



— SUMMARY REPORT —
YEAR 2017 —

*Translation into English of the Summary Report for 2017 originally issued in Spanish.
In the event of discrepancy, the Spanish language version prevails.
Inhouse translation, under its sole responsibility and not deemed official.*



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1. MAIN ACCOMPLISHMENTS DURING THE PERIOD

▪ **Main work awards of the period**

The main awards obtained by the Group during 2017 were as follows:

DOMESTIC MARKET

- **Extension of the Vigo Trade Institute (IFEVI):** the Axencia Galega de Infraestructuras has awarded SANJOSE Constructora the extension works of the Vigo Trade Institute (IFEVI), consisting mainly of the construction of a new pavilion, which will increase the capacity of the enclosure in about 5,000 sqm.
- **New DHL terminal at the Adolfo Suárez Madrid-Barajas Airport:** European Air Transport Leipzig GmbH has awarded SANJOSE Constructora the execution works for the new DHL terminal at the Adolfo Suárez Madrid-Barajas Airport air cargo centre.
- **Refurbishment of housing building at 97, Hermosilla Street in Madrid:** Hermosilla 97 Espacios y Residencias has awarded SANJOSE Constructora the refurbishment of a building with 26 housing units at 97, Hermosilla Street in Madrid.
- **54 social housing units in Sant Just Desvern, Barcelona:** Promociones Municipals Sant Justenques has awarded SANJOSE Constructora the construction works for 54 social housing units under general regime, storage rooms and parking spaces at 8-12, Carrer Violeta Parra de San Just Desvern, Barcelona.
- **Residencial Hacienda Rosario de Sevilla (79 housing units):** Espebe 27 has awarded SANJOSE Constructora the works on plot RL-02 where it will carry out the construction of 79 residential homes (stage I of an urban development that will host 3,000 housing units, so-called "Hacienda Rosario de Sevilla").
- **Remodelling and refurbishment of housing units at 53, Serrano in Madrid:** IREEF Madrid S 53 Propco has awarded SANJOSE Constructora the partial remodelling and refurbishment works of the residential building located at number 53 on the emblematic Serrano street in Madrid.
- **Tenerife Sur Airport:** AENA has awarded SANJOSE Constructora several strategic actions of the Quality Plan of the Tenerife Sur Airport.
- **Maintenance works of the office of the Directorate General of the Police in Ceuta and Melilla:** the General Directorate of the Police has awarded Tecnocontrol Servicios for a period of 12 months the preventive, corrective and technical-legal maintenance of all its police buildings in the Autonomous Cities of Ceuta and Melilla.
- **Refurbishment of the Central thermal power plant of the Carlos III University of Madrid:** Carlos III University of Madrid has awarded SANJOSE Ingeniería y Construcción Industrial the refurbishment works of the thermal power plant that supplies its facilities in Madrid.
- **Substation and High Voltage Line in Lanzarote:** INALSA (Insular de Aguas de Lanzarote SA) has awarded SANJOSE Ingeniería y Construcción Industrial the execution of the Substation 20/66 KV Consorcio del Agua and the 66 KV High Voltage Line, for the evacuation of the Teguiuse I, San Bartolomé and Arrecife Wind Farms, in the municipality of San Bartolomé, with connection to the future Callejones Substation, which is the point of access to the network that Red Eléctrica de España has determined for the three winds finds that have been programmed for the island.
- **Integral maintenance of buildings and facilities of the Fire Department and the Headquarters of Civil Protection of Madrid:** Madrid City Council has awarded Tecnocontrol Servicios the integral maintenance of all the buildings and facilities of the Fire Department and the Headquarters of Protection Civil of the city for a period of 12 months.

- **Maintenance of ICO buildings in Madrid:** Official Credit Institute (ICO) has awarded Tecnocontrol Servicios the maintenance works of all of its properties in Madrid for a period of 12 months.
- **Demolition of the historic headquarters of RTVE at Paseo de la Habana in Madrid and construction of a luxury residential building:** Martell Investments has awarded SANJOSE Constructora the demolition works of the first Spanish Television headquarters (now RTVE), located at 75, Paseo de la Habana in Madrid, and the execution of the structure of a new luxury residential building that will house 11 homes, parking spaces, storage rooms and common areas.
- **Maintenance works of the facilities of the Gregorio Marañón General Hospital:** Servicio Madrileño de Salud (SERMAS) has awarded Tecnocontrol Servicios for a period of 12 months the maintenance services of the thermal, hydraulic and plumbing facilities of the Gregorio Marañón General Hospital and several peripheral centres belonging to the Hospital itself. The Gregorio Marañón General Hospital, an organisation with more than four hundred years of history, is one of the health centres with greater national and international recognition in various specialties. It currently relies on more than 7,500 professionals and has 1,700 beds, serving a Health Area of approximately 750,000 inhabitants.
- **New Headquarters of Celta de Vigo:** Real Club Celta de Vigo has awarded SANJOSE Constructora the completion of its new headquarters at Calle Príncipe, in the old building where the headquarters of the Círculo Mercantil were located.

