ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries

Consolidated Annual Accounts for the year ended December 31, 2019, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Consolidated Directors' Report

ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries

Consolidated Annual Accounts

31 December 2019

Consolidated Directors' Report

2019

(With Independent Auditor's Report Thereon)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the shareholders of ACS, Actividades de Construcción y Servicios, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of ACS, Actividades de Construcción y Servicios, S.A. ("the Parent") and subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position at 31 December 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2019 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue from long-term contracts See notes 03.16, 12 and 27 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
A significant portion of the ACS Group's revenues relate to contracts for construction and industrial services in which revenues are recognised using the percentage of completion method or the stage of completion of the contract. The recognition of revenue and the profit/loss on these contracts therefore entails a high level of judgement by management and the Directors and control of the estimates made and any deviations that might arise over the contract terms. The estimates take into account all costs and revenue associated with the contracts, including any additional costs not initially budgeted, any risks or claims being disputed, and any revenue under negotiation with or being claimed from customers. Due to the uncertainty associated with these estimates and the fact that changes therein could lead to material differences in the revenue recorded, this has been considered a key audit matter.	Our audit procedures included the following: – Assessing the design and implementation of the key controls related to the process of recognising revenue using the percentage of completion method and the budget planning process, evaluating the methodology and monitoring of the assumptions used in preparing the budgets for the contracts; – Based on certain quantitative and qualitative criteria, we selected a sample of the construction and industrial services contracts to evaluate the most significant and complex estimates performed in the recognition of revenues. We obtained documentation supporting these estimates and evidence of the judgements made, where applicable, by management and the Directors; – Comparative analysis of the profit/loss on the completed contracts with the budgeted profit/loss, analysing the historical performance and control performed by the Group and the judgement applied, assessing whether, in general, they give a balanced picture of the contract risks; – Analysing the key clauses of a selection of contracts, identifying relevant contractual mechanisms, such as penalties and bonuses and assessing whether or not such clauses have been appropriately reflected in the amounts recognised in the annual accounts;

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	– Assessing the reasonableness and the judgement applied by management and the Directors in evaluating the work completed and pending certification, pending approval by the customer, recognised as revenue at year end, updating the status of negotiations with customers of the main case files and considering the reasonableness and consistency of the documentation underpinning the probability of recovery, considering our own expectations based on knowledge of the client and our experience in the sector and in the countries where the Group operates; – Assessing whether the provisions recognised at year end in relation to each of the contracts reasonably reflect the main obligations and the level of risk of the contracts, assessing the Group's judgement in these estimates; – Evaluating whether the disclosures in the consolidated annual accounts comply with the requirements of the financial reporting framework applicable to the Group.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Recognition and measurement of the obligations and impairment losses on assets in relation to BICC See notes 09 and 10.02 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
After the Group had performed a strategic review of its investment in BIC Contracting LLC ("BICC"), CIMIC decided it would no longer provide financial support to BICC and would commence sale of this subsidiary. These decisions have led to the recognition of provisions and impairment of BICC's assets amounting to Euros 1,695 million. The Group has assessed the implications of these decisions, basically recognising: - Impairment of loans extended to BICC by CIMIC and valuing CIMIC's purchase option in BICC at zero. - Provisions for the guarantees that CIMIC extended to certain financial institutions in respect of BICC's financial commitments. The assessment of the need to recognise impairment of loans and other assets as well as provisions in relation to the guarantees extended and the measurement of the fair value of CIMIC's purchase option in BICC, require significant judgements by the Directors and management in relation to the quantification of their effects, the year in which they should be recognised in the accounts and the information that should be reflected in the consolidated annual accounts, therefore this has been considered a key audit matter.	Our audit procedures included the following: - Analysing statements released to the markets by CIMIC, Hochtief and ACS in relation to the decisions taken regarding BICC. - Assessing the estimates and value judgements made by the Group in the measurement of: • Impairment of the loans extended to BICC and the existing purchase option in respect of the investment. • Recognition of provisions for obligations pursuant to the financial guarantees extended by CIMIC to BICC's lending institutions. - Evaluating whether the disclosures in the consolidated annual accounts comply with the requirements of the financial reporting framework applicable to the Group.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Recoverability of deferred tax assets

See notes 03.19 and 26.05 to the consolidated annual accounts

Key audit matter	*How the matter was addressed in our audit*
At 31 December 2019, "Deferred tax assets" in the consolidated statement of financial position include Euros 679 million and Euros 550 million in tax credits (tax loss carryforwards and credits) of the Spanish tax group and the tax effect of the temporary differences that have arisen in the investee CIMIC in relation to the losses recognised as a result of the decision to no longer provide financial support to BICC Contracting LLC (BICC) and to commence sale of this subsidiary. The recognition of deferred tax assets entails a high level of judgement by management and the Directors in assessing the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and tax planning opportunities. Due to the significance of the amounts of these deferred tax assets and the uncertainty associated with their recoverability, this has been considered a key audit matter.	Our audit procedures included the following: - Assessing the design and implementation of the controls over the recognition and measurement of deferred tax assets; - Assessing the key assumptions used to estimate the Group's future taxable profits; - We compared these key assumptions with data from external sources, such as economic forecasts, and the Group's historical data; - We used our tax specialists to perform an assessment of the tax planning strategies and to assess the appropriateness of the Group's approach in circumstances in which the tax treatment may be uncertain; - We assessed the sufficiency of the future taxable profits to offset deferred tax assets within the time limit established, as well as their consistency with the financial reporting framework applicable to the Group; - We also obtained the report prepared by an independent expert in relation to the recognition and recoverability of the deferred tax assets in relation to the losses recognised in CIMIC related to BICC; - Evaluating whether the disclosures in the consolidated annual accounts comply with the requirements of the financial reporting framework applicable to the Group.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Final purchase price allocation of ABERTIS See note 09 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
At 31 December 2019 the Group holds an equity-accounted investment of Euros 3,417,754 thousand in Abertis Holdco, S.A. that is recognised in the consolidated statement of financial position under "Investments accounted for using the equity method". In 2019 the Group allocated the final purchase price (PPA) of Abertis. The recognition of the final PPA is a complex exercise that requires the application of value judgements in identifying and determining the definitive fair value of the assets and liabilities acquired. The valuation used for this purpose was calculated by an expert engaged by the Group. We consider that this process of allocating the final purchase price is a key audit matter due to the inherent judgement involved in making fair value estimates.	Our audit procedures included the following: - Assessing the design and implementation of key controls related to the process of allocating the final purchase price. - Evaluating and discussing with management the process followed for identifying and recognising the assets and liabilities acquired, obtaining the valuation report prepared by the independent expert engaged by the Group, evaluating the methodology and key assumptions used therein to determine the fair values of the assets and liabilities acquired and their identification, involving our valuation specialists in the valuation. - Evaluating whether the disclosures in the consolidated annual accounts comply with the requirements of the financial reporting framework applicable to the Group.

Emphasis of Matter

We draw attention to note 32 to the accompanying consolidated annual accounts, in which the Directors mention the event after the reporting period in relation to the health emergency triggered by the outbreak of Coronavirus disease 2019 (COVID-19). In this note they indicate that, at the date the accompanying consolidated annual accounts were authorised for issue, no significant consequences have occurred that affect the Group and that it is not possible to estimate the possible future impacts that this event could have. Our opinion is not modified in respect of this matter.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2019 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility as regards the content of the consolidated directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels:

a) A specific level applicable to the consolidated non-financial information statement, as well as certain information included in the Annual Corporate Governance Report, as defined in article 35.2. b) of Audit Law 22/2015, which consists solely of verifying that this information has been provided in the consolidated directors' report, or where applicable, that the consolidated directors' report makes reference to the separate report on non-financial information, as provided for in legislation, and if not, to report on this matter.

b) A general level applicable to the rest of the information included in the consolidated directors' report, which consists of assessing and reporting on the consistency of this information with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that the information mentioned in section a) above has been provided in the consolidated directors' report, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2019, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 26 March 2020.

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting held on 10 May 2019 for the three years ended 31 December 2019, 2020 and 2021.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

Manuel Martín Barbón
On the Spanish Official Register of Auditors ("ROAC") with No. 16239

26 March 2020

ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries

Consolidated Annual Accounts for the year ended December 31, 2019, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union

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Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

ASSETS	Note	Thousands of Euros		
		31/12/2019	31/12/2018	01/01/2018
			(*)	(*)
NON-CURRENT ASSETS		**14,348,753**	**14,216,260**	**10,973,760**
Intangible assets	04	**4,067,737**	**4,041,120**	**4,132,335**
Goodwill		3,121,828	3,077,742	3,078,746
Other intangible assets		945,909	963,378	1,053,589
Tangible assets - property, plant and equipment	05	**2,671,006**	**2,468,425**	**2,231,909**
Non-current assets in projects	06	**169,210**	**189,406**	**263,766**
Investment property	07	**26,214**	**36,151**	**35,065**
Investments accounted for using the equity method	09	**4,411,440**	**4,709,388**	**1,295,236**
Non-current financial assets	10	**889,120**	**1,196,648**	**1,253,378**
Long term deposits	10	**283**	**230**	**8,351**
Derivative financial instruments	22	**7,401**	**63,495**	**52,251**
Deferred tax assets	26.05	**2,106,342**	**1,511,397**	**1,701,469**
CURRENT ASSETS		**24,242,973**	**21,484,964**	**19,297,460**
Inventories	11	**910,965**	**866,521**	**1,002,558**
Trade and other receivables	12	**11,552,441**	**10,890,826**	**9,475,122**
Trade receivables for sales and services	10	9,734,562	9,038,036	7,996,070
Other receivable	10	1,668,074	1,521,655	1,164,400
Current tax assets	26	149,805	331,135	314,652
Other current financial assets	10	**1,339,029**	**1,463,855**	**1,518,084**
Derivative financial instruments	22	**11,259**	**53,190**	**393,023**
Other current assets	13	**228,889**	**210,206**	**177,143**
Cash and cash equivalents	10 and 14	**8,089,419**	**6,966,457**	**6,319,318**
Non-current assets held for sale and discontinued operations	03.09	**2,110,971**	**1,033,909**	**412,212**
TOTAL ASSETS		**38,591,726**	**35,701,224**	**30,271,220**

(*) Data restated.

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of financial position at 31 December 2019.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

EQUITY AND LIABILITIES	Note	Thousands of Euros		
		31/12/2019	31/12/2018	01/01/2018
			(*)	(*)
EQUITY	15	**5,495,906**	**5,990,656**	**2,910,355**
SHAREHOLDERS' EQUITY		**4,777,606**	**4,646,578**	**2,360,249**
Share capital		**157,332**	**157,332**	**157,332**
Share premium		**897,294**	**897,294**	**897,294**
Reserves		**3,163,495**	**2,897,879**	**624,388**
(Treasury shares and equity interests)		**(402,542)**	**(221,505)**	**(120,775)**
Profit for the period of the parent		**962,027**	**915,578**	**802,010**
ADJUSTMENTS FOR CHANGES IN VALUE		**(361,459)**	**(292,027)**	**(257,141)**
Financial assets with changes in other comprehensive income		**(20,789)**	**(33,424)**	**(39,753)**
Hedging instruments		**(166,833)**	**(58,767)**	**(36,239)**
Translation differences		**(173,837)**	**(199,836)**	**(181,149)**
EQUITY ATTRIBUTED TO THE PARENT		**4,416,147**	**4,354,551**	**2,103,108**
NON-CONTROLLING INTERESTS		**1,079,759**	**1,636,105**	**807,247**
NON-CURRENT LIABILITIES		**9,040,996**	**9,142,499**	**7,969,615**
Grants	16	**2,697**	**3,227**	**4,007**
Non-current provisions	20	**1,361,923**	**1,682,857**	**1,567,109**
Non-current financial liabilities		**6,433,987**	**6,251,943**	**5,160,671**
Bank borrowings, debt instruments and other marketable securities	17	6,150,860	6,015,773	4,810,149
Project finance with limited recourse	18	122,496	100,678	147,130
Other financial liabilities	19	160,631	135,492	203,392
Long term lease liabilities	03.24	**686,944**	**694,873**	**615,336**
Derivative financial instruments	22	**72,239**	**45,051**	**48,292**
Deferred tax liabilities	26.05	**383,121**	**380,456**	**478,372**
Other non-current liabilities		**100,085**	**84,092**	**95,828**
CURRENT LIABILITIES		**24,054,824**	**20,568,069**	**19,391,250**
Current provisions	20	**1,235,006**	**1,043,569**	**903,085**
Current financial liabilities		**3,048,464**	**2,175,315**	**2,879,112**
Bank borrowings, debt instruments and other marketable securities	17	2,867,889	2,092,330	2,676,136
Project finance with limited recourse	18	18,502	16,078	47,827
Other financial liabilities	19	162,073	66,907	155,149
Short term lease liabilities	03.24	**321,251**	**306,673**	**206,576**
Derivative financial instruments	22	**28,381**	**81,967**	**67,503**
Trade and other payables	23	**16,755,779**	**15,965,669**	**14,649,556**
Suppliers		9,991,782	9,437,923	8,331,696
Other payables		6,604,046	6,410,350	6,162,996
Current tax liabilities	26	159,951	117,396	154,864
Other current liabilities	24	**551,458**	**458,279**	**463,824**
Financial liabilities related to BICC	09 and 10.02	**927,431**	**-**	**-**
Liabilities relating to non-current assets held for sale and discontinued operations	03.09	**1,187,054**	**536,597**	**221,594**
TOTAL EQUITY AND LIABILITIES		**38,591,726**	**35,701,224**	**30,271,220**

(*) Data restated.

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of financial position at 31 December 2019.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Thousands of Euros	
		2019	2018
			(*)
REVENUE	27	**39,048,873**	**36,658,516**
Changes in inventories of finished goods and work in progress		15,718	(51,723)
Capitalised expenses of in-house work on assets	27	4,212	(16,457)
Procurements	28.01	(25,752,669)	(23,910,433)
Other operating income	27	323,184	245,601
Personnal expenses	28.02	(8,394,427)	(7,909,958)
Other operating expenses		(2,698,874)	(2,554,841)
Depreciation and amortisation	04,05,06 and 07	(969,714)	(817,601)
Allocation of grants relating to non-financial assets and others	16	909	1,242
Impairment and gains on the disposal of non-current assets	29	296,085	24,723
Other results		(80,589)	(165,993)
Impairment of financial instruments	09 and 29	(1,464,791)	-
Ordinary results of companies accounted for using the equity method	02.01 and 09	553,310	381,761
Financial income		205,127	154,839
Financial costs	28.05	(497,202)	(451,491)
Changes in the fair value of financial instruments	22 and 28.04	30,075	66,263
Exchange differences		4,197	(11,083)
Impairment and gains or losses on the disposal of financial instruments	29	3,627	2,704
Non-ordinary results of companies accounted for using the equity method		4,555	4,227
PROFIT BEFORE TAX		**631,606**	**1,650,296**
Income tax	26.03	84,062	(389,134)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**715,668**	**1,261,162**
Profit after tax from discontinued operations	(**)	-	-
PROFIT FOR THE PERIOD		**715,668**	**1,261,162**
Profit attributed to non-controlling interests	15.07	246,359	(345,584)
Profit from discontinued operations attributable to non-controlling interests	15.07	-	-
PROFIT ATTRIBUTABLE TO THE PARENT		**962,027**	**915,578**

(**) Profit after tax from discontinued operations attributable to non-controlling interests	03.09	-	-

EARNINGS PER SHARE		Euros per share	
		2019	2018
Basic earnings per share	31	3.13	2.94
Diluted earnings per share	31	3.13	2.94
Basic earnings per share from discontinued operations	31	-	-
Basic earnings per share from continuing operations	31	3.13	2.94
Diluted earnings per share from discontinued operations	31	-	-
Diluted earnings per share from continuing operations	31	3.13	2.94

(*) Data restated.

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated income statement for the year ended 31 December 2019.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Thousands of Euros					
	2019			2018 (*)		
	Of the parent	Of non-controlling interests	Total	Of the parent	Of non-controlling interests	Total
A) Total consolidated profit	**962,027**	**(246,359)**	**715,668**	**915,578**	**345,584**	**1,261,162**
Profit from continuing operations	962,027	(246,359)	715,668	915,578	345,584	1,261,162
Profit from discontinued operations	-	-	-	-	-	-
B) Income and expenses recognised directly in equity	**(96,989)**	**(4,998)**	**(101,987)**	**(74,380)**	**5,151**	**(69,229)**
Measurement of financial instruments	14,800	14,524	29,324	14,568	(17,262)	(2,694)
Cash flow hedges	(50,717)	(6,447)	(57,164)	(210)	18,688	18,478
Translation differences	(1,259)	16,096	14,837	(22,752)	35,627	12,875
Actuarial gains and losses (**)	(18,622)	(18,302)	(36,924)	(10,158)	(9,984)	(20,142)
Equity method investment	(56,994)	(11,349)	(68,343)	(52,283)	(21,671)	(73,954)
Tax effect	15,803	480	16,283	(3,545)	(247)	(3,792)
C) Transfers to profit or losses	**9,870**	**10**	**9,880**	**32,602**	**15,805**	**48,407**
Measurement of financial instruments	-	-	-	(125)	-	(125)
Cash flow hedges	10,247	-	10,247	11,544	-	11,544
Translation differences	(39)	10	(29)	27,492	1,859	29,351
Equity method investment	2,224	-	2,224	(3,454)	13,946	10,492
Tax effect	(2,562)	-	(2,562)	(2,855)	-	(2,855)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**874,908**	**(251,347)**	**623,561**	**873,800**	**366,540**	**1,240,340**

(*) Data restated.

(**) The only item of income and expense recognized directly in equity which cannot be subsequently subject to transfer to the consolidated income statement is the one corresponding to actuarial gains and losses.

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2019.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Thousands of Euros (*)							
	Share capital	Share premium	Retained earnings and other reserves	Treasury shares	Valuation adjustments	Profit/(Loss) attributed to the Parent	Non-controlling interests	TOTAL
Balance at 31 December 2017	**157,332**	**897,294**	**2,222,729**	**(120,775)**	**(215,710)**	**802,010**	**1,421,149**	**5,164,029**
Changes in accounting policies IFRS 15 and 9	-	-	(1,553,561)	-	(41,329)	-	(591,293)	**(2,186,183)**
Changes in accounting policies IFRS 16	-	-	(44,780)	-	(102)	-	(22,609)	**(67,491)**
Balance at 01 January 2018 (*)	**157,332**	**897,294**	**624,388**	**(120,775)**	**(257,141)**	**802,010**	**807,247**	**2,910,355**
Income / (expenses) recognised in equity	-	-	(6,893)	-	(35,402)	915,021	365,173	**1,237,899**
Capital increases / (reductions)	4,006	-	(4,006)	-	-	-	-	**-**
Stock options	-	-	1,677	-	-	-	-	**1,677**
Distribution of profit from the prior year								
To reserves	-	-	802,010	-	-	(802,010)	-	**-**
2017 acquisition of bonus issue rights	-	-	(98,147)	-	-	-	-	**(98,147)**
Remaining allotment rights from 2017 accounts	-	-	95,862	-	-	-	-	**95,862**
To dividends	-	-	-	-	-	-	(171,744)	**(171,744)**
Treasury shares	(4,006)	-	(261,216)	(100,730)	-	-	-	**(365,952)**
Treasury shares through investees	-	-	722	-	-	-	709	**1,431**
Change in listed investees	-	-	1,774,283	-	-	-	636,369	**2,410,652**
Change in the scope of consolidation and other effects of a lesser amount	-	-	(40,860)	-	-	-	7,042	**(33,818)**
Balance at 31 December 2018	**157,332**	**897,294**	**2,887,820**	**(221,505)**	**(292,543)**	**915,021**	**1,644,796**	**5,988,215**
Changes in accounting policies IFRS 16	-	-	10,059	-	516	557	(8,691)	**2,441**
Balance at 01 January 2019 (*)	**157,332**	**897,294**	**2,897,879**	**(221,505)**	**(292,027)**	**915,578**	**1,636,105**	**5,990,656**
Income / (expenses) recognised in equity	-	-	(17,687)	-	(69,432)	962,027	(251,347)	**623,561**
Capital increases/(reductions) (Note 15)	5,401	-	(5,401)	-	-	-	-	**-**
Stock options	-	-	4,471	-	-	-	-	**4,471**
Distribution of profit from the prior year								
To reserves	-	-	915,578	-	-	(915,578)	-	**-**
2018 acquisition of bonus issue rights (Note 15)	-	-	(141,599)	-	-	-	-	**(141,599)**
Remaining allotment rights from 2018 accounts (Note 15)	-	-	104,723	-	-	-	-	**104,723**
2018 acquisition of bonus issue rights (Note 15)	-	-	(456,264)	-	-	-	-	**(456,264)**
Remaining allotment rights from 2018 accounts	-	-	298,330	-	-	-	-	**298,330**
To dividends	-	-	-	-	-	-	(290,634)	**(290,634)**
Treasury shares	(5,401)	-	(383,662)	(181,037)	-	-	-	**(570,100)**
Treasury shares through investees	-	-	744	-	-	-	731	**1,475**
Change in the scope of consolidation and other effects of a lesser amount	-	-	(53,617)	-	-	-	(15,096)	**(68,713)**
Balance at 31 December 2019	**157,332**	**897,294**	**3,163,495**	**(402,542)**	**(361,459)**	**962,027**	**1,079,759**	**5,495,906**

(*) Data restated.

