical footprint.

The Real Estate area reinforces its competitive position with new acquisitions

Last December, the real estate area, through its parent company FCyC, consolidated its competitive position by investing €178.8 million in the purchase of shares in Metrovacesa and Realia, maximising the value of all its assets and real-estate opportunities. After these acquisitions, reported to the stock market regulator, its participation amounted to 21.19% in Metrovacesa and 66.29% in Realia.

FCC Medio Ambiente consolidates its presence in the waste treatment sector in the United Kingdom, Spain and the USA

Last December, FCC Medio Ambiente agreed to buy out the Urbaser Group's business in the United Kingdom. The enterprise value (including debt and equity) amounts to £398 million. The transaction is expected to be completed in the second quarter of 2024, subject to the satisfaction of certain conditions, customary in this type of transaction. The acquired business in the United Kingdom consists mainly of recycling and waste treatment activities.

In Spain, relevant events included the award to modernise and operate the end-to-end waste management facility in Jerez, serving a population of almost half a million people. The new facilities will increase their recovery capacity and reduce shipment to landfill and are expected to come online in 18 months, with the associated operation contract for a 20-year period and expected revenues of €317 million. Also worth particular mention is street cleaning and municipal solid waste contract for the northern area of the city of Valencia, which was renewed in September for a period of fifteen years, providing a revenue backlog of €486.5 million.

In the United States the strengthening continues, with the award in the county of St. Johns (Florida) of the municipal solid waste collection service for $575 million; with a duration of seven years and two possible five-year extensions, covering a population of 300,000 residents. The planned investments include the acquisition of a fleet of 62 compressed natural gas collection trucks and 13 auxiliary vehicles. Likewise, work continues to expand and modernize the first recycling center in California (Placer County), with an investment of more than 120 million dollars and an operating period of 20 years. The complex will be one of the biggest of its kind, with a treatment capacity of 650,000 tonnes per year. Finally, the renewal of the municipal solid waste collection contract in the western part of Polk County (Florida) is also worth particular mention, with a turnover coming in at almost €140 million over a period of five years and three possible one-year extensions.

FCC Aqualia expands its international activity and seals its entry into the US market

Last December FCC Aqualia entered the US market with the purchase of MDS (Municipal District Services), a company based in Texas, for 81.4 million euros. MDS manages the comprehensive water cycle of more than 360,000 local residents, mostly in the outskirts of Houston, with nearly 140 service contracts in place with different district clients.

In relation to new end-to-end management contracts, worth particular mention is one for the design, construction, rehabilitation and operation of hydraulic infrastructure in Riohacha-La Guajira in Colombia, with a backlog worth €292.7 million for a duration of 30 years, in addition to the other relevant contracts secured in France and Saudi Arabia.

As a result of the increase in water cycle management activity, the backlog at the end of the year grew by 7% and international contracts now account for 68.4% of the total in the water management area.

FCC Construcción secures an important industrial contract in Germany

FCC Industrial, a specialist subsidiary of the Group's construction division, has been awarded, in consortium with other companies, the provisional contract for the construction of a regasification terminal in Germany, the second of its kind in the country, for Hanseatic Energy Hub, with a revenue backlog of €270 million. Likewise, FCC Industrial has also been awarded a contract to build solar facilities in Guillena (Spain), with a total capacity of 263 MW and an investment of 140 million euros.

During the final quarter of the year, worth particular mention is the selection of the consortium led by FCC Construcción to perform works on the new Porto metro line, dubbed Rubi (H), worth more than €379 million. The new line will add 6.3 kilometers to the city's metro network. Furthermore, the joint venture in Spain in which FCC Construction has a holding has been awarded the works for the underground construction of line R2 in Montcada i Reixac (Barcelona) as well as the construction of the new station in this town, for an amount attributable to FCC Construcción of €148.9 million.

In December, FCC completed the voluntary takeover bid for the amortization of its own shares

The Board of Directors meeting held on June 28 announced that an Extraordinary General Shareholders' Meeting would be scheduled for the acquisition of own shares for subsequent redemption, as part of a takeover bid to be formulated by the Company and addressed to FCC shareholders for a maximum of 32,027,600 treasury shares, representing approximately 7% of the company's share capital, at a share price of €12.50. The Extraordinary Shareholder's Meeting, held on 19 July, approved its submission. The CNMV authorized the operation on October 25 and the acceptance period ended on November 30. This saw 4.502% of company's share capital, or 20,560,154 shares, being redeemed. As a result of this operation, the company's share capital at the end of December 2023 stood at 436,106,917 shares.

2. EXECUTIVE SUMMARY

KEY FIGURES

(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (%)**
Revenue	9,026.0	7,705.7	17.1%
Gross operating profit (EBITDA)	1,529.6	1,311.4	16.6%
EBITDA margin	*16.9%*	*17.0%*	*-0.1 p.p*
Net operating profit (EBIT)	910.3	610.5	49.1%
EBIT Margin	*10.1%*	*7.9%*	*2.2 p.p*
Income attributable to the parent company	591.0	315.2	87.5%
Equity	6,145.9	4,939.0	24.4%
Net financial debt	3,100.1	3,192.7	-2.9%
Backlog	41,620.8	40,273.8	3.3%

The FCC Group saw an increase in its income to €9,026 million, 17.1% up on 2022. The increase in activities in the construction sector (Cement and Construction) had a significant contribution to make to this, followed by the major increase recorded in the Water area. Overall, this evolution does not include any appreciable impact of acquisitions or divestitures carried out in the entire consolidated perimeter of the Group.

Gross operating earnings (Ebitda) were up 16.6% to 1,529.6 million euros. This trend mirrors the increase seen in income, with stability in operating profit, with a margin of 16.9%, similar to the margin seen the previous year. This evolution is explained by a general maintenance of margins in a large part of the areas of activity, together with notable progress in Cement, where there has been a more favourable sales price environment together with lower energy costs. In turn, EBIT increased by 49.1% to €910.3 million, largely thanks to the increase in EBITDA explained above and the favourable performance compared to the previous year, which saw an adjustment of €200 million to the goodwill of the Cement area.

The attributable net result reached 591 million euros, 87.5% higher than the previous year. In addition to the performance seen in relation to EBIT, this increase notably reflects the effect of the consolidation under the equity method of Metrovacesa's holding in the Real Estate area, for an approximate sum of €142.4 million. This change occurs after access to the entity's board and the acquisition of influence in the management of the investee entity.

In turn, net financial debt ended the year at €3,100.1 million, 2.9% down on 2022. This slight reduction reflects many different factors, but worth particular mention on account of their uniqueness, on the one hand, are the large investments made in assets and stakes in companies, for the combined sum of €1,493 million, the collection of €965 million from a minority holding in the environmental division and the €691.4-million increase in working capital, attributable both to cyclical factors and the increase in operating activity seen by the Group.

There was a considerable increase in equity at the end of the year, up by 24.4% year on year, to €6,145.9 million; this can be attributed to the increase in consolidated profit and the positive impact of the sale of a 24.99% stake in FCC Medio Ambiente's parent company on reserves and non-controlling interests.

The FCC Group's revenue backlog stood at €41,620.8 million at 31 December, up by 3.3% compared to the final balance for the previous year, with a notable increase in the Water area and similar volumes in other areas that operate under contract revenues.