The project, designed by the architect Alfonso Penela, has a characteristic glass dome that will crown a modern building which will house, among other facilities, the healthcare centre of the club, a residence for the quarry with 40 seats, the official store of Celta, a gymnasium and a space dedicated to foodservice.

- **Ciudad de la Tele in Tres Cantos (Madrid):** Secuoya Grupo de Comunicación has awarded SANJOSE Constructora the execution works of the Ciudad de la Tele in Tres Cantos, Madrid. A project intended to become a reference within the sector.

On a plot of land of almost 22,000 sqm, 9,445 sqm of built surface are arranged into two buildings: a high-volume building that houses three recording studios of approximately 1,200 sqm each; and the new Headquarters of the Secuoya Group, a modern four-level building with a total built surface amounting to 900 sqm that is located to the south of the plot.

A large car park, a loading dock, several warehouses, premises for the repair and manufacture of recording studios and a wide esplanade to record outdoors complete the facilities.

- **District Heating Txomin - Enea San Sebastian:** San Sebastián City Council has awarded the UTE formed by Tecnocontrol Servicios and Ferroviario Servicios for a period of 15 years the execution and maintenance works of a project that will provide service to 1,458 homes and air-condition more than 104,246 sqm of useful space.

The future neighbours of the new Txomin of San Sebastian will have a sustainable power plant that will supply them with hot water and heating services through a 'District Heating' system. A building capable of generating sustainable energy for its inhabitants at a lower price and also of reducing by 80% the CO2 emissions that are generated.

- **Residence for the elderly (Leon):** Caser Residencial Inmobiliaria, a company that owns and manages residences for the elderly and dependent people of the Caser Group, entrusted SANJOSE Constructora the enlargement and remodelling works of the residence for the elderly located in San Andrés de Rabanedo, Leon.
- **Residential works in Malaga:** SANJOSE Constructora will build La Valvega Residential Complex in La Cala, a development of 48 semi-detached houses, garages and swimming pools in Mijas, Málaga.

In addition, it has also been awarded the construction of Stage I of the development so-called "Edificio Capitán", consisting of 55 homes, garages, storage rooms and commercial premises in Malaga.

- **Metroguagua de Las Palmas de Gran Canaria:** The Sociedad Municipal de Gestión Urbanística de Las Palmas de Gran Canaria (GEURSA) has awarded SANJOSE Constructora the execution works for the first stretch Pío XII - Galicia of the Rapid Public Transport System in Las Palmas de Gran Canaria. This project represents the strategic axis which Las Palmas de Gran Canaria mobility policy is based on, with a total investment of 100.4 million Euros it is expected to start operating in 2021.
- **Early Childhood School of the French Lyceum of Madrid:** The French Liceo of Madrid has awarded SANJOSE Constructora the execution of a new building of more than 5,500 sqm that will house 22 classrooms, a library, two motor rooms and a dining room. Likewise, exterior landscaping works have been executed where two differentiated playgrounds, large areas of vegetation, 44 parking spaces for vehicles and for buses are located.
- **Access to the area of logistics and industrial activities in Asturias (Zalia):** The Principado de Asturias has awarded SANJOSE Constructora the execution works for the accesses to the area of logistics and industrial activities in Asturias (Zalia). The project has involved the complete refurbishment of the AS-326 road (Tabaza - Tremañes) and the construction of the access road to the port of El Musel by Lloreda, tendered by the Ministry of Public Works.
- **Conservation and maintenance of several highways in Extremadura:** the Ministry of Development, through the General Directorate of Roads, has awarded the joint venture formed by SANJOSE Constructora and Eifagge Infraestructuras, the execution of various operations of integral conservation and maintenance of state roads for a period of 4 years.
- **The NH Hotel of Málaga will have a new building that will house 115 rooms:** the works developed by SANJOSE Constructora have consisted of the construction of a 4-storey building with capacity for 115 rooms, which will be added to the 133 rooms of the hotel. The design has been carried out by the architecture studio Araguren Y Gallegos.
- **Renovation and refurbishment of a four-star hotel in the "Casa de la Carnicería" in the Plaza Mayor of Madrid:** Global Mandalay has awarded SANJOSE Constructora the restructuring and refurbishment of the "Casa de la Carnicería" so as to transform it into a 4* hotel, in the Plaza Mayor of Madrid.

Works cover a surface of 6,686 sqm the "Cas de la Carnicería" is considered since 1985 as "Item of Cultural Interest", so the works carried out have had to respect the conditions of protection of this historic complex, which has a level 1 of protection, Singular Building, within the category of Monuments.

