



— SUMMARY REPORT
1ST HALF 2017 —

*Translation into English of the Summary Report for 1S-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

▪ **SANJOSE will execute the access road to the logistical and industrial activity area of Asturias (Zalia) from the high capacity network**

The Principality of Asturias has awarded SANJOSE Constructora the execution works of the accesses to the logistical and industrial activity area of Asturias (Zalia) from the high capacity network, stretch: Zalia - Enlace de La Peñona within the motorway access to the port of Musel project of the Ministry of Public Works.

The project comprises the integral repair of the AS-326 (Tabaza-Tremañes) road, between Zalia and the junction with the Somonte industrial park, what will allow the distribution of traffic of the new road and the access from the regional road to the many Industrial facilities and surrounding companies.

The project also takes into account the construction of the motorway access to the port of El Musel by Lloreña tendered by the Ministry of Public Works and, consequently, eliminates a stretch of about 400 meters that overlapped with the state road.

▪ **Children's Education School of the French Lyceum in Madrid**

The French Lyceum of Madrid has awarded SANJOSE Constructora the construction of a new building of more than 5,500 sqm that will house 22 classrooms, library, two motricity rooms and a dining room.

Further, there will be an outdoor complex with two separate playgrounds, ample vegetation areas, 44 parking spaces for vehicles and space for buses.

▪ **SANJOSE is awarded the first stretch of the Metroguagua of Las Palmas de Gran Canaria**

The Sociedad Municipal de Gestión Urbanística of Las Palmas de Gran Canaria (GEURSA) has awarded SANJOSE Constructora the execution of the stretch Pío XII - Galicia of the Rapid Public Transport System in Las Palmas de Gran Canaria.

This first intervention of the Metroguagua project will consist of the creation of a new bus lane on the right bank (northbound) of the whole stretch, in order to provide fibre optic service to bus stops and to be able to centralise the control of the Metroguagua, the rearrangement of spaces and traffic, a bi-directional bike lane will be created between some streets, elevated pedestrian paths will be created and sidewalks and green areas will be expanded.

The project for the implementation of the Metroguagua is presented as the strategic axis on which the mobility policy Las Palmas de Gran Canaria is built, it relies on a total investment of EUR 100.4 million and is expected to be put into operation in the year 2021. Once completed, this high capacity line will redefine and improve the public space comprised throughout the 11.7 kilometres that will run between Hoya de la Plata and Manuel Becerra Square, with a total of 20 stops along its route.

▪ **District Heating Txomin - Enea San Sebastian**

The future neighbours of the new Txomin of San Sebastián 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 while reducing by 80% the CO2 emissions that would be generated in this municipal area.

The City of San Sebastian has awarded the JV formed by Tecnocontrol Servicios and Ferrovial Servicios the execution and maintenance during 15 years of this power plant that will provide service to 1,458 housing units and provide air conditioning services to more than 104,246 sqm.

▪ **Home for the Elderly (Leon)**

Caser Residencial Inmobiliaria, a company that owns and manages homes for the elderly and dependent people of the Caser Group, has entrusted SANJOSE Constructora the enlargement and remodelling works of the home of the elderly located in San Andres de Rabanedo, Leon.

▪ **SANJOSE is awarded the construction of residential developments in Malaga**

SANJOSE Constructora will build the residential development Residential La Valvega de La Cala, an urban development comprising 48 housing units, car park spaces and swimming pools in Mijas, Malaga.

Further, it has been awarded to the construction of Stage I of the residential development "Edificio Capitán", consisting of the construction of 55 housing units, car park spaces, storage rooms and commercial premises in Malaga.

▪ **SANJOSE will build housing in Portugal**

SANJOSE Constructora, through its branch office in Portugal, will build the "Santos Design" housing building at 11 Largo de Santos, in Lisbon, covering an area of 8,753 sqm.

On the other hand, Constructora UDRA, a subsidiary of SANJOSE Constructora in Portugal, will carry out the construction works of a residential building at 17-17 Rua Victor Cordon, in Lisbon.

▪ **Bankinter opens the remodelling of its offices in Alcobendas**

Bankinter has opened a new office space in its location at 12 Avenida de Bruselas, in Alcobendas, in the north of Madrid.

The remodelling of the former Bankinter office building, built between 1995 and 1996, and its union through two catwalks with the nearby building, has been run by Constructora SANJOSE.

The new property has a total surface amounting to 8,700 sqm. The project has been designed under the most innovative criteria of workspaces.