3. SUMMARY BY BUSINESS AREA

(Millions of euros)

Area	Dec. 23	Dec. 22	Chg. (%)	% of 23 total	% of 22 total
REVENUE BY BUSINESS AREA					
Environment	3,853.2	3,641.1	5.8%	42.7%	47.3%
Water	1,487.4	1,323.2	12.4%	16.5%	17.2%
Construction	2,823.1	1,966.9	43.5%	31.3%	25.5%
Cement	614.3	516.5	18.9%	6.8%	6.7%
Real Estate	253.8	270.8	-6.3%	2.8%	3.5%
Corporate serv. and others	(5.8)	(12.8)	-54.7%	-0.1%	-0.2%
Total	**9,026.0**	**7,705.7**	**17.1%**	**100.0%**	**100.0%**
REVENUE BY GEOGRAPHICAL AREA					
Spain	4,737.3	4,271.2	10.9%	52.5%	55.4%
America	1,305.7	760.3	71.7%	14.5%	9.9%
United Kingdom	1,113.8	1,048.4	6.2%	12.3%	13.6%
Rest of Europe and Others	1,052.8	878.2	19.9%	11.7%	11.4%
Czech Republic	413.7	385.4	7.3%	4.6%	5.0%
Middle East, Africa and Australia	402.7	362.2	11.2%	4.5%	4.7%
Total	**9,026.0**	**7,705.7**	**17.1%**	**100.0%**	**100.0%**
EBITDA*					
Environment	646.7	593.1	9.0%	42.3%	45.2%
Water	384.3	350.2	9.7%	25.1%	26.7%
Construction	169.4	122.8	37.9%	11.1%	9.4%
Cement	139.5	30.3	N/A	9.1%	2.3%
Real Estate	104.9	143.8	-27.1%	6.9%	11.0%
Corporate serv. and others	84.8	71.2	19.1%	5.5%	5.4%
Total	**1,529.6**	**1,311.4**	**16.6%**	**100.0%**	**100.0%**
OPERATING PROFIT/(LOSS)					
Environment	337.6	304.7	10.8%	37.1%	49.9%
Water	216.3	203.8	6.1%	23.8%	33.4%
Construction	118.4	89.4	32.4%	13.0%	14.6%
Cement	129.1	(203.3)	N/A	14.2%	-33.3%
Real Estate	55.8	165.7	-66.3%	6.1%	27.1%
Corporate serv. and others	53.1	50.2	5.8%	5.8%	8.2%
Total	**910.3**	**610.5**	**49.1%**	**100.0%**	**100.0%**
NET FINANCIAL DEBT*					
Corporate					
With recourse	(1,233.1)	(840.1)	46.8%	-39.8%	-26.3%
Without recourse	74.3	87.1	-14.7%	2.4%	2.7%
Areas					
Environment	1,424.7	1,227.6	16.1%	46.0%	38.5%
Water	1,665.8	1,642.8	1.4%	53.7%	51.5%
Cement	131.4	157.6	-16.6%	4.2%	4.9%
Real Estate	1,037.0	917.7	13.0%	33.5%	28.7%
Total	**3,100.1**	**3,192.7**	**-2.9%**	**100.0%**	**100.0%**
BACKLOG*					
Environment	13,328.4	13,255.5	0.5%	32.0%	32.9%
Water	21,730.7	20,312.7	7.0%	52.2%	50.4%
Construction	6,425.9	6,586.0	-2.4%	15.4%	16.4%
Real Estate	135.8	119.6	13.5%	0.3%	0.3%
Total	**41,620.8**	**40,273.8**	**3.3%**	**100.0%**	**100.0%**

** See page 28 for a definition of the calculation in accordance with ESMA Guidelines (2015/1415en).*

Note: Corporate Services and others includes the Concessions activity.

4. INCOME STATEMENT

(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (%)**
Revenue	**9,026.0**	**7,705.7**	**17.1%**
Gross Operating Profit (EBITDA)	**1,529.6**	**1,311.4**	**16.6%**
EBITDA Margin	***16.9%***	***17.0%***	***-0.1 p.p***
Provision for amortisation of fixed and non-current assets	(596.9)	(519.7)	14.9%
Other operating income	(22.5)	(181.1)	-87.6%
Net Operating Profit (EBIT)	**910.3**	**610.5**	**49.1%**
EBIT margin	***10.1%***	***7.9%***	***2.2 p.p***
Financial income	(150.0)	(119.1)	25.9%
Other financial profit/(loss)	(18.4)	29.6	-162.2%
P/L of companies accounted for by the equity method	174.0	29.6	N/A
Profit/(loss) before tax from continuing activities	**915.9**	**550.7**	66.3%
Company tax on profits	(171.1)	(72.7)	135.4%
Income from continuing operations	**744.8**	**477.9**	**55.8%**
Net Income	**744.8**	**477.9**	**55.8%**
Non-controlling interests	(153.8)	(162.7)	-5.5%
Income attributable to the parent company	**591.0**	**315.2**	**87.5%**

4.1 Net Revenue

Consolidated revenues grew by 17.1% compared to the previous year, reaching 9,026 million euros. This shift reflects sustained growth during the year, with the increase in the contribution of the Construction and Cement areas worth particular mention, seeing double-digit growth, on account of the expansion of activity in practically all its areas of operation as well as the increase in contracting volumes and sale prices, respectively. The Water area also registered significant growth in all its activities.

For each of the business areas the evolution was as follows:

The Environment Area saw an increase of 5.8%, following the entry into force of new contracts in Spain and the USA, both for waste collection and street cleaning activities as well as in treatment, with Central Europe also making a positive contribution, thus compensating for the decrease in activity in the United Kingdom, which can be entirely attributed to a drop in revenue on account of the landfill tax, resulting from the change in the type of waste being managed.

Revenues in the Water area grew by 12.4%, on account of the strong performance, mainly in end-to-end activity, supported by the inclusion of new contracts in Colombia and France, as well as in Technology and Network activity thanks to work associated, to a large extent, with the operating concessions in Spain, Italy, Colombia, and Mexico.

In Construction, revenues increased by a notable 43.5% due to the sustained good pace of execution in ongoing projects along with new contracts obtained mainly in America and various European countries.

In the Cement area, revenues saw growth of 18.9%, on account of the increase in prices registered in all markets, together with an increase in exports from Spain, which offset the decrease in activity in the Tunisian market.

Finally, in the Real Estate area, revenues dropped by 6.3%, entirely attributable to the fact that no land was sold during the year compared to the sales seen during the previous year, which came to €35 million. This is despite the positive impact of price reviews on rental property activity and the increase in sales of housing developments.

Revenue breakdown by geographical area			
(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (%)**
Spain	4,737.3	4,271.2	10.9%
America	1,305.7	760.3	71.7%
United Kingdom	1,113.8	1,048.4	6.2%
Rest of Europe and Others	1,052.8	878.2	19.9%
Czech Republic	413.7	385.4	7.3%
Middle East, Africa and Australia	402.7	362.2	11.2%
Total	**9,026.0**	**7,705.7**	**17.1%**

By geographic area and contribution, *Spain* saw an increase in its revenues of 10.9%, to €4,737.3 million. The double-digit increase in both the Construction and Cement areas stands out, 27.4% and 21.1% respectively. The increase in the Construction area can be attributed to the strong performance of ongoing projects and the start of new projects, while the increase in Cement can be traced to the sustained rise in sale prices. In the Water and Environment areas there was also an increase in revenues, although more moderately, by 6.7% and 5.6% respectively. The Environmental Area recorded an increase in waste treatment and collection activity as well as street cleaning, while the Water Area saw an increase in rates along with a moderate increase in consumption, although more pronounced in the non-residential sector, in addition to the favourable performance of Technology and Networks operations. Real-Estate activity, performed in its entirety in Spain, saw a drop in its income of 6.3% on account of the lack of land sales explained above, despite the increase in its two main activities: rental property and housing development.

Revenues in *America* increased significantly, by 71.7%, to €1,305.7 million, thanks to the stronger pace of the implementation of civil engineering projects in the Construction area, particularly in Mexico, combined with the impact of new contracts launched in the US and Canada. In the Environment Area, there was an increase in the contracting and entry into operation of new contracts for the collection and treatment of municipal waste in the USA, and in the Water Area there was greater activity in Colombia in end-to-end water cycle management.