- **Refurbishment and remodelling of the 5 star Princesa Sofía hotel in Barcelona:** SANJOSE Constructora has been awarded by the Grupo Expo Hoteles to refurbish and remodel the emblematic 5 star Princesa Sofía hotel in Barcelona. The works carried out have included the refurbishment of common areas, surroundings and landscaping works of this hotel located in a tower at the Avenida Diagonal.
- **SANJOSE Constructora will build two new residences for the Fundación Manantial in Madrid:** Fundación Manantial, has entrusted SANJOSE Constructora the construction of two new residences in Madrid, specifically in Parla and Torrejón de Ardoz, strengthening its confidence in Grupo SANJOSE, since it has also been responsible for the construction of other residences for Fundación Manantial in Fuenlabrada and Leganes.
- **SANJOSE will build 169 homes in Estepona, Malaga:** Estepona Top Villages has awarded SANJOSE Constructora the construction of 169 homes in the Residential Los Altos de Estepona, in Malaga.

- **Construction of the new integrated multipurpose centre of Lugones:** Siero City Council has awarded SANJOSE Constructora the execution works of the new Integrated Multipurpose Centre (CEPI) of Lugones. The project includes the construction of a singular building, to concentrate the activities that until now the town hall was developing in different locations.

INTERNATIONAL MARKET

- **Refurbishment of Santa Helena Palace in Lisbon (Portugal):** Meteoric Level has awarded SANJOSE Constructora Portugal the refurbishment and remodelling for residential use of Santa Helena Palace in Lisbon, a historic building located in the heart of the Alfama district, one of the more charismatic and authentic areas of the capital city of Portugal.
- **Tourist apartment building in Porto (Portugal):** NQI São Bento Residences has awarded SANJOSE Portugal the execution of a building next to the historic São Bento Train Station in Oporto that will house 16 tourist apartments. It is a place of great urban importance and great visibility, so that the building aesthetically is designed to integrate perfectly with the existing landscape elements, particularly the rocky slopes and the walls that still remain of the former building. The building will consist of two basement floors, ground floor and four top level floors.
- **New Headquarters of the Central Bank of Cape Verde:** Banco de Cabo Verde has awarded SANJOSE Constructora Cabo Verde in joint venture with SGL - Sociedade de Construções, for EUR 16.7 million, the execution of its new headquarters, designed by the Pritzker Álvaro Siza Vieira Prize. The complex will be formed by three buildings. The main building will house a basement, a parking area and 6 floors for cabinets. The two remaining buildings, with one floor, are allocated to social areas such as an auditorium, a museum, a library and a dining area. The building will be located in the neighbourhood of Achada de Santo Antonio, the best known of the city of Praia.
- **Judicial Centre La Serena (Chile):** the Administración Corporativa del Poder Judicial, Ministry of Justice of Chile, has awarded SANJOSE Constructora for about 25 million Dollars, the execution of the new Judicial Centre of La Serena in the province of Coquimbo (Chile). The project includes more than 12,000 square meters of built surface and more than 2,000 square meters of urbanised area, where the Justice Centre of the city will be built, a complex that will house, among other facilities, the Family, Labour and three civil courts. The complex will have the LEED sustainable buildings certification system and will promote energy efficiency, the use of renewable energies and indoor environmental quality.
- **General Belgrano Water Treatment Plant, in Buenos Aires (Argentina):** the company Aguas y Saneamiento Argentinos, S.A. (AYSA) has awarded the expansion of the Belgrano water treatment plant located in the city of Bernal, in Quilmes, to Constructora SANJOSE, through a joint venture in a ration 50:50. The execution budget amounts to 2,257.5 million Argentine pesos, approximately EUR 120 million. This important engineering project with a built surface amounting to 40,000 sqm will make it possible to bring drinking water to the population of the metropolitan area of Buenos Aires. The project is one of the largest undertakings in the field of water developed in the district and amounts to an investment of more than 130 million Dollars, which will be financed by the National State and the Development Bank of Latin America (CAF).
- **Residential buildings in Portugal:** SANJOSE Constructora, through its branch in Portugal, will carry out the construction of the "Santos Design" housing building at 11, Largo de Santos, in Lisbon, on an area of 8,753 sqm. On the other hand, Constructora UDRA, a subsidiary of SANJOSE Constructora in Portugal, will carry out the construction of a residential building at, 41 – 47, Rua Victor Cordon in Lisbon.
- **Refurbishment of the Sandomil Palace in Lisbon:** SANJOSE Constructora Portugal has been awarded the contract to carry out the refurbishment of the historic Sandomil Palace (2,552 sqm), of Mannerist and Baroque architecture, located in the Chiado neighbourhood of Lisbon (Portugal).

▪ **Awards and recognitions**

- **Position 155 in the ranking of most international construction companies:** the ENR (Engineering News-Record) magazine, which is responsible for annually preparing a worldwide ranking of engineering and construction companies, placed Grupo SANJOSE in the 155th position of the "ENR Top 250 International Contractors" ranking, based on the level of international billing.
- **Louvre Abu Dhabi Museum (Emiratos Árabes Unidos):** award "Harper's Bazaar Interiors - Best Building Design 2017".
- **New Norvento Headquartes in Lugo:**

American Architecture Prize 2017 in the Architecture and Design / Other Architectures category.

Barcelona Building Construmat Award. Finalist and mention of the jury in the category of architecture in built works 2017.