Extension of the General Belgrano Purification Plant, in Buenos Aires (Argentina)

The company "Aguas y Saneamiento Argentinos, S.A." (AYSA) has pre-awarded the expansion of the general water treatment plant Belgrano to Constructora SANJOSE, through a JV which it participates in a 50:50 ratio.

This is an important engineering project, with a built surface amounting to 40,000 sqm, which will provide the population of the metropolitan area of Buenos Aires (more than 4 million inhabitants) with drinkable water. The execution budget amounts to 2,257.5 million Argentinean pesos, approximately EUR 120 million, and is currently pre-awarded, pending administrative formalities, which are expected to be completed in a few months.

As of 30 June 2017, this project has not been included by addition to the final amount of the Group's backlog. The amount of the backlog will be increased consequently upon its final awarding.

2. MAIN CONSOLIDATED FIGURES

Main consolidated figures of Grupo SANJOSE for the first half of year 2017 (1S-2017), having recorded a EUR 7.9 million profit versus the EUR 5.1 million in the same period of previous year, are as follows.

Thousands of euros

	Grupo SANJOSE		
	Jun. 17	Jun. 16	Var.(%)
Revenue	332,041	270,356	22.8%
Operating cash flow (EBITDA)	20,381	21,543	-5.4%
	EBITDA margin	6.1%	8.0%
Ordinary operating profit (EBIT)	17,648	16,904	4.4%
	EBIT margin	5.3%	6.3%
Earnings before tax	11,869	11,379	4.3%
Income tax	-3,987	-6,246	-36.2%
Profit/(Loss) for the period	7,882	5,132	53.6%

To be highlighted:

- **22.8% revenue increase, amounting turnover for 1S-2017 to EUR 332 million**
- **4.4% increase of the operating profit for the period.**
- **EUR 7.9 million net profit for 1S-2017, 53.6 increase with regards to the same period of the previous year.**
- **Construction activity contributes 87.8% total activity of the Group, and EBITDA of this activity represents 65% total Grupo SANJOSE.**

Revenue:

Net revenue of Grupo SANJOSE for 1S-2017 stands at EUR 332 million, experiencing a 22.8% increase compared to the same period of the previous year.

One more quarter, the construction business activity keeps gaining importance within the Group's revenue, representing 87.8% total revenue, versus 84.6% for the same period of the previous year.

This activity represents 57% contract backlog of the Group at the end of the first half of 2017. Construction turnover for 1S-2017 stands at EUR 291.4 million, recording a 27.3% increase compared to the same period of the previous year.

The real estate division, as already recorded in previous quarters in 2016 and during the first quarter of 2017, decreases 68.6% with regards to that obtained in the same period of the previous year, mainly due to the commissioning of the residential development Parques de la Huaca in Lima (Peru), for being in its final stage.

On the other hand, sales of the Energy activity have increased 12.6% with regards to the same period of the previous year reaching EUR 5.9 million in 1S-2017 and representing 1.8% total activity of the Group

The Concessions and Services business line, the second most important activity for the Group, increases in 24% its revenue for the period, compares to the same period of the previous year, recording EUR 23.6 million turnover.

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

Thousands of euros

Revenues by activity	Grupo SANJOSE				
	Jun. 17	Jun. 16	Var.(%)		
Construction	291,392	87.8%	228,973	84.6%	27.3%
Real estate and property development	3,472	10%	11,072	4.1%	-68.6%
Energy	5,939	18%	5,276	2.0%	12.6%
Concessions and services	23,591	7.1%	19,019	7.0%	24.0%
Adjustment and other	7,647	2.3%	6,016	2.2%	
TOTAL	332,041		270,356		22.8%

The international market gains significant importance for the Group representing 60% total revenue of Grupo SANJOSE, following the trend of 1S-2016.

Sales of the Group increase in 22.8% in 1S-2017 with regards to the same period of the previous year. In the domestic market, sales increase in 27.7%, while sale in the international market increase in 19.8%.

Thousands of euros

Revenues by geography	Grupo SANJOSE				
	Jun. 17	Jun. 16	Var.(%)		
National	132,447	40%	103,713	38%	27.7%
International	199,594	60%	166,643	62%	19.8%
TOTAL	332,041		270,356		22.8%

Profit:

EBITDA of Grupo SANJOSE for 1S-2017 amounts to EUR 20.4 million, representing 6.1% on net revenue, compared to 8% in 1S-2016. This reduction is mainly due to the evolution of the real estate activity, as a consequence of the reduction in activity in Peru.

The Construction line of activity provides in 1S-2017 an EBITDA amounting to EUR 13.2 million.

Also noteworthy was the evolution of the Energy business line of activity, where EBITDA increased by 36.1% in 1S-2017 with regards to the same period of the previous year, and the decrease of EBITDA of the Concessions and Services business line of activity, with a slight margin reduction from 4.9% in 1S-2016 to 3.6% in 1S-2017.

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Breakdown of EBITDA by sector for 1S-2017 is as follows:

Thousands of euros					
EBITDA by activity	Grupo SANJOSE				
	Jun. 17		Jun. 16		Var.(%)
Construction	13,216	64.9%	13,928	64.8%	-5.1%
Real estate and property development	1,094	5.4%	4,128	19.2%	-73.5%
Energy	1,901	9.3%	1,397	6.5%	36.1%
Concessions and services	851	4.2%	937	4.2%	-9.2%
Adjustment and other	3,319	16.3%	1,153	5.4%	
TOTAL	20,381		21,543		-5.4%

EBIT of Grupo SANJOSE for 1S-2017 amounts to EUR 17.6 million, improving 4.4% with regards to the same period of the previous year and representing a 5.3% margin on net revenue.

Profit after taxes of Grupo SANJOSE for 1S-2017 amounts to EUR 7.9 million.

3. ANALISYS BY SECTOR

3.1 Construction:

This construction line of activity has generated revenues for EUR 291.4 million during 1S-2017, representing a 27.3% increase compared to the same period of the previous year.

EBITDA for 1S-2017 stands at EUR 13.2 million, representing a 4.5% margin on sales.

At the end of the first half of 2017, project backlog amounts to EUR 986 million.

Thousands of euros

CONSTRUCTION	Grupo SANJOSE		
	Jun. 17	Jun. 16	Var.(%)
Revenue	291,392	228,973	27.3%
Earnings before interest, taxes, D&A (EBITDA)	13,216	13,928	-5.1%
EBITDA margin	4.5%	6.1%	
Earnings before interest and taxes (EBIT)	12,246	10,261	19.4%
EBIT margin	4.2%	4.5%	
Earnings before tax of continued operations	4,618	4,690	-1.5%

Revenue breakdown for the construction 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	4,363	4.0%	15,485	8.5%	19,848	6.8%
Non residential building	81,662	74.9%	132,700	72.7%	214,362	73.5%
Residential building	16,731	15.3%	33,561	18.4%	50,291	17.3%
Industrial	6,342	5.8%	549	0.3%	6,890	2.4%
TOTAL	109,098	37%	182,295	63%	291,392	

Construction revenue at international level for 1S-2017 stands at EUR 182.3 million, recording a 24.4% increase compared to the same period of the previous year, and representing 63% total revenue of this line of activity.

On the other hand, sales at domestic market stand at EUR 109.1million compared to EUR 82.4 million for the same period of the previous year, recording a 32.3% increase. Domestic sales represent 37% total sales of this line of activity.

As a whole, sales within the Construction line of activity increase 27.3%.

3.2 Real estate:

Revenue for 1S-2017 for the real estate activity of Grupo SANJOSE stands at EUR 3.5 million.

A 68.6% decrease on sales is recorded in this line of activity with regards to the same period of the previous year due to the commissioning of the residential development Parques de la Huaca in Peru, in its final stage.

EBITDA margin on sales for 1S-2017 stands at 31.5%, experimenting a slight reduction of 5.8 percentage points with regards to the same period of the previous year, due to the reduction of activity in Peru.

The investment at the end of year 2016 by the Group in a plot of land, as well as works related to the development of the project and the achievement of licences and permits, will allow Grupo SANJOSE take over the construction activity and recover the turnover levels of previous years.

Thousands of euros

REAL ESTATE AND PROPERTY DEVELOPMENT	Grupo SANJOSE		
	Jun. 17	Jun. 16	Var.(%)
Revenue	3,472	11,072	-68.6%
Earnings before interest, taxes, D&A (EBITDA)	1,094	4,128	-73.5%
EBITDA margin	31.5%	37.3%	
Earnings before interest and taxes (EBIT)	1,150	4,410	-73.9%
EBIT margin	33.1%	39.8%	
Earnings before tax of continued operations	2,370	5,665	-58.2%

3.3 Energy:

Net revenue for 1S-2017 stands at EUR 5.9 million.

EBITDA stands at EUR 1.9 million, recording a 36.1% increase with regards to 1S-2016.

The EBITDA percentage over total sales for 1S-2017 stands at 32%, improving that for the previous year, what represents stability and recurrence.

Profit before taxes for 1S-2017 increases up to EUR 0.6 million.

Thousands of euros

ENERGY	Grupo SANJOSE		
	Jun. 17	Jun. 16	Var.(%)
Revenue	5,939	5,276	12.6%
Earnings before interest, taxes, D&A (EBITDA)	1,901	1,397	36.1%
EBITDA margin	32.0%	26.5%	
Earnings before interest and taxes (EBIT)	941	730	28.9%
EBIT margin	15.8%	13.8%	
Earnings before tax of continued operations	611	135	353.7%

Grupo SANJOSE has for this line of activity at 1S-2017 a contracted backlog amounting to EUR 501 million, which are materialised as higher activity of the Group in an average period of approximately 25 years.

3.4 Concessions & Services:

Net turnover for 1S-2017 stands at EUR 23.6 million, recording a 24% increase with regards to that of the same period in the previous year.

Thousands of euros

CONCESSIONS AND SERVICES	Grupo SANJOSE		
	Jun. 17	Jun. 16	Var.(%)
Revenue	23,591	19,019	24.0%
Earnings before interest, taxes, D&A (EBITDA)	851	937	-9.2%
EBITDA margin	3.6%	4.9%	
Earnings before interest and taxes (EBIT)	757	510	48.3%
EBIT margin	3.2%	2.7%	
Earnings before tax of continued operations	1,045	6,070	-82.8%

At 1S-2017, contracted backlog of the Group for this line of activity amounts to EUR 236 million.

4. FINANCIAL STATEMENTS

Consolidated Management Income Statement

Thousands of euros

	Grupo SANJOSE				
	Jun. 17		Jun. 16		Variac.
	Amount	%	Amount	%	
Revenue	332,041	100.0%	270,356	100.0%	22.8%
Other operating income	29	0.0%	3,497	1.3%	-99.2%
Change in inventories	-25	0.0%	-5,105	-1.9%	-99.5%
Procurements	-220,366	-66.4%	-168,951	-62.5%	30.4%
Staff costs	-53,295	-16.1%	-44,407	-16.4%	20.0%
Other operating expenses	-38,003	-11.4%	-33,847	-12.5%	12.3%
EBITDA	20,381	6.1%	21,542	8.0%	-5.4%
Amortisation charge	-4,042	-1.2%	-2,800	-1.0%	44.3%
Impairment on inventories	108	0.0%	744	0.3%	-85.5%
Changes in trade provisions and other impairment	1,201	0.4%	-2,581	-1.0%	--
EBIT	17,648	5.3%	16,904	6.3%	4.4%
Ordinary financial results	-3,175	-1.0%	-4,556	-1.7%	-30.3%
Foreign exchange results and others	-2,240	-0.7%	-734	-0.3%	205.3%
NET FINANCIAL RESULT	-5,415	-1.6%	-5,290	-2.0%	2.4%
Results on equity method	-364	-0.1%	-235	-0.1%	55.1%
PROFIT BEFORE TAX	11,869	3.6%	11,379	4.2%	4.3%
Income tax	-3,987	-1.2%	-6,246	-2.3%	-36.2%
CONSOLIDATED PROFIT	7,882	2.4%	5,133	1.9%	53.5%

- **Net revenue:** it improves in 22.8% that obtained in 1S- 2016.
- **Profit for the period:** profit for the 1S-2017 amounts to EUR 7.9 million (EUR 5.1 million for the same period of the previous year), recording a 53.5% increase.

Consolidated Management Balance Sheet

Thousands of euros

	Jun. 17		Dic. 16		Var.
	Amount	%	Amount	%	
Intangible assets	19,025	2.1%	20,557	2.0%	-7.5%
Property, plant and equipment	45,967	5.0%	45,900	4.5%	0.1%
Real state investments	3,964	0.4%	4,711	0.5%	-15.9%
Investments accounted	50,191	5.5%	53,121	5.2%	-5.5%
Long term financial investments	111,797	12.1%	150,947	14.7%	-25.9%
Deferred taxes assets	31,243	3.4%	32,839	3.2%	-4.9%
Goodwill on consolidation	9,984	1.1%	9,984	1.0%	0.0%
TOTAL NON-CURRENT ASSETS	272,171	29.6%	318,059	31.1%	-14.4%
Non current assets held for sale	0	0.0%	4,186	0.4%	
Inventories	104,888	11.4%	104,122	10.2%	0.7%
Trade and other receivables	241,126	26.2%	242,529	23.7%	-0.6%
Other short term financial investments	100,126	10.9%	101,884	10.0%	-1.7%
Cash and cash equivalents	202,052	22.0%	251,839	24.6%	-19.8%
TOTAL CURRENT ASSETS	648,192	70.4%	704,560	68.9%	-8.0%
TOTAL ASSETS	920,363	100.0%	1,022,619	100.0%	-10.0%

Thousands of euros

	Jun. 17		Dic. 16		Var.
	Amount	%	Amount	%	
(*)					
Equity attributable to shareholders of the parent	60,933	6.6%	60,737	5.9%	0.3%
Minority interest	19,133	2.1%	21,297	2.1%	-10.2%
TOTAL EQUITY	80,066	8.7%	82,034	8.0%	-2.4%
Long term provisions	26,463	2.9%	28,963	2.8%	-8.6%
Long term financial liabilities	322,964	35.0%	383,617	37.5%	-15.8%
Long term derivative financial contracts	735	0.1%	906	0.1%	-18.9%
Deferred taxes liabilities	14,898	1.6%	15,491	1.5%	-3.8%
Other long term liabilities	937	0.1%	965	0.1%	-2.9%
TOTAL NON CURRENT LIABILITIES	365,999	39.8%	429,942	42.0%	-14.9%
Short term provisions	41,372	4.5%	42,386	4.1%	-2.4%
Short term financial liabilities	68,222	7.4%	63,724	6.2%	7.1%
Payables to related companies	69	0.0%	2,620	0.3%	-97.4%
Trade accounts and other current payables	364,635	39.6%	401,913	39.4%	-9.3%
TOTAL CURRENT LIABILITIES	474,298	51.5%	510,643	50.0%	-7.1%
TOTAL EQUITY & LIABILITIES	920,363	100.0%	1,022,619	100.0%	-10.0%

(*) **Management Net Equity:** EUR 106.2 million and EUR 104.7 million have been recorded under this item at 30 June 2017 and 31 December 2016, respectively, as shareholder loan of Grupo Empresarial San José, S.A.

Net Cash Position

Thousands of euros

NET CASH POSITION	Jun. 17		Dic. 16		Var.
	Amount	%	Amount	%	
Other short term financial investments	100,126	33.1%	101,884	28.8%	-1.7%
Cash and cash equivalents	202,052	66.9%	251,839	71.2%	-19.8%
Total cash	302,178	100%	353,723	100%	-14.6%
Long term financial liabilities (*)	322,964	82.4%	383,617	85.1%	-15.8%
Long term derivative financial contracts	735	0.2%	906	0.2%	-18.9%
Short term financial liabilities	68,291	17.4%	66,344	14.7%	2.9%
Total debt	391,990	100%	450,867	100%	-13.1%
TOTAL NCP	89,811		97,143		-7.5%

Net cash position at 1S-2017 amounts to EUR 89.9 million compared to EUR 97.1 million at 31 December 2016, when net cash position was reduced in EUR 70.0 million. In 1S-2017, reduction represents 7.5%.

Liabilities are reduced by 13.1%.

Net cash position at 30 June 2017 includes the funding of other non-recourse projects of Grupo SANJOSE for EUR 137.6 million.

5. PROJECT BACKLOG

Millions of euros

BACKLOG by segment	Grupo SANJOSE				
	Jun. 17		Dic. 16		Var.(%)
Construction	986	57%	1,134	60%	-13.1%
Civil works	143	8.3%	214	11.4%	-33.1%
Non residential building	611	35.4%	720	38.2%	-15.1%
Residential building	228	13.3%	195	10.4%	17.0%
Industrial	4	0.2%	7	0.3%	-42.0%
Energy	501	29%	506	27%	-0.9%
Concessions and services	236	14%	248	13%	-5.0%
Maintenance	23	2%	23	1%	-2.0%
Concessions	213	12%	226	12%	-5.8%
TOTAL BACKLOG	1,723	100%	1,889	100%	-8.8%

Millions of euros

BACKLOG by geography	Grupo SANJOSE				
	Jun. 17		Dic. 16		Var.(%)
National	915	53%	872	46%	5.0%
International	807	47%	1,017	54%	-20.6%
TOTAL BACKLOG	1,723		1,889		-8.8%

Millions of euros

BACKLOG by client	Grupo SANJOSE				
	Jun. 17		Dic. 16		Var.(%)
Public client	1,000	58%	1,215	64%	-17.7%
Private client	723	42%	674	36%	7.2%
TOTAL BACKLOG	1,723		1,889		-8.8%

Project backlog experiments a slight decrease of 8.8% with regards to December 2016, being stable both in volume and distribution by type of activity, geographic area and type of customer, highlighting total international backlog which represents 53%.

6. LEGAL DISCLAIMER

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