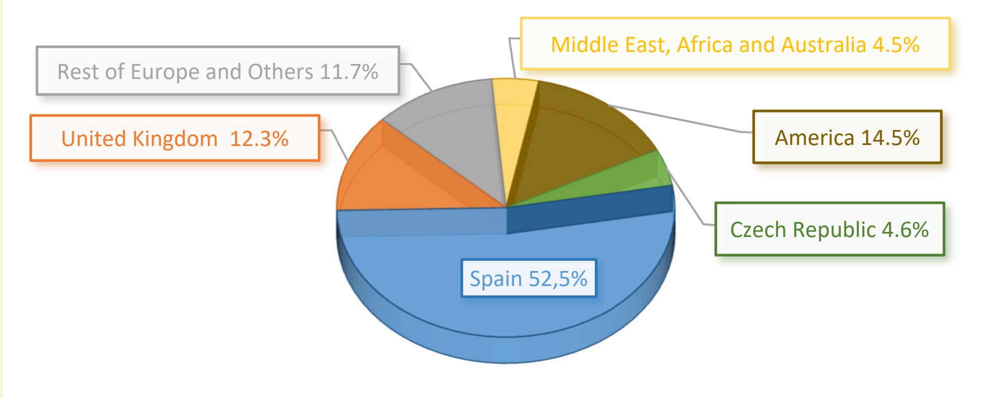
The *United Kingdom* saw revenue growth of 6.2% to €1,113.8 million, attributable to the increase in activities under transport infrastructure concession contracts, which compensated for the drop Environmental services activity, exclusively on account of the drop in revenue caused by landfill tax, as there has been an increase in recycling and recovery activities at the revaluation plants.

Rest of Europe and Others, on 1,052.8 million euros, saw growth of 19.9%, largely due to higher revenues from Construction contracts in the Netherlands and the United Kingdom, combined with an increase in activity in the end-to-end water cycle in Georgia and France.

The *Czech Republic* saw 7.3% growth to €413.7 million, with a greater contribution from the Water Area, on account of the rate review performed, reinforced by the positive impact of the exchange rate for the Czech koruna (+2.3% in the period). The Environment area maintained similar activity to the previous year, tempered by lower sales prices for recycled materials (SRM).

Finally, in the Middle East, Africa and Australia (thanks to the contribution made by a new Construction contract), activity increased by 11.2% to €402.7 million, mainly on account of the increase in the contribution in Saudi Arabia, both attributable to the work performed as part of the Neom project, as well as the increase in concession activity in the Water area.

% revenue by geographical area



4.2 Gross Operating Profit (EBITDA)

The Gross Operating Result amounted to 1,529.6 million euros, which represents an increase of 16.6% compared to the previous year. This amount represents a margin of 16.9%, practically the same as in 2022. This growth is very similar to the growth seen in revenue, where the increase registered in the Cement area is worth particular mention on account of the differential effect and relief brought about by a drop in energy costs, especially in electricity prices as well as the decrease in the Real Estate area attributable to the adjustment made for a drop in the value recorded for homes unsold.

By business area, the most noteworthy developments have been:

An increase of 9% in the Environmental Area to €646.7 million, higher than the increase seen in revenue, to such an extent that the operating margin increased to 16.8%, up from 16.3% the previous year. This can be traced to the increase in the contribution of activities in the USA, the contribution of treatment and recovery plants in the United Kingdom and the positive impact of the lower collection of the landfill tax, which made no contribution to the Area's operating result.

The Water area recognised €384.3 million, up by 9.7% year-on-year, attributable to the changes in revenue mentioned previously and the impact of last year's reversal of a provision recognised in accounts for the sum of €11.2 million, associated with a final decision in relation to a dispute in Spain.

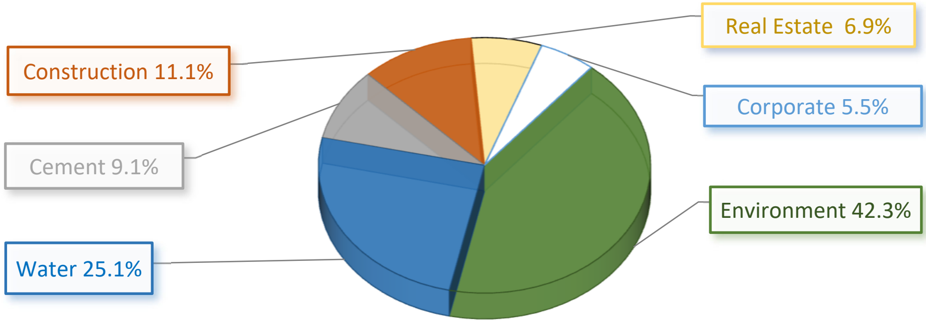
In the Construction area, the gross operating result increased by 37.9% to 169.4 million euros. This increase can be traced to the performance of revenue mentioned previously, with the international area making a greater contribution. In this way, the operating margin in the period reached 6%, a level very similar to that achieved in the previous year.

In Cement, gross operating profit stood at 139.5 million euros, notably up compared to the 30.3 million euros seen the previous year. This increase can be explained by the combination of the substantial increase in revenues, supported by higher sales prices, together with a reduction in energy costs, with a notable impact in Spain. In this way, the margin rose to 22.7% compared to 5.9% the previous year.

The Real-Estate area saw a 27.1% decrease to €104.9 million, with a margin of 41.3%, on account of the lack of any contribution from land sales this year and the provision set aside for the impairment of housing assets unsold worth €25 million, which was mitigated by the increase in the contribution made by the rental property backlog and the delivery of housing developments.

Finally, it is worth noting that Corporate Services and Others includes the Infrastructure Concessions, which reflects the entry into operation of line 1 of the Murcia Tramway; as a whole, this activity contributed €45.7 million euros during the year, compared to €31.1 million in the previous year.

% EBITDA by Business Area



The performance of the utilities areas of Environment and Water maintained their high contribution to operating profit of 67.4% during the year. If the recurring activity of Real Estate rental assets and transportation concessions is added, this contribution percentage rises to 77.1% of the total.

4.3 Net Operating Profit (EBIT)

Net operating profit amounted to 910.3 million euros, 49.1% more than in the previous year. This increase, combined with the performance of gross operating profit indicated above, includes the base effect of the adjustment made the previous year for the sum of €200 million to the value of different fixed assets and goodwill in the Cement area. This aim of this was to reflect their estimated future capacity to generate cash. This year, however, the review of the market value of the rental property assets in the Real Estate area has had an impact of -€49 million, compared to the positive impact of €22.3 million in 2022.

4.4 Earnings before Taxes (EBT) from continuing operations

Earnings before taxes from continuing operations stood at €915.9 million euros, up 66.3% year on year from €550.7 million. This increase is attributable, as well as to the positive performance of business operations, to the significant increase in the profit of companies consolidated using the equity method, which has offset the increase in financial expenses.

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

4.4.1 Financial income

The net financial result reached -150 million euros, compared to -119.1 million euros in the previous year, 25.9% more due to the effect of a higher average financing cost together with a certain increase in the average volume of financial debt recorded during the year compared to the previous one.

4.4.2 Other financial profit/(loss)

This heading includes the amount of -€18.4 million compared to €29.6 million in 2022. The difference can mainly be attributed to the change in the exchange rate of certain currencies against the euro, which had an impact of -€20.9 million euros during the period, compared to the positive contribution of €26.1 million the previous year.

4.4.3 Profits/(losses) of companies accounted for by the equity method

The contribution of investee companies reached 174 million euros, compared to 29.6 million in the previous year. This increase can mainly be attributed to the accounting reclassification of the holding in Metrovacesa in the Real Estate area from financial investment to investment accounted for by the equity method, having acquired significant influence in the company by joining its Board of Directors at the end of the year. The impact of the adjustment of the 21.19% stake in the entity has been 142.4 million euros. The remaining areas of activity did not experience any noteworthy changes in contribution during this period.

4.5 Income attributable to the parent company

The attributable net result achieved at the end of the year amounts to 591 million euros, which is 87.5% higher than the previous year. This performance can mainly be attributed to the explanation given under EBT, as well as the regularisation of corporate tax accrued compared to the previous year, which included the registration of nearly €90 million of outstanding deductions and tax losses. Added to this is a reduction in the result attributable to minority shareholders in the Real Estate area, which recorded 5.9 million euros compared to 28.8 million euros the previous year.