Silver Medal in the XII Edition International Prize of Sustainable Architecture FASSA BARTOLO 2017. Promoted by Facoltà di Architettura, Università degli Studi di Ferrara.
- **Mamsha Al Saadiyat of Abu Dhabi (United Arab Emirates):** award for Best Mixed Use Architectural Design 2016 in Africa and Arabia at the International Property Awards.

▪ **Other Highlights**

- **The Louvre Museum in Abu Dhabi opened its doors on 11 November:** the Abu Dhabi Louvre Museum, designed by the Pritzker Jean Nouvel Prize, and built by SANJOSE in a joint venture with Arabtec, is a spectacular and modern floating city that unites the local tradition with an avant-garde architecture.

The museum is crowned by a grand aluminum and stainless steel dome that has become the symbol of the institution, due to its technical complexity and its incredible figures: 180 meters in diameter, 36 meters in height at its highest point and approximately 7,500 tons of steel (practically the same as the Eiffel Tower) that are supported only by four support points that have been carefully hidden inside the buildings of the museum, creating the illusion that the entire dome is suspended in the air. This unique structure is composed of 8 overlapping layers of geometric lace that resembles a network or fabric, through which sunlight enters, generating an effect similar to the rays that are filtered by the leaves of the palm trees. To achieve this spectacular effect that floods the entire site and that Jean Nouvel has called "rain of light" 8,000 pieces known as stars have been used.

Beneath the spectacular dome, there are its more than 64,000 square meters of built surface between the sand and the sea. A complex consisting of 55 low-rise geometric buildings, pavilions, squares, corridors and covered channels that transport visitors to an ancient Arab city where you have at your disposal 9,200 square meters of art galleries, a meeting place and where you can admire pieces from prehistoric origin up to contemporary works of art.

The museum seeks to transport visitors on a journey through the history of art and a commitment to show the artistic influences between different cultures and eras. To build a bridge between Asia, Africa and Europe with the aim of making it a permanently relevant place for culture and, therefore, for world tourism.

The first branch of the Louvre outside France opened its doors to all visitors on 11 November, although during the previous week various commemorative events and an inauguration took place, including the the presence of relevant personalities from all areas, among other, the Prince

Heir of the Emirates, Mohamed bin Zayed Al Nahyan, the President of France, Emmanuel Macron, the King of Morocco, Mohammed VI, the King of Bahrain, Hamad bin Isa al Khalifa, etc.

- **Inauguration of the General Hospital of Zone No. 3 of Aguascalientes (Mexico):** the President of the United States of Mexico, Enrique Peña Nieto, inaugurated the General Hospital of Zone No. 3 of Aguascalientes of the IMSS (Mexican Institute of Social Security) built by SANJOSE in joint venture with Alvarga. The new sanitary complex, which has meant a total investment of more than 54 million Euros, will serve more than 400,000 citizens of the States of Aguascalientes, Jalisco and Zacatecas.

The hospital, with a surface area of 27,000 sqm, has 144 beds, 36 specialties and state-of-the-art equipment to offer the best service to its patients. In addition, the hospital houses an auditorium with capacity for 150 people and 526 parking spaces.

- **Inauguration of the Plaza Río 2 Shopping Centre in Madrid:** it was a success with a total of 255,000 people in its first weekend (from 20 – 22 October). According to the forecasts of the Sociedad General Inmobiliaria de España (LSGIE), promoter of the project that has invested 200 million Euros, it expects more than 12 million visitors a year.

Designed by the architectural firm Chapman Taylor and built by SANJOSE Constructora, the building has more than 120,000 sqm of built surface, more than 150 premises, 1,500 parking spaces and the most advanced systems in energy efficiency and sustainability. In addition, one of its great attractions will be its huge terrace overlooking Madrid Rio. Named as El Mirador de Plaza Rio 2, it has about 3,000 sqm, it is the largest restoration terrace in the capital of Spain

- **Opening of the Alisios Shopping Centre in Tamaraceite, Las Palmas de Gran Canaria:** This new shopping centre designed by Chapman Taylor and built by SANJOSE opened its doors in November after a total investment of more than 180 million Euros by the promoter: Yudaya, who expects to receive 16 million annual visitors. Among its main figures, highlight its 165,000 sqm of built surface, 120 premises and 2,500 underground parking spaces. Alisios stands out as a commercial centre open to the sky and sustainable, which incorporates renewable photovoltaic energy and a system of responsible water use.
- **Completed the structure of the Mamsha Al Saadiyat residential complex in Abu Dhabi (United Arab Emirates):** Amna Alalkeem Al Zaabi, project manager, announced this milestone and indicated that the development of Mamsha Al Saadiyat is in line with the schedule and is expected to be delivered in 2018. The project has attracted a large number of residents and investors due to its unique location, stunning beachfront views and world-class facilities. Located in the cultural district of Saadiyat Island, this development has 240,000 sqm of built surface, 9 buildings that will house 441 homes, more than 34,000 sqm² of public recreation area and 1,929 parking spaces.

This project was awarded for approximately 300 million Euros in 2016 to SANJOSE Constructora, in a joint venture with Pivot Engineering & General Contracting.