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2019.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

		Note	Thousands of Euros	
			2019	2018
				(*)
A)	**CASH FLOWS FROM OPERATING ACTIVITIES**		**2,378,711**	**2,321,789**
1.	**Profit before tax**		**631,606**	**1,650,296**
2.	**Adjustments for:**		**1,869,578**	**763,225**
	Depreciation and amortisation		969,714	817,601
	Other adjustments to profit (net)	03.23	899,864	(54,376)
3.	**Changes in working capital**		**(217,250)**	**118,099**
4.	**Other cash flows from operating activities:**		**94,777**	**(209,831)**
	Interest paid	17, 18 and 19	(498,598)	(440,016)
	Dividends received		632,917	211,849
	Interest received		168,624	136,105
	Income tax (paid) / received	26	(208,166)	(117,769)
B)	**CASH FLOWS FROM INVESTING ACTIVITIES**	04,05,06 and 07	**(1,324,080)**	**(3,646,151)**
1.	**Investment paid:**		**(1,754,161)**	**(21,277,127)**
	Group companies, associates and business units		(226,745)	(3,660,542)
	Disbursements for the acquisition of Abertis Infraestructuras (ACS Group shareholding)		-	(8,259,770)
	Disbursements for the acquisition of Abertis Infraestructuras (Atlantia shareholding)		-	(8,259,771)
	Property, plant and equipment, intangible assets, projects and property investments	03.23	(1,163,122)	(809,599)
	Other financial assets		(361,191)	(255,577)
	Other assets		(3,103)	(31,868)
2.	**Divestment:**	03, 04, 05, 06, 07 and 09	**430,081**	**17,630,976**
	Group companies, associates and business units		220,934	187,971
	Proceeds from the sale of Abertis Infraestructuras (ACS Group shareholding)		-	8,259,770
	Proceeds from the sale of Abertis Infraestructuras (Atlantia shareholding)		-	8,259,771
	Property, plant and equipment, intangible assets, projects and investment property		84,101	108,235
	Other financial assets		114,493	810,023
	Other assets		10,553	5,206
C)	**CASH FLOWS FROM FINANCING ACTIVITIES**		**(52,379)**	**1,910,700**
1.	**Equity instrument proceeds / (and payment):**	02.02.f and 15	**(593,040)**	**1,847,732**
	Acquisition		(610,441)	(405,611)
	Disposal		17,401	2,253,343
2.	**Liability instrument proceeds / (and payment):**	17, 18 and 19	**1,700,444**	**662,346**
	Issue		6,057,262	4,333,121
	Bridge financing for the acquisition of Abertis Infraestructuras (ACS Group shareholding)		-	8,147,325
	Bridge financing for the acquisition of Abertis Infraestructuras (Atlantia shareholding)		-	8,259,771
	Refund and repayment		(4,356,818)	(3,670,775)
	Repayment of bridge financing for the acquisition of Abertis Infraestructuras (ACS Group shareholding)		-	(8,147,325)
	Repayment of bridge financing for the acquisition of Abertis Infraestructuras (Atlantia shareholding)		-	(8,259,771)
3.	**Dividends paid and remuneration relating to other equity instruments:**	15.01	**(485,607)**	**(315,861)**
4.	**Other cash flows from financing activities:**		**(674,176)**	**(283,517)**
	Payment of operating lease principal		(386,553)	(270,899)
	Other financing activity proceeds and payables	03.23	(287,623)	(12,618)
D)	**EFFECT OF CHANGES IN EXCHANGE RATES**		**120,710**	**60,801**
E)	**NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS**		**1,122,962**	**647,139**
F)	**CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD**		**6,966,457**	**6,319,318**
G)	**CASH AND CASH EQUIVALENTS AT END OF THE PERIOD**		**8,089,419**	**6,966,457**

1. CASH FLOWS FROM OPERATING ACTIVITIES		-	-
2. CASH FLOWS FROM INVESTING ACTIVITIES		-	-
3. CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET CASH FLOWS FROM DISCONTINUED OPERATIONS		**-**	**-**

CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
Cash and banks		6,287,809	5,529,558
Other financial assets		1,801,610	1,436,899
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**8,089,419**	**6,966,457**

(*) Data restated.

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of cash flows for the year ended 31 December 2019.

ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries

Notes to the Consolidated Annual Accounts for the year ended December 31, 2019

01. Group Activity

ACS, Actividades de Construcción y Servicios, S.A., the Parent, is a company incorporated in Spain in accordance with the Spanish Public Limited Liability Companies Law, and its registered office is at Avda. de Pío XII, 102, 28036 Madrid.

In addition to the operations carried on directly thereby, ACS, Actividades de Construcción y Servicios, S.A. is the head of a group of subsidiaries that engage in various business activities and which compose, together with the Company, the ACS Group. Therefore, ACS, Actividades de Construcción y Servicios, S.A. is obliged to prepare, in addition to its own individual annual accounts, the Group's consolidated annual accounts, which also include the interests in joint agreements and investments in associates.

In accordance with its company object, the main business activities of ACS, Actividades de Construcción y Servicios, S.A., the Parent of the ACS Group, are as follows:

1. The business of constructing all kinds of public and private works, as well as the provision of services, for the conservation, maintenance and operation of motorways, freeways, roads and, in general any type of public or private ways and any other type of works, and any kind of industrial, commercial and financial actions and operations which bear a direct or indirect relationship thereto.
2. The promotion, construction, restoration and sale of housing developments and all kinds of buildings intended for industrial, commercial or residential purposes, either alone or through third parties. The conservation and maintenance of works, facilities and services, whether urban or industrial.
3. The direction and execution of all manner of works, facilities, assemblies and maintenance related to production plants and lines, electric power transmission and distribution, substations, transformation, interconnection and switching centers, generation and conversion stations, electric, mechanical and track installations for railways, metros and light rail, railway, light rail and trolleybus electrification, electric dam installations, purifying plants, drinking water treatment plants, wharfs, ports, airports, docks, ships, shipyards, platforms, flotation elements, and any other elements for diagnostics, tests, security and protection, controls for interlocking, operating, metering - either directly remotely - for industries and buildings as well as those suited to the above listed, facilities, electrification, public lighting and illumination, electric installations in mines, refineries and explosive environments; and in general all manner of, facilities related to the production, transmission, distribution, upkeep, recovery and use of electric energy in all its stages and systems, as well as the operation repair, replacement and upkeep of the components thereof. Control and automation of all manner of electric networks and installations, remote controls and computer equipment required for the management, computerization and rationalization of all kinds of energy consumption.
4. The direction and execution of all manner of works, facilities, assemblies and maintenance related to the electronics of systems and networks for telephone, telegraph, signaling and S.O.S. communications, civil defense, defense and traffic, voice and data transmission and use, measurements and signals, as well as propagation, broadcast, repetition and reception of all kinds of waves, antennas, relays, radio-links, navigation aids, equipment and elements required for the execution of such works, assemblies and facilities.
5. The direction and execution of all manner of works, facilities, assemblies and maintenance related to the development, production, transformation, storage, transmission, channeling, distribution, use, metering and maintenance of any other kind of energy and energy product, and of any other energy that may be used in the future, including the supply of special equipment, elements required for installation and assembly, and materials of all kinds.
6. The direction and execution of all manner of works, assemblies, facilities and maintenance of hydroelectric works to develop, store, raise, drive or distribute water, and its piping, transport and distribution, including water and gas treatment facilities.
7. The direction and execution of all manner of works, assemblies, facilities and maintenance for developing, transporting, channeling and distributing liquid and solid gases for all kinds of uses.
8. The direction and execution of all manner of works, assemblies, facilities and maintenance of ventilation, heating, air conditioning and refrigeration works and works to improve the environment, for all kinds of uses.

9. The direction and execution of all manner of works, facilities, assemblies and maintenance related to cable cars, gondola lifts, chair lifts and aerial lifts for both passenger and material transport by means of systems of cables or any type of mechanical element. The retrieval of ships and submerged elements, maritime salvages, ship breaking, naval fleet repairs, repairs and assembly of engines and mechanical elements for ships, and underwater work and sale of aquatic and sports material.

10. The manufacture, transformation, processing, handling, repair, maintenance and all manner of operations of an industrial nature for commercialization related to machinery, elements, tools, equipment, electric protection material, bare and insulated conductors, insulators, metal fittings, machines, tools and auxiliary equipment for assemblies and installation of railways, metros and light trains, electric power transmission and distribution plants, lines and networks and for telephone and telegraph communications, telecommunication, security, traffic, telematics and voice and data transmission systems; of elements and machines for the development, transformation, transmission and use of all kinds of energies and energy products; of fluid and gas lift pumps, piping and other elements, mechanisms, accessory instruments, spare parts and materials required for execution and performance of any industrial, agricultural, naval, transport, communication and mining works, facilities and assemblies and others listed in the preceding paragraphs. The production, sale and use of electricity and of other energy sources and the performance of studies relating thereto, and the production, exploration, sale and use of all manner of solid, liquid or gaseous primary energy resources, including specifically all forms and kinds of hydrocarbons and natural, liquefied or any other type of gas. Energy planning and rationalization of the use of energy and combined heat and power generation. The research, development and exploitation of communications and information technologies in all their facets.

11. The manufacture, installation, assembly, construction, supply, maintenance and commercialization of all kinds of products and elements pertaining to or derived from concrete, ceramics, resins, varnishes, paints, plastics or synthetic materials; as well as metal structures for industrial plants and buildings, bridges, towers and supports of metal or reinforced concrete or any synthetic material for all manner of communications and electric power transmission or distribution, or any other class of energy material or product related to all types of energy.

12. The manufacture, preparation, handling and finishing, diagnosis, treatment and impregnation for protection and preservation and sale of wood in general, and especially of posts used for electric, telephone and telegraph lines, impregnation or servicing for mine and gallery timbering, building supports, construction woodwork, cross ties for railways and barricades, and the production and commercialization of antiseptic products and running of procedures for preserving wood, elements, tools and equipment of this nature. The acquisition, provision, application and use of paints, varnishes, coverings, plating and, in general, construction materials.

13. The management and execution of reforestation and agricultural and fishery restocking works, as well as the maintenance and improvement thereof. Landscaping, planting, revegetation, reforestation, maintenance and conservation of parks, gardens and accessory elements.

14. The manufacture, installation, distribution and use in any way of all manner of ads and advertising supports. The design, construction, fabrication, installation, maintenance, cleaning, upkeep and advertising use of all manner of street furniture and similar elements.

15. The provision of all manner of public and private services of an urban nature, including the execution of any necessary works and facilities, either by administrative concession or leasing. The treatment, recycling and recovery of all kinds of urban, urban-similar, industrial and sanitary waste; the treatment and sale of waste products, as well as the management and operation of waste treatment and transfer plants. Drafting and processing of all manner of environment-related projects.

16. The cleaning services for buildings, constructions and works of any kind, of offices, commercial premises and public places. Preparation, upkeep, maintenance, sterilization, disinfection and extermination of rodents. Cleaning, washing, ironing, sorting and transportation of clothing.

17. Furniture assemblies and installations, including tables, shelves, office material, and similar or complementary objects.

18. Transports of all kinds, especially ground transportation of passengers and merchandise, and the activities related thereto. Management and operation, as well as provision of auxiliary and complementary services, of all manner of buildings and properties or complexes for public or private use, intended for use as service areas or stations, recreational areas, and bus or intermodal transportation stations.

19. The provision of integral health care and social assistance services by qualified personnel (physicians, psychologists, educators, university graduates in nursing, social workers, physical therapists and therapists) and performance of the following tasks: home care service; tele-home care and social health care; total or partial running or management of homes, day care centers, therapeutic communities and other shelters and rehabilitation centers; transportation and accompaniment of the above-mentioned collectives; home hospitalization and medical and nursing home care; supply of oxygen therapy, gas control, electro-medicine, and associated activities.

20. Provision of auxiliary services in housing developments, urban properties, industrial facilities, roadway networks, shopping centers, official agencies and administrative departments, sports or recreational facilities, museums, fairgrounds, exhibition galleries, conference and congress halls, hospitals, conventions, inaugurations, cultural and sports centers, sporting, social and cultural events, exhibits, international conferences, annual general meetings and owners' association meetings, receptions, press conferences, teaching centers, parks, farming facilities (agricultural, livestock and fisheries), forests, rural farms, hunting reserves, recreational and entertainment areas, and in general all kinds of properties and events, by means of porters, superintendents, janitors, ushers, guards or controllers, console operators, auditorium personnel, concierges, receptionists, ticket clerks (including ticket collection), telephone operators, collectors, caretakers, first aid personnel, hostesses and similar personnel or personnel who complement their functions, consisting of the maintenance and upkeep of the premises, as well as attention and service to neighbors, occupants, visitors and/ or users, by undertaking the appropriate tasks, excluding in all cases those which the law reserves for security firms. Collection and tallying of cash, and the making, collection and charging of bills and receipts. The development, promotion, exhibition, performance, acquisition, sale and provision of services in the field of art, culture and recreation, in their different activities, forms, expressions and styles.

21. Provision of emergency, prevention, information, telephone switchboard, kitchen and dining hall services. Opening, closing and custody of keys. Turning on and off, running, supervision, maintenance and repair of engines and heating and air conditioning, electricity and lift installations, water, gas and other supply pipes, and fire protection systems. The operation of rapid communication systems with public assistance services, such as police, firemen, hospitals and medical centers. Firefighting and prevention services in general, in woodlands, forests, rural farms, and industrial and urban facilities.

22. Integral management or operation of public or private educational or teaching centers, as well as surveillance, service, education and control of student bodies or other educational collectives.

23. Reading of water, gas and electricity meters, maintenance, repair and replacement thereof, monitoring and transcription of readouts, meter inspection, data acquisition and updating, and installment of alarms. Temperature and humidity measurements on roadways and, in general, all kinds of properties and real estate, and public and private facilities, providing all the controls required for proper upkeep and maintenance thereof, or of the goods deposited or guarded therein.

24. Handling, packing and distribution of food or consumer products; processing, flavoring and distribution of food for own consumption or supply to third parties; servicing, replacement and maintenance of equipment, machinery and dispensing machines of the mentioned products; and participation in operations with raw materials, manufactured goods and supplies.

25. Provision of ground services to passengers and aircraft. Integral logistic freight services, such as: loading, unloading, stowing and unstowing, transport, distribution, placement, sorting, warehouse control, inventory preparation, replacement, control of warehouse stocks and storage of all kinds of merchandise, excluding the activities subject to special legislation. Management and operation of places of distribution of merchandise and goods in general, and especially perishable products, such as fish exchanges and wholesale and retail markets. Reception, docking, mooring and service connections to boats.

26. Direct advertising services, postage and mailing of printed advertising and publicity material and, in general, all kinds of documents and packages, on behalf of the clients.

27. Management, operation, administration, maintenance, upkeep, refurbishment and fitting out of all kinds of concessions in the broadest sense of the word, including those that are part of the concessionary firm's shareholders and those that have any type of contractual relation to develop any of the above-listed activities.

28. The acquisition, holding, use, administration and disposal of all manner of own-account securities, excluding activities that special legislation, and in particular the legislation on the stock market, exclusively ascribes to other entities.

29. To manage and administer fixed-income and equity securities of companies not resident in Spain, through the related organization of the appropriate material and human resources in this connection.

30. Preparation of all manner of studies, reports and projects, and entering into contracts concerning the activities indicated in this article, as well as supervision, direction and consulting in the execution thereof.

31. Occupational training and recycling of people who provide the services described in the preceding points.

02. Basis of presentation of the Consolidated Annual Accounts and basis of consolidation

02.01. Basis of presentation

The consolidated annual accounts for 2019 of the ACS Group were prepared:

- By the directors of the Parent, at the Board of Directors' Meeting held on 26 March 2020.

- In accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council and subsequent amendments. The consolidation bases and the principal accounting policies and measurement bases applied in preparing the Group's Consolidated Annual Account for 2019 are summarized in Notes 2 and 3.

- Taking into account all the mandatory accounting policies and rules and measurement bases with a material effect on the consolidated annual accounts, as well as the alternative treatments permitted by the relevant legislation in this connection, which are specified in Note 3 (Accounting Policies).

- So that they present fairly the Group's consolidated equity and financial position at December 31, 2019, and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.

- On the basis of the accounting records kept by the Parent Company and by the other Group companies.

Except as indicated below in the section *"Changes in accounting estimates and policies and correction of fundamental errors"*, the consolidation criteria applied in 2019 are consistent with those applied in the 2018 consolidated annual accounts.

Comparative information

For comparison purposes, the consolidated annual account for 2019 present, for each item in the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated annual accounts, in addition to the figures for 2019, those for the prior year, which differ from those approved by the shareholders at the Annual General Meeting of the Parent on 10 May 2019 due to the changes described in the following sections.

a) Restatement of the results of companies accounted for using the equity method

The ACS Group classified the profit for the year ended December 31, 2019 relating to the companies accounted for using the equity method in ordinary activity recognized under "Ordinary results of companies accounted for using the equity method" conceptually as part of the Group's "Operating income" for an amount of EUR 553,310 thousand at December 31, 2019 (EUR 381,765 thousand at December 31, 2018) for all associates and joint ventures which, after each of them was individually analyzed, form part of the same operating business of the Group.

The Company directors consider that the fact that the investees carry on the same activity as the ACS Group's corporate purpose, together with the recent incorporation of Abertis in June 2018, and the growing contribution of these activities carried on by companies integrated by the equity method into the consolidated income statement of the ACS Group, justify the need for this change of presentation in the consolidated annual accounts, in order to reflect more adequately the financial information contained in the Group's consolidated annual accounts, in accordance with Decision EECS/0114-06 - "Changes in the presentation of the share of results of associates and joint ventures accounted for using the equity method" issued by the European Securities and Markets Authority (ESMA).

Due to the classification of the profit or loss of the companies consolidated using the equity method which forms part of their ordinary activity, the profit or loss recognized under "Impairment and gains on disposals of financial instruments" relating to the sales of the investments (deconsolidation) in the fully consolidated companies and using the equity method considered to be operational, and the related impairment losses recognized under "Impairment and gains or losses on disposals of non-current assets", was conceptually classified under "Operating income" (see Note 29).

The ACS Group has applied this decision in the presentation of these consolidated annual accounts retroactively in accordance with IAS 8, thereby modifying the figures corresponding to the same prior period ended December 31, 2018 of these consolidated annual accounts.

b) Application of IFRS 16: Lease (see Note 03.24).

The effect of applying the foregoing in the ACS Group's Consolidated Financial Statements at December 31, 2018 is presented below, as well as the effects of applying IFRS 16 as explained in Note 03.24:

	Thousands of Euros		
	31/12/2018	Effect IFRS 16	31/12/2018 (*)
NON-CURRENT ASSETS			
Tangible assets - property, plant and equipment	1,594,569	873,856	2,468,425
Investments accounted for using the equity method	4,709,437	(49)	4,709,388
Deferred tax assets	1,495,749	15,648	1,511,397
TOTAL IMPACT ON ASSETS		889,455	

(*) Data restated.

	Thousands of Euros		
	31/12/2018	Effect IFRS 16	31/12/2018 (*)
EQUITY			
EQUITY ATTRIBUTED TO THE PARENT	4,388,301	(33,750)	4,354,551
NON-CONTROLLING INTERESTS	1,667,404	(31,299)	1,636,105
TOTAL IMPACT ON EQUITY		(65,049)	
NON-CURRENT LIABILITIES			
Long term lease liabilities	-	694,873	694,873
Deferred tax liabilities	381,137	(681)	380,456
Other non-current liabilities	91,824	(7,732)	84,092
CURRENT LIABILITIES			
Short term lease liabilities	-	306,673	306,673
Trade and other payables	16,004,298	(38,629)	15,965,669
TOTAL IMPACT ON LIABILITIES		954,504	

(*) Data restated.

CONSOLIDATED INCOME STATEMENT	Thousands of Euros			
	2018	Reclassification of operating equity method	Effect IFRS 16	2018 (*)
REVENUE	**36,658,516**	**-**	**-**	**36,658,516**
Changes in inventories of finished goods and work in progress	(51,723)	-	-	(51,723)
Capitalised expenses of in-house work on assets	(16,457)	-	-	(16,457)
Procurements	(23,952,044)	-	41,611	(23,910,433)
Other operating income	245,601	-	-	245,601
Personnal expenses	(7,909,958)	-	-	(7,909,958)
Other operating expenses	(2,797,068)	-	242,227	(2,554,841)
Depreciation and amortisation	(572,826)	-	(244,775)	(817,601)
Allocation of grants relating to non-financial assets and others	1,242	-	-	1,242
Impairment and gains on the disposal of non-current assets	(471)	25,194	-	24,723
Other profit or losses	(165,993)	-	-	(165,993)
Ordinary results of companies accounted for using the equity method	-	381,765	(4)	381,761
Financial income	154,839	-	-	154,839
Financial costs	(412,153)	-	(39,338)	(451,491)
Changes in the fair value of financial instruments	66,263	-	-	66,263
Exchange differences	(11,178)	-	95	(11,083)
Impairment and gains or losses on the disposal of financial instruments	27,898	(25,194)	-	2,704
Non-ordinary results of companies accounted for using the equity method	385,992	(381,765)	-	4,227
PROFIT BEFORE TAX	**1,650,480**	**-**	**(184)**	**1,650,296**
Income tax	(390,184)	-	1,050	(389,134)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**1,260,296**	**-**	**866**	**1,261,162**
Profit after tax from discontinued operations	-	-	-	-
PROFIT FOR THE PERIOD	**1,260,296**	**-**	**866**	**1,261,162**
Profit attributed to non-controlling interests	(345,275)	-	(309)	(345,584)
Profit from discontinued operations attributable to non-controlling interests	-	-	-	-
PROFIT ATTRIBUTABLE TO THE PARENT	**915,021**	**-**	**557**	**915,578**

(*) Data restated.

CONSOLIDATED STATEMENT OF CASH FLOW	Thousands of Euros		
	2018	Effect IFRS 16	2018 (*)
CASH FLOWS FROM OPERATING ACTIVITIES	**2,050,890**	**270,899**	**2,321,789**
Profit / (Loss) before tax	**1,650,480**	**(184)**	**1,650,296**
Adjustments for:	**479,203**	**284,022**	**763,225**
Depreciation and amortisation	572,826	244,775	817,601
Other adjustments to profit (net)	(93,623)	39,247	(54,376)
Changes in working capital	**91,700**	**26,399**	**118,099**
Other cash flows from operating activities:	**(170,493)**	**(39,338)**	**(209,831)**
Interest payable	(400,678)	(39,338)	(440,016)
Dividends received	211,849	-	211,849
Interest received	136,105	-	136,105
Income tax payment / proceeds	(117,769)	-	(117,769)
CASH FLOWS FROM INVESTING ACTIVITIES	**(3,646,151)**	**-**	**(3,646,151)**
Investment payables	**(21,277,127)**	**-**	**(21,277,127)**
Divestment	**17,630,976**	**-**	**17,630,976**
CASH FLOWS FROM FINANCING ACTIVITIES	**2,181,599**	**(270,899)**	**1,910,700**
Equity instrument proceeds / (and payment)	**1,847,732**	**-**	**1,847,732**
Liability instrument proceeds / (and payment)	**662,346**	**-**	**662,346**
Dividends paid and remuneration relating to other equity instruments:	**(315,861)**	**-**	**(315,861)**
Other cash flows from financing activities:	**(12,618)**	**(270,899)**	**(283,517)**
Payment of operating lease principal	-	(270,899)	(270,899)
Other financing activity proceeds and payables	(12,618)	-	(12,618)
EFFECT OF CHANGES IN EXCHANGE RATES	**60,801**	**-**	**60,801**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**647,139**	**-**	**647,139**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**6,319,318**	**-**	**6,319,318**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**6,966,457**	**-**	**6,966,457**

(*) Data restated.

In relation to cash flows, in accordance with IFRS 16.50, only the cash payments for the principal part of the lease liability have been reclassified to financing activities. Cash payments for the interest portion of the lease liability are still classified using the same alternative permitted by IAS 7.33 Statement of Cash Flows in force for financial interests.

c) Classification of business segments

In 2019, as a result of the representativeness of the ownership interest in Abertis in the Consolidated Annual Accounts, the ACS Group classified its direct ownership interest in Abertis and its contributed profit, previously classified by the Group under “Corporation”, within the new “Infrastructure” segment (in 2018 classified as “Construction”) (see note 25.01.01).

The explanatory notes include events or changes that might appear significant in explaining changes in the financial position and consolidated results of the ACS Group since the date of the above-mentioned Consolidated Annual Accounts of the Group.

The ACS Group's Consolidated Annual Accounts for 2018, (IFRS as adopted by the European Union) were approved by the shareholders at the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on May 10, 2019.

The 2019 Consolidated Annual Accounts of the ACS Group have not yet been approved by the shareholders at the Annual General Meeting. However, the Parent's Board of Directors considers that the aforementioned annual accounts will be approved without any material changes.