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.

	Dec. 23	Dec. 22	Chg. (%)
Revenue	**8,522.7**	**7,306.0**	**16.7%**
Gross Operating Profit (EBITDA)	**1,280.8**	**1,098.6**	**16.6%**
EBITDA Margin	*15.0%*	*15.0%*	*0.0 p.p*
Net Operating Profit (EBIT)	**762.6**	**449.1**	**69.8%**
EBIT margin	*8.9%*	*6.1%*	*2.8 p.p*
Income attributable to the parent company	**591.0**	**315.2**	**87.5%**

5. BALANCE SHEET

(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (€M)**
Intangible fixed and non-current assets	2,483.5	2,342.1	141.4
Property, plant and equipment	3,829.8	3,496.8	333.0
Real Estate investments	2,091.3	2,122.9	(31.6)
Investments accounted for using the equity method	1,034.3	502.6	531.7
Non-current financial assets	748.4	910.6	(162.2)
Deferred tax assets and other non-current assets	468.3	499.5	(31.2)
Non-current assets	**10,655.7**	**9,874.5**	**781.2**
Inventory	1,234.3	1,143.2	91.1
Trade and other receivables	2,957.4	2,468.0	489.4
Other current financial assets	260.5	221.3	39.2
Cash and cash equivalents	1,609.7	1,575.5	34.2
Current assets	**6,062.0**	**5,408.0**	**654.0**
TOTAL ASSETS	**16,717.7**	**15,282.5**	**1,435.2**
Equity attributable to shareholders of the parent company	4,450.1	3,387.9	1,062.2
Non-controlling interests	1,695.9	1,551.1	144.8
Equity	**6,145.9**	**4,939.0**	**1,206.9**
Subsidies	226.6	202.9	23.7
Non-current provisions	1,230.6	1,141.7	88.9
Long-term financial debt	4,361.0	3,860.7	500.3
Other non-current financial liabilities	456.0	410.6	45.4
Deferred tax liabilities and other non-current liabilities	434.1	430.7	3.4
Non-current liabilities	**6,708.3**	**6,046.6**	**661.7**
Current provisions	159.6	148.1	11.5
Short-term financial debt	604.1	1,121.8	(517.7)
Other current financial liabilities	322.7	211.3	111.4
Trade and other payables	2,777.0	2,815.7	(38.7)
Current liabilities	**3,863.4**	**4,296.9**	**(433.5)**
TOTAL LIABILITIES	**16,717.7**	**15,282.5**	**1,435.2**

5.1 Property, plant and equipment, intangible assets and real estate investments

Operating fixed assets increased by 5.6% to €8,404.6 million year on year, on account of the new assets incorporated following investments made, mainly by the Environment and Water areas in intangible and tangible fixed assets. Real estate investments, adjusted for variations in their estimated market value at the end of the year, remain without appreciable variations compared to last year.

5.2 Investments accounted for using the equity method

The heading of investments accounted for by the equity method amounts to 1,034.3 million euros at the end of the year, 531.7 million more than at the end of the previous year. This increase can be attributed, firstly, to the accounting reclassification of the holding in Metrovacesa in the Real Estate area from financial investment to investment accounted for by the equity method, given its significant influence, and secondly, to the increase in capital of an associate in the Cement area, which operates in the USA. The breakdown of the most relevant investments at year-end is as follows:

1) 233.2 million euros for the stake in companies in the Environment area (recycling and municipal services, mainly in Spain and the United Kingdom).
2) 123.0 million euros for the stake in transport and public infrastructure concessions, mainly in Spain, Peru and the United Kingdom.
3) 67.6 million euros for stakes held in companies in the Water area, largely concessionary companies that manage services abroad (North Africa, Spain and Mexico).
4) 132.4 million euros from the subsidiaries of the parent company in the Cement area.
5) 442.0 million euros from investee companies in the Real Estate area.
6) 36.1 million euros in investees in the Construction area located abroad.

5.3 Non-current financial assets

The balance of non-current financial assets dropped by €162.2 million compared to year-end of the previous year, coming to €748.4 million, on account of the aforementioned reclassification of Metrovacesa from financial investment to investment accounted for using the equity method.

This heading also includes the collection rights from concession agreements, for the combined sum of 547.3 million euros, mainly from the Environment, Water and Transport Concessions areas, as well as financial credits granted to third parties, and long-term deposits.

5.4 Cash and cash equivalents

The balance of the heading Cash and other equivalent liquid assets amounts to 1,609.7 million euros as of December 31, with no appreciable variations from the previous year. This balance is distributed in such a way that:

1) In the perimeter with recourse, cash and equivalents totalled 818.3 million euros.
2) In the perimeter without recourse, cash and equivalents amounted to 791.4 million euros.

5.5 Equity

Equity at the end of the period came to €6,145.9 million, compared to €4,939 million the previous year. This increase can largely be attributed to the contribution of net income achieved in the period and in particular the increase in reserves and non-controlling interests due to the sale of a non-controlling interest in the Environmental Area for the combined amount of €953.8 million. In the opposite direction, the impact of the reduction in capital following the buyback of own shares for their subsequent redemption for the sum of €257 million is also worth particular mention.

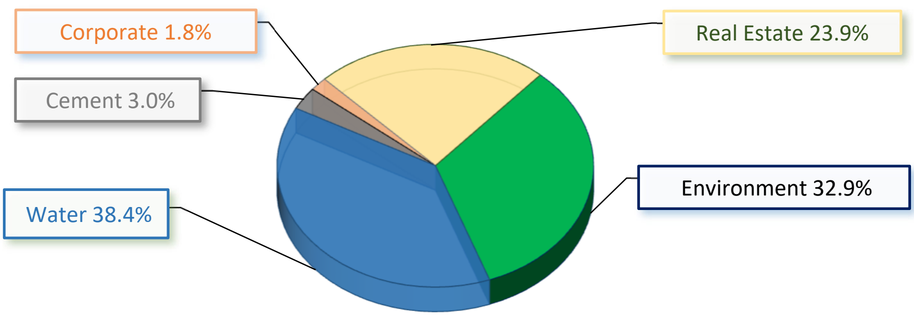
5.6 Financial debt

(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (€M)**
Bank borrowings	2,710.0	2,778.4	(68.4)
Debt instruments and other loans	2,107.0	2,040.8	66.2
Finance lease payables	14.0	24.9	(10.9)
Other financial liabilities	134.1	138.4	(4.3)
Gross Financial Debt	**4,965.1**	**4,982.5**	**(17.4)**
Treasury and other current financial assets	(1,865.0)	(1,789.8)	(75.2)
Net Financial Debt	**3,100.1**	**3,192.7**	**(92.6)**
Net financial debt with recourse	*(901.7)*	*(677.2)*	*(224.5)*
Net financial debt without recourse	*4,001.8*	*3,869.9*	*131.9*

At year-end, the Group's gross financial debt remained practically the same as the previous year, down by €17.4 million to €4,965.1 million. 87.8% has long-term maturity, for an amount of 4,361.0 million euros and a balanced distribution between bank debt and capital markets. The remaining 12.2% matures in the short term, equally distributed between bank borrowings and commercial paper in the Environment Area.

The balance of net financial debt was down compared to the previous December by €92.6 million to €3,100.1 million. Worth particular note was the collection of €965 million from the sale of a non-controlling interest in the parent company of the Environment Area and the investments made both in assets and company shares, as well as the expansion of working capital linked to the increase in the Group's activity.

Breakdown of Net Financial Debt without recourse by Business Area



The entire net financial debt is non-recourse and the vast majority is located in the Water and Environment Utilities areas along with the recurring activity of rental assets in the Real Estate area. As a result, the Group's parent company had a net cash position with recourse of €1,233.1 million at the end of December.