- **Remodeling of Bankinter offices in Alcobendas:** Bankinter opened a new office space in its historic location at 12, Avenida de Bruselas, in Alcobendas, in the north of Madrid. The remodeling works of the former building and its union by means of two footbridges with the adjacent building, has been carried out by Constructora SANJOSE. The new property has an area of 8,700 sqm. The project has been designed under the newest criteria of workspaces.
- **The 5* Great Luxury One Barcelona Hotel opens its doors:** in the emblematic Eixample district of Barcelona, and one block from the Paseo de Gracia, the 5-star luxury hotel One Barcelona, whose construction has been executed by SANJOSE Constructora, is located. The architectural project has been carried out by Freixas Mestre Arquitectes Associats in collaboration with the prestigious designer and interior designer Jaime Beriestain.

Among its 9 floors and over its 6,000 sqm of built surface, it houses 89 rooms (25 suites), the Somni Restaurant & Cocktail, a spa, a plunge pool with solarium and the impressive terrace on the top floor with panoramic views over the city.

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- **Vithas Healthcare Group opens one of its most exclusive centres in Madrid:** once the refurbishment carried out by SANJOSE Constructora was completed, the Vithas group launched its new Vithas International centre, within the so-called Vithas Health Campus, at Arturo Soria Str. in Madrid. The complex houses four floors and cover a total built surface amounting to 4,564 sqm.

2. MAIN CONSOLIDATED FIGURES

Main consolidated figures of Grupo SANJOSE for year 2017, having recorded a EUR 12.3 million profit, versus the EUR 8.1 million in the same period of previous year, are as follows.

Thousands of euros

	Grupo SANJOSE		
	Dic. 17	Dic. 16	Var.(%)
Revenue	682,868	613,394	11.3%
Operating cash flow (EBITDA)	46,259	45,925	0.7%
	EBITDA margin	6.8%	7.5%
Ordinary operating profit (EBIT)	31,063	25,076	23.9%
	EBIT margin	4.5%	4.1%
Earnings before tax	22,395	19,708	13.6%
Income tax	-10,127	-11,636	-13.0%
Profit/(Loss) for the period	12,268	8,072	52.0%

To be highlighted:

- **11.3% revenue increase for the period, recording a turnover of EUR 682.9 million during 2017, with an EBITDA of EUR 46.3 million.**
- **EBIT stands at EUR 31.1 million.**
- **Profit before taxes of EUR 22.4 million, compared to the EUR 19.7 million recorded in 2016.**
- **Net profit for the period of EUR 12.3 million, 52% higher than that recorded in the previous year.**

Revenue:

The revenue of Grupo SANJOSE for year 2017 rises to EUR 682.9 million, what involves an 11.3% increase with regards to the previous year.

The main activity of Grupo SANJOSE is Construction, which represents 88% of the total revenue for the period, and 56% of the total portfolio of the Group at the end of 2017. The revenue of this line of activity in 2017 stood at EUR 601 million, experiencing an 11.8% increase with respect to the figure obtained in the previous year.

Revenue of Grupo SANJOSE by type of activity is as follows:

Thousands of euros

Revenues by activity	Grupo SANJOSE				
	Dic. 17		Dic. 16		Var.(%)
Construction	600,994	88.0%	537,354	87.5%	11.8%
Real estate and property development	6,769	10%	15,673	2.6%	-56.8%
Energy	11,165	16%	10,191	1.7%	9.6%
Concessions and services	47,740	7.0%	39,455	6.4%	21.0%
Adjustment and other	16,200	2.4%	10,721	1.7%	
TOTAL	682,868		613,394		11.3%

Following the trend of recent years, the importance of the international market for Grupo SANJOSE stands out. In 2017, it contributed with 56% of the Group's total revenue, increasing 6.7% with respect to 2016.

There is also a recovery of the national market, experiencing an 18% increase compared to 2016.

Thousands of euros

Revenues by geography	Grupo SANJOSE				
	Dic. 17		Dic. 16		Var.(%)
National	297,444	44%	252,063	41%	18.0%
International	385,424	56%	361,331	59%	6.7%
TOTAL	682,868		613,394		11.3%

Profit:

The **operating profit (EBITDA)** of Grupo SANJOSE for year 2017 amounts to EUR 46.3 million, representing a 6.8% margin over the net amount of the turnover.

The EBITDA in the Construction activity, contributed in year 2017 with an amount of EUR 32.7 million, representing 70.8% of the Group's EBITDA.

It should also be noted the good evolution experienced in the lines of activity of Energy and Concessions and Services, where in 2017 an increase in EBITDA of 24% and 27.2%, respectively, is evident.