Responsibility for the information and use of estimates

The information in these Consolidated Annual Accounts is the responsibility of the directors of the Group's Parent.

The Consolidated Annual Accounts were prepared from the accounting records for 2019 of ACS, Actividades de Construcción y Servicios, S.A. and of the companies comprising its scope of consolidation.

In the ACS Group's Consolidated Annual Accounts estimates were made in order to quantify certain of the assets, liabilities, income, expenses and commitments reported herein.

- The measurement aimed at determining any impairment losses on certain assets (Notes 03.01, 03.06 and 10) and, in particular, the assumptions considered for the recording and valuation of obligations and impairment losses on assets in relation to BICC (Note 09).
- The fair value of assets acquired and of the liabilities assumed in business combinations (Note 02.02.f) and the assignment of Purchase Price Allocation in acquisitions.
- The measurement of goodwill (see Note 03.01).
- The recognition of earnings in construction contracts (Note 03.16.01).
- The amount of certain provisions (Note 03.13).
- The assumptions used in the calculation of liabilities and obligations to employees (Note 03.12).
- The market value of the derivatives (such as equity swaps, interest rate swaps, etc.) mentioned in Note 22.
- The useful life of the intangible assets and property, plant and equipment (Notes 03.02 and 03.03).
- The recovery of deferred tax assets (Note 26.05).
- The judgments and assumptions considered in the contracts under the new standard for Leases (IFRS 16).

Although these estimates were made on the basis of the best information available at the date of preparation of these Consolidated Annual Accounts on the events analyzed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in future Consolidated Annual Accounts.

Changes in accounting estimates and policies and correction of fundamental errors

Changes in accounting estimates.- The effect of any change in accounting estimates is recognized in the same income statement line item as that in which the expense or income measured using the previous estimate had been previously recognized.

Changes in accounting policies and correction of fundamental errors.- In accordance with IAS 8, the effect of any change in accounting policies and of any correction of fundamental errors is recognized as follows: the cumulative effect at the beginning of the year is adjusted in reserves, whereas the effect on the current year is recognized in profit or loss. Also, in these cases the financial date for the comparative year presented together with the year in course is restated.

No errors have been corrected in the 2018 Consolidated Annual Accounts. Nor have there been any changes in the significant accounting policies, except as indicated in section a) of this Note, and as indicated below.

Except for the entry into force of new accounting standards, the bases of consolidation applied in 2019 are consistent with those applied in the 2018 Consolidated Annual Accounts (see Note 03.24).

Currency

The euro is the currency in which the consolidated annual accounts are presented. Details of sales in the main countries in which the Group operates are set out in Note 25.

02.02. Consolidation principals

a) Balances and transactions with Group companies and associates

The significant intra-Group balances and transactions are eliminated on consolidation. Accordingly, all gains obtained by associates up to their percentage of ownership interest and all gains obtained by fully consolidated companies were eliminated.

However, in accordance with the criteria provided by IFRIC 12, balances and transactions relating to construction projects undertaken by companies of the Construction and Industrial Services division for concession operators are not eliminated on consolidation since these transactions are considered to have been performed for third parties as the projects are being completed.

b) Standardization of items

In order to uniformly present the various items comprising these Consolidated Annual Accounts, accounting standardization criteria have been applied to the individual annual accounts of the companies included in the scope of consolidation.

In 2019 and 2018 the reporting date of the annual accounts of all the companies included in the scope of consolidation was the same or was temporarily brought into line with that of the Parent.

c) Subsidiaries

"Subsidiaries" are defined as companies over which the ACS Group has the capacity to exercise control, i.e. in accordance with IFRS 10, when it has the power to lead their relevant activities, it is exposed to variable revenues as a result of their stake in the subsidiary, and is able to exercise said power in order to influence its own revenues, either directly or through other companies it controls.

The annual accounts of the subsidiaries are fully consolidated with those of the Parent. Where necessary, adjustments are made to the annual accounts of the subsidiaries to adapt the accounting policies used to those applied by the Group.

At December 31, 2019, the ACS Group had an effective ownership interest of less than 50% in companies considered to be subsidiaries, because it controls the majority of the voting rights of these companies, the most representative of which have assets exceeding EUR 4 million: Piques y Túneles, S.A., Consorcio Embalse Chironta, S.A., Consorcio Constructor Hospital de Quellón, S.A. (these three companies were in the same situation at December 31, 2018) and Salam Sice Tech Solutions Llc.

At December 31, 2019, the main companies of the ACS Group with dividend rights of more than 50% which are not fully consolidated include: Autovía de La Mancha, S.A. Concesionaria JCC Castilla La Mancha, Inversora de la Autovía de la Mancha, S.A., Autovía del Pirineo, S.A., Concesionaria Santiago Brión, S.A., Road Management (A13) Plc., Autovía de los Pinares, S.A. and Benisaf Water Company, Spa. at December 31, 2018, the ACS Group also owned companies with dividend rights of more than 50% which are not fully consolidated, including the following: Autovía de La Mancha, S.A. Concesionaria JCC Castilla La Mancha, Inversora de la Autovía de la Mancha, S.A., Autovía del Pirineo, S.A., Concesionaria Santiago Brión, S.A., Eix Diagonal Concessionària de la Generalitat de Catalunya, S.A., Reus-Alcover Concessionària de la Generalitat de Catalunya, S.A., Autovía de los Pinares, S.A. and Benisaf Water Company, Spa.

This circumstance arises because the control over these companies is exercised by other shareholders or because decisions require the affirmative vote of another or other shareholders, and consequently, they have been recognized as joint ventures or companies accounted for using the equity method. The relevant decisions vary depending on each resolution, but, generally, the other shareholder can veto any decision regarding (i) appointment, renewal, removal or replacement of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Operating Officer (COO), (ii) approval of distribution of dividends or reserves not approved in the business plan, (iii) any change in the business activity, (iv) approval of the business plan and approval of the annual budget and/or final investment decision for a development project, (v) refinancing or restructuring or rebalancing agreements, (vi) changes in financial policies (hedging, leverage, guarantees...), (vii) approval of the annual accounts and application of results, etc.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e., a discount on acquisition) is credited to profit and loss on the acquisition date. The interest of non-controlling shareholders is stated at their proportion of the fair values of the assets and liabilities recognized.

Also, the share of third parties of:

- The equity of their investees is presented within the Group's equity under "Non-controlling interests" in the consolidated statement of financial position.

- The profit for the year is presented under “Profit / (loss) attributable to non-controlling interests” and “Profit / (loss) from discontinued operations attributable to non-controlling interests” in the consolidated income statement and in the consolidated statement of changes in equity.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

Appendix I to these Notes to the consolidated annual accounts details the subsidiaries and information thereon.

Section f) of this Note contains information on acquisitions and disposals, as well as increases and decreases in ownership interest.

d) Jointly controlled entities

The Group's consolidated annual accounts recognize its assets, including its share of the jointly controlled assets; its liabilities, including its share of the liabilities incurred jointly with the other operators; the income obtained from the sale of its share of the production derived from the joint operation, its share of the income obtained from the sale of the production derived from the joint operation, and its expenses, including its share of the joint expenses.

Within the joint agreements in which the ACS Group operates, mention should be made of the *Uniones Temporales de Empresas* and similar entities (various types of joint ventures) abroad, which are entities through which cooperation arrangements are entered into with other venturers in order to carry out a project or provide a service for a limited period of time.

The assets and liabilities assigned to these types of entities are recognized in the consolidated statement of financial position, classified according to their specific nature on the basis of the existing percentage of ownership. Similarly, income and expense arising from these entities is presented in the consolidated income statement on the basis of their specific nature and in proportion to the Group's ownership interest.

Notes 08 and 09 contain relevant information on the relevant joint ventures.

e) Associates

The companies over which the ACS Group maintains significant influence or joint control are consolidated using the equity method in those cases where they do not meet the requirements of the IFRS 11 to be classified as Joint Agreements.

Exceptionally, the following entities are not considered to be Group associates since they do not have a significant influence, or are fully inoperative and irrelevant for the Group as a whole.

Investments in associates are accounted for using the equity method, whereby they are initially recognized at acquisition cost. Subsequently, on each reporting date, they are measured at cost, plus the changes in the net assets of the associate based on the Group's percentage of ownership. The excess of the cost of acquisition over the Group's share of the fair value of the net assets of the associate at the date of acquisition is recognized as goodwill. The goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. Any excess in the Group's share in the fair value of the net assets of the associate over acquisition cost at the acquisition date is recognized in profit or loss.

The profit/(loss) net of tax of associates is included in the Group's consolidated income statement, on the one hand under “Ordinary results of companies accounted for using the equity method” for all associates and joint ventures whose activity forms part of the same Group's operating business, and on the other hand under “Non-ordinary results of companies accounted for using the equity method” for those whose activity, following an individual analysis, does not form part of the Group's operating business, on the basis of their percentage of ownership. Previously, the appropriate adjustments are made to take into account the depreciation of the depreciable assets based on their fair value at the date of acquisition.

Losses at the Group's associates are limited to the value of the net investment, except where the Group has assumed legal or constructive obligations or has made payments on behalf of the associates. For the purposes of recognizing impairment losses on associates, a net investment is the result of adding the amount corresponding to any other item which, in substance, forms part of the investment in the associates to the carrying amount resulting from the application of the equity method. The excess of losses over investment in equity instruments is applied to the remaining items in reverse order of settlement priority. The profits obtained subsequently by those associates in which the recognition of losses has been limited to the value of the investment are recorded to the extent that they exceed the previously unrecognized losses.

Note 09 contains relevant information on the material entities.

f) Changes in the scope of consolidation

The main changes in the scope of consolidation of the ACS Group (made up by ACS, Actividades de Construcción y Servicios, S.A. and its Subsidiaries) in the year ended December 31, 2019 are described in Appendix III.

Acquisitions, sales, and other corporate transactions

In 2019, specifically on February 11, 2019, Cobra Instalaciones y Servicios, S.A., a wholly-owned subsidiary of ACS, Actividades de Construcción y Servicios, S.A., bought 49% of Bow Power, S.L. (currently called Zero-E Dollar Assets, S.L.) from Global Infrastructure Partners (GIP) for USD 96.8 million, making it the 100% shareholder of the company.

In December 2019, the ACS Group, through its subsidiary ACS Servicios, Comunicaciones y Energía, S.L., sold 49.9% of its shares in the company Zero-E Euro Assets, S.A., which owns several photovoltaic energy projects that will come into operation in 2019 with an installed power of 914.8 MW. As a result of this transaction and the agreements reached, since that date the ACS Group has had a co-control agreement with the partner of the remaining ownership interest.

Consequently, the Group has derecognized the net assets relating to the photovoltaic plants referred to above from the consolidated annual accounts at December 31, 2019 and has again recognized at fair value the assets corresponding to the 50.1% stake in these plants, which it holds after the aforementioned sale of 49.898% of the shares in Zero-E Euro Assets, S.A. (see Note 03.09).

The effect related to the photovoltaic plants has generated a positive after-tax result in the consolidated income statement for 2019 of approximately EUR 250 million.

After 2019 year-end, in January 2020 an agreement was reached for the sale of the 50.1% that the Group held in Zero-E Euro Assets, S.A. and the sale of other photovoltaic energy projects also in Spain that are at different stages of development and are expected to come into operation between 2020 and 2023, totaling approximately 2,000 MW. The closure of this operation is subject to the fulfillment of a series of conditions precedent and is expected to take place during the first half of 2020 (see Note 32).

The Group's management, based on the fact that the relevant activities of Escal UGS, S.L., i.e. those that significantly affect its performance, are limited, has therefore proceeded to deconsolidate them from the Group's annual accounts, as established in IFRS 10. Management considers that the activities are basically limited to the resolution of the pending litigation associated with the Castor project and the decisions relating to these activities, due to their inevitable consequences for the subsidiary's assets, must be approved by the bankruptcy administration (see Note 20). The effect of withdrawing this investee from the scope of consolidation is not significant.

The ACS Group has sold its 50% stake in the Canadian company Northeast Anthony Henday, the concessionaire of the Edmonton ring road in Alberta, Canada (see Note 29).

The ACS Group, through its subsidiary ACS Infrastructure Development, Inc. sold 75% of its 50% stake in the concession company I-595 Express, LLC in Florida (USA) to I 595 Toll Road, LLC, the owner of the other 50% (see Note 29).

In 2018, the most important transaction was the acquisition of a percentage of Abertis Infraestructuras, S.A., which gave the ACS Group significant influence over this company.

Abertis

On March 23, 2018, the ACS Group reached an agreement with Atlantia S.p.A. to carry out a joint investment operation in Abertis Infraestructuras, S.A., through a takeover bid launched by Hochtief, at a price of EUR 18.36

per Abertis share (which already included the adjustment for the dividend paid by Abertis in 2018) in cash, equivalent to EUR 16,519,541 thousand.

On May 14, 2018, the National Securities Market Commission (CNMV) announced the result of the voluntary takeover bid for shares in Abertis Infraestructuras, S.A. made by Hochtief. The offer was accepted by shareholders holding 780,317,294 shares, representing 78.79% of the shares to which the Offer was addressed or 85.60% less the 78,815,937 shares of Abertis treasury stock, which did not accept it. The offer was therefore successful, as the condition of acceptance of the same had been met for shares representing 50% of the share capital of Abertis plus one share, as well as the other conditions to which the offer had been subject.

In view of the result of the takeover bid, Hochtief made a sustained share purchase order to acquire 98.7% of the shares of Abertis de Infraestructuras, S.A. The shares representing the entire share capital of Abertis were excluded from trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges on August 6, 2018.

On October 29, 2018, the transaction was completed by setting up a vehicle company (Abertis Holdco, S.A.) with a capital contribution of EUR 6,909 million, in which Atlantia holds a 50% stake plus one share, ACS a 30% stake and Hochtief a 20% stake minus one share. A second company (Abertis Participaciones S.A.U.), wholly owned by Abertis Holdco, S.A., was also incorporated, to which Hochtief transferred its total stake in the share capital of Abertis (98.7%) after the execution of the takeover bid for EUR 16,520 million. For this purpose, the vehicle company Abertis Holdco, S.A. secured bank financing of EUR 9,824 million.

The agreement also included Atlantia's acquisition of a significant stake in Hochtief. As a result, on October 29 ACS sold a total of 16,852,995 Hochtief shares to Atlantia at a price of EUR 143.04, for which it received EUR 2,411 million. Simultaneously, ACS formally subscribed a capital increase in Hochtief of a total of 6,346,707 shares at the same price of EUR 143.04 per share, a total disbursement of EUR 908 million with the funds received from Atlantia. Since then, ACS's current stake in Hochtief has stood at 50.4%.

In short, as a result of these transactions, at December 31, 2018 the ACS Group held a direct interest of 30% in Abertis, an indirect interest of 20% less one share (owned by Hochtief), which it maintains at the date of these Consolidated Annual Accounts.

Saeta Yield

On February 6, 2018, the ACS Group reached an agreement to sell its ownership interest in Saeta Yield, S.A., a company that was part of the Industrial Services business segment, through the irrevocable acceptance of the takeover bid launched by TERP Spanish HoldCo, S.L.U., controlled by Brookfield Asset Management, at a price of EUR 12.2 per share. On June 7, 2018, it was announced that the takeover bid had been successful and, accordingly, the ACS Group sold 24.21% of its interest in Saeta Yield, S.A. for EUR 241 million and with an after-tax gain of EUR 30.0 million.

03. Accounting Policies

The principal accounting policies used in preparing the Group's Consolidated Annual Accounts, in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, were as follows:

03.01. Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or jointly controlled entity at the date of acquisition.

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is allocated as follows:

- If it is attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the carrying amounts at which they had been recognized in their balance sheets and whose accounting treatment (amortization, accrual, etc.) was similar to that of the same assets (liabilities) of the Group. Those attributable to specific intangible assets, recognizing it explicitly in the consolidated statement of financial position provided that the fair value at the acquisition date can be measured reliably.

- Goodwill is only recognized when it has been acquired for consideration and represents, therefore, a payment made by the acquirer in anticipation of future economic benefits from assets of the acquired company that are not capable of being individually identified and separately recognized.

- Goodwill acquired on or after January 1, 2004, is measured at acquisition cost and that acquired earlier is recognized at the carrying amount at December 31, 2003.

In all cases, at the end of each reporting period goodwill is reviewed for impairment (i.e., a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, the goodwill is written down with a charge to “Impairment and gains or losses on the disposal of non-current assets” in the consolidated income statement, since, as stipulated in IFRS 3, goodwill is not amortized.

An impairment loss recognized for goodwill must not be reversed in a subsequent period.

On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill arising on the acquisition of companies with a functional currency other than the euro is translated to euros at the exchange rates prevailing at the date of the consolidated statement of financial position, and changes are recognized as translation differences or impairment, as appropriate.

Any negative differences between the cost of investments in consolidated companies and associates below the related underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is classified as negative goodwill and is allocated as follows:

- If the negative goodwill is attributable to specific assets and liabilities of the companies acquired, by increasing the value of the liabilities (or reducing the value of the assets) whose market values were higher (lower) than the carrying amounts at which they had been recognized in their balance sheets and whose accounting treatment (amortization, accrual, etc.) was similar to that of the same assets (liabilities) of the Group.

- The remaining amounts are presented under “Other gains or losses” in the consolidated income statement for the year in which the share capital of the subsidiary or associate is acquired.

03.02. Other intangible assets

Intangible assets are identifiable non-monetary assets, without physical substance, which arise as a result of a legal transaction or which are developed internally by the consolidated companies. Only assets whose cost can be estimated reliably and from which the consolidated companies consider it probable that future economic benefits will be generated are recognized.

Intangible assets are measured initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortization and any accumulated impairment losses. These assets are amortised over their useful life.

The ACS Group recognizes any impairment loss on the carrying amount of these assets with a charge to “Impairment and gains or losses on the disposal of non-current assets” in the consolidated income statement. The criteria used to recognize the impairment losses on these assets and, where applicable, the reversal of impairment losses recognized in prior years are similar to those used for property, plant and equipment (Note 03.06).

03.02.01 Development expenditure

Development expenditure is only recognized as intangible assets if all of the following conditions are met:

- an identifiable asset is created (such as computer software or new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortized on a straight-line basis over their useful lives (over a maximum of five years). Where no internally generated intangible asset can be recognized, development expenditure is recognized as an expense in the year in which it is incurred.

03.02.02 Administrative concessions

Concessions may only be recognized as assets when they have been acquired by the company for a consideration (in the case of concessions that can be transferred) or for the amount of the expenses incurred to directly obtain the concession from the State or from the related public agency.

Concessions are generally amortized on a straight-line basis over the term of the concession.

In the event of non-compliance, leading to the loss of the concession rights, the carrying amount of the concession is written off.

03.02.03 Computer software

The acquisition and development costs incurred in relation to the basic computer systems used in the Group's management are recorded with a charge to "Other intangible assets" in the consolidated statement of financial position.

Computer system maintenance costs are recognized with a charge to the consolidated income statement for the year in which they are incurred.

Computer software may be contained in a tangible asset or have physical substance and, therefore, incorporate both tangible and intangible elements. These assets will be recognized as property, plant and equipment if they constitute an integral part of the related tangible asset, which cannot operate without that specific software.

Computer software is amortized on a straight-line basis over a period of between three and four years from the entry into service of each application.

03.02.04 Other intangible assets

This heading basically includes the intangible assets related to the acquired companies' construction backlog and customer base, mainly of the Hochtief Group. These intangible assets are measured at fair value on the date of their acquisition, and if material, on the basis of independent external reports. The assets are amortized in the five to ten year period in which it is estimated that profit will be contributed to the Group.

03.03. Property, plant and equipment

Land and buildings acquired for use in the production or supply of goods or services or for administrative purposes are stated in the consolidated statement of financial position at acquisition or production cost less any accumulated depreciation and any recognized impairment losses.

The Group recognizes borrowing costs directly attributable to the acquisition, construction or production of qualifying assets as an increase in their value. Qualifying assets are those that require a substantial period of time before they can be used or disposed of. To the extent that financing has been obtained specifically for the qualifying asset, the amount of interest to be capitalized is determined on the basis of the actual costs incurred during the year less any income earned on temporary investments made with such funds. Financing obtained specifically for a qualifying asset is considered to be generic financing once all the activities required to prepare the asset for its intended use or sale have been substantially completed. The amount of capitalized interest relating to the generic financing is determined by applying a weighted average interest rate to the investment in qualifying assets, never exceeding the total borrowing costs incurred. All other interest costs are recognized in profit or loss in the year in which they are incurred.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognized as additions to property, plant and equipment, and the items replaced or renewed are derecognized.

Periodic maintenance, upkeep and repair expenses are recognized in profit or loss on an accrual basis as incurred.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognized impairment loss.

Amortization is calculated, using the straight-line method, on the basis of the acquisition cost of the assets less their residual value; the land on which the buildings and other structures stand has an indefinite useful life and, therefore, is not depreciated.

The period property, plant and equipment amortization charge is recognized in the consolidated income statement and is basically based on the application of amortization rates determined on the basis of the following average years of estimated useful life of the various assets:

	Years of estimated useful life
Buildings	20-60
Plant and machinery	3-20
Other fixtures, tools and furniture	3-14
Other items of tangible assets - property plant and equipment	4-12

Notwithstanding the foregoing, the property, plant and equipment assigned to certain contracts for services that revert to the contracting agency at the end of the contract term are amortized over the shorter of the term of the contract or the useful life of the related assets.

Interest relating to the financing of non-current assets held under finance leases is charged to consolidated profit for the year using the effective interest method, on the basis of the repayment of the related borrowings. All other interest costs are recognized in profit or loss in the year in which they are incurred.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated income statement.

The future costs that the Group will have to incur in respect of dismantling, restoration and environmental rehabilitation of certain facilities are capitalized to the cost of the asset, at present value, and the related provision is recognized. The Group reviews each year its estimates of these future costs, adjusting the value of the provision recognized based on the related studies.

03.04. Non-current assets in projects

This heading includes the amount of investments, mainly in transport, energy and environmental infrastructures which are operated by the ACS Group subsidiaries and which are financed under a project finance arrangement (limited recourse financing applied to projects).

These financing structures are applied to projects capable in their own right of providing sufficient guarantees to the participating financial institutions with regard to the repayment of the funds borrowed to finance them. Each project is performed through specific companies in which the project assets are financed, on the one hand, through a contribution of funds by the developers, which is limited to a given amount, and on the other, generally representing a larger amount, through borrowed funds in the form of non-current debt. The debt servicing of these credit facilities or loans is supported mainly by the cash flows to be generated by the project in the future and by security interests in the project's assets.

These assets are valued at the costs directly allocable to construction incurred through their entry into operation (studies and designs, compulsory purchases, reinstatement of services, project execution, project management and administration expenses, installations and facilities and similar items) and the portion relating to other indirectly allocable costs, to the extent that they relate to the construction period.

Also included under this heading will be the borrowing costs incurred prior to the entry into operation of the assets arising from external financing thereof. Capitalized borrowing costs arise from specific borrowings expressly used for the acquisition of an asset.

Upkeep and maintenance expenses that do not lead to a lengthening of the useful life of the assets or an increase in their production capacity are expensed currently.

The residual value, useful life and depreciation method applied to the companies' assets are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the economic benefits arising from operating the non-current assets in projects are consumed.

This heading also includes the amount of the concessions to which IFRIC 12 has been applied. These mainly relate to investments in transport, energy and environmental infrastructures operated by the ACS Group subsidiaries and financed under a project finance arrangement (limited recourse financing applied to projects), regardless of whether the demand risk is assumed by the group or the financial institution. In general, the loans are supported by security interests over the project cash flows.

The main features to be considered in relation to non-current assets in projects are as follows:

- The concession assets are owned by the concession grantor in most cases.
- The grantor controls or regulates the service offered by the concession operator and the conditions under which it should be provided.
- The assets are operated by the concession operator as established in the concession tender specifications for an established concession period. At the end of this period, the assets are returned to the grantor, and the concession operator has no right whatsoever over these assets.
- The concession operator receives revenues for the services provided either directly from the users or through the grantor.

In general, a distinction must be drawn between two clearly different phases: the first in which the concession operator provides construction or upgrade services which are recognized under intangible or financial assets by reference to the stage of completion pursuant to IFRS 15 "Revenue from contracts with customers", with a balancing entry in an intangible or financial asset and a second phase in which a series of maintenance or operating services are provided for the aforementioned infrastructure, which are recognized in accordance with IFRS 15 "Revenue from contracts with customers".

An intangible asset is recognized when the demand risk is borne by the concession operator and a financial asset is recognized when the demand risk is borne by the concession grantor since the operator has an unconditional contractual right to receive cash for the construction or upgrade services. These assets also include the amounts paid and payable in relation to the fees for the award of the concessions.

In certain mixed arrangements, the operator and the grantor may share the demand risk, although this is not common for the ACS Group.

All the infrastructures of the ACS Group concession operators were built by Group companies, and no infrastructures were built by third parties. The revenue and expenses relating to infrastructure construction or improvement services are recognized at their gross amount (record of sales and associated costs), the construction margin being recognized in the Consolidated Annual Accounts.

Intangible assets

For concessions classified as intangible assets, provisions for dismantling, removal and rehabilitation and any steps to improve and increase capacity, the revenue from which is contemplated in the initial contract, are capitalized at the start of the concession and the amortization of these assets and the adjustment for provision discounting are recognized in profit or loss. Also, provisions to replace and repair the infrastructure are systematically recognized in profit or loss as the obligation is incurred.

Borrowing costs arising from the financing of the infrastructure are recognized in the period in which they are incurred and those accruing from the construction until the entry into service of the infrastructure are capitalized only in the intangible asset model.

Intangible assets are amortized on the basis of the pattern of consumption, taken to be the changes in and best estimates of the production units of each activity. The most important concession business in quantitative terms is the motorways activity, whose assets are depreciated or amortized on the basis of the concession traffic.

Financial assets

Concessions classified as a financial asset are recognized at the fair value of the construction or improvement services rendered. In accordance with the amortized cost method, the related revenue is allocated to profit or loss at the interest rate of the receivable arising on the cash flow and concession payment projections, which are presented as revenue on the accompanying consolidated income statement. As described previously, the revenue and expense relating to the provision of the operation and maintenance services are recognized in the consolidated income statement in accordance with IFRS15, “Revenue from contracts with customers”, and the finance costs relating to the concession are recognized in the accompanying consolidated income statement according to their nature.

Assets are classified as current when they are expected to be realized or sold or consumed in the course of the Group's normal operating cycle, are held primarily for trading purposes, are expected to be realized within twelve months after the balance sheet date or are cash or cash equivalents, except where they cannot be exchanged or used to settle a liability, at least within twelve months after the balance sheet date.

Interest income on the concessions to which the accounts receivable model is applied is recognized as sales, since these are considered to be ordinary activities, forming part of the overall objective of the concession operator, and are carried on and provide income on a regular basis.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognized as a higher amount of the financial asset, and the items replaced or renewed are derecognized.

The work performed by the Group on non-current assets is measured at production cost, except for the work performed for concession operators, which is measured at selling price.

Concession operators amortized these assets so that the carrying amount of the investment made is zero at the end of the concession.

Non-current assets in projects are depreciated on the basis of the pattern of use which, in the case of motorways, is generally determined by the traffic projected for each year. However, certain contracts have terms shorter than the useful life of the related non-current assets, in which case they are depreciated over the contract term.

At least at each balance sheet date, the companies determine whether there is any indication that an asset or group of assets of financial assets is impaired so that, as indicated in Note 03.06, an impairment loss can be recognized or reversed in order to adjust the carrying amount of the assets to their value in use.

The companies consider that the periodic maintenance plans for their facilities, the cost of which is recognized as an expense in the year in which it is incurred, are sufficient to ensure delivery of the assets that have to be returned to the concession provider in good working order on expiry of the concession contracts and that, therefore, no significant expenses will arise as a result of their return.

The future costs that the Group will have to incur in respect of dismantling, restoration and environmental rehabilitation of certain facilities are capitalized to the cost of the asset, at present value, and the related provision is recognized. The Group reviews each year its estimates of these future costs, adjusting the value of the provision recognized based on the related studies.

03.05. Investment property

The Group classifies as investment property the investments in land and structures held either to earn rentals or for capital appreciation, rather than for their use in the production or supply of goods or services or for administrative purposes; or for their sale in the ordinary course of business. Investment property is measured initially at cost, which is the fair value of the consideration paid for the acquisition thereof, including transaction costs. Subsequently, accumulated depreciation, and where applicable, impairment losses are deducted from the initial cost.

In accordance with IAS 40, the ACS Group has elected not to periodically reevaluate its investment property on the basis of its market value, but rather to recognize it at cost, net of the related accumulated depreciation, following the same criteria as for "Property, plant and equipment”.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its sale or disposal by any other means.

Gains or losses arising from the retirement, sale or disposal of the investment property by other means are determined as the difference between the net disposal proceeds from the transaction and the carrying amount of the asset, and is recognized in profit or loss in the period of the retirement or disposal.

Investment property is depreciated on a straight-line basis over its useful life, which is estimated to range from 25 to 50 years based on the features of each asset, less its residual value, if material.

03.06. Impairment of tangible assets, property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets, as well as its investment properties, to determine whether there is any indication that those assets might have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset itself does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of the impairment loss is recognized as income immediately.

03.07. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and overheads incurred in bringing the inventories to their present location and condition.

Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The cost of inventories is calculated by using the weighted average cost formula. Net realizable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Group assesses the net realizable value of the inventories at year-end and recognizes the appropriate loss if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed.

03.08. Non-current and other financial assets

Except in the case of financial assets at fair value through profit or loss, financial assets are initially recognized at fair value, plus any directly attributable transaction costs.

On January 1, 2018, IFRS 9 “Financial Instruments” came into force, affecting the classification and measurement of financial assets; the measurement method is determined on the basis of two concepts, the characteristics of the contractual cash flows of the financial asset and the Group's business model for managing it. The three new financial asset measurement categories are: amortized cost, fair value through other comprehensive income (equity) and fair value through changes in the consolidated income statement.

This classification depends on how an entity manages its financial instruments (equity instruments, loans, debt securities, etc.), its business model and the existence or otherwise of contractual cash flows from specifically defined financial assets:

- If the objective of the business model is to hold a financial asset in order to collect contractual cash flows and, according to the terms of the contract, cash flows are received on specific dates that constitute exclusively payments of principal plus interest on that principal, the financial asset is measured at amortized cost. The Group's financial assets relate largely to loans and debt securities and are therefore measured at amortized cost, i.e. initial cost minus principal repayments plus accrued interest on the basis of the effective interest rate pending collection, adjusted for any recognized impairment losses, where applicable.

  The effective interest rate is the rate that equals the initial cost to the total estimated cash flows for all items over the remaining life of the investment.

  The receivables from commercial debtors that are typical of the Group's normal Traffic are recorded by their nominal value corrected by their expected lifetime credit losses.

- If the business model aims to obtain both contractual cash flows and their sale and, according to the terms of the contract, cash flows are received on specific dates that constitute exclusively payments of principal plus interest on that principal, the assets are measured at fair value with changes in other comprehensive income (equity). Interest, impairment and exchange differences are recorded in the income statement as in the amortized cost model. Other changes in fair value are recognized in equity and are recycled in the consolidated income statement upon their sale.

- Beyond the above scenarios, the general rule is that the remaining assets are measured at fair value with changes in the consolidated income statement. This method is used mainly to classify equity instruments, unless they are initially classified at fair value through other comprehensive income.

  However, there are two options for irrevocable designation at initial recognition:

- An equity instrument, provided it is not held for trading purposes, may be designated for measurement at fair value through other comprehensive income (equity), although if the instrument is sold, amounts recognized in equity may not be allocated to the consolidated income statement and only dividends are recognized in profit or loss.

- A financial asset may also be designated to be measured at fair value with changes in the consolidated income statement if this reduces or eliminates an accounting asymmetry "*Fair Value Option*".

Expected loss and customer insolvencies

The change as a result of the entry into force of IFRS 9 consists of the change from incurred credit losses to expected credit losses in the presentation of impaired financial assets. The quantification of expected credit losses involves determining the probability of default in the initial recognition of an asset and, subsequently, whether there has been a significant continuous increase in the credit risk in each period of presentation of the financial information. In making this assessment, the ACS Group considers both the quantitative and qualitative information that is reasonable and can be supported, including the historical experience and the forward-looking information that is available without unnecessary cost or effort. Forward-looking information includes the future prospects of the industries in which the Group’s debtors operate, obtained from reports compiled by expert economists, financial analysts, government bodies, relevant groups of experts and other similar organizations, as well as consideration of various external sources of economic forecasts related to the main business operations of the ACS Group.

In particular, insofar as it is available in a reasonable form, the following information is taken into account for assessing significant changes in credit risk:

- Real or expected significant adverse changes in commercial, financial or economic conditions that are expected to cause a significant change in the borrower’s ability to meet its obligations.
- Real or expected significant changes in the borrower’s operating results.
- Significant increases in credit risk in other financial instruments of the same borrower.
- Credit rating assigned by an external agency.
- Significant changes in the value of the guarantee that supports the bond, or in the quality of third-party guarantees or credit enhancements.
- Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of the borrowers in the Group and changes in the operating results of the borrower.
- Macroeconomic information, such as market interest rates and growth rates.

Under the new standards, the Group has opted to apply the simplified approach to impairment of trade receivables that do not contain a significant financial component, assessing and recognizing from the outset the whole of the expected loss. For its practical application, estimated calculations are used based on historical experience and the risk of each client, by geographical area.

Overall, the deterioration is estimated in terms of the losses expected over the next twelve months. When a significant deterioration in credit quality occurs, the expected loss over the life of the asset is estimated.

Current/Non-current classification

Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, are held primarily for trading, must be settled within twelve months from the balance sheet date or the Group does not have an unconditional right to defer settlement of the liabilities for twelve months from the balance sheet date.

Derecognition of financial assets

The Group derecognizes a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Group does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitization of financial assets in which the transferor does not retain any subordinated debt, provide any kind of guarantee or assume any other kind of risk.

However, the Group does not derecognize financial assets, and recognizes a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of bill discounting, with-recourse factoring, sales of financial assets under an agreement to repurchase them at a fixed price or at the selling price plus interest and the securitization of financial assets in which the transferor retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses.

Fair value hierarchies

Financial assets and liabilities measured at fair value are classified according to the hierarchy established in IFRS 7, as follows:

Level 1: Quoted prices (unadjusted) on active markets for identical assets or liabilities.

Level 2: Inputs other than prices quoted included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

03.09. Non-current assets held for sale, liabilities relating to non-current assets held for sale and discontinued operations

Non-current assets held for sale

2019 Financial Year

At December 31, 2019, non-current assets held for sale related mainly, in the Industrial segment, to the renewable energy business (mainly photovoltaic plants, wind farms and solar thermal plants) and electricity transmission lines. Also noteworthy, within the concessions activity, are certain shadow toll roads located in Spain.

In all the above cases a formal decision was made by the Group to sell these assets, and a plan for their sale was initiated. These assets are currently available for sale and the sale is expected to be completed within a period of 12 months from the date of their classification as assets held for sale. It is noteworthy that the assets, which were classified as held for sale at December 31, 2019, were held in this category for a period of over twelve months, but they were not sold due to certain circumstances, which at the time of their classification were not likely. Paragraph B1 (c) of appendix B of IFRS 5 exempts a company from using a one year period as the maximum period for classifying an asset as held for sale if, during the aforementioned period, circumstances arise which were previously considered unlikely, the assets were actively sold at a reasonable price and they fulfill the requirements undertaken by Management and there is a high probability that the sale will occur within one year from the balance sheet date.

The breakdown of the main assets and liabilities held for sale at December 31, 2019 is as follows:

	Thousands of Euros				
	31/12/2019				
	Renewable energy	Transmission line	Highways / roads	Other	Total
Tangible assets - property, plant and equipment	24,039	-	-	10,205	34,244
Intangible assets	74,517	-	-	8,415	82,932
Non-current assets in projects	1,137,576	-	-	-	1,137,576
Financial Assets	201,910	213,315	39,773	28,078	483,076
Deferred tax assets	7,107	-	-	180	7,287
Other non-current assets	8,776	14,837	-	-	23,613
Current assets	328,482	3,346	7,756	2,659	342,243
Financial assets held for sale	**1,782,407**	**231,498**	**47,529**	**49,537**	**2,110,971**
Non-current liabilities	648,869	49,388	21,812	5,723	725,792
Current liabilities	431,518	28,303	-	1,441	461,262
Liabilities relating to assets held for sale	**1,080,387**	**77,691**	**21,812**	**7,164**	**1,187,054**
Non-controlling interests held for sale	**1,710**	**-**	**-**	**1,837**	**3,547**

The main changes in the year ended December 31, 2019 with respect to “Non-current assets held for sale, liabilities relating to non-current assets held for sale” included in the consolidated statement of financial position at December 31, 2018 relate mainly to renewable energy assets, mainly solar PV farms and offshore wind farms built during the period.

All these assets are recorded at cost, except for the remaining equity interest in the photovoltaic energy projects in Spain which, as a result of the sale of 49.898% of the shares in Zero-E Euro Assets, S.A. under a co-control agreement, is recorded at fair value based on the price of the sale pending collection at year end (see Note 02.02 f)).

The megawatts of these companies sold correspond mainly to megawatts assigned to the 1,550Mw obtained by the Group in the 2017 auction. Construction of these assets began at the end of 2018 and was completed in the last quarter of 2019, when they began to feed energy into the grid within the deadlines set by the regulations applicable to the 2017 auction.

Consequently, the Group has deregistered the net assets relating to the aforementioned plants from the consolidated annual accounts at December 31, 2019 and has again recognized at fair value the assets corresponding to the 50.1% stake in these plants, which it holds after the aforementioned sale of 49.9% of the shares in Zero-E Euro Assets, S.A.

Except for the latter, the ACS Group is currently studying and analyzing the various put options or is in the process of selling them at the expense of obtaining the relevant authorizations, and therefore classified these assets under "Non-current assets held for sale, liabilities relating to non-current assets held for sale".

Therefore, the increase during fiscal year 2019 in the total value of the non-current assets held for sale amounted to EUR 1,077,062 thousand, and the increase in the liabilities associated with them has amounted to EUR 650,457 thousand, mainly as a result of the transactions that have been described above.

The amount relating to net debt included under assets and liabilities held for sale at December 31, 2019 totals EUR 810,648 thousand (EUR 382,650 thousand at December 31, 2018), of which EUR 727,666 thousand (EUR 248,840 thousand at December 31, 2018) in the case of renewable energies, EUR 66,485 thousand (EUR 88,238 thousand at December 31, 2018) in the case of transmission lines, in highways EUR 14,056 thousand and others for EUR 2,441 thousand (EUR 45,572 thousand at December 31, 2018). Within the total amount of the aforementioned net debt, EUR 401,817 thousand (EUR 258,290 thousand at December 31, 2018) corresponds to limited resource project financing.

2018 Financial Year

At December 31, 2018, non-current assets held for sale related mainly to the renewable energy business relating to thermal solar plants, wind farms and photovoltaic plants, as well as to certain transmission lines included in the Industrial Services business segment.

The detail of the main assets and liabilities held for at December 31, 2018 was as follows:

	Thousands of Euros			
	31/12/2018			
	Renewable energy	Transmission line	Other	Total
Tangible assets - property, plant and equipment	16,801	-	7,140	23,941
Intangible assets	-	-	432	432
Non-current assets in projects	433,041	2,885	61	435,987
Financial Assets	178,438	101,718	4,991	285,147
Deferred tax assets	9,234	-	3,007	12,241
Other non-current assets	38,452	9,793	90,337	138,582
Current assets	80,707	8,287	48,585	137,579
Financial assets held for sale	**756,673**	**122,683**	**154,553**	**1,033,909**
Non-current liabilities	198,570	49,242	74,084	321,896
Current liabilities	165,771	42,313	6,617	214,701
Liabilities relating to assets held for sale	**364,341**	**91,555**	**80,701**	**536,597**
Non-controlling interests held for sale	**444**	**-**	**(812)**	**(368)**

The main changes in the year ended December 31, 2018 with respect to the assets included in the consolidated statement of financial position at December 31, 2017 were due mainly to the inclusion as assets held for sale of investments, including Manchasol 1 Central Termosolar Uno, S.L. and Kinkandine Offshore Windfarm Limited, included under renewable energies. The stake in Saeta Yield, S.A. and the Guaimbe solar parks in Brazil were deregistered due to having been sold.

Therefore, the increase during fiscal year 2018 in the total value of the non-current assets held for sale amounted to EUR 622,635 thousand, and the increase in the liabilities associated with them has amounted to EUR 315,944 thousand, mainly as a result of the transactions that have been described above.

The income and expenses recognized under “Valuation adjustments” in the consolidated statement of changes in equity, which relate to operations considered to be held for sale at December 31, 2019 and 2018 are as follows:

	Thousands of Euros			
	31/12/2019			
	Renewable energy	Transmission line	Other	Total
Exchanges differences	(5,892)	(32,673)	(386)	(38,951)
Cash flow hedges	(1,177)	-	-	(1,177)
Adjustments for changes in value	**(7,069)**	**(32,673)**	**(386)**	**(40,128)**

	Thousands of Euros			
	31/12/2018			
	Renewable energy	Transmission line	Other	Total
Exchanges differences	6	(25,177)	-	(25,171)
Cash flow hedges	(19,506)	-	(7,166)	(26,672)
Adjustments for changes in value	**(19,500)**	**(25,177)**	**(7,166)**	**(51,843)**

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. For this to be the case, the assets or disposal groups must be available for immediate sale in their present condition, and their sale must be highly probable.

Discontinued operations

At December 31, 2019 and 2018 there were no assets and liabilities corresponding to any discontinued operations.

03.10. Equity

An equity instrument represents a residual interest in the net assets of the Group after deducting all of its liabilities.

Capital and other equity instruments issued by the Parent are recognized in equity at the proceeds received, net of direct issue costs.

03.10.01 Share capital

Ordinary shares are classified as capital. There are no other types of shares.

Expenses directly attributable to the issue or acquisition of new shares are recognized in equity as a deduction from the amount thereof.

03.10.02 Treasury shares

The transactions involving treasury shares in 2019 and 2018 are summarized in Note 15.04. Treasury shares were deducted from equity in the accompanying consolidated statement of financial position at December 31, 2019 and 2018.

When the Group acquires or sells treasury shares the amount paid or received for the treasury shares is recognized directly recognized in equity. No loss or gain from the purchase, sale, issue or amortization of the Group's own equity instruments is recognized in the consolidated income statement for the year.

The shares of the Parent are measured at average acquisition cost.

03.10.03 Stock options

The Group has granted options on ACS, Actividades de Construcción y Servicios, S.A. shares to certain employees.

In accordance with IFRS 2, the options granted are considered equity-settled share-based payment. Accordingly, they are measured at their fair value on the date they are granted and charged to income, with a credit to equity, over the period in which they accrue based on the various periods of irrevocability of the options.

Since market prices are not available, the value of the share options has been determined using valuation techniques taking into consideration all factors and conditions that would have been applied in an arm's length transaction between knowledgeable parties (Note 28.03).

In addition, the Hochtief Group has granted options on Hochtief, A.G. shares to management members.

03.11. Government grants

The ACS Group has received grants from various government agencies mainly to finance investments in property, plant and equipment for its Services business. Evidence of compliance with the conditions established in the relevant decisions granting the subsidies was provided to the relevant competent agencies.

Government grants received by the Group to acquire assets are taken to income over the same period and on the same basis as those used to depreciate the asset relating to the aforementioned grant.

Government grants to compensate costs are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

A government grant receivable as compensation for expenses or losses already incurred or for the purpose of giving financial support with no future related costs is recognized in profit or loss of the period in which it becomes receivable.

03.12. Financial liabilities

Financial liabilities are classified in accordance with the content and the substance of the contractual arrangements.

The main financial liabilities held by the Group companies relate to held-to-maturity financial liabilities which are measured at amortized cost.

The Company eliminates financial liabilities when the obligations which have generated them are canceled.

The financial risk management policies of the ACS Group are detailed in Note 21.

03.12.01 Bank borrowings, debt and other securities

Interest-bearing bank loans and overdrafts are recognized at the amount received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognized in profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Exchange if debt instruments between the Group and the counterparty, or substantial modifications of the liabilities initially recorded, are recorded as a reconciliation of the original liability and the recognition of a new financial liability, provided the instruments have substantially different conditions. The Group considers that the conditions are substantially different if the present value of the cash flows discounted under the new conditions, including any fees paid net of any fees received, and using the original effective interest rate to discount, differs by at least ten percent from the discounted present value of the cash flows that still remain from the original financial liability.

If the exchange is recorded as a cancellation of the original financial liability, the costs or fees are recognized in the consolidated income statement. Otherwise, the modified flows are discounted at the original effective interest rate, recognizing any difference in the previous carrying amount in profit or loss. The costs or fees also adjust the carrying amount of the financial liability and are amortized using the amortized cost method over the remaining life of the modified financial liability.

Debentures and other marketable securities, loans and credit lines are subsequently valued at amortized cost.

Loans are classified as current items unless the Group has the unconditional right to defer repayment of the debt for at least 12 months from the end of the reporting period.

03.12.02 Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value, which does not differ significantly from their fair value.

The heading of trade payables is also used to classify outstanding balances payable to suppliers made through confirming contracts with financial institutions and the payments related thereto are also classified as trade flows since these operations do not incorporate either specific guarantees granted as pledges on the payments to be made nor any modifications that alter the commercial nature of the transactions.

03.12.03 Current/Non-current classification

In the accompanying consolidated statement of financial position debts due to be settled within 12 months are classified as current items and those due to be settled within more than 12 months as non-current items.

Loans due within 12 months but whose long-term refinancing is assured at the Group's discretion, through existing long-term credit loan facilities, are classified as non-current liabilities.

“Limited recourse financing of projects and debt” is classified based on the same criteria, and the detail thereof is shown in Note 18.

03.12.04 Retirement benefit obligations

a) Post-employment benefit obligations

Certain Group companies have post-employment benefit obligations of various kinds to their employees. These obligations are classified by group of employees and may relate to defined contribution or defined benefit plans.

In defined contribution plans, the contributions made are recognized as an expense under “Personnal expenses” in the consolidated income statement as they accrue.

ACS, Actividades de Construcción y Servicios, S.A. includes in defined benefit plans for Spanish companies those financed by the payment of insurance premiums in which there is a legal or implicit obligation to provide the employees with the promised benefits at the time when they become claimable. This obligation is satisfied through the insurance company.

ACS, Actividades de Construcción y Servicios, S.A. is required, under specific conditions, to make monthly payments to a group of employees to supplement the mandatory public social security system benefits for retirement, permanent disability, death of spouse or death of parent.

Under the defined benefit plans, actuarial studies are conducted once a year by independent experts using market assumptions and the expenditure relating to the obligations is recognized on an accrual basis, classifying the normal cost for the current employees over their working lives under “Personnal expenses” and recognizing the associated finance cost, in the event that the obligation were to be financed, by applying the rates relating to investment-grade bonds on the basis of the obligation recognized at the beginning of each year (see Note 20).

The post-employment benefit obligations include, inter alia, those arising from certain companies of the Hochtief Group, for which the Group has recognized the related liabilities and whose recognition criteria are explained in Note 03.13.

b) Other employee benefit obligations

The expense relating to termination benefits is recognized in full when there is an agreement or when the interested parties have a valid expectation that such an agreement will be reached that will enable the employees, individually or collectively and unilaterally or by mutual agreement with the company, to cease working for the Group in exchange for a termination benefit. If a mutual agreement is required, a provision is only recognized in situations in which the Group considers that it will give its consent to the termination of the employees.

03.12.05 Termination benefits

Under current legislation, the Spanish consolidated companies and certain foreign companies are required to pay termination benefits to employees terminated without just cause. There are no employee redundancy plans making it necessary to record a provision in this connection.

03.13. Provisions

The Group's Consolidated Annual Accounts include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognized in the Consolidated Annual Accounts, but rather are disclosed, as required by IAS 37.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year, are used to cater for the specific obligations for which they were originally recognized. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

Litigation and/or claims in process

At the end of 2019 certain litigation and claims were in process against the consolidated companies forming part of the ACS Group arising from the ordinary course of their operations, no representative at the individual level. The Group's legal advisers and directors consider that the outcome of litigation and claims will not have a material effect on the annual accounts for the years in which they are settled.

The main legal proceedings and claims opened at December 31, 2019 relate to the Radial 3 and Radial 5 (R3 and R5), TP Ferro, Metro de Lima and Escal concessions and the penalties imposed by the CNMC (see Note 36). Likewise, individual significance is given to the arbitration claims due to the increase in the costs in the Cimic Gorgon LNG Jetty and Marine Structure project (see Note 12).

Provisions for employee termination benefit costs

Pursuant to current legislation, a provision is recognized to meet the cost of termination of temporary employees with a contract for project work.

Provision for pensions and similar obligations

In the case of foreign companies whose post-employment benefit obligations are not externalized, noteworthy are the provisions for pensions and similar obligations recorded by various Hochtief Group companies as explained below.

Provisions for pensions and similar obligations are recognized for current and future benefit payments to active and former employees and their surviving dependents. The obligations primarily relate to pension benefits, partly for basic pensions and partly for optional supplementary pensions. The individual benefit obligations vary from one country to another and are determined for the most part by length of service and pay scales. Turner’s obligations to meet healthcare costs for retired staff are likewise included in pension provisions due to their pension-like nature.

Provisions for pensions and similar obligations are computed by the projected unit credit method. This determines the present value of future entitlements, taking into account current and future benefits already known at the reporting date plus anticipated future increases in salaries and pensions and, for the Turner Group, in healthcare costs. The computation is based on actuarial appraisals using biometric accounting principles. Plan assets as defined in IAS 19 are shown separately as deductions from pension obligations. Plan assets comprise assets transferred to pension funds to meet pension obligations, shares in investment funds purchased under deferred compensation arrangements, and qualifying insurance policies in the form of pension liability insurance. If the fair value of plan assets is greater than the present value of employee benefits, the difference is reported—subject to the limit in IAS 19—under “Non-current assets”.

Amounts arising from the valuations of the defined benefit plans are recognized directly in the consolidated income statement during the period in which they arise. The current cost for the year is recognized under personnal expenses. The effect of interest on the increase in pension obligations, diminished by anticipated returns on plan assets (each calculated using the discount factor method for pension obligations), is reported in net investment and interest income.

Provisions for project completion

Inspection fee expenses, estimated costs for site clearance and other expenses that may be incurred from completion of the project through final settlement thereof are accrued over the execution period on the basis of production volumes and are recognized under "Current provisions" on the liability side of the consolidated statements of financial position.

Decommissioning of fixed assets

The Group is obliged to decommission certain facilities at the end of their useful life at their location. The related provisions have been made for this purpose and the present value of the cost of carrying out these tasks has been estimated, recognizing an asset as a balancing entry.

Other provisions

Other provisions include mainly provisions for warranty costs.

03.14. Risk management policy

The ACS Group is exposed to certain risks which it manages by applying risk identification, measurement, concentration limitation and monitoring systems.

The main principles defined by the ACS Group for its risk management policy are as follows:

- Compliance with corporate governance rules.
- Establishment by the Group's various lines of business and companies of the risk management controls required to assure that market transactions are performed in accordance with the policies, standards and procedures of the ACS Group.
- Special attention to the management of financial risk, basically including interest rate risk, foreign currency risk, liquidity risk and credit risk (see Note 21).

The Group's risk management is of a preventative nature and is aimed at the medium and long term, taking into account the most probable scenarios with respect to the future changes in the variables affecting each risk.

03.15. Financial derivatives

The ACS Group's activities are exposed to financial risks, mainly involving changes in foreign exchange rates and interest rates. The transactions performed are in line with the risk management policy defined by the Group.

Derivatives are initially recognized at fair value on the date on which the derivative agreement is signed, and they are subsequently revalued at their fair value on the date of each balance statement. Accounting for subsequent changes in fair value depends on whether the derivative has been designated as a hedging instrument and, if so, on the nature of the item being hedged.

A financial derivative is a financial instrument or other agreement whose value is modified in response to changes in certain variables, such as the interest rate, the price of a financial instrument, the exchange rate, a credit rating or index, or depending on another, potentially non-financial variable.

Financial derivatives, in addition to producing profits or losses, may, under certain conditions, offset all or part of the risks of the exchange rate, interest rate or the value associated with balances and transactions. Coverages are accounted for as described below:

- Cash flow hedges: with this type of hedging, changes in the value of the hedging instrument are recorded temporarily in equity, and are then charged to the income statement when the item in question is materialized.

- Fair value hedges: in this case, changes in the value of the hedging instrument are recognized in income, compensating for changes in the fair value of the hedged item.

- Net investment hedges in foreign business: these types of hedging transactions are intended to hedge foreign exchange risk and are treated as cash flow hedges.

In accordance with IFRS 9 “Financial instruments,” an efficiency test must be carried out, consisting of a qualitative evaluation of the financial derivative in order to determine if it can be considered a hedging instrument and, therefore, effective.

The qualitative requirements that it should meet are the following:

- Identification and formal documentation in the origin of the coverage relationship, as well as the purpose of the same and the strategy assumed by the entity with respect to coverage.

- Documentation with identification of the covered item, hedging instrument and nature of the risk that is being covered.

- Must meet the effectiveness requirements, i.e., there is an economic relationship between the hedged item and the hedging instrument so that both generally move in directions opposite to the hedged risk. Likewise, credit risk should not have a dominant effect on changes in the value of the elements of the hedge and the coverage ratio should be equivalent to the percentage of exposure to the risk covered.

According to the qualitative effectiveness test, the coverage will be considered fully effective as long as it meets these criteria. If this were not the case, coverage would cease to be treated as such, with the hedging relationship ceasing and the derivative accounting for its fair value, with changes in the income statement.

Once the effectiveness of the instruments has been evaluated, a quantitative analysis will be used to determine the accounting for them. This quantitative analysis consists of a retrospective part for purely accounting purposes as well as a prospective part with the objective of analyzing possible future deviations in the hedging relationship.

For the retrospective evaluation, the analysis is adapted to the type of coverage and the nature of the instruments used:

- In cash flow hedges, with regard to interest rate swaps (IRS) in which the Group receives a variable rate equivalent to that of the covered financing and pays a fixed rate, given that the objective is to reduce the variability of financing costs, the estimation of effectiveness is carried out through a test that determines whether changes in the fair value of the IRS cash flows offset the changes in the fair value of the hedged risk.

In terms of accounting, we look at the methodology of the hypothetical derivative typical of the quantitative evaluation of effectiveness, which establishes that the company will record in equity the lowest figure between the variation in the value of the hypothetical derivative (hedged position) and the variation of value of the contracted derivative, in absolute values. The difference between the value of the variation recorded in equity and the fair value of the derivative at the date on which the effectiveness test is being prepared will be considered an ineffective aspect and will be recorded directly in the income statement.

For cash flow hedges in which the derivative instrument of hedging is not an IRS but an option or a forward, we must differentiate between the designated part and the non-designated part:

- For the designated part, the treatment will be similar to the one detailed for IRS.

- For the non-designated part (forward points or temporary value of the options), the change in the fair value of the same will be recognized in other comprehensive income to the extent that it relates to the hedged item, and will be accumulated in a separate Net Worth component. This amount will be reclassified from the separate component of Equity to the income for the period as a reclassification adjustment in the same period or periods during which the expected future cash flows covered affect the income for the period (for example, when a planned sale takes place).

Changes in the fair value of financial derivatives that do not meet the accounting criteria for hedges are recognized in the income statement as they occur.

The valuation is calculated by methods and techniques defined from observable inputs in the market, such as:

- Interest rate swaps have been valued by discounting all flows foreseen in the agreement according to their characteristics, such as the notional amount and the collection and payment schedule. For this valuation, the zero coupon rate curve determined using the deposits and swaps quoted at each moment through a "bootstrapping" process is employed, and through this zero-coupon rate curve the discount factors used in the Valuations made under an assumption of Absence of Arbitration Opportunity (AOA) are obtained. In the cases in which the derivatives contemplate upper and lower limits ("cap" and "floor") or any combinations thereof, which may linked to special compliance, the interest rates used have been the same as in the swaps, although the generally accepted methodology of Black & Scholes has been used to provide input to the randomness component in the exercise of the options.

- In the case of a cash flow hedge linked to inflation, the methodology used is very similar to that of the interest rate swaps. Expected inflation is estimated using quoted inflation, implicitly in swaps indexed to European ex-tobacco index fund inflation quoted on the market and assimilated to the Spanish index through a transition adjustment.

Equity swaps are measured as the result of the difference between the quoted price at year end and the strike price initially agreed upon, multiplied by the number of agreements reflected in the swap.

Derivatives whose underlying asset is quoted on an organized market and which are not qualified as hedges are measured using the Black-Scholes methodology and applying market parameters such as implicit volatility and estimated dividends.

For those derivatives whose underlying asset is quoted on an organized market, but in which the derivative forms part of a financing agreement and where its arrangement substitutes the underlying assets, the measurement is based on the calculation of its intrinsic value at the calculation date.

Derivatives contained in other financial instruments or in host contracts are recorded separately as derivatives only when their risks and characteristics are not closely related to the main agreements and provided that those principal contracts are not valued at fair value through recognition of changes in fair value in the consolidated comprehensive income statement.

The fair value includes the assessment of the credit risk of the counterparty in the case of the assets, or of the ACS Group in the case of liabilities, in accordance with the IFRS 13. Therefore, when a derivative presents unrealized gains, this amount is adjusted downward according to the risk of the banking counterpart due to make payment to a Group company, whereas when there are unrealized losses, this amount is reduced on the basis of own credit risk, as it will be the Group entity that will be required to pay the counterparty.

The evaluation of inherent and counterparty risk takes into account the existence of contractual guarantees (collateral), which can be used to compensate for a credit loss in the event of suspension of payments.

For impaired derivatives, the inherent credit risk that applies to adjust the market price is that of each individual company or project evaluated and not the Group or sub-group to which they belong. To do so, an internal rating is prepared for each company/project using objective parameters such as ratios, indicators, etc.

For derivatives with unrealized capital gains, since accounting standards do not provide a specific methodology that should be applied, an accepted "best practice" method has been used, which takes three elements into account in order to calculate the adjustment, to obtain the result by multiplying the level of exposure in the position by the probability of default and by any loss in the event of non-compliance.

In addition, a sensitivity test of derivatives and net financial indebtedness is performed in order to analyze the effect that a possible interest rate variation might produce in the Group's accounts, under the hypothesis of an increase and a decrease in the rates at year end in different variation scenarios (see Note 21). The procedure is similar for cases of exchange rate variation.

Meanwhile, gains or losses on fair value for credit risk of derivatives are recognized in the consolidated income statement when the derivatives are qualified as speculative (non-hedge); if the derivatives are classified as hedging instruments, recorded directly in equity, then the gains or losses on fair value are also recognized in equity.

Financial instruments valued after their initial recognition at fair value are classified in levels of 1 to 3 based on the degree to which fair value is observable (see Note 21).

Note 22 of these accompanying Consolidated Annual Accounts details the financial derivatives that the ACS Group has contracted, among other related aspects.

Interbank Interest Rate Reform

The Group has various hedging relationships with hedging instruments and hedged items whose reference interest rate is Euribor. This benchmark interest rate is subject to reform and certain long-term hedging ratios may be affected by this reform.

For this purpose, certain accounting criteria applicable to hedging operations are subject to a temporary exemption due to the reform of the interbank interest rate.

The Group considers that a hedging ratio is directly affected by the reform, only if the reform gives rise to uncertainties about:

(a) The benchmark interest rate (specified contractually or non-contractually) designated as a hedged risk; and/or
(b) The term or amount of the benchmark interest rate flows of the hedged item or hedging instrument.

The exceptions apply only to the requirements set out below, and the remaining accounting requirements must be applied to the hedging relationships affected.

In determining whether a transaction is highly probable, the Group must assume that the benchmark interest rate on which the flows covered are based will not be altered by the reform.

In determining whether future flows are expected to occur, the Group must assume that the benchmark interest rate on which the flows covered are based will not be altered by the reform.

The Group must assume that the benchmark interest rate on which the hedged flows and/or the hedged risk are based, or the benchmark interest rate on which the flows of the hedging instrument are based, will not be altered as a result of the reform.

The Group has evaluated the potential impact on the financial statements of the banking interest rate reform, concluding that there is no relevant impact from it.

03.16. Revenue recognition

In general, the performance obligations that the Group undertakes are met over time and not at any given moment, since the customer simultaneously receives and consumes the benefits provided by the company's performance as the service is provided.

In the ACS Group, the results are recognized as a general rule in accordance with the “Output Method”, which corresponds to the direct measurement method of the work completed through the relationship that is valued or “valued work unit”, whereby the income is recognized as the delivery obligation to the client is satisfied, in accordance with the provisions of IFRS 15, which replaced IAS 11. In accordance with the said method, the measurement is periodically obtained of the units completed for each of the items of work, with the corresponding production being registered as income. The costs of carrying out the work are recognized in accounting terms on the basis of their earnings, registering as expenditure what was really incurred during the carrying out of the units completed, and those planned in the future to be charged to the units executed to date. Whenever the valued relationship cannot be used, because the unit price of units to be completed cannot be determined or a breakdown or measurement of the units produced cannot be carried out, the use of the “Input Method” is allowed, in accordance with the description of IFRS 15, as a procedure for the calculation of the percentage of completion.

In the construction industry, the estimated revenue and costs of construction projects are susceptible to changes during contract performance which cannot be readily foreseen or objectively quantified. The ACS Group accounts for a change as if it were a part of the existing contract. As provided for in IFRS 15 paragraph 21.b, the ACS Group accounts for the aforementioned amendment as if it were a part of the existing contract, if the assets are not different or differentiated and, therefore, form part of a single performance obligation which was partially satisfied at the date of the amendment to the contract.

The application of IFRS 15 requires an increase in the level of customer acceptance required in relation to the recording of revenue from amendments to the original contract. In relation to those contracts where negotiations are under way to obtain client's approval, their status has to be advanced in such a way that it can be determined that it is highly probable that the revenue entered will not be reversed in the future. Also, in these cases, the recognition of income by the ACS Group is recognized by applying the limitations relating to variable consideration established in IFRS 15, paragraph 57. If the amendment is approved without the amount being fixed, the income is estimated as a variable consideration, only if the criteria of probability and of non-reversal of significant future income are met.

The new IFRS standard provides new requirements for “variable consideration such as incentives”, claims and changes such as contractual modifications which lead to a higher threshold for probability of recognition. Under the new standard, revenue is recognized when it is highly probable that there will be no material reversal of revenue for these changes. Also, if the contracts include price review clauses, the income representing the best estimate of the amount collectable in the future is recorded under the same probability criteria established for the variable consideration.

Should the amount of output from inception, measured at the certification price, of each project be greater than the amount billed up to the end of the reporting period, the difference between the two amounts is recognized as the contractual assets in “Completed Work pending Certification” under the “Trade and other receivables” entry on the asset side of the consolidated statement of financial position.

In relation to matters included in the previous paragraph, it should be pointed out that the Group maintains recorded under the heading "Customer receivables for sales and services" of the consolidated statement of financial position balances associated with "certifications pending collection" as well as concerning "Completed Work pending Certification". This last heading includes three types of balances:

- Differences between the production executed, valued at sale price, and the certification to date under the existing contract, which is called “Completed Work pending Final Certification” arising from differences between the time in which the production of the work covered by the contract with the customer is executed, and the time in which it is certified.

- Balances that are in the process of negotiation with customers owing to variations in scope, modifications or additional works referred to in the original contract. As mentioned above, if the amendment is approved without the amount being fixed, the Group estimates the revenue as a variable consideration, taking into account the same requirement criterion as that set out in IFRS 15.

- and balances, of the same nature as those above, which are in undergoing litigation or dispute resolution (in court or arbitration proceedings) stemming from lack of agreement between the parties, either because the arbitration is the form of a resolution contemplated in the contract for modifications to the original contract and balances associated with litigation or dispute resolution situations owing to events attributable to breaches by the customer of certain undertakings referred to in the contract and that are, usually, costs incurred by the Group arising from the impossibility of continuing a project due to actions or undertakings not performed by the customer, such as, for example, so-called “affected services” or “unperformed expropriations” or errors in the information provided by the customer concerning the work to be performed.

- The balances corresponding to these last two items, are the so-called "Completed Work pending Certificate Processing".

It should be noted that sometimes there can be situations in which there are projects underway with open court or arbitration proceedings for disputes relating to certain units or parts thereof, without these affecting the normal execution of other parts of the project, although, projects subject to ongoing court or arbitration proceedings are usually halted or almost fully completed.

Subject to the above, the group distinguishes between modifications and claims or disputes, where the first are works requested by the customer and that are related to the original contract, normally corresponding to the execution of complementary works or changes in work units or to the original design, and which are referred to in the current contract, and the second, are those works that the customer has refused or raised formal discrepancies to the acceptance of a particular works record or that are already subject to litigation or arbitration proceedings.

Incremental, tender and contract costs may only be claimed if it is expected that both will be recovered and that no charge would have been incurred if they had not been awarded the contract or if they were inherent to project delivery.

If the total expected result of a contract is less than that recognized under the revenue recognition rules, discussed above, the difference is recorded as a negative margin provision.

Should the amount of output from inception be lower than the amount of the progress billings, the difference refers to the contractual liabilities which are recognized under “Trade and other payables - Customer advances” in liabilities in the consolidated statement of financial position.

Machinery or other fixed assets acquired for a specific project are amortized over the estimated project execution period and on the basis of the consumption pattern thereof. Permanent facilities are depreciated on a straight-line basis over the project execution period. The other assets are depreciated in accordance with the general criteria indicated in these notes to financial statements.

03.16.01. Construction business

In construction contracts, as a general rule a single performance obligation is identified due to the high degree of integration and customization of the different goods and services to offer a joint product, which is transferred to the client over time.

As indicated above, the method chosen by the ACS Group as the preferred method is the “measured unit of work” within the output method, which is applied provided that during execution the progress of the work carried out can be measured and there is an allocation of prices to each unit of work.

The “input method” called “percentage of completion over costs” can only be applied in those contracts where it is not possible to determine the unit price of the units to be executed.

03.16.02 Industrial services, Services and other businesses

In this case there is no single type of contract due to the great diversity of services provided. In general, contracts include various tasks and unit prices where revenues are recorded in the income statement when services are provided on a time elapsed basis, i.e. when the customer simultaneously receives and consumes the benefits provided by the service performance as it occurs. This is the case, for example, for recurrent or routine services such as facilities management, cleaning, etc.

Certain contracts include different types of activities that are subject to fixed unit price tables for the provision of the services that are delivered and that form part of the complete contract. The customer requests each service through work orders that are considered an independent performance obligation, and the associated revenue recognition will be made depending on the specific requirements established in the contract for approval.

For complex long-term contracts that include the provision of various services involving different performance obligations (construction, maintenance, operation, etc.), for which payment is made periodically and the price corresponding to the aforementioned obligations is indicated in the contract or can be determined, revenue is recognized for the recurring services using the elapsed time method and the percentage-of-completion method for more complex performance obligations for which it is not possible to assign prices to each of the units performed.

03.17. Expense recognition

An expense is recognized in the consolidated income statement when there is a decrease in the future economic benefits as a result of a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that an expense is recognized simultaneously to the recognition of the increase in a liability or the reduction of an asset.

Additionally, an expense is recognized immediately when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met.

Also, an expense is recognized when a liability is incurred and no asset is recognized, as in the case of a liability relating to a guarantee.

03.18. Offsetting

Asset and liability balances must be offset and the net amount is presented in the consolidated statement of financial position when, and only when, they arise from transactions in which, contractually or by law, offsetting is permitted and the Group companies intend to settle them on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities due to temporary differences are offset at year-end if they relate to the same jurisdiction and are consistent in nature and maturity. The ACS Group offsets deferred tax assets and deferred tax liabilities if, and only if, the company:

(a) has a legally enforceable right to set off the recognized amounts; and

(b) intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

03.19. Income tax

Corporation tax expense represents the sum of the current tax expense payable in the year and the change in deferred tax assets and liabilities.

The current income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit (tax loss) for the year, after deducting the tax credits allowable for tax purposes, plus the change in deferred tax assets and liabilities.

Deferred tax assets and liabilities include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill or the initial recognition (except in the case of a business combination) of other assets and liabilities in a transaction that affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets are recognized for temporary differences to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax asset can be utilized, and the deferred tax assets do not arise from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither accounting profit (loss) nor taxable profit (tax loss). The other deferred tax assets (tax loss and tax credit carryforwards) are only recognized if it is probable that the consolidated companies will have sufficient future taxable profits against which they can be utilized.

The deferred tax assets and liabilities recognized are reassessed at the end of each reporting period in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed. Deferred tax assets and liabilities due to temporary differences are offset at year-end if they relate to the same jurisdiction and are consistent in nature and maturity.

The Spanish companies more than 75% owned by the Parent file consolidated tax returns, as part of Tax Group 30/99, in accordance with current legislation.

<u>Fiscal uncertainties</u>

If the Group determines that it is not likely that the tax authority will accept an uncertain tax treatment or a group of uncertain tax treatments, it considers such uncertainty in determining the tax base, tax bases, tax loss carryforwards, deductions or tax rates. The Group determines the effect of uncertainty in the income tax return by the expected amount method, when there is a broad range of possible outcomes, or the most likely outcome method, when the outcome is binary or concentrated in one value. Where the tax asset or liability calculated on the basis of these criteria exceeds the amount presented in the self-assessments, the latter is presented as current or non-current in the consolidated statement of financial position on the basis of the expected date of recovery or settlement, taking into account, where appropriate, the amount of the related late payment interest on the liability as it accrues in the income statement. The Group records changes in facts and circumstances regarding tax uncertainties as a change in estimate.

03.20. Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares of the Parent held by the Group companies (see Note 31.01).

Diluted earnings per share are calculated by dividing net profit or loss attributable to ordinary shareholders adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all the potential ordinary shares into ordinary shares of the Parent. For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period.

03.21. Foreign currency transactions

The Group's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be “foreign currency transactions” and are recognized by applying the exchange rates prevailing at the date of the transaction.

Foreign currency transactions are initially recognized in the functional currency of the Group, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates prevailing at the end of the reporting period. Non-monetary items measured at historical cost are translated to euros at the exchange rates prevailing on the date of the transaction.

The exchange rates of the main currencies in which the ACS Group operates in 2018 and 2019 are as follows:

	Average exchange rate		Closing exchange rate	
	2019	2018	2019	2018
1 U.S. Dollar (USD)	0.893	0.848	0.890	0.873
1 Australian Dollar (AUD)	0.622	0.632	0.625	0.617
1 Polish Zloty (PLN)	0.233	0.234	0.235	0.233
1 Brazilian Real (BRL)	0.227	0.231	0.222	0.225
1 Mexican Peso (MXN)	0.046	0.044	0.047	0.044
1 Canadian Dollar (CAD)	0.676	0.653	0.687	0.640
1 British Pound (GBP)	1.144	1.129	1.183	1.113
1 Argentine Peso (ARS)	0.018	0.029	0.015	0.023
1 Saudi Riyal (SAR)	0.239	0.226	0.238	0.233

All exchange rates are in euros.

Any exchange differences arising on settlement or translation at the closing rates of monetary items are recognized in the consolidate income statement for the year, except for items that form part of an investment in a foreign operation, which are recognized directly in equity net of taxes until the date of disposal.

On certain occasions, in order to hedge its exposure to certain foreign currency risks, the Group enters into forward currency contracts and options (see Note 21 for details of the Group's accounting policies in respect of such derivative financial instruments).

On consolidation, the assets and liabilities of the Group's foreign operations are translated to euros at the exchange rates prevailing at the date of the consolidated income statement. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly. Any exchange differences arising are classified as equity. Such exchange differences are recognized as income or as expenses in the year in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a company the functional currency of which is not the euro are treated as assets and liabilities of the foreign company and are translated at the closing rate.

03.22. Entities and branches located in hyperinflationary economies

Given the economic situation in Venezuela and in accordance with the definition of hyperinflationary economy provided by IAS 29, the country has been classified as hyperinflationary since 2009 and at the end of 2019 it continued to be classified as such. The ACS Group has investments in Venezuela through subsidiaries of the

Construction and Industrial Services divisions; the amounts outstanding at December 31, 2019 and 2018, and the volume of transactions in the years 2019 and 2018 being immaterial.

In 2019 and 2018, the Group recognized the relevant impact when considering the hyperinflationary economic situation in Argentina, with respect to its ownership interests in subsidiaries in the Construction and Industrial Services Division, the impact of which was immaterial for the ACS Group.

None of the functional currencies of the consolidated subsidiaries and associates located abroad relate to hyperinflationary economies as defined by IFRSs. Accordingly, at the 2019 and 2018 accounting close it was not necessary to adjust the financial statements of any of the subsidiaries or associates to correct for the effect of inflation.

03.23. Consolidated Statement of Cash Flows

The following terms are used in the consolidated cash flow statements with the meanings specified:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

In view of the diversity of its businesses and activities, the Group opted to report cash flows using the indirect method.

In preparing the consolidated statement of cash flows, cash and cash equivalents were considered to be "cash on hand", demand deposits at banks and short-term, highly liquid investments that are easily convertible into cash and are subject to an insignificant risk of changes in value.

The breakdown of the “Other adjustments to profit (net)” heading of the consolidated statement of cash flows for 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	2018 (*)
Financial income	(205,127)	(154,839)
Financial costs	497,202	451,491
Impairment and gains or losses on disposals of non-current assets	(296,085)	(21,543)
Results of companies accounted for using the equity method	(557,865)	(385,988)
Impairment and gains or losses on disposal of financial instruments	1,461,164	(5,884)
Changes in the fair value of financial instruments	(30,075)	(66,263)
Other effects	30,650	128,650
Total	**899,864**	**(54,376)**

(*) Data restated.

The breakdown of the “interest received” heading of the consolidated statement of cash flows for 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	2018
Operative interest received	121,406	86,389
Interest received from bank accounts	22,066	30,269
Other non-operative	25,152	19,447
Total	**168,624**	**136,105**

In preparing the consolidated statement of cash flows for the first half of 2019 and 2018, the section on cash flows from financing activities, "Proceeds and payments relating to equity instruments", includes the acquisitions of ACS treasury shares.

In relation to the investee in the Middle East, BIC Contracting LLC (BICC), in 2019 EUR 248 million were included as a cash outflow under "Other proceeds/(payments) from financing activities" in the cash flow statement.

As a result of the entry into force of IFRS 16 Leases, the repayment of the principal portion of all lease liabilities is classified as financing activities in the cash flow statement and the comparative effect has been restated for 2018.

In 2018, the ACS Group, through Hochtief, A.G., used EUR 16,519,541 thousand in cash resources to acquire the shares of Abertis Infraestructuras, S.A., by obtaining the related financing. All the shares of Abertis Infraestructuras, S.A. were sold to Abertis Participaciones S.A.U., a holding company created in the course of the transaction, at the same price as the corresponding price paid by Hochtief in the takeover bid. The shares attributed to Atlantia, S.p.A. (50%) corresponding to EUR 8,259,771 thousand were recorded as cash from investment activities as disbursements/resources from resale, as well as new loans/debt returns.

The shares relating to the ACS Group (amounting to EUR 8,259,770 thousand) were accounted for as investments accounted for using the equity method and presented in cash flow as investing activities as disbursements/funds from resale. In the process of the takeover bid, Hochtief, ACS and Atlantia formed an additional holding company (Abertis Holdco, S.A.) which wholly controlled Abertis Participaciones, S.A.U. The acquisition of 50% of the shares of this company, which was included in the equity method at December 31, 2018, gave rise to a cash outflow of EUR 3,487,984 thousand.

In relation to the cash flows from investments in property, plant and equipment, intangible assets, projects and investment property made in the year, a distinction must be made between investments in operations and those that are not. The details are as follows:

	Thousands of Euros	
	2019	2018
Operational Investments	**742,271**	**605,762**
- Kinkardine Floating Offshore Wind Project in Scotland	126,694	71,780
- Photovoltaic Projects in Spain	223,470	132,057
- Wind Farms Projects in Spain	25,687	-
Investments in Projects	**375,851**	**203,837**
Investment Headquarters Hochtief	**45,000**	**-**
Investments in tangible assets, intangible assets, projects and real estate investments	**1,163,122**	**809,599**

The reconciliation of the carrying amount of the liabilities arising from financing activities, separately distinguishing the changes that generate cash flows from those that do not for 2019 and for 2018, are as follows:

	Thousands of Euros	
	31/12/2019	31/12/2018
Initial net debt (Note 21)	**3,284**	**(153,038)**
Cash flows		
Issue of financial liabilities	(6,057,262)	(20,740,217)
Amortization of financial liabilities	4,356,818	20,077,871
Cash and cash equivalents	1,002,252	586,338
No Impact of Flows		
Change in net debt held for sale (Note 03.09)	427,998	220,431
Exchange difference	68,141	129,459
Reclassifications	268,716	180,256
Change in the scope of consolidation and others	(123,667)	(297,816)
Final net debt (Note 21)	**(53,720)**	**3,284**

03.24. Entry into force of new accounting standards

Changes in accounting policies

In 2019, the following mandatory standards and interpretations already adopted by the European Union came into force and, where applicable, were used by the Group in the preparation of these Consolidated Annual Accounts:

(1) New standards, amendments and interpretations whose application is mandatory in the year beginning January 1, 2019:

Approved for use in the European Union		**Mandatory application in the years from:**
IFRS 16 Leases (published in January 2016)	Replaces IAS 17 and associated interpretations. The main new development is a single accounting model for lessees, which will include all leases in the balance sheet (with some limited exceptions) with a similar impact to that currently applicable to financial leases (depreciation of the right-of-use asset and a financial expense for the depreciation of the liability).	1 de enero de 2019
Amendment to IFRS 9 Prepayment features with negative compensation (publication in October 2017)	This amendment allows the measurement at amortized cost of certain financial assets that can be canceled in advance for an amount less than the amount of principal and interest outstanding on that principal.	
IFRIC 23 Tax treatment uncertainties (published June 2017)	This interpretation clarifies how to apply the recording and valuation criteria from IAS 12 when there is uncertainty regarding acceptability by the tax authority of a particular tax treatment used by the entity.	
Amendment to IAS 28 Long-term interests in associates and joint ventures	Clarifies that IFRS 9 must be applied to long-term interest for an associate or joint venture if the equity method is not used.	
Improvements to the 2015-2017 IFRS Cycle (issued in December 2017)	Minor changes to a series of standards.	
Amendment to IAS 19 Plan amendment, curtailment or settlement (published in February 2018)	It clarifies how to calculate the service cost for the annual period and the net interest for the remainder of an annual period when there is a change, reduction or settlement of a defined benefit plan.	

The ACS Group analyzed the potential effects of the aforementioned standards, and concluded that there is no material impact except for IFRS 16.

IFRS 16 “Leases” came into force as of January 1, 2019, replacing IAS 17 and associated interpretations. The effects on the various headings of the Consolidated Annual Accounts at January 1, 2019 as a result of its application are presented in Note 02.01 on basis for presentation.

IFRS 16: Leases

IFRS 16 “Leases” will come into force on January 1, 2019 and will replace IAS 17 and its associated interpretations. The main new development is that IFRS 16 proposes a single accounting model for lessees, which will require lessees to recognize the right-of-use asset and lease liabilities for almost all leases. The lessor’s accounting remains similar to the previous standard, with the result that lessors will continue to classify leases as either financial or operating leases.

The ACS Group administers its owned and leased assets to ensure that there is a sufficient level of resources for it to meet its current obligations. The decision to lease or buy an asset depends on numerous considerations such as financing, risk management and operational strategies after the planned end to a project.

Formerly, the Group determined whether an arrangement was or contained a lease under “IFRIC 4 Determining whether an arrangement contains a lease”. The Group now assesses whether a contract is or contains a lease based on the new lease definition. Under IFRS 16, a contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange for a consideration.

The new standard has the following accounting effects:

- On the lease commencement date, the lessee must recognize the right-of-use asset and lease liability. The lease commencement date is defined in the standard as the date on which the lessor makes the underlying asset available to the tenant for his/her use;
- straight-line operating lease expenses will be replaced by a depreciation of the right-of-use asset and a decreasing interest expense of the lease liability (financial expense);
- interest expenses will be greater at the start of a lease term due to the greater principal value which will result in profit variability over the course of a lease term. This effect could be partially mitigated through a series of leases signed by the Group at different stages in the term;
- The repayment of the principal of all lease liabilities will be classified as financing activities in the statement of cash flows; and
- The application of IFRS 16 will have no impact on cash and cash equivalents in the statement of cash flows.

The Group has adopted IFRS 16 retrospectively in full, recognizing the effect in each previous year on the year being reported, and has therefore restated the comparative information. As provided by IAS 1.10 (f), the Group has presented, only for these purposes, a third statement of financial position at the beginning of the previous period as a result of the retrospective application of this standard.

The following tables summarize the impacts of the adoption of IFRS 16 on the consolidated statement of financial position at January 1, 2018, which were presented together with the effects of the application of IFRS 9 and 15 in the prior year:

	Thousands of Euros				
	31/12/2017	Effect IFRS 16	Effect IFRS 16	Effect IFRS 16	01/01/2018 (*)
NON-CURRENT ASSETS					
Tangible assets - property, plant and equipment	1,537,048	694,861	-	-	2,231,909
Investments accounted for using the equity method	1,568,903	(45)	(271,632)	(1,990)	1,295,236
Non-current financial assets	1,606,222	-	-	(352,844)	1,253,378
Deferred tax assets	1,501,710	15,885	176,964	6,910	1,701,469
CURRENT ASSETS					
Inventories	1,020,181	-	(6,743)	(10,880)	1,002,558
Trade and other receivables	11,142,505	-	(1,594,509)	(72,873)	9,475,122
Trade receivables for sales and services	9,612,490	-	(1,557,667)	(58,753)	7,996,070
Other receivable	1,215,363	-	(36,842)	(14,120)	1,164,400
Other current financial assets	1,559,076	-	-	(40,992)	1,518,084
Other current assets	178,011	-	-	(868)	177,143
Non-current assets held for sale and discontinued operations	411,274	938	-	-	412,212
TOTAL IMPACT ON ASSETS		**711,639**	**(1,695,920)**	**(473,537)**	

(*) Data restated.

	Thousands of Euros				
	31/12/2017	Effect IFRS 16	Effect IFRS 16	Effect IFRS 16	01/01/2018 (*)
EQUITY					
EQUITY ATTRIBUTED TO THE PARENT	3,742,880	(44,881)	(1,305,087)	(289,804)	2,103,108
NON-CONTROLLING INTERESTS	1,421,148	(22,608)	(407,560)	(183,733)	807,247
TOTAL IMPACT ON EQUITY		**(67,489)**	**(1,712,647)**	**(473,537)**	
NON-CURRENT LIABILITIES					
Long term lease liabilities	-	615,336	-	-	615,336
Other non-current liabilities	103,732	(7,904)	-	-	95,828
CURRENT LIABILITIES					
Short term lease liabilities	-	206,576	-	-	206,576
Trade and other payables	14,668,649	(35,821)	16,727	-	14,649,556
Liabilities relating to non-current assets held for sale and discontinued operations	220,653	941	-	-	221,594
TOTAL IMPACT ON LIABILITIES		**711,639**	**(1,695,920)**	**(473,537)**	

(*) Data restated.

Note 02.01.b) shows the effect of applying IFRS 16 “Leases” fully retrospectively at December 31, 2018.

The ACS Group applied the practical approach of not reassessing whether a contract is, or contains, a lease at the date of initial application. The definition of lease requirements applies only to contracts entered into (or modified) on or after the date of initial application, i.e. applying IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not revalued. The Group also exercises the option of grouping lease and non-lease components with the exception of real estate leases and recognizing them uniformly as leases in the statement of financial position. The ACS Group applies the requirements of IFRS 16 in the 2019 year which finishes on December 31, 2019, and restates the comparative period for the 2018 year.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single model in the statement of financial position in a manner similar to accounting for finance leases under IAS 17. The lessor's accounting under IFRS 16 remains substantially the same as the accounting under IAS 17 and does not have a material impact on the ACS Group.

From the lessee's standpoint, at the inception date of a lease, the lessee initially recognizes a liability for the present value to collect future lease payments (“Lease liability” discounted at the implicit interest rate or, if it cannot be obtained, at the interest rate at which the lessee would be financed in the market for a similar maturity and risk transaction) and an asset representing the right to use the underlying asset during the term of the lease (“Right to use asset”). Outstanding lease payments consist of fixed payments less any incentive receivable, variable payments that depend on an index or rate initially measured by the index or rate applicable at the inception date, amounts expected to be paid for residual value guarantees, the exercise price of the purchase option that is reasonably certain to be exercised and severance payments, provided that the lease term reflects the exercise of the cancellation option. The right-of-use asset consists of the amount of the lease liability, any lease payments made on or before the commencement date less incentives received, initial direct costs incurred and an estimate of the decommissioning or restoration costs to be incurred. Lessees must separately recognize interest expense on the lease liability and depreciation expense on the right to use the asset. Future lease payments (for the purpose of calculating the initial value of the liability) do not include payments that are variable and not dependent on an index (such as the CPI or an applicable lease price index) or a rate (such as the Euribor).

However, lessees are required to remeasure the lease liability in the event of certain events (such as a change in the term or lease payments). The amount of the re-measurement of the lease liability is recognized as an adjustment to the asset for right of use.

Variable lease payments were not material at December 31, 2019 and 2018.

The standard includes two exceptions to the recognition of lease assets and liabilities by lessees for which the expense is recorded in the income statement on an accrual basis:

- Low-value leases: this refers to leases of little significance, i.e. those contracts whose underlying asset is attributed an insignificant value. The Group has set the upper limit of this value at USD 5,000 as a reference amount.
- Short-term leases: those contracts with an estimated rental period of less than 12 months.

Sublease income is not significant since the ACS Group companies operate on a lessee rather than a lessor basis.

The Group has performed a detailed analysis of all the leases it has entered into, not considering contracts of less than one year and of low value; the main contracts were those associated with the rental of machinery, offices and transport elements in different geographical areas of operation. The conclusion of this analysis is that, as a result of the first application of IFRS 16, the Group has given rise to a restatement, resulting in an increase of EUR 889,455 thousand in total assets in the statement of financial position at December 31, 2018. The main items in the statement of financial position at December 31, 2018 concern the increase in "Property, Plant and Equipment" as a result of the capitalization of the right to use the asset amounting to EUR 873,856 thousand, an increase in "Deferred Tax Assets" amounting to EUR 15,648 thousand, a decrease of EUR 65,049 thousand in "Equity", an increase in "Lease Liabilities" of EUR 1,001,546 thousand and a decrease in other headings of EUR 46,993 thousand (see Note 02.01). With regard to the aforementioned analysis, the Group has applied discount rates for the calculation of the lease liability of between 1.0% and 5.7%, depending mainly on the term of the lease and the geographical features of the area in which the company contracting the lease operates.

Below follow the details of lease liabilities by maturity at December 31, 2019

	Thousands of Euros					
	Current	Non-current				
	2020	2021	2022	2023	2024 and subsequent years	Total non-current
Lease liabilities	**321,251**	525,950	39,818	36,301	84,875	**686,944**

There may also be some office leases that contain extension options which can be exercised by Group one year before the non-cancelable period of the lease. The Group considers such time extensions in those cases where it is reasonably certain that the extension will be exercised.

The Group has considered for its analysis of IFRS 16 those committed contracts that have not come into force, which are not material.

In the consolidated statement of income for 2018, the restatement of IFRS 16 resulted mainly in an increase in the amortization of assets (EUR 244,775 thousand) and interest expense on lease liabilities (EUR 39,338 thousand), with a corresponding decrease in lease expenses recognized under "Other operating expenses" (EUR 242,227 thousand) and "Supplies" (EUR 41,611 thousand). Operating lease expenses still exist for short-term leases (up to 12 months) as well as for low value assets based on the exceptions set forth in the standard and referred to above.

At December 31, 2019, EUR 885,942 thousand (December 31, 2018: EUR 873,856 thousand) of net "Assets for Rights of Use" under IFRS 16 "Leases" were recognized under "Property, Plant and Equipment" in the consolidated balance sheet. The detail of the right-of-use assets at December 31, 2019, December 31, 2018 and January 1, 2018 is as follows:

	Thousands of Euros		
	Balance at 31/12/2019	Balance at 31/12/2018	Balance at 01/01/2018
Land and buildings	1,047,526	971,357	903,175
Plant and machinery	587,565	518,379	233,642
Other intangible assets	211,956	139,292	97,139
Total tangible assets - property, plant and equipment	**1,847,047**	**1,629,028**	**1,233,956**
Accumulated depreciation	(961,105)	(755,172)	(539,095)
Total net tangible assets - property, plant and equipment	**885,942**	**873,856**	**694,861**

The change in “Right-of-use assets” in 2019 is mainly due to acquisitions in the infrastructure area amounting to EUR 298,381 thousand, including most notably the investments made by Hochtief amounting to EUR 273,484 thousand.

The depreciation and amortization relating to the right to use the assets recognized under IFRS 16 “Leases” during the year 2019 amounted to EUR 355,698 thousand (EUR 244,775 thousand in 2018) and the recognition of interest on the lease obligation amounted to EUR 43,038 thousand in 2019 (EUR 39,338 thousand during the year 2018) included in the consolidated income statement. The amortization of the usage rights, by type of underlying, is as follows:

	Thousands of Euros	
	2019	2018
Tangible assets - property, plant and equipment	**355,537**	**244,775**
Land and buildings	121,674	114,479
Plant and machinery	178,895	99,111
Other intangible assets	54,968	31,184
Advances and Property, plant and equipment in the course of construction	-	-
Intangible assets	**161**	**-**
Total depreciation	**355,698**	**244,775**

There are assets leased under short-term or low-value leases that do not apply IFRS 16 “Leases” since there are very short-term leases, generally of three to six months' duration, or ongoing monthly agreements or contracts with termination clauses throughout the Group. For each lease, it is analyzed and evaluated whether or not it is reasonably safe to extend the lease agreement. Within its considerations is included an assessment of the requirements of the asset in the project, the scope of the work that is to be carried out with this asset, and other relevant economic questions to evaluate adequately the duration of the same. At December 31, 2019, the accrued amounts of EUR 372,425 thousand (December 31, 2018: EUR 399,295 thousand) on the aforementioned assets were recognized under “Other Operating Expenses” in the consolidated income statement as an expense.

The Group does not have any material operating leases as a lessor.

The impact on property, plant and equipment was as follows:

	Thousands of Euros			
	Balance at 31/12/2018	Effect Changes in accounting policies IFRS 16	Balance at 31/12/2018 (*)	Balance at 31/12/2019
Land and buildings	440,122	971,357	1,411,479	1,488,838
Plant and machinery	2,963,681	518,379	3,482,060	3,739,625
Other intangible assets	797,415	139,292	936,707	1,000,598
Advances and Property, plant and equipment in the course of construction	82,428	-	82,428	118,551
Total tangible assets - property, plant and equipment	**4,283,646**	**1,629,028**	**5,912,674**	**6,347,612**
Accumulated depreciation	(2,650,264)	(755,172)	(3,405,436)	(3,635,515)
Impairment losses	(38,813)	-	(38,813)	(41,091)
Total net tangible assets - property, plant and equipment	**1,594,569**	**873,856**	**2,468,425**	**2,671,006**

(*) Restated unaudited.

(2) New standards, amendments and interpretations whose application is mandatory subsequent to the calendar year beginning January 1, 2019 (applicable from 2020 onwards):

At the date of approval of these Consolidated Annual Accounts, the following standards and interpretations had been published by the IASB but had not yet come into force, either because their effective date is subsequent to the date of the consolidated annual accounts or because they had not yet been adopted by the European Union:

Not approved for use in the European Union		**Mandatory application in the years from:**
Amendment to IAS 1 and IAS 8 Definition of "materiality" (published in October 2018)	Amendments to IAS 1 and IAS 8 to align the definition of "materiality" with that contained in the conceptual framework.	January 1, 2021
Amendment to IFRS 3 Business definition (published in October 2018)	Clarifications to business definition.	Pending adoption in EU January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 Benchmark Interest Rate Reform	Amendments to IFRS 9, IAS 39 and IFRS 7 related to the ongoing reform of benchmarks	
IFRS 17 Insurance contracts (published in May 2017)	Replaces IFRS 4. Draws together the principles of recording, valuation, presentation and breakdown in insurance contracts, with the aim that the entity provides relevant and reliable information which allows those using the financial information to determine the effect the contracts have in the financial statements.	Pending adoption in the EU 1 January 2021 IASB proposed deferral to January 1, 2022

The Group is in the process of analyzing these standards and does not expect a material impact from them.

04. Intangible assets

04.01. Goodwill

The detail by line of business of the changes in goodwill in 2019 and 2018 is as follows:

Line of Business	Thousands of Euros							
	Balance at 31/12/2018	Change consolidation method	Additions	Disposals and allocations	Impairment	Exchange differences	Transfers to/from other assets	**Balance at 31/12/2019**
Parent	**743,140**	-	-	-	-	-	-	**743,140**
Infrastructure	**2,161,247**	21,138	-	(716)	(2,743)	3,871	(917)	**2,181,880**
Industrial Services	**43,845**	-	11,285	(18)	-	50	3,829	**58,991**
Services	**129,510**	-	6,522	-	-	1,785	-	**137,817**
Total	**3,077,742**	**21,138**	**17,807**	**(734)**	**(2,743)**	**5,706**	**2,912**	**3,121,828**

Line of Business	Thousands of Euros							
	Balance at 31/12/2017	Change consolidation method	Additions	Disposals and allocations	Impairment	Exchange differences	Transfers to/from other assets	**Balance at 31/12/2018**
Parent	**743,140**	-	-	-	-	-	-	**743,140**
Infrastructure	**2,145,368**	(9,626)	13,735	(1,967)	(2,759)	6,704	9,792	**2,161,247**
Industrial Services	**60,394**	-	2,164	(7,756)	(10,910)	(47)	-	**43,845**
Services	**129,844**	-	3,204	-	(3,244)	(226)	(68)	**129,510**
Total	**3,078,746**	**(9,626)**	**19,103**	**(9,723)**	**(16,913)**	**6,431**	**9,724**	**3,077,742**

In accordance with the table above, the most significant goodwill is the result of the full consolidation of Hochtief, A.G. amounting to EUR 1,388,901 thousand and the result of the merger of the Parent Company with Grupo Dragados, S.A. which amounts to EUR 743,140 thousand.

There have been no significant changes in 2019 or in 2018.

As regards goodwill, each year the ACS Group compares the carrying amount of the related company or cash-generating unit (CGU) against its value in use, determined by the discounted cash flow method.

As regards the goodwill generated by the purchase of Hochtief, A.G. in 2011, said goodwill was, in accordance with IAS 36.80, allocated to the main cash-generating units, namely Hochtief Asia Pacific and Hochtief Americas. The value of the goodwill allocated to the Hochtief Asia Pacific cash-generating unit (CGU) amounted to EUR 1.102 billion, while the CGU Hochtief Américas was allocated EUR 287 million. In 2019, the ACS Group evaluated the recoverability of these items.

For the purpose of testing the impairment of the goodwill of Hochtief assigned to the business carried out by Hochtief Asia Pacific, the ACS Group based its valuation on the internal projections for 2020 to 2021 made according to the Hochtief business plan for this line of business and the estimates for 2022 and 2024, discounting the free cash flows at a weighted average cost of capital (WACC) of 7.8%, and using a perpetual growth rate of 2.5%. The weighted average cost of capital (WACC) represents a profitability premium on the long-term rate of interest (10-year Australian Bond) published by Bloomberg at September 30, 2019 and standing at 682 basis points. Similarly, the perpetual growth rate used corresponds to the estimated CPI for Australia for the year 2024 as published by the IMF in its World Economic Outlook report for October 2019.

In the case of the sensitivity analysis for the impairment test relating to the goodwill assigned to Hochtief's Asia Pacific business, the most relevant aspects are that the goodwill test withstands a discount rate of up to approximately 10.6%, representing a range of approximately 276 basis points, as well as a perpetuity growth rate of minus 0.5%. Also, it would bear an annual drop in cash flows of approximately 42% with regard to the projected flows.

In addition, this value has been compared to the average target price determined by CIMIC analysts according to Bloomberg at September 31, 2019 and to CIMIC's market price at that same date, concluding that there is no impairment in either of the scenarios analyzed.

In the case of the Hochtief Americas CGU, the following basic assumptions have been made:

- Forecasts used for the division for 5 years, until 2021, according to the Hochtief Business Plan and estimates for the 2022-2024 period.
- Perpetual growth rate of 2.3%, according to the IMF estimate with regard to the CPI for the US in 2024, based on the World Economic Outlook report published by the IMF in October 2019.
- A discount rate of 7.6% has also been assumed.

As for the sensitivity analysis of the impairment test for the goodwill assigned to Hochtief Américas, the relevant aspects are that the goodwill test, even assuming a cash position of 0 euros, supports a discount rate of up to approximately 28%, representing a span of 2,040 basis points, and would withstand an annual fall in cash flows of more than 80% of the projections.

All the assumptions listed above are supported by the historical financial information for the different units, allowing for future growth lower than those obtained in previous years. Additionally, it should be noted that the main variables of fiscal year 2019 did not differ significantly from those used in the impairment test of the previous year, and in some cases were higher than the forecasts. In addition, this value has been compared with the analysts' valuations for said division of Hochtief, and it has been concluded that it does not represent any impairment in any of the scenarios analyzed. It should also be noted that the share price of Hochtief, A.G. at December 31, 2019 (EUR 113.70 per share) was significantly higher than its carrying amount and, in addition, in 2018, sales were made of a percentage to Hochtief in the context of the Abertis transaction at a price of EUR 143.04 per share.

Along with the goodwill arising from the aforementioned full consolidation of Hochtief, A.G., the most significant goodwill, which amounted to EUR 743,140 thousand (EUR 743,140 thousand at December 31, 2018), arose from the merger with Dragados Group in 2003 and related to the amount paid in excess of the value of the assets on the acquisition date. This goodwill was assigned mainly to the cash-generating units of the Dragados Construction and Industrial Services area according to the following breakdown:

Cash-generating unit	Goodwill allocated
	Thousands of euros
Infrastructure	554,420
Industrial Services	188,720
Total goodwill	**743,140**

The ACS Group assessed the recoverability thereof in both 2019 and 2018 on the basis of an impairment test performed in the fourth quarter each year using figures for September, without any aspect of relevance coming to light in the last quarter that could be relevant to the aforementioned test.

In order to measure the various business generating units, in the case of Dragados Construction and Industrial Services the valuation is carried out using the discounted cash flow method.

The discount rate used in each business unit is its weighted average capital cost. In order to calculate the discount rate of each business unit the yield of 10-year Spanish government bonds was used, the deleveraging beta of the sector according to Damodaran, releveraged by the debt of each business unit and the market risk premium according to Damodaran. The cost of the gross debt is the consolidated actual effective cost of the debt of each business unit at September 2019 and the tax rate used is the theoretical tax rate for Spain. The perpetual growth rate (g) used is the CPI increase in 2024 for Spain according to the IMF report issued in October 2019.

The key assumptions used to measure the most significant cash-generating units were as follows:

- Dragados Construction:
  - Sales: compound annual growth rate during the period from 2020 to 2024 of 0.7%.
  - EBITDA Margins: average margin from 2020-2024 of 6.5% and final margin of 6.5%.
  - Amortizations/Operating investments: convergence to a ratio of sales of up to 0.9% in the last projection year.
  - Working capital: maintenance of the days of working capital for the period, calculated based on the figures for the end of September 2019.
  - Perpetual growth rate of 1.8%.
  - A discount rate of 5.99% has also been assumed.

- Industrial Services:
  - Sales: compound annual growth rate during the period from 2020 to 2024 of 0.7%.
  - EBITDA Margins: average margin from 2020-2024 of 10% and final margin of 10%.
  - Amortizations/Operating investments: convergence to a ratio of sales of up to 1.5% in the last projection year.
  - Working capital: maintenance of the days of working capital for the period, calculated based on the figures for the end of September 2019.
  - Perpetual growth rate of 1.8%.
  - A discount rate of 5.99% has also been assumed.

All the assumptions listed above are supported by the historical financial information for the different units, allowing for future growth lower than those obtained in previous years. Additionally, it should be noted that the main variables of fiscal year 2019 did not differ significantly from those used in the impairment test of the previous year, and in some cases were higher than the forecasts.

After testing the impairment of each of the cash-generating units to which the goodwill arising from the merger with Dragados Group in 2003 is assigned, it has been determined, with the aforementioned assumptions that under no circumstances is the estimated recoverable amount of the cash-generating unit less than its carrying amount, as there is no evidence of its impairment.

No reasonable scenario gave rise for the need to recognize an impairment loss. Impairment tests of the main cash-generating units such as Construction and Industrial Services support substantial increases in discount rates of over 500 basis points and significant negative deviations (over 50%) in budgeted cash flows without incurring impairment.

According to the above, the Directors consider that the sensitivity ranges of the test with regard to the key assumptions are within a reasonable range, allowing no deterioration to be detected either in 2019 or in 2018.

The remaining goodwill, excluding that generated by the merger between ACS and the Grupo Dragados and the goodwill arising from the full consolidation of Hochtief, A.G., is highly fragmented. Thus, in the case of the Industrial Services area, the total goodwill on the statement of financial position amounts to EUR 58,991 thousand (EUR 43,845 thousand at December 31, 2018), which relates to 12 companies from this business area, the most significant relating to the acquisition of Oficina Técnica de Estudios y Control de Obras, S.A. for EUR 12,351 thousand (EUR 12,351 thousand at December 31, 2018), Sociedad Ibérica de Construcciones Eléctricas, S.A. for EUR 11,709 thousand euros (EUR 11,709 thousand at December 31, 2018) and Conducciones, S.A.U. (Cotronic) for EUR 10,920 thousand December 31, 2019.

In the Services division, the total amount comes to EUR 137,817 thousand (EUR 129,510 thousand at December 31, 2018), corresponding to 18 different companies, the largest of which is that relating to the purchase of 25% of Clece for the amount of EUR 115,902 thousand (EUR 115,902 thousand at December 31, 2018).

In the Construction area, in addition to the goodwill arising from the full consolidation of Hochtief, A.G., noteworthy is the goodwill arising on the acquisitions of Pulice for EUR 55,052 thousand (EUR 54,014 thousand at December 31, 2018), John P. Picone for EUR 48,127 thousand (EUR 47,220 thousand at December 31, 2018), and Schiavone for EUR 53,151 thousand (EUR 52,149 thousand at December 31, 2018) and those from the Hochtief Group after takeover.

In these areas, the calculated impairment test is based upon scenarios similar to those that have been described for each area of activity or in the case of Dragados Group goodwill, taking into account the necessary adjustments based upon the peculiarities, geographic markets and specific circumstances of the affected companies.

According to the estimates and projections available to the directors of the Group and of each of the companies concerned, the projected cash flows attributable to these cash-generating units (or groups of units) to which the goodwill is allocated will make it possible to recover the net value of the goodwill recognized at December 31, 2019.

Impairment losses in relation to ACS Group goodwill during fiscal year 2019 amounted to EUR 2,743 thousand (EUR 16,913 thousand in fiscal year 2018).

04.02. Other intangible assets

The changes in this heading in the consolidated statement of financial position in 2019 and 2018 were as follows:

	Thousands of Euros							
	Development	Computer software	Concessions	Other intangible assets	Total other intangible assets	Accumulated amortisation	Impairment losses	Total other intangible assets, net
Balance at 1 January of 2018	**4,463**	**37,620**	**311,893**	**2,002,077**	**2,356,053**	**(1,250,066)**	**(52,398)**	**1,053,589**
Changes in the scope of consolidation	-	(4)	14,410	(13,378)	**1,028**	86	-	**1,114**
Additions or charges for the year	1,108	2,656	12,824	22,561	**39,149**	(104,050)	(1,351)	**(66,252)**
Disposals or reductions	(25)	(982)	(8,421)	(9,736)	**(19,164)**	10,978	-	**(8,186)**
Exchange differences	(1)	54	(9,264)	7,066	**(2,145)**	1,013	(2,214)	**(3,346)**
Transfers to/from other assets	-	473	(6,305)	(7,772)	**(13,604)**	63	-	**(13,541)**
Balance at 31 December of 2018	**5,545**	**39,817**	**315,137**	**2,000,818**	**2,361,317**	**(1,341,976)**	**(55,963)**	**963,378**
Changes in the scope of consolidation	-	1,427	18,841	831	**21,099**	90	-	**21,189**
Additions or charges for the year	3,857	3,388	15,319	53,341	**75,905**	(99,508)	(1,351)	**(24,954)**
Disposals or reductions	-	(1,900)	(22,581)	(563)	**(25,044)**	8,708	-	**(16,336)**
Exchange differences	-	118	2,202	3,861	**6,181**	(1,723)	(952)	**3,506**
Transfers to/from other assets	(964)	51	(27,705)	29,945	**1,327**	(2,213)	12	**(874)**
Balance at 31 December of 2019	**8,438**	**42,901**	**301,213**	**2,088,233**	**2,440,785**	**(1,436,622)**	**(58,254)**	**945,909**

Additions in 2019 amounted to EUR 75,905 thousand (EUR 39,149 thousand in 2018) relating mainly to Services amounting to EUR 643 thousand (EUR 5,502 thousand in 2018), Dragados amounting to EUR 1,432 thousand (EUR 565 thousand in 2018), Hochtief amounting to EUR 16,268 thousand (EUR 4,648 thousand in 2018), and Industrial Services amounting to EUR 57,100 thousand (EUR 28,293 thousand in 2018).

During 2019, losses were recorded in the value of items classified as “Other intangible assets” for EUR 1,351 thousand (EUR 1,351 thousand in 2018). Losses of value have not been carried forward to the consolidated income statements of 2019 and 2018.

The main assets recognized under "Other intangible assets" relate to Hochtief's construction backlog (mainly due to contracts in the Americas and Pacific Asia), prior to deteriorations and impairments, amounting to EUR 603,655 thousand (EUR 603,655 thousand at December 31, 2018), to the various trademarks of the Hochtief Group amounting to EUR 221,096 thousand (EUR 221,096 thousand at December 31, 2018) and to the contractual relationships with clients of the Hochtief Group amounting to EUR 722,779 thousand (EUR 722,779 thousand at December 31, 2018) generated in the first consolidation process (PPA). These assets, with the exception of the trademarks, are amortized in the period it is estimated that they generate revenue for the Group.

In 2019 no development expenditure was recognized as an expense in the consolidated income statement for 2019 (EUR 1,364 thousand in 2018).

At December 31, 2019, the amount of assets with an indefinite useful life other than those reported as “Goodwill”, relate mainly to several trademarks of the Hochtief Group amounting to EUR 44,581 thousand (EUR 43,751 thousand at 31 December 2018). The changes in the period arose as a result of the rates of exchange. Trademarks are not amortized systematically, but are checked for possible impairment annually. In 2019 there was no impairment of these assets (EUR 1,695 thousand in 2018 associated with the Devine brand at Hochtief Asia Pacific).

At the end of 2019, the ACS Group had fully amortized intangible assets still in use relating to computer software whose gross carrying value amounted to EUR 49,417 thousand (EUR 47,036 thousand at December 31, 2018).

There were no material intangible asset items whose title was restricted in 2019 or 2018.

05. Property, plant and equipment

The changes in this heading in the consolidated statement of financial position in 2019 and 2018 were as follows:

	Thousands of Euros							
	Land and buildings	Plant and machinery	Other intangible assets	Advances and Property, plant and equipment in the course of construction	Total tangible assets - property, plant and equipment	Accumulated depreciation	Impairment losses	Total net tangible assets - property, plant and equipment
Balance at 31 December of 2017	**442,239**	**2,975,053**	**802,281**	**44,683**	**4,264,256**	**(2,685,616)**	**(41,592)**	**1,537,048**
Changes in accounting policies IFRS 16	903,175	233,642	97,139	-	**1,233,956**	(539,095)	-	**694,861**
Balance at 1 January of 2018 (*)	**1,345,414**	**3,208,695**	**899,420**	**44,683**	**5,498,212**	**(3,224,711)**	**(41,592)**	**2,231,909**
Changes in the scope of consolidation	(6,393)	852	1,762	-	**(3,779)**	353	-	**(3,426)**
Additions or charges for the year	8,472	442,543	64,268	48,280	**563,563**	(451,369)	(2,315)	**109,879**
Disposals or reductions	(7,980)	(512,512)	(57,632)	(1,409)	**(579,533)**	506,977	4,307	**(68,249)**
Exchange differences	577	2,403	626	1,351	**4,957**	718	(891)	**4,784**
Transfers from / to other assets	3,207	55,342	(13,890)	(10,477)	**34,182**	(21,327)	1,678	**14,533**
Balance at 31 December of 2018 (*)	**1,343,297**	**3,197,323**	**894,554**	**82,428**	**5,517,602**	**(3,189,359)**	**(38,813)**	**2,289,430**
Changes in accounting policies IFRS 16	68,182	284,737	42,153	-	**395,072**	(216,077)	-	**178,995**
Balance at 1 January of 2019	**1,411,479**	**3,482,060**	**936,707**	**82,428**	**5,912,674**	**(3,405,436)**	**(38,813)**	**2,468,425**
Changes in the scope of consolidation	696	4,111	3,504	-	**8,311**	(17,841)	-	**(9,530)**
Additions or charges for the year	158,118	731,904	139,342	61,368	**1,090,732**	(859,870)	(2,058)	**228,804**
Disposals or reductions	(149,075)	(539,314)	(88,462)	(291)	**(777,142)**	700,294	206	**(76,642)**
Exchange differences	11,312	53,138	2,489	2,083	**69,022**	(33,785)	(426)	**34,811**
Transfers from / to other assets	56,308	7,726	7,018	(27,037)	**44,015**	(18,877)	-	**25,138**
Balance at 31 December of 2019	**1,488,838**	**3,739,625**	**1,000,598**	**118,551**	**6,347,612**	**(3,635,515)**	**(41,091)**	**2,671,006**

(*) Data restated

In 2019 and 2018 items of property, plant and equipment were acquired for EUR 1,090,732 thousand and EUR 563,563 thousand, respectively. In 2019 and 2018 the rights to use the leased assets were included under this heading in accordance with IFRS 16. The effect is described in Note 03.24.

In 2019, the most noteworthy acquisitions are mainly in the Infrastructure area for EUR 951,657 thousand, particularly in investments made by Hochtief amounting to EUR 856,513 thousand (especially in tunneling machines and machinery for mining) and by Dragados amounting to EUR 93,912 thousand, by Services for EUR 45,558 thousand, corresponding mainly to the acquisition of machinery and industrial vehicles and by Industrial Services for EUR 93,006 thousand for the acquisition of new plant and machinery for the implementation of new projects.

In 2018, the most noteworthy acquisitions were mainly in the Infrastructure area for EUR 484,369 thousand, particularly in investments made by Hochtief amounting to EUR 415,379 thousand (especially in tunneling machines and machinery for mining) and by Dragados amounting to EUR 67,785 thousand, by Services for EUR 33,025 thousand, corresponding mainly to the acquisition of machinery and industrial vehicles and by Industrial Services for EUR 45,667 thousand for the acquisition of new plant and machinery for the implementation of new projects.

Similarly, assets were also sold in fiscal years 2019 and 2018 for a total carrying amount of EUR 76,642 thousand and EUR 68,249 thousand respectively. The most significant disposals in 2019 relate mainly to the sale of machinery of Dragados amounting to EUR 35,369 thousand and the sale of machinery of Hochtief amounting to EUR 28,355 thousand. In addition, in 2018 the most significant disposal was for Hochtief machinery in the amount of EUR 55,097 thousand and the sale of machinery from Dragados for an amount of EUR 9,541 thousand.

At December 31, 2019, the Group has ongoing contractual commitments for the future acquisition of property, plant and equipment for EUR 93,762 thousand (EUR 112,619 thousand at 31 December 2018), which were largely for the investment commitments for technical facilities by Hochtief in the amount of EUR 83,624 thousand (EUR 106,331 thousand at December 31, 2018) and for machinery by Dragados in the amount of EUR 3,844 thousand (EUR 6,151 thousand at December 31, 2018).

The impairment losses recognized in the consolidated income statement for 2019 amount to EUR 2,058 thousand, relating mainly to the impairment of Dragados' machinery amounting to EUR 1,022 thousand (EUR 2,315 thousand in 2018 relating mainly to the impairment of Dragados' machinery amounting to EUR 1,996 thousand). No significant losses from value impairment were reverted and recognized in the consolidated income statement in 2019 or 2018.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

The indemnities received for claims covered by insurance policies recognized in profit or loss were not significant in 2019 and 2018.

At December 31, 2019 and 2018, there were no restricted items of property, plant and equipment.

The ACS Group has mortgaged land and buildings with a carrying amount of approximately EUR 35,058 thousand (EUR 36,342 thousand in 2018) to secure banking facilities granted to the Group.

At December 31, 2019, the Group had recognized a net EUR 2,223,391 thousand, net of depreciation, relating to property, plant and equipment owned by foreign companies and branches of the Group (EUR 1,234,675 thousand in 2018).

06. Non-current assets in projects

The balance of “Non-current assets in projects” in the consolidated statement of financial position at December 31, 2019, includes the costs incurred by the fully consolidated companies in the construction of transport, service and power plant infrastructures whose operation forms the subject matter of their respective concessions. These amounts relate to property, plant and equipment associated with projects financed under a project finance arrangement and concessions identified as intangible assets or those that are included as a financial asset according to the criteria discussed in Note 03.04. To better understand its activities relating to infrastructure projects, the Group considers it more appropriate to present its infrastructure projects in a grouped manner, although they are broken down by type of asset (financial or intangible) in this Note.

All the project investments made by the ACS Group at December 31, 2019 are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Highways / roads	2026	181,923	(89,825)	**92,098**
Waste treatment	2020	6,019	(1,680)	**4,339**
Water management	2020 - 2036	15,745	(1,086)	**14,659**
Wind farms	2022 - 2042	3,056	-	**3,056**
Desalination plants	-	27,845	-	**27,845**
Other infrastructures	-	27,354	(141)	**27,213**
Total		**261,942**	**(92,732)**	**169,210**

The changes in this heading in 2019 and 2018 were as follows:

	Thousands of Euros					
	2019			2018		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**281,603**	**(92,197)**	**189,406**	**342,426**	**(78,660)**	**263,766**
Changes in the scope of consolidation	10	-	10	(43,108)	226	(42,882)
Additions or charges for the year	57,129	(12,632)	44,497	32,138	(14,097)	18,041
Exchange differences	(487)	(1)	(488)	(3,045)	(3)	(3,048)
Disposals or reductions	(40,010)	2,118	(37,892)	(26,283)	-	(26,283)
Transfers	(36,303)	9,980	(26,323)	(20,525)	337	(20,188)
Ending balance	**261,942**	**(92,732)**	**169,210**	**281,603**	**(92,197)**	**189,406**

The breakdown of this heading by type, in accordance with IFRIC 12, is as follows:

- The concession assets identified as intangible assets, as a result of the Group assuming the demand risk at December 31, 2019, and the changes in the balance of this heading in 2019 and 2018 are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Highways / roads	2026	181,883	(89,792)	**92,091**
Water management	2020 - 2033	171	(171)	**-**
Waste treatment	2020	6,019	(1,680)	**4,339**
Other infrastructures	-	1,834	(142)	**1,692**
Total		**189,907**	**(91,785)**	**98,122**

	Thousands of Euros					
	2019			2018		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**206,547**	**(87,700)**	**118,847**	**206,416**	**(74,636)**	**131,780**
Additions or charges for the year	-	(12,443)	(12,443)	49	(13,061)	(13,012)
Exchange differences	35	-	35	82	(3)	79
Transfers	(16,675)	8,358	(8,317)	-	-	-
Ending balance	**189,907**	**(91,785)**	**98,122**	**206,547**	**(87,700)**	**118,847**

- The concession assets identified as financial assets, as a result of the Group not assuming the demand risk at December 31, 2019, and the changes in the balance of this heading in 2019 and 2018 are as follows:

Type of infrastructure	End date of operation	Thousands of Euros
		Collection rights arising from concession arrangements
Water management	2032	**625**
Other infrastructures	-	**25,520**
Total		**26,145**

	Thousands of Euros	
	2019	2018
Beginning balance	**47,437**	**98,095**
Changes in the scope of consolidation	-	(44,145)
Investment	4,153	25,369
Finance income	4,901	8,412
Collections	(13,341)	(12,427)
Disposals or reductions	-	(13,780)
Exchange differences	(1,356)	(3,062)
Transfers from/to other assets	(15,649)	(11,025)
Ending balance	**26,145**	**47,437**

In accordance with the measurement bases of IFRIC 12 and Note 03.04, the amount of financial remuneration included under “Revenue” amounted to EUR 4,901 thousand in 2019 (EUR 8,412 thousand in 2018), with no amounts in 2019 and 2018 corresponding to concession assets identified as financial assets classified as “Non-current assets held for sale and discontinued operations”.

The borrowing costs accrued in relation to the financing of the concessions classified under the financial asset model are immaterial in 2019 and 2018.

- The detail of the financial assets financed through a project finance arrangement that do not meet the requirements for recognition in accordance with IFRIC 12 at December 31, 2019, and the changes in the balance of this heading in 2019 and 2018 were as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Water management	2033 - 2036	14,949	(915)	**14,034**
Wind farms	2022 - 2042	3,056	-	**3,056**
Desalination plants	-	27,843	-	**27,843**
Other infrastructures	-	43	(32)	**11**
Total		**45,891**	**(947)**	**44,944**

	Thousands of Euros					
	2019			2018		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**27,620**	**(4,498)**	**23,122**	**37,915**	**(4,024)**	**33,891**
Changes in the scope of consolidation	10	-	10	1,037	226	1,263
Additions or charges for the year	61,416	(189)	61,227	10,735	(1,036)	9,699
Exchange differences	834	(1)	833	(65)	-	(65)
Disposals or reductions	(40,009)	2,118	(37,891)	(12,503)	-	(12,503)
Transfers	(3,980)	1,623	(2,357)	(9,499)	336	(9,163)
Ending balance	**45,891**	**(947)**	**44,944**	**27,620**	**(4,498)**	**23,122**

Simultaneously, there are concession assets that are not financed by project finance amounting to EUR 58,600 thousand (EUR 27,749 thousand at December 31, 2018) which are recognized as “Other intangible assets”.

In 2019 and 2018 project assets were acquired net of the collections associated with financial assets under IFRS 12, amounting to EUR 57,129 thousand and EUR 32,138 thousand, respectively. The main investments in projects carried out in 2019 were in the Industrial Services Division, amounting to EUR 61,416 thousand mainly made in desalination plants (EUR 10,735 thousand carried out at desalination plants and wind farms, mainly in 2018).

In 2019, no significant additions were made to the consolidation scope. In 2018, amounts were recorded in the consolidation scope of EUR 1,037 thousand relating to photovoltaic plants and wind farms in the Industrial Services division.

No significant divestments were made in 2019. In 2018, the company made a divestment of EUR 44,145 thousand through the sale of 80% of Gestió de Centres Policials, S.L. (holding company of Remodelación Ribera Norte, S.A., Cesionarias Vallés Occidental, S.A., Manteniment i Conservació del Vallés, S.A.), keeping an interest of 20% and changing to the equity method. This transaction gave rise to a gain of EUR 399 thousand, which is recognized under ““Impairment and gains or losses on disposals of non-current assets” in the consolidated income statement.

In 2019, no impairment losses were recognized in the consolidated income statement (EUR 218 thousand at December 31, 2018). Also, no impairment losses were reversed and recognized in the 2019 or 2018 consolidated income statements.

At December 31, 2019 and 2018, the Group had not formalized any contractual commitments for the acquisitions in non-current assets in projects.

The financing relating to non-current assets in projects is explained in Note 18. The concession operators are also obliged to hold restricted cash reserves, known as reserve accounts, included under “Other current financial assets” (see Note 10.05).

Lastly, it should be noted that the Group has non-current assets in projects classified under "Non-current assets held for sale and discontinued operations" (see Note 03.09).

07. Investment property

The changes in this heading in 2019 and 2018 were as follows:

	Thousands of Euros	
	2019	2018
Beginning balance	**36,151**	**35,065**
Additions	2	1,621
Sales / decreases	(4,493)	(2,837)
Charges for the year	(1,648)	(885)
Impairment losses	-	(206)
Transfers from / to other assets	(3,795)	3,453
Exchange differences	(3)	(60)
Ending balance	**26,214**	**36,151**

The rental income earned from investment property amounted to EUR 3,300 thousand in 2019 (EUR 3,431 thousand in 2018). The average occupancy level of the aforementioned assets was 39% (39% in 2018) with an average rentable area of 44,330 square meters (69,972 square meters in 2018).

The direct operating expenses arising from investment properties included under “Other operating expenses”, amounted to EUR 866 thousand in 2019 (EUR 1,121 thousand in 2018).

There were no significant contractual commitments for the acquisition, construction or development of investment property, or for repairs, maintenance and improvements.

At the beginning of 2019, the gross carrying amount was EUR 65,233 thousand and accumulated depreciation (increased by accumulated impairment losses) amounted to EUR 29,082 thousand. At year-end, the gross carrying amount and accumulated depreciation were EUR 48,023 thousand and EUR 21,809 thousand, respectively. There were no material differences with respect to fair value in the accompanying Consolidated Annual Accounts.

08. Jointly controlled entities

The main aggregates included in the accompanying Consolidated Annual Accounts relating to JVs and EIGs for 2019 and 2018, in proportion to the percentage of ownership interest in the share capital of each joint venture, are as follows:

	Thousands of Euros	
	2019	2018
Net asset	1,686,790	1,468,571
Pre-tax profit or loss	203,553	206,158
Income tax expense (-) / income (+)	(30,388)	(23,974)
Post-tax profit or loss	173,165	182,184
Other comprehensive income	(4,251)	3,662
Total comprehensive income	168,914	185,846

The identification data relating to the main ACS Group's unincorporated joint ventures are detailed in Appendix II.

09. Investments in companies accounted for using the equity method

The detail, by type of entity, of the consolidated companies accounted for by the equity method at December 31, 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	2018 (*)
Associates	3,716,708	4,076,323
Jointly controlled entities	694,732	633,065
Total	**4,411,440**	**4,709,388**

(*) Data restated.

The changes in this heading in 2019 and 2018 were as follows:

	Thousands of Euros	
	2019	2018 (*)
Beginning balance	**4,709,388**	**1,295,236**
Additions	282,917	3,673,314
Disposals	(45,996)	(330,223)
Change in consolidation method	(179,052)	(106,080)
Profit for the year	480,342	386,359
Changes in the equity of associates		
Exchange differences/other	16,242	(28,323)
Cash flow hedges	(81,343)	(15,233)
Financial assets held for sale	(1,136)	(1,492)
Transfer to non-current assets held for sale/discontinued operations	438	-
Distribution of dividends	(602,733)	(182,244)
Others	(167,627)	18,074
Ending balance	**4,411,440**	**4,709,388**

(*) Data restated.

“Other” includes in 2019 the effect of the reduction in the percentage of ownership of certain concessions, partially sold, amounting to EUR 130,733 thousand.

“Profit of companies accounted for using the equity method in ordinary activity” and “Profit of companies not accounted for using the equity method in ordinary activity” in the consolidated income statement for 2019 also include the profit or loss from companies accounted for using the equity method of the companies considered to be assets held for sale, amounting to EUR 77,524 thousand (a loss of EUR 371 thousand in 2018).

The detail, by divisions, of the investments in companies accounted for by the equity method at December 31, 2019 and 2018 is as follows:

Line of Business	Thousands of Euros					
	31/12/2019			31/12/2018 (*)		
	Share of net assets	Profit/Loss for the year	Total carrying amount	Share of net assets	Profit / (Loss) for the year	Total carrying amount
Infrastructure	3,719,072	502,559	**4,221,631**	3,996,553	397,019	**4,393,572**
Industrial Services	212,170	(22,217)	**189,953**	326,625	(10,664)	**315,961**
Corporate unit and adjustments	(144)	-	**(144)**	(145)	-	**(145)**
Total	**3,931,098**	**480,342**	**4,411,440**	**4,323,033**	**386,355**	**4,709,388**

(*) Data restated

- ***Infrastructure***

At December 31, 2019 and December 31, 2018, in the Infrastructure area, the interest of EUR 3,417,754 thousand in Abertis (December 31, 2018: EUR 3,644,014 thousand) and the remaining interests from the Hochtief Group accounted for using the equity method, amounting to EUR 568,764 thousand (December 31, 2018: EUR 413,864 thousand).

The total amount of the equity-accounted interest in Abertis Holdco, S.A. in the ACS Group amounted to EUR 3,417,754 thousand (December 31, 2018: EUR 3,644,014 thousand), corresponding to the 20.0% interest in Hochtief and 30.0% directly from ACS itself (both included under the "Infrastructures" heading; see note 02.01 c). The net contribution to Abertis' consolidated profit in 2019 amounted to EUR 245 million (EUR 175 million in 2018).

BIC Contracting LLC (BICC) (45% owned), domiciled in Dubai (United Arab Emirates), is accounted for using the equity method. At December 31, 2019 (as at December 31, 2018), the carrying value of the interest is reduced to zero.

On January 23, 2020, the ACS Group announced to the CNMV that Cimic had completed an extensive strategic review of its financial investment in BIC Contracting (BICC), a company operating in the Middle East region.

As part of the strategic review, Cimic initiated a confidential sale process concerning its investment in BICC and discussions are still under way with a short list of potential acquirers for all or part of BICC. Furthermore, against the background of a sharp decline in the situation of the local market in which it operates, BICC is engaged in confidential discussions with its financiers, creditors, customers and other stakeholders.

Having thoroughly evaluation of all available options, Cimic has decided to leave the Middle East region and concentrate its resources and capital allocation on growth opportunities in its main markets and geographical areas (Australia, New Zealand and Asia Pacific).

In the year ended December 31, 2019, the ACS Group recognized a one-off impact before tax of EUR 1,694.6 million (AUD 2,724.7 million) relating to provisions and asset impairment in connection with the departure from the Middle East included under the heading "Impairments in the value of financial instruments" with a tax effect of EUR 550.1 million (AUD 884.5 million), resulting in a net tax effect and the effect of minority interests in the ACS Group's consolidated accounts of EUR 420.2 million.

The one-off impact due to Cimic's exit from the Middle East mentioned in the previous paragraph includes the impairment of assets for a total of EUR 739.9 million (1,189.6 million Australian dollars) which includes the shareholder loans for an amount of EUR 666.8 million (AUD 1,072.1 million), an impairment of the option to acquire the remaining shares in BICC of EUR 48.0 million (AUD 77.1 million) and EUR 25.1 million (AUD 40.4 million) in relation to other assets. The one-off impact mentioned in the previous paragraph also includes liabilities and other accounts payable amounting to EUR 954.7 million (AUD 1,535.1 million), of which EUR 927.4 million (AUD 1,483.4 million) is included under the "Financial liabilities associated with BICC" heading in the Consolidated Statement of Financial Position, representing the amounts expected to be paid as Cimic's financial guarantees on certain BICC liabilities materialize.

CONSOLIDATED INCOME STATEMENT	Thousands of Euros		
	2019 (Eliminado efecto provisión BICC)	One-off financial impact of the Middle East exist	2019
REVENUE	**39,048,873**	**-**	**39,048,873**
Changes in inventories of finished goods and work in progress	15,718	-	15,718
Capitalised expenses of in-house work on assets	4,212	-	4,212
Procurements	(25,752,669)	-	(25,752,669)
Other operating income	323,184	-	323,184
Personnal expenses	(8,394,427)	-	(8,394,427)
Other operating expenses	(2,698,874)	-	(2,698,874)
Depreciation and amortisation	(969,714)	-	(969,714)
Allocation of grants relating to non-financial assets and others	909	-	909
Impairment and gains on the disposal of non-current assets	296,085	-	296,085
Other profit or loss	(80,589)	-	(80,589)
Impairment of financial instruments	229,809	(1,694,600)	(1,464,791)
Ordinary results of companies accounted for using the equity method	553,310	-	553,310
Financial income	205,127	-	205,127
Financial costs	(497,202)	-	(497,202)
Changes in the fair value of financial instruments	30,075	-	30,075
Exchange differences	4,197	-	4,197
Impairment and gains or losses on the disposal of financial instruments	3,627	-	3,627
Non-ordinary results of companies accounted for using the equity method	4,555	-	4,555
PROFIT BEFORE TAX	**2,326,206**	**(1,694,600)**	**631,606**
Income tax	(466,044)	550,106	84,062
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**1,860,162**	**(1,144,494)**	**715,668**
Profit after tax from discontinued operations	-	-	-
PROFIT FOR THE PERIOD	**1,860,162**	**(1,144,494)**	**715,668**
Profit attributed to non-controlling interests	(477,930)	724,289	246,359
Profit from discontinued operations attributable to non-controlling interests	-	-	-
PROFIT ATTRIBUTABLE TO THE PARENT	**1,382,232**	**(420,205)**	**962,027**

- ***Industrial Services***

In Industrial Services, the change in the 2019 year arises from the consideration of assets held for sale by companies engaged mainly in the renewable energy and transmission line business (see Note 03.09).

Material associates

In accordance with IFRS 12, and after the provision of all the risk associated with BICC as explained in this Note, the only entity considered to be material at December 31, 2019 is Abertis Holdco, S.A. and its subsidiaries.

As indicated in Note 02.02.f), the ACS Group owns 50% less one share of Abertis Holdco, S.A. The ACS Group's interest in Abertis Holdco, S.A. gives it a material influence within the meaning of IAS 28 and, therefore, Abertis is accounted for in these Consolidated Annual Accounts as an associate using the equity method.

The table below shows the information on the companies considered material under this heading of the consolidated statement of financial position.

Abertis Holdco, S. A. and Subsidiaries	Thousands of Euros	
	31/12/2019	31/12/2018
	100%	100%
Non-current assets	37,184,921	39,204,828
Current assets	5,047,034	4,662,082
Of which: Cash and cash equivalents	2,718,299	2,739,888
Asset held for sale	-	1,621,795
Non-current liabilities	30,264,993	32,464,618
Of which: Financial liabilities	24,113,469	26,634,670
Current liabilities	3,602,876	3,238,412
Of which: Financial liabilities	2,039,481	1,299,623
Liabilities associate to assets held for sale	-	519,773
Equity	**8,364,086**	**9,265,902**
Non-controlling interest	1,780,978	2,208,217
Equity attributable to owners of the Company	**6,583,108**	**7,057,685**
Group interests in net assets (50%)	3,291,554	3,528,843
Other costs	126,200	115,171
Carrying amount of the investment	**3,417,754**	**3,644,014**

Abertis Holdco, S. A. and Subsidiaries	Thousands of Euros	
	2019	June-Dec. 2018
	100%	100%
Sales	5,361,265	3,138,704
Profit or loss from continuing operations	628,512	591,572
Post-tax profit/(loss) from discontinued operations	(15,350)	(43,002)
Profit/(loss) for the year	**613,162**	**548,570**
Non-controlling interest	1,386	127,148
Profit/(loss) for the year attributable to owners of the company	611,776	421,422
Income and expenses recognized directly in equity, after tax	**(197,376)**	**(100,201)**
Non-controlling interest	(10,845)	22,137
Income and expenses recognized directly in equity, after tax, attributable to owners of the company	(186,531)	(122,338)
Total comprehensive income (100%)	**415,786**	**448,369**
Non-controlling interest	(9,459)	149,285
Total comprehensive income attributable to owners of the company	425,245	299,084
Group share of total comprehensive income attributable to owners of the company (shareholding 50%)	**212,623**	**149,542**
Annual profit	**305,888**	**210,711**
Other comprehensive income	**(93,265)**	**(61,169)**

In 2019, the ACS Group received dividends from Abertis Holdco, S.A. amounting to EUR 431,926 thousand.

As a result of the acquisition of Abertis, in 2018 the Group asked an independent expert to conduct a Purchase Price Allocation (PPA) exercise. This allocation was made provisionally for it to be included in the financial information for the year ended December 31, 2018. In accordance with current regulations, there is a period of twelve months to make the definitive purchase allocation of the net assets and, therefore, in 2019 the Group completed, with the participation of a new independent expert, the allocation of the fair value of the assets acquired and liabilities assumed. The main impact of the PPA has been the assignment of greater value to the Abertis toll motorway concessions, net of tax effects. The value of the concessions has been calculated by discounting dividends at the cost of capital evaluated by the expert referred to above. Based on the final PPA, the adjustments to the initial values established have not been significant.

An impairment test was performed on the investment in Abertis, comparing the recoverable amount with the carrying amount and no impairment was detected.

Investments in associates, as in the previous year, are not subject to any restrictions.

Also detailed in the table below are the associated companies and the joint agreements which are not material:

	Thousands of Euros			
	Associates		Jointly controlled entities	
	2019	2018	2019	2018
Carrying amount	**298,954**	**432,260**	**694,732**	**633,114**
Profit before taxes	**11,660**	**(10,775)**	**186,528**	**208,096**
Income taxes	(4,664)	(5,389)	(19,072)	(16,288)
Profit after taxes	**6,996**	**(16,164)**	**167,456**	**191,808**
Other comprehensive income	1,056	2,011	5,417	19,814
Total comprehensive income	**8,052**	**(14,153)**	**172,873**	**211,622**

10. Financial assets

The breakdown of the Group's financial assets at December 31, 2019 and 2018, by nature and category for valuation purposes, is as follows:

	Thousands of Euros			
	31/12/2019		31/12/2018 (*)	
	Non-Current	Current	Non-Current	Current
Equity instruments	157,387	196,266	118,826	310,416
Loans to associates	261,247	135,298	716,162	180,725
Other loans	62,660	99,513	62,106	196,715
Debt securities	-	467,354	44	253,380
Other financial assets	407,826	440,598	299,510	522,619
Long-term cash collateral deposits	283	-	230	-
Subtotal	**889,403**	**1,339,029**	**1,196,878**	**1,463,855**
Trade receivables for sales and services	-	9,734,562	-	9,038,036
Other receivables	-	1,668,074	-	1,521,655
Cash and cash equivalents	-	8,089,419	-	6,966,457
Total	**889,403**	**20,831,084**	**1,196,878**	**18,990,003**

(*) Data restated.

The classification of financial assets in accordance with the application of IFRS 9 at December 31, 2019 and 2018 is as follows:

	Thousands of Euros			
	Value at 31/12/2019	Fair value with changes in profit or loss	Fair value with changes in other comprehensive income	Amortized cost
Non-current financial assets	**889,403**	**181,164**	**3,913**	**704,326**
Equity securities at long-term	157,387	157,387	-	-
Loans to companies at long-term	261,247	3,446	-	257,801
Loans to third parties	62,660	7,934	-	54,726
Debt securities at long-term	-	-	-	-
Long-term cash collateral deposits	283	283	-	-
Other financial assets at long-term	52,842	9,309	3,913	39,620
Non-current financial assets in operating receivables	354,984	2,805	-	352,179
Other current financial assets	**1,339,029**	**263,300**	**378,453**	**697,276**
Equity securities at short-term	196,266	104,190	92,076	-
Loans to group and associates to short-term	135,298	18,201	-	117,097
Other financial assets group and associated to short-term	-	-	-	-
Loans to companies at short-term	99,513	124	82	99,307
Debt securities at short-term	467,354	113,331	286,035	67,988
Other financial assets at short-term	420,809	25,361	260	395,188
Current account with overcollateralization fund	19,789	2,093	-	17,696
Trade receivables for sales and services	**9,734,562**	**-**	**-**	**9,734,562**
Other receivable	**1,668,074**	**-**	**-**	**1,668,074**
Cash and cash equivalents	**8,089,419**	**-**	**-**	**8,089,419**

	Thousands of Euros			
	Value at 31/12/2018	Fair value with changes in profit or loss	Fair value with changes in other comprehensive income	Amortized cost
Non-current financial assets	**1,196,878**	**169,084**	**402**	**1,027,392**
Equity securities at long-term	118,826	118,826	-	-
Loans to companies at long-term	716,162	4,621	-	711,541
Loans to third parties	62,106	9,424	-	52,682
Debt securities at long-term	44	-	-	44
Long-term cash collateral deposits	230	230	-	-
Other financial assets at long-term	49,314	30,891	402	18,021
Non-current financial assets in operating receivables	250,196	5,092	-	245,104
Other current financial assets	**1,463,855**	**567,120**	**154,681**	**742,054**
Equity securities at short-term	310,416	310,416	-	-
Loans to group and associates to short-term	180,725	-	-	180,725
Other financial assets group and associated to short-term	2,073	-	-	2,073
Loans to companies at short-term	196,715	716	-	195,999
Debt securities at short-term	253,380	95,978	154,681	2,721
Other financial assets at short-term	463,768	153,620	-	310,148
Current account with overcollateralization fund	56,778	6,390	-	50,388
Trade receivables for sales and services	**9,038,036**	**-**	**-**	**9,038,036**
Other receivable	**1,521,655**	**-**	**-**	**1,521,655**
Cash and cash equivalents	**6,966,457**	**-**	**-**	**6,966,457**

10.01. Equity instruments

The detail of the balance of this heading at December 31, 2019 and 2018 is as follows:

	Thousands of Euros			
	31/12/2019		31/12/2018	
	Non-Current	Current	Non-Current	Current
Infraestructures	115,981	125,076	80,584	242,164
Industrial Services	37,866	-	34,702	2
Services	22	-	22	-
Corporate Unit	3,518	71,190	3,518	68,250
Total	**157,387**	**196,266**	**118,826**	**310,416**

Of the non-current and current equity instruments, those from