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

(i) The Water Area accounts for €1,665.8 million, mainly including a long-term syndicated loan for €1,100 million and a corporate bond in its parent company with a balance of €658.3 million, maturing in June 2027;(ii) the Environment Area accounts for €1,424.7 million, of which the majority corresponds to two bonds issued by the parent company of the area, one for the nominal amount of €500 million maturing in 2026 and another for €600 million maturing in 2029. A further €95 million correspond to activity in the United Kingdom and €73.7 million to activity in the USA (iii) the Real Estate Area accounts for €1,037 million, mostly from the rental property business and (iv) the Cement Area accounts for €131.4 million.

5.7 Other current and non-current financial liabilities

Other current and non-current financial liabilities comes to €778.7 million at the end of the year. The balance mainly includes the item suppliers of fixed and non-current assets for operating leases, amounting to 420.9 million euros. It also includes other liabilities that are not financial debt, such as those associated with hedging derivatives, suppliers of fixed and non-current assets, guarantees and deposits received.

6. CASH FLOW

(Millions of Euros)	Dec. 23	Dec. 22	Chg. (%)
Gross Operating Profit (EBITDA)	**1,529.6**	**1,311.4**	**16.6%**
(Increase)/decrease in working capital	(691.4)	285.3	N/A
Corporation tax (paid)/received	(124.2)	0.7	N/A
Other operating cash flow	71.4	(51.6)	N/A
Operating cash flow	**785.4**	**1,545.8**	**-49.2%**
Investment payments	(1,104.6)	(1,062.1)	4.0%
Divestment receipts	36.2	51.5	-29.7%
Other investment cash flows	106.0	72.6	46.0%
Investment cash flow	**(962.4)**	**(938.0)**	**2.6%**
Interest paid	(172.5)	(123.7)	39.5%
(Payment)/receipt of financial liabilities	(113.8)	(333.9)	-65.9%
Other financing cash flow	496.6	(109.6)	N/A
Financing cash flow	**210.3**	**(567.2)**	**-137.1%**
Exchange differences, change in consolidation scope, etc.	1.0	(0.6)	N/A
Increase/(decrease) in cash and cash equivalents	**34.2**	**40.0**	**-14.5%**

6.1 Operating cash flow

The operating cash flow generated in 2023 amounted to €785.4 million euros, 49.2% down on the previous year. This performance was largely attributable to the investment in operating working capital, which entailed the allocation of funds for the sum of €691.4 million, compared to an inflow of €285.3 million the previous year. This investment was concentrated in the Construction Area in projects at different degrees of completion and to a lesser extent, in the Environment Area, which will tend to reverse this trend in the first quarter of 2024. Income tax payments/collections includes an outflow of €124.2 million compared to an almost non-existent amount in the previous year; this shift can be attributed to the receipt during the previous year of €153.7 million in tax refunds owned from 2020 and 2021, well above the receipts seen this year for advance payments made in 2022.
Other operating cash flow includes an inflow of €71.4 million compared to an outflow of €51.6 million the previous year, due to the reduced application of provisions mainly in the Construction area.

6.2 Investment cash flow

The investment cash flow represents an application of 962.4 million euros compared to 938 million euros in the previous year. The investment payments heading includes 1,104.6 million euros, compared to 1,062.1 million euros the previous year. Investments by the Environment and Water Areas for the sum of €545 million and €247.8 million respectively, are worth particular mention, as is the capital increase performed in a Cement investee for the sum of €105.8 million. Finally, it is worth highlighting the increase in Metrovacesa's participation in the Real Estate area costing €89.4 million. In this fiscal year 2023, no relevant divestments have been recorded.

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

(Millions of Euros)	**Dec. 23**	**Dec. 22**	**Chg. (€M)**
Environment	(531.8)	(407.5)	(124.3)
Water	(241.6)	(362.9)	121.3
Construction	(47.1)	(21.4)	(25.7)
Cement	(129.7)	(22.2)	(107.5)
Real Estate	(109.7)	(154.4)	44.7
Corporate serv., etc. & adjustments	(8.5)	(42.2)	33.7
Net investments *(Payments - Collections)*	**(1,068.4)**	**(1,010.6)**	**(57.8)**

In turn, Other investment flows increased to 106 million euros in the period compared to 72.6 million euros the previous year, attributable to an increase in the collection of interest up to 46.6 million euros.

6.3 Financing cash flow

The financing cash flow represents an inflow of 210.3 million euros compared to the outflow of 567.2 million euros in the previous year. The interest payment heading includes an outflow of €172.5 million, mainly in relation to the Water and Environment Areas.

The Proceeds from/(payments on) financial liabilities heading includes an outflow of €113.8 million compared to an outflow of €333.9 million the previous year. The reduction is concentrated at the Group's parent company due to the aforementioned sale of a minority stake in the Environmental area.

The Other financing cash flows heading includes an inflow worth €496.6 million compared to an outflow of €109.6 million the previous year. This increase can be attributed to several factors, including the aforementioned sale of a non-controlling interest in the parent company of the Environment area for the sum of €965 million and the takeover performed by the parent company of the Group for 4.502% of its share capital, resulting in an outflow of €257 million, the purchase of an additional holding in Realia, in the Real Estate area, for €117.3 million and the payment of dividends to shareholders and non-controlling interests for the joint amount of €80.8 million.

6.4 Change in cash and cash equivalents

As a result of the evolution of the different cash flow components, the FCC Group's treasury position closed the 2023 financial year with an increase of 34.2 million euros, to a balance of 1,609.7 million euros.

7. ANALYSIS BY BUSINESS AREA

7.1. Environment

The Environment area contributed 42.3% of the Group's EBITDA in the 2023 business year. Around 80% of its activity focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 20% corresponded to other types of urban environmental activities, such as the conservation of green areas or sewage systems.

In Spain it provides services in more than 3,700 municipalities and serves a population of more than 32 million inhabitants. It is worth mentioning the important weight of the urban waste management and street cleaning services. In the UK, it focuses on urban waste treatment, recovery and disposal activities and serves more than 16 million people. In central Europe, mainly Austria and the Czech Republic, it is present throughout the entire waste management chain (collection, treatment and disposal). The activity in the US is carried out both in the collection and in the comprehensive recovery of urban waste and serves more than 11 million inhabitants. The Environment activities within the FCC Group have over 120 years of experience and service over 66 million inhabitants over 5,200 municipalities in the world.

7.1.1. Earnings

(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (%)**
Turnover	3,853.2	3,641.1	5.8%
Waste collection and street cleaning	*1,938.6*	*1,765.0*	*9.8%*
Waste processing	*1,142.6*	*1,130.1*	*1.1%*
Other services	*772.0*	*746.0*	*3.5%*
EBITDA	646.7	593.1	9.0%
EBITDA Margin	16.8%	16.3%	*0.5 p.p*
EBIT	337.6	304.7	10.8%
EBIT margin	8.8%	8.4%	*0.4 p.p*

The revenue figure for the Environment area increased by 5.8% and reached 3,853.2 million euros at the end of the year. Waste collection and street cleaning activity billed €1,938.6 million, recording growth of 9.8% on account of the entry into operation of new contracts, especially in Spain and the USA. The Waste Treatment activity reached 1,142.6 million euros, with a 1.1% increase, due to the good performance in Spain and the US, which compensated for the lower contribution from the United Kingdom. Other services grew by 3.5% to 772 million euros.

Breakdown of revenue by geographical area

(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (%)**
Spain	2,086.3	1,975.2	5.6%
United Kingdom	778.7	794.9	-2.0%
Central Europe	607.0	592.2	2.5%
United States and other	381.2	278.8	36.7%
Total	**3,853.2**	**3,641.1**	**5.8%**

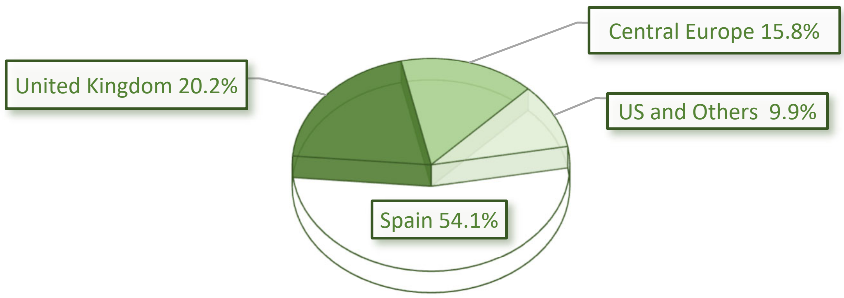
By geographical area, in Spain, revenue increased by 5.6% year on year to €2,086.3 million, on account of the expansion seen in waste collection and street cleaning activity as well as waste management. Other services, such as maintenance of green areas, remained at similar figures to those of the previous year.

In the United Kingdom, revenues fell by 2% to €778.7 million on account of the reduction in the collection of the landfill tax, which could not be offset by the increase in the contribution made by recycling and recovery plants. Adjusted for this component, without impact on the operating result, revenues grew by 9.3% in the year.

In Central Europe, revenues increased by 2.5% to €607 million, on account of the favourable performance especially in Austria and Poland, mainly in collection and street cleaning, compensating for the slight decrease in waste treatment, on account of lower international sales prices recorded in relation to secondary raw materials (SRM).

Last but not least, revenue in the United States and other markets was up by an impressive 36.7% to €381.2 million, supported by the contribution of the new contracts secured in collection and treatment activity, mainly in Florida, Texas and California, respectively.

Breakdown of revenue by geographical area



The gross operating result (EBITDA) increased by 9%, with 646.7 million euros, motivated by the evolution described in the income figure. The increased contribution of the treatment and recovery plants in the United Kingdom comfortably offset the drop in SRM sales prices combined with the impact of the planned shutdown of a plant in Austria during the first quarter of the year. The operating margin increased to 16.8% compared to 16.3% the previous year, on account of the aforementioned impact of the drop in income collected on account of the landfill tax paid to the public authorities in the United Kingdom, which made no contribution to operating income.

The net operating result (EBIT) grew by 10.8% compared to the previous year, up to 337.6 million euros, due to the evolution of the different components mentioned in the Ebitda with a lower impact of other non-recurring operating expenses.

Breakdown of backlog by geographical area

(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (%)**
Spain	8,390.6	8,224.1	2.0%
International	4,937.8	5,031.4	-1.9%
Total	**13,328.4**	**13,255.5**	**0.5%**

At year-end 2023, the revenue backlog had not suffered significant changes compared to last December, standing at €13,328.4 million. In Spain, it increased by 2% to €8,390.6 million on account of new contracts, including the urban sanitation contract in northern Valencia or the management of the Las Calandrias Environmental Complex, in Jerez de La Frontera, which compensated for the slight decrease seen in the international area.

7.1.2. Financial Debt

(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (€M)**
Net Financial Debt	1,424.7	1,227.6	197.1

Net financial debt increased by 197.1 million euros compared to December 2022, up to 1,424.7 million euros, due to greater investment activity in new contracts and to a lesser extent due to the absorption of current operating capital, which will reverse in the first quarter of 2024.

7.2. Water

The Water area contributed 25.1% of FCC Group EBITDA in the period. 90% of its activity is focused on public service concession and asset 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 10% corresponds to Technology and Networks, which is responsible for the design, engineering and equipment of hydraulic infrastructures, related in the large part to the development of new concessions and maintenance and improvement works for operations.

In Spain, the area serves more than 13 million inhabitants. In Central and Eastern Europe, it is mainly present in the Czech Republic and Georgia, serving close to 3 million users across the two countries; in other EU countries, its presence in Italy, France and Portugal is worth particular mention. In Latin America, the Middle East, and Africa its activity centres on the design, equipping, and operation of hydraulic infrastructures and processing plants. Overall, the Water area provides supply and/or sanitation services to more than 45 million inhabitants.

7.2.1 Earnings

(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (%)**
Turnover	1,487.4	1,323.2	12.4%
Cycle Management and Services	*1,343.7*	*1,212.2*	*10.8%*
Technology and Networks	*143.7*	*111.0*	*29.5%*
EBITDA	384.3	350.2	9.7%
EBITDA Margin	25.8%	26.5%	*-0.7 p.p*
EBIT	216.3	203.8	6.1%
EBIT margin	14.5%	15.4%	*-0.9 p.p*

Revenue at the end of the year increased by 12.4% year on year, coming in at €1,487.4 million. This increase was seen in all activities and geographies, supported both by the increase in rates, the increase in new contracts, in the case of Colombia and France, and by the increase in activity in Technology and Networks, for the large part linked to concessions in Spain, Italy, Colombia and Mexico.

Breakdown of revenue by geographical area			
(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (%)**
Spain	919.2	861.4	6.7%
Central and Eastern Europe	232.7	190.0	22.5%
Middle East, Africa and Other	134.6	131.1	2.7%
Rest of Europe (France, Portugal and Italy)	109.5	92.3	18.6%
Latin America	91.4	48.4	88.8%
Total	**1,487.4**	**1,323.2**	**12.4%**

By geographical area, revenues in Spain increased by 6.7%, reaching 919.2 million euros, due to the combined increase in consumption and the increase in rates. Technology and Networks also saw favourable performance following the implementation of work under investment plans associated with concession agreements and the execution of water infrastructure.

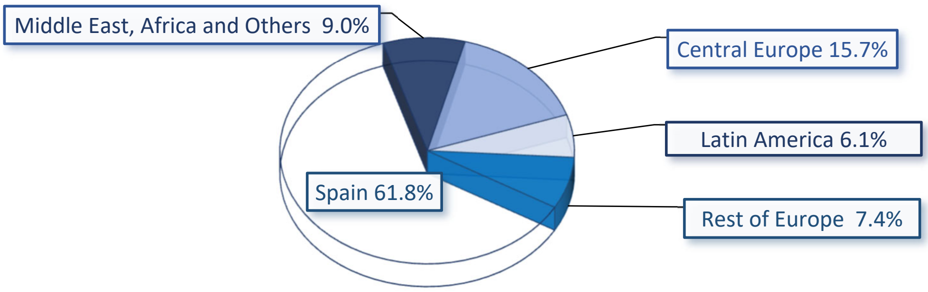
In Central and Eastern Europe it grew by 22.5%, with revenues of 232.7 million euros, due to greater activity in the Czech Republic and Georgia thanks to the favourable behaviour of rates and consumption in the latter. Worth particular mention was the revaluation of the Czech koruna (+2.3%) and the Georgian lari (7.9%).

In the rest of Europe, revenues also increased significantly, by 18.6%, to €109.5 million on account of the increase in concession activity from new contracts in France and infrastructure activity in the end-to-end cycle management in Italy.

In the Middle East, Africa and Others, turnover increased by 2.7%, to €134.6 million, with an increase in concession activity, with the two regional contracts ("Cluster") in Saudi Arabia worth particular mention, in addition to the increased contribution from Algeria. On the contrary, the Technology and Networks activity saw the completion of the construction of projects in Qatar and Egypt, with their entry into the operation phase.

In Latin America, turnover experienced notable growth of 88.8% to €91.4 million, with new concessions of the end-to-end water cycle in Colombia and works associated with its investment plans, as well as the implementation of hydraulic infrastructure in Mexico.

Breakdown of revenue by geographical area



Gross operating earnings (EBITDA) increased by 9.,7% to €384.3 million. Its progress reflects the increase described above in all geographical areas, together with the base effect of the accounting in the previous year of a reversal of 11.2 million euros corresponding to a provision linked to the resolution of a dispute in Spain. As a result, the operating margin stood at 25.8%.

Net operating profit (EBIT) increased by 6.1% to €216.3 million, on account of the improvement in gross operating profit combined with the increase in provisions made for amortisation, associated with the increase in the volume of assets owned and operated during the period.

Breakdown of backlog by geographical area

(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (%)**
Spain	6,860.6	7,049.2	-2.7%
International	14,870.1	13,263.5	12.1%
Total	**21,730.7**	**20,312.7**	**7.0%**

The portfolio at the end of December 2023 reached 21,730.7 million euros, 7% more than the previous year. At an international level, there was an increase of 12.1% on account of the addition of new contracts in Saudi Arabia, Colombia and the United States, in addition to the consolidated tariff updates during the year.

7.2.2. Financial Debt

(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (€M)**
Net Financial Debt	1,665.8	1,642.8	23.0

Net financial debt remained at very similar levels compared to December last year, coming in at €1,665.8 million. This evolution is a combination of greater containment of investments after the acquisition of GGU in Georgia in 2022, which has compensated for the greater absorption of current capital and financial expenses due to the rise in interest rates.

7.3. Construction

The Construction Area contributed 11.1% of the FCC Group's EBITDA in 2023. Its activity is structured around the design and construction of large civil, industrial and building works, with a selective presence in specific regions across more than 15 countries. Special mention should go to participation in major works like tunnels, bridges and motorways that constituted a major part of the project backlog.

(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (%)**
Turnover	2,823.1	1,966.9	43.5%
EBITDA	169.4	122.8	37.9%
EBITDA Margin	*6.0%*	*6.2%*	*-0.2 p.p*
EBIT	118.4	89.4	32.4%
EBIT margin	*4.2%*	*4.5%*	*-0.3 p.p*

Revenues from the area increased by an impressive 43.5% to 2,823.1 million euros attributable the continued good pace of ongoing projects combined with new contracts secured mainly in America and several European countries.

Breakdown of revenue by geographical area			
(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (%)**
Spain	1,108.1	870.1	27.4%
America	819.3	434.3	88.6%
Rest of Europe	695.1	500.5	38.9%
Middle East, Africa, Australia and Others	200.6	162.0	23.8%
Total	**2,823.1**	**1,966.9**	**43.5%**

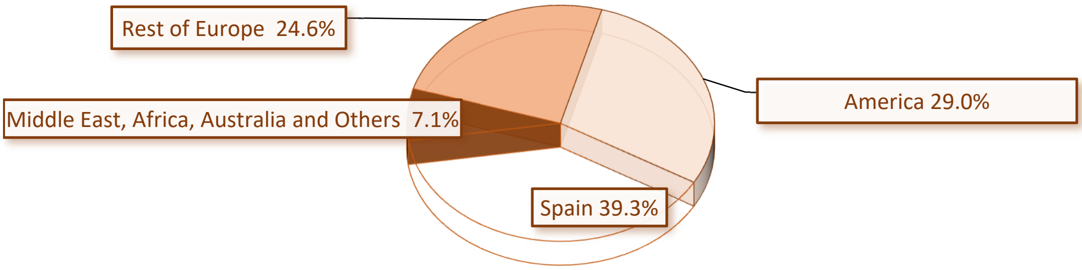
By geographical area, turnover in Spain increased by 27.4% to €1,108.1 million, on account of the faster than expected progress on ongoing projects, mainly in the public sphere.

In America, turnover grew significantly by 88.6% to €819.3 million, on account of the increase in the contribution of the Mayan Train project in Mexico, which is now close to completion, and the start of railway works in Toronto (Canada) and the USA.

Likewise, in the Rest of Europe and other markets, revenue grew by 38.9% year-on-year, coming to 695.1 million euros, mainly on account of the strong progress made with the A-9 motorway in the Netherlands and A-465 in Wales (United Kingdom), which comfortably offset the end of other works.

The Middle East, Africa, Australia and Others increased their contribution to revenue to €200.6 million, 23.8% up year-on-year, mainly due to the increase in the contribution of works as part of the Neom project and Riyadh Metro in Saudi Arabia, which is now close to completion.

Breakdown of revenue by geographical area



Gross operating profit increased by 37.9% to 169.4 million euros compared to 122.8 million euros the previous year. This increase can be traced to the performance of revenue mentioned previously, with the international area making a greater contribution. In this way, the operating margin in the period has reached 6%, a level similar to that achieved in the previous year.

In turn, net operating profit stood at 118.4 million euros, 32.4% up on the previous year, reflecting the performance of gross operating profit explained earlier and including the higher depreciation of machinery compared to the increase in activity.

Breakdown of backlog by geographical area

(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (%)**
Spain	2,386.1	1,817.3	31.3%
International	4,039.8	4,768.7	-15.3%
Total	**6,425.9**	**6,586.0**	**-2.4%**

The revenue backlog at year-end fell by 2.4%, to €6,425.9 million. Spain saw notable growth of 31.3% to €2,386.1 million on account of the award of new works, including the construction of the new ONCE headquarters in Madrid or the undergrounding section of the R-2 line as it passes through Montcada i Reixac (Barcelona). The International Area saw a 15.3% reduction following the impressive accumulated increase in contract awards the previous year, with the contract for the modernisation of a series of bridges in Pennsylvania (USA) worth particular mention.

Breakdown of the Backlog by Activity Segment

(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (%)**
Civil engineering works	5,112.4	5,569.7	-8.2%
Building	656.9	503.9	30.4%
Industrial Projects	656.6	512.4	28.1%
Total	**6,425.9**	**6,586.0**	**-2.4%**

By activity type, civil engineering continues to dominate, accounting for 79.6% of the total, concentrated in large public contracts in certain selective markets in Europe, America and the Middle East.

7.4. Cement

The Cement area accounted for 9.1% of the FCC Group's EBITDA during the period. This activity was undertaken by the CPV Group, which focuses on manufacturing cement and by-products, with seven main production centres in Spain and 1 in Tunisia, in addition to a minority stake of 45% in Giant Cement, which owns a number of factories on the east coast of the USA.

7.4.1. Earnings

(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (%)**
Turnover	614.3	516.5	18.9%
Cement	*563.6*	*474.1*	*18.9%*
Other	*50.7*	*42.4*	*19.6%*
EBITDA	139.5	30.3	N/A
EBITDA Margin	*22.7%*	*5.9%*	*16.8 p.p*
EBIT	129.1	(203.3)	N/A
EBIT margin	*21.0%*	*-39.4%*	*60.4 p.p*

The area's revenue grew by 18.9% year-on-year to €614.3 million, following an increase in prices, mainly in Spain, in addition to an increase in exports from the same region.

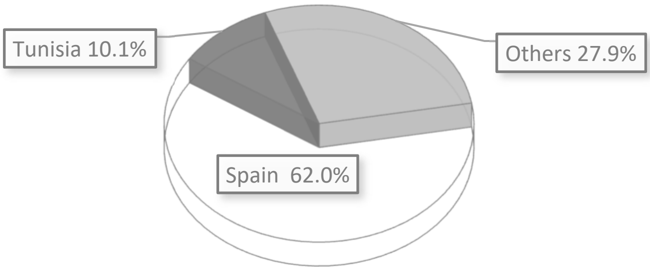
Breakdown of revenue by geographical area			
(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (%)**
Spain	380.9	314.6	21.1%
Tunisia	62.2	62.6	-0.6%
Miscellaneous (exports)	171.2	139.3	22.9%
Total	**614.3**	**516.5**	**18.9%**

By geographical area, in Spain, turnover increased by 21.1% to €380.9 million on account of the significant sustained increase in prices combined with unchanged volumes.

In the local market of Tunisia, the turnover remained at similar levels to the previous year, with 62.2 million euros, since the increase in prices has almost entirely compensated for the drop in demand.

In turn, revenue from exports grew by 22.9%, coming to €171.2 million, on account of the increase in shipments from Spain to certain countries in Europe and America, combined with price increases, offsetting the decreased in shipments from Tunisia.

Breakdown of revenue by geographical area



There was a significant increase in gross operating profit, coming to €139.5 million compared to €30.3 million during the previous year. This increase can be attributed both the increase in sales figures and the significant drop in electricity prices in Spain, which saw the operating margin recover to 22.7% compared to 5.9% the previous year.

Net operating profit stood at €129.1 million compared to losses of €203.3 million in 2022, due to the aforementioned change in gross operating income and the €200 million adjustment in the previous year, corresponding to the lower value of different tangible fixed assets and goodwill, reflecting its estimated future cash generation capacity. Likewise, this year the favourable resolution of a dispute in Spain has also contributed positively, with a recorded amount of 24.5 million euros.

7.4.2. Financial Debt

(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (€M)**
Net financial debt	131.4	157.6	(26.2)

Tet financial debt, in its entirety, without any recourse to the Group's parent company, decreased by €26.2 million compared to last December, down to €131.4 million as a consequence of the operating performance explained above and the impact of the investment in the capital increase performed by the subsidiary, Giant Cement (USA), for an attributable amount of €105.8 million.

7.5. Real Estate

The Real Estate area contributed 6.9% of the FCC Group's EBITDA during 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 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)	**Dec. 23**	**Dec. 22**	**Chg. (%)**
Turnover	253.8	270.8	-6.3%
Development and land	*138.0*	*165.0*	*-16.4%*
Rental Property	*115.8*	*105.8*	*9.5%*
EBITDA	104.9	143.8	-27.1%
EBITDA Margin	*41.3%*	*53.1%*	*-11.8 p.p*
EBIT	55.8	165.7	-66.3%
EBIT margin	*22.0%*	*61.2%*	*-39.2 p.p*

The Area's income dropped by 6.3% year on year, to €253.8 million, with price reviews in relation to Rental activity and the increase in sales of housing developments failing to offset the impact of the absence of land sales during the year.

Development and Land recognised €138 million of income, down by 16.4%, on account of the fact that the increase in housing development sales, despite being higher than expected, failing to compensate for the absence of land sales, compared to the €35.93 million recognised the previous year.

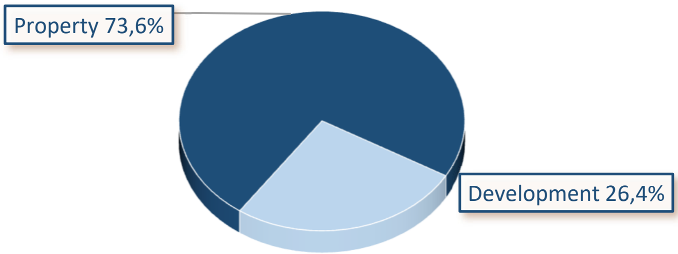
In Rental Property, income reached 115.8 million euros, with an increase of 9.5% compared to the previous year. Its revenues are concentrated in the use of offices (comprising Jezzine's network of properties dedicated to the rental of bank branches), which accounted for more than 85% of the total, followed by rent generated by the operation of shopping centres. At year-end, the occupancy levels exceeded 93% high in all uses, locations, and the very long-term contract held by the subsidiary Jezzine in relation to bank offices.

EBITDA dropped by 27.1% to €104.9 million, with a contribution margin of 41.3%, on account of the impact of the provision for the impairment in housing development for the sum of €25 million and the aforementioned absence of land sales during the year. These two impacts mean that almost all of the EBITDA for the year was generated by Rental activity.

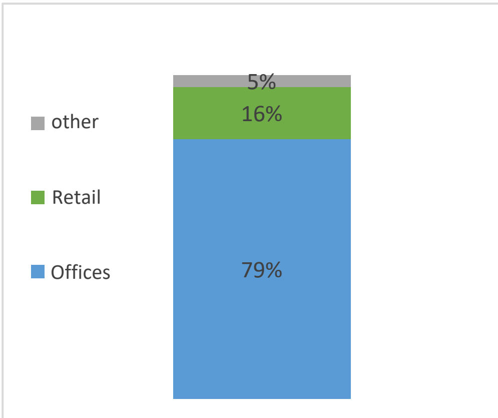
In addition to the explanations provided under EBITDA, EBIT includes the impact of the shift in interest rates on the fair market value of the rental assets, amounting to losses of €49 million, compared to the gains of €22.3 million the previous year.

The market valuation (G.A.V.) of the real estate assets in the area as of December 31, 2023 reaches 2,902.1 million euros, 2.6% lower than the previous year. The majority of the estimated value of assets corresponds to Property, which account for 73.6% of the total, on €2,134.8 million, while Residential Development assets, which include land in the different stages of development as well as housing developments for sale, both in progress and finished, account for 26.4% of the total, on €767.3 million.

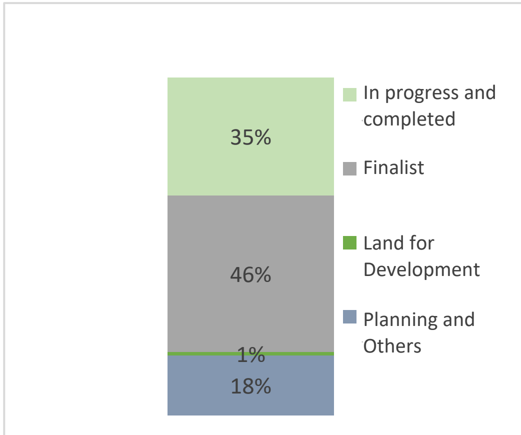
GAV by Activity (not including Metrovacesa)



Property



Residential Development



7.5.2. Financial Debt

(Millions of euros)	**Dec. 23**	**Dec. 22**	**Chg. (€M)**
Net financial debt	1,037.0	917.7	119.3

The balance of net financial debt increased by €119.3 million compared to December of the previous year, coming to €1,037 million, mainly on account of the acquisition in December 2023 of two significant packages of holdings in Metrovacesa and Realia for the combined sum of €178.8 million.

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.

EBITDA Margin

Considered as EBITDA (or gross operating profit) divided by Net Turnover in each case.

EBIT

This corresponds to the operating profit/(loss) in the consolidated income statement presented in the accompanying consolidated financial statements.

BACKLOG

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. We include in backlog only amounts to which clients are obligated by 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 initial 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.

We do not calculate the Cement area's backlog due to the typically short-term nature of the order cycle.

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 corresponds to 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.

GROSS FINANCIAL DEBT

Debts (current and non-current) with credit institutions, debt instruments and loans, financial lease payables and other financial borrowings from third parties, joint ventures and associates on the Liabilities side of the consolidated balance sheet.

NET FINANCIAL DEBT

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

WORKING CAPITAL

The part of Current Assets financed using long-term funds (Non-Current Liabilities and Net Equity). It is calculated as the sum of Current Assets minus the sum of Current Liabilities.

NET CASH WITH RECOURSE

It is defined as Cash and other equivalent liquid assets, plus short-term Financial Assets, minus the Gross Financial Debt, of the parent company and that of those subsidiary companies that are financially guaranteed with the equity of the parent company.

8. DISCLAIMER

The interim financial information contained in this document was obtained from the consolidated interim financial statements as at 31 December 2023, 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 conformity with Regulation (EC) no 1606/2002 of the European Parliament and of the Council of 19 July 2002.

No liability whatsoever is assumed by the Company, its advisors or representatives, whether for negligence or otherwise, with respect to any loss or damage arising from any use whatsoever of this document or its contents.

This document does not constitute an offering or an invitation to acquire or subscribe shares in accordance with Act 24/1988, of 28 July, on the Securities Market, Royal Decree-Act 5/2005, of 11 March, and/or Royal Decree 1310/2005, of 4 November, and their implementing regulations. In addition, this document is neither an offer to buy nor a solicitation to purchase, sell or exchange shares, nor is it a request for any kind of vote or approval in any other jurisdiction.

Neither this document nor any part of it is contractually binding and may not be used or construed as constituting a contract or any other type of commitment.

9. CONTACT DETAILS

FINANCE AND ADMINISTRATION DIVISION	
CAPITAL MARKETS DEPARTMENT	
> Postal address:	Avda. Camino de Santiago, 40 Edificio 2, Planta 5 - 28050- Madrid. Spain.
> Telephone:	+34 91 757 47 51
> Website:	www.fcc.es
> E-mail:	ir@fcc.es