Breakdown of EBITDA by sector for 2017 is as follows:

Thousands of euros

EBITDA by activity	Grupo SANJOSE				
	Dic. 17		Dic. 16		Var.(%)
Construction	32,695	70.8%	33,268	72.5%	-1.7%
Real estate and property development	1,784	3.9%	6,536	14.2%	-72.7%
Energy	3,576	7.7%	2,883	6.3%	24.0%
Concessions and services	1,614	3.5%	1,269	2.7%	27.2%
Adjustment and other	6,590	14.2%	1,969	4.3%	
TOTAL	46,259		45,925		0.7%

The net operating profit (**EBIT**) of Grupo SANJOSE for year 2017 amounts to EUR 31.1 million, representing a 4.5% margin over the net amount of the turnover

The Profit after taxes of Grupo SANJOSE at the end of 2017 amounts to EUR 12.3 million, recording a positive result for the third year in a row.

3. ANALISYS BY SECTOR

3.1 Construction:

The construction line of activity has generated revenues for EUR 601 million during 2017, representing a 11.8% increase compared to the previous year.

EBITDA for 2017 stands at EUR 32.7 million, representing a 5.4% margin on sales.

The net operating profit reached EUR 23.2 million, achieving a growth of 62% with respect to that obtained in 2016 and representing a margin over sales of 3.9%.

Likewise, the result before taxes grew 65.2% with respect to the previous year and stood at EUR 13.5 million.

At the end of 2017, project backlog for this line of activity amounts to EUR 916 million.

Thousands of euros

CONSTRUCTION	Grupo SANJOSE		
	Dic. 17	Dic. 16	Var.(%)
Revenue	600,994	537,354	11.8%
Earnings before interest, taxes, D&A (EBITDA)	32,695	33,268	-1.7%
EBITDA margin	5.4%	6.2%	
Earnings before interest and taxes (EBIT)	23,179	14,308	62.0%
EBIT margin	3.9%	2.7%	
Earnings before tax of continued operations	13,474	8,155	65.2%

Revenue breakdown for this line of activity of Grupo SANJOSE, taking into consideration the main types of business, as well as the geographical distribution, is as follows:

Thousands of euros

DETAIL OF CONSTRUCTION REVENUES	National		Internac.		Total	
Civil works	13,347	5.4%	25,804	7.3%	39,151	6.5%
Non residential building	170,198	69.2%	258,539	72.7%	428,738	71.2%
Residential building	48,989	19.9%	70,140	19.7%	119,128	19.8%
Industrial	13,270	5.4%	707	0.2%	13,977	2.3%
TOTAL	245,804	41%	355,190	59%	600,994	

Construction revenue at international level for 2017 stands at EUR 355.2 million, recording a 7.6% increase compared to the same period of the previous year, and representing 29% total revenue of this line of activity.

On the other hand, sales at domestic market stand at EUR 245.8 million compared to EUR 207.4 million for the same period of the previous year, recording a 18.5% increase. Domestic sales represent 41% total sales of this line of activity.

3.2 Real estate:

The Real Estate activity of Grupo SANJOSE in 2017 was conditioned by the lower delivery of homes produced during year 2017, as at the end of 2016 all housing units of Parques de la Huaca, in Lima (Peru) had been commissioned.

In 2016, the Group acquired a new land (also in Lima, Peru), having worked on its development during year 2017, and planning to begin the construction stage in the first half of the year 2018.

Revenue for 2017 for the real estate activity of Grupo SANJOSE stands at EUR 6.8 million.

There was a 56.8% decrease in sales of this line of activity with respect to the previous year, for the reasons explained above.

EBITDA amounts to 1.8 million euros, and the result before taxes reaches the figure of 3.2 million euros.

Thousands of euros

REAL ESTATE AND PROPERTY DEVELOPMENT	Grupo SANJOSE		
	Dic. 17	Dic. 16	Var.(%)
Revenue	6,769	15,673	-56.8%
Earnings before interest, taxes, D&A (EBITDA)	1,784	6,536	-72.7%
EBITDA margin	26.4%	41.7%	
Earnings before interest and taxes (EBIT)	1,418	7,468	-81.0%
EBIT margin	21.0%	47.6%	
Earnings before tax of continued operations	3,217	10,527	-69.4%

3.3 Energy:

Net revenue for 2017 stands at EUR 11.2 million.

EBITDA increases up to EUR 3.6 million.

The EBITDA percentage over total sales for this line of activity for 2017 stands at 32%, improving that for the previous year, what represents stability and recurrence.

EBIT for 2017 increases up to 35.8% with regard to 2016.

Thousands of euros

ENERGY	Grupo SANJOSE		
	Dic. 17	Dic. 16	Var.(%)
Revenue	11,165	10,191	9.6%
Earnings before interest, taxes, D&A (EBITDA)	3,576	2,883	24.0%
EBITDA margin	32.0%	28.3%	
Earnings before interest and taxes (EBIT)	1,924	1,417	35.8%
EBIT margin	17.2%	13.9%	
Earnings before tax of continued operations	1,434	116	1140.2%

Grupo SANJOSE has for this line of activity at the end of 2017 a contracted backlog amounting to EUR 496 million, which are materialised as higher activity of the Group in an average period of approximately 25 years.

The reduction of the backlog with respect to the one existing at the end of 2016 is derived mainly from the normal production and exploitation of contracts by Grupo SANJOSE, as well as by the periodic review carried out by the Group due to the effect of the regulatory and financial modifications, the estimated demand and occupation levels.

3.4 Concessions & Services:

Net turnover for 2017 stands at EUR 47.7 million.

There is an improvement in the revenues of this line of activity of 21% and EBITDA grew by 27.2% to reach 1.6 million euros, representing a margin of 3.4% on the sales figure.

The result before taxes for the year 2017 is a profit of 8.7 million euros.

At the end of 2017, contracted backlog of the Group for this line of activity amounts to EUR 218 million.

Thousands of euros			
CONCESSIONS AND SERVICES	Grupo SANJOSE		
	Dic. 17	Dic. 16	Var.(%)
Revenue	47,740	39,455	21.0%
Earnings before interest, taxes, D&A (EBITDA)	1,614	1,269	27.2%
EBITDA margin	3.4%	3.2%	
Earnings before interest and taxes (EBIT)	828	225	267.5%
EBIT margin	1.7%	0.6%	
Earnings before tax of continued operations	8,735	9,077	-3.8%

4. FINANCIAL STATEMENTS

Consolidated Management Income Statement

Thousands of euros

	Grupo SANJOSE				
	Dic. 17		Dic. 16		Variac.
	Amount	%	Amount	%	
Revenue	682.868	100,0%	613.394	100,0%	11,3%
Other operating income	9.382	1,4%	9.754	1,6%	-3,8%
Change in inventories	-2.235	-0,3%	-5.177	-0,8%	-56,8%
Procurements	-462.034	-67,7%	-402.791	-65,7%	14,7%
Staff costs	-103.034	-15,1%	-94.706	-15,4%	8,8%
Other operating expenses	-78.688	-11,5%	-74.549	-12,2%	5,6%
EBITDA	46.259	6,8%	45.925	7,5%	0,7%
Amortisation charge	-6.762	-1,0%	-5.819	-0,9%	16,2%
Impairment on inventories	-2.078	-0,3%	862	0,1%	--
Changes in trade provisions and other impairment	-6.357	-0,9%	-15.893	-2,6%	-60,0%
EBIT	31.063	4,5%	25.076	4,1%	23,9%
Ordinary financial results	-6.158	-0,9%	-6.229	-1,0%	-1,2%
Foreign exchange results and others	-2.328	-0,3%	-92	0,0%	2427,3%
NET FINANCIAL RESULT	-8.458	-1,2%	-6.321	-1,0%	33,8%
Results on equity method	-210	0,0%	953	0,2%	--
PROFIT BEFORE TAX	22.395	3,3%	19.708	3,2%	13,6%
Income tax	-10.127	-1,5%	-11.636	-1,9%	-13,0%
CONSOLIDATED PROFIT	12.268	1,8%	8.072	1,3%	52,0%

- **Procurement, personnel expenses and other operating expenses:** the increase suffered during 2017 for these items is consistent with the increase in activity (revenues) in the Group in 2017.
- **Profit before taxes:** a positive result of 22.4 million euros is obtained compared to the 19.7 million euros of the previous year, which represents an improvement of 13.6%.
- **Profit for the period:** the result for the period amounts to 12.3 million euros (in 2016 a result of 8.1 million euros was obtained), which represents a growth of 52%.

Consolidated Management Balance Sheet

Thousands of euros

	Dic. 17		Dic. 16		Var.
	Amount	%	Amount	%	
Intangible assets	19.581	2,0%	20.557	2,0%	-4,7%
Property, plant and equipment	45.349	4,7%	45.900	4,5%	-1,2%
Real state investments	3.297	0,3%	4.711	0,5%	-30,0%
Investments accounted	50.373	5,2%	53.121	5,2%	-5,2%
Long term financial investments	123.481	12,8%	150.947	14,7%	-18,2%
Deferred taxes assets	35.135	3,6%	32.839	3,2%	7,0%
Goodwill on consolidation	9.984	1,0%	9.984	1,0%	0,0%
TOTAL NON-CURRENT ASSETS	287.200	29,8%	318.059	31,1%	-9,7%
Non current assets held for sale	0	0,0%	4.186	0,4%	
Inventories	104.704	10,9%	104.122	10,2%	0,6%
Trade and other receivables	261.132	27,1%	242.529	23,7%	7,7%
Other short term financial investments	91.206	9,5%	101.884	10,0%	-10,5%
Cash and cash equivalents	220.134	22,8%	251.839	24,6%	-12,6%
TOTAL CURRENT ASSETS	677.176	70,2%	704.560	68,9%	-3,9%
TOTAL ASSETS	964.376	100,0%	1.022.619	100,0%	-5,7%

Thousands of euros

	Dic. 17		Dic. 16		Var.
	Amount	%	Amount	%	
Equity attributable to shareholders of the parent (*)	58.645	6,1%	60.737	5,9%	-3,4%
Minority interest	20.866	2,2%	21.297	2,1%	-2,0%
TOTAL EQUITY (*)	79.511	8,2%	82.034	8,0%	-3,1%
Long term provisions	30.313	3,1%	28.963	2,8%	4,7%
Long term financial liabilities	311.625	32,2%	383.617	37,5%	-18,8%
Long term derivative financial contracts	591	0,1%	906	0,1%	-34,7%
Deferred taxes liabilities	19.541	2,0%	15.491	1,5%	26,1%
Other long term liabilities	904	0,1%	965	0,1%	-6,3%
TOTAL NON CURRENT LIABILITIES	362.974	37,6%	429.942	42,0%	-15,6%
Short term provisions	37.895	3,9%	42.386	4,1%	-10,6%
Short term financial liabilities	65.828	6,8%	63.724	6,2%	3,3%
Trade accounts and other current payables	418.168	43,4%	404.533	39,7%	3,4%
TOTAL CURRENT LIABILITIES	521.891	54,1%	510.643	50,0%	2,2%
TOTAL EQUITY & LIABILITIES	964.376	100,0%	1.022.619	100,0%	-5,7%

(*) **Management Net Equity:** EUR 107.8 million have been recorded under this item, as shareholder loan of Grupo Empresarial San José, S.A.

Consolidated Net Cash Position

Thousands of euros

NET CASH POSITION	Dic. 17		Dic. 16		Var.
	Amount	%	Amount	%	
Other short term financial investments	91,206	29.3%	101,884	28.8%	-10.5%
Cash and cash equivalents	220,134	70.7%	251,839	71.2%	-12.6%
Total cash	311,340	100%	353,723	100%	-12.0%
Long term financial liabilities (*)	311,623	82.4%	383,617	85.1%	-18.8%
Long term derivative financial contracts	591	0.2%	906	0.2%	-34.7%
Short term financial liabilities	65,828	17.4%	66,344	14.7%	-0.8%
Total debt	378,042	100%	450,867	100%	-16.2%
TOTAL NCP	66,702		97,143		-31.3%

Net cash position at 2017 amounts to EUR 66.7 million compared to EUR 97.1 million at 31 December 2016, which represents a reduction of 7.5%.

There was a reduction in the liabilities of 16.2%, mainly due to the periodic maturity and annual amortization of the bond issue that finances the concession of the two hospitals in Chile, as well as the start in 2017 of the amortization phase of the syndicated debt in Spain.

Net cash position at 31 December 2017 includes the funding of other non-recourse projects of Grupo SANJOSE for EUR 143.3 million.

Consolidated Cash Flow

Thousands of Euros

CASH FLOW	Grupo SANJOSE	
	Dec. 17	Dec. 16
Cash flow from operating activities	49,874	47,678
Working capital	-18,156	39,042
Others adjustments	-8,206	-10,896
Operating cash flow	23,512	75,823
Divestments / (Investments)	-1,867	-10,219
Others adjustments	36,200	6,324
Investment cash flow	34,333	-3,895
Free cash flow	57,845	71,928
Capital flow & Minorities	-1,030	-801
Increase / (Decrease) in borrowings	-67,565	-44,060
Net interest	-6,410	-4,666
Others adjustments	-14,544	-2,396
Financing cash flow	-89,550	-51,923
Total cash flow	-31,705	20,005

In 2017, the resources generated by operations amounted to 49.8 million euros, recording an increase of 4.6% with respect to 2016.

Noteworthy is the decrease in the financial leverage: in the year 2017 it has been reduced by EUR 67.6 million, 53.3% higher than the reduction in 2016.

5. PROJECT BACKLOG

Millions of euros

BACKLOG by segment	Grupo SANJOSE				
	Dic. 17		Dic. 16		Var.(%)
Construction	916	56%	1,134	60%	-19.2%
Civil works	176	10.8%	214	11.4%	-17.7%
Non residential building	537	32.9%	720	38.2%	-25.3%
Residential building	195	11.9%	195	10.4%	-0.3%
Industrial	8	0.5%	7	0.3%	22.5%
Energy	496	30%	507	27%	-2.1%
Concessions and services	218	13%	248	13%	-12.2%
Maintenance	18	2%	23	1%	-20.6%
Concessions	200	12%	226	12%	-11.7%
TOTAL BACKLOG	1,630	100%	1,889	100%	-13.7%

Millions of euros

BACKLOG by geography	Grupo SANJOSE				
	Dic. 17		Dic. 16		Var.(%)
National	909	56%	872	46%	4.3%
International	720	44%	1,017	54%	-29.2%
TOTAL BACKLOG	1,630		1,889		-13.7%

Millions of euros

BACKLOG by client	Grupo SANJOSE				
	Dic. 17		Dic. 16		Var.(%)
Public client	916	56%	1,215	64%	-24.6%
Private client	714	44%	674	36%	5.9%
TOTAL BACKLOG	1,630		1,889		-13.7%

At December 31, 2017, the Group's backlog amounts to 1,630 million euros. The reduction experienced with respect to the end of 2016 is mainly due to variations in the perimeter.

The Construction backlog, the main activity of the Group, represents 56% of the total portfolio.

6. LEGAL DISCLAIMER

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