

A. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 AND 2015

Assets (Millions of euros)	Notes	2016	2015
Non-current assets		15,647	16,821
Goodwill arising on consolidation	3.1	2,170	1,885
Intangible assets (*)	3.2	503	234
Investments in infrastructure projects	3.3	7,145	8,544
Intangible asset model		6,168	6,957
Financial asset model		977	1,587
Investment property (*)		6	15
Property, plant and equipment (*)	3.4	731	491
Investments in associates	3.5	2,874	3,237
Non-current financial assets	3.6	735	755
Loans granted to associates		374	411
Restricted cash relating to infrastructure projects and other financial assets		249	261
Other receivables		112	83
Deferred tax assets	2.8	1,051	1,254
Non-current derivative financial instruments at fair value	5.5	432	406
Current assets		7,750	8,563
Assets classified as held for sale	1.2	624	2,418
Inventories	4.1	516	387
Current income tax assets		186	135
Current trade and other receivables	4.2	2,828	2,320
Trade receivables for sales and services		2,199	1,821
Other current receivables		629	499
Cash and cash equivalents	5.2	3,578	3,279
Infrastructure projects		277	306
Restricted cash		62	36
Other cash and cash equivalents		215	270
Excluding infrastructure projects		3,301	2,973
Current derivative financial instruments at fair value	5.5	18	23
TOTAL ASSETS		23,397	25,384

Equity and liabilities (Millions of euros)	Notes	2016	2015
Equity	5.1	6,314	6,541
Equity attributable to the shareholders		5,597	6,058
Equity attributable to non-controlling interests		717	483
Deferred income	6.1	1,118	1,088
Non-current liabilities		10,409	9,314
Pension plan deficit	6.2	174	46
Long-term provisions	6.3	757	838
Borrowings	5.2	7,874	6,697
Debt securities and bank borrowings of infrastructure projects		5,310	5,320
Debt securities and borrowings excluding infrastructure projects		2,564	1,376
Other payables	6.4	200	171
Deferred tax liabilities	2.8	967	1,124
Derivative financial instruments at fair value	5.5	436	438
Current liabilities		5,556	8,442
Liabilities classified as held for sale	1.2	440	2,690
Borrowings		302	1,385
Debt securities and bank borrowings of infrastructure projects		200	1,297
Bank borrowings excluding infrastructure projects		102	88
Derivative financial instruments at fair value	5.5	69	259
Current income tax liabilities		150	138
Current trade and other payables	4.3	3,893	3,346
Trade payables		2,299	1,996
Customer advances and amounts billed in advance for construction work		989	887
Other current payables		605	464
Operating provisions	6.3	702	622
TOTAL EQUITY AND LIABILITIES		23,397	25,384

(*) The intangible assets, property, plant and equipment and investment property used in infrastructure projects are included under "Investments in Infrastructure Projects". The accompanying Notes 1.1 to 7.1 are an integral part of the consolidated statement of financial position as at 31 December 2016.

B. CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR 2016 AND 2015

(Millions of euros)	Notes	2016			2015		
		Before fair value adjustments	(*) Fair value adjustments	Total 2016	Before fair value adjustments	(*) Fair value adjustments	Total 2015
Revenue		10,759	0	10,759	9,701	0	9,701
Other operating income		7	0	7	9	0	9
TOTAL OPERATING INCOME	2.1	10,765	0	10,765	9,709	0	9,709
Materials consumed	2.2	1,267	0	1,267	1,143	0	1,143
Other operating expenses	2.2	4,736	0	4,736	4,735	0	4,735
Staff costs	2.3	3,819	0	3,819	2,805	0	2,805
TOTAL OPERATING EXPENSES		9,821	0	9,821	8,683	0	8,683
Gross profit from operations	2.4	944	0	944	1,027	0	1,027
Depreciation and amortisation charge		342	0	342	256	0	256
Profit from operations before impairment and disposals of non-current assets	2.4	602	0	602	770	0	770
Impairment and disposals of non-current assets (**)	2.5	330	-6	324	185	-54	131
Profit from operations		932	-6	926	955	-54	901
Financial result on financing		-305	0	-305	-463	0	-463
Result on derivatives and other financial results		-7	-12	-20	-12	-188	-200
Financial result of infrastructure projects		-313	-12	-325	-474	-188	-662
Financial result on financing		-49	0	-49	-35	0	-35
Result on derivatives and other financial results		-4	-13	-18	12	49	61
Financial result excluding infrastructure projects		-53	-13	-66	-24	49	26
Financial result	2.6	-365	-26	-391	-498	-138	-637
Share of profits of companies accounted for using the equity method	3.5	214	-132	82	275	37	312
Consolidated profit before tax		780	-164	617	732	-155	577
Income tax	2.8	-245	11	-233	25	30	54
Consolidated profit from continuing operations		536	-153	383	757	-126	631
Net profit from discontinued operations		0	0	0	0	0	0
Consolidated profit for the year		536	-153	383	757	-126	631
Profit or loss for the year attributable to non-controlling interests	2.9	-11	4	-7	33	56	89
Profit for the year attributable to the Parent		525	-149	376	790	-70	720
Net earnings per share attributable to the Parent (Basic / Diluted)	2.10			0.51/0.51			0.98/0.98

(*) Relating to gains and losses arising from changes in the fair value of derivatives and other financial assets and liabilities (see Note 5.5), asset impairment (see Note 2.5) and the impact of the two items on "Share of Profits of Companies Accounted for Using the Equity Method" (see Note 2.7).

(**) "Impairment and Disposals of Non-Current Assets" includes mainly the gains and losses arising from asset impairment and from the sale and disposal of investments in Group companies and associates. When control is lost as a result of these disposals, the gain relating to the recognition at fair value of the investment retained is presented in the "Fair Value Adjustments" column.

The accompanying Notes 1.1 to 7.1 are an integral part of the consolidated statement of profit or loss for the year ended 31 December 2016.

C. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR 2016 AND 2015

(Millions of euros)	Notes	2016	2015
a) Consolidated profit for the year		383	631
Attributable to the Parent		376	720
Attributable to non-controlling interests		7	-89
b) Income and expense recognised directly in equity	5.1	-435	96
<u>Fully consolidated companies</u>		-202	191
Impact on reserves of hedging instruments	5.5	-38	69
Impact on reserves of defined benefit plans (*)	6.2	-153	48
Translation differences		-83	111
Tax effect		72	-38
<u>Companies classified as held for sale</u>		-99	-11
Impact on reserves of hedging instruments		-148	15
Impact on reserves of defined benefit plans (*)		0	0
Translation differences		49	-25
Tax effect		0	-1
<u>Companies accounted for using the equity method</u>		-134	-84
Impact on reserves of hedging instruments		-17	23
Impact on reserves of defined benefit plans (*)		-90	-1
Translation differences		-45	-95
Tax effect		17	-12
c) Transfers to profit or loss	5.1	141	190
<u>Fully consolidated companies</u>		-48	188
Transfers to profit or loss		15	244
Tax effect		-63	-57
<u>Companies accounted for using the equity method</u>		189	2
Transfers to profit or loss		192	3
Tax effect		-3	-1
a+b+c) Total comprehensive income		88	916
Attributable to the Parent		89	898
Attributable to non-controlling interests		-1	19

(*) The impact on reserves of defined benefit plans is the only item of income and expense recognised directly in equity that cannot be reclassified subsequently to profit or loss (see Note 5.1).

The accompanying Notes 1.1 to 7.1 are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2016.

D. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 2016 AND 2015

(Millions of euros)	Share capital	Share premium	Merger premium	Treasury shares	Valuation adjustments	Retained earnings and other reserves	Attributable to the shareholders	Attributable to non-controlling interests	Total equity
Balance at 31/12/15	146	1,202	963	-16	-805	4,567	6,058	483	6,541
Consolidated profit for the year						376	376	7	383
Income and expense recognised directly in equity					-287		-287	-8	-295
Total comprehensive income	0	0	0	0	-287	376	89	-1	88
Scrip dividend	3					-230	-226		-226
Other dividends							0	-25	-25
Treasury share transactions	-3		-313	-26		25	-317		-317
Remuneration of shareholders	0	0	-313	-26	0	-205	-544	-25	-569
Capital increases/reductions							0	45	45
Share-based payment						-17	-17	0	-17
Other changes			0	1		9	10	215	225
Other transactions	0	0	0	1	0	-8	-7	260	253
Balance at 31/12/16	147	1,202	650	-41	-1,092	4,731	5,597	717	6,314

(Millions of euros)	Share capital	Share premium	Merger premium	Treasury shares	Valuation adjustments	Retained earnings and other reserves	Attributable to the shareholders	Attributable to non-controlling interests	Total equity
Balance at 31/12/14	146	1,202	1,218	-4	-983	4,092	5,672	349	6,021
Consolidated profit for the year						720	720	-89	631
Income and expense recognised directly in equity					178		178	108	285
Total comprehensive income	0	0	0	0	178	720	898	19	916
Scrip dividend	2					-269	-267		-267
Other dividends							0	-48	-48
Treasury share transactions	-2		-247	-16			-265		-265
Remuneration of shareholders	0	0	-247	-16	0	-269	-532	-48	-580
Capital increases/reductions							0	100	100
Share-based payment						-51	-51	-1	-52
Other changes			-9	4		76	71	64	136
Other transactions	0	0	-9	4	0	25	20	164	184
Balance at 31/12/15	146	1,202	963	-16	-805	4,567	6,058	483	6,541

The accompanying Notes 1.1 to 7.1 are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2016.

E. CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2016

(Millions of euros)	Notes	2016	2015
Net profit attributable to the Parent	2.10	376	720
Adjustments for:		568	307
<i>Non-controlling interests</i>		7	-89
<i>Tax</i>		233	-54
<i>Result of companies accounted for using the equity method</i>		-82	-312
<i>Financial result</i>		391	637
<i>Impairment and disposals of non-current assets</i>		-324	-131
<i>Depreciation and amortisation charge</i>		342	256
Gross profit from operations	2.4	944	1,027
Income taxes paid	2.8.1	-147	-61
Change in working capital (receivables, payables and other)	5.3	-52	-234
Dividends from infrastructure project companies received	3.5	427	399
Cash flows from operating activities	5.3	1,172	1,130
Investments in property, plant and equipment and intangible assets	3.2 y 3.4	-177	-177
Investments in infrastructure projects	3.3	-388	-556
Loans granted to associates/acquisition of companies		-736	-106
Investment of long-term restricted cash		-12	85
Divestment of infrastructure projects		0	0
Divestment/Sale of companies	1.1.3	340	74
Cash flows from investing activities		-973	-680
Cash flows before financing activities		198	450
Capital proceeds from non-controlling interests		53	119
<i>Scrip dividend</i>		-226	-267
<i>Acquisition of treasury shares</i>		-317	-265
Remuneration of shareholders	5.1	-544	-532
Dividends paid to non-controlling shareholders of investees		-24	-44
Other changes in shareholders' equity		0	0
Cash flows from shareholders and non-controlling interests		-515	-457
Interest paid	2.6	-385	-354
Interest received	2.6	34	10
Increase in borrowings		1,529	837
Decrease in borrowings		-548	-580
Cash flows from financing activities		115	-544
Effect of foreign exchange rate changes on cash and cash equivalents		18	-36
Change in cash and cash equivalents due to changes in the scope of consolidation		-32	-30
Change in cash and cash equivalents	5.2	299	-160
Cash and cash equivalents at beginning of year		3,279	3,439
Cash and cash equivalents at end of year		3,578	3,279

The accompanying Notes 1.1 to 7.1 are an integral part of the consolidated statement of cash flows for 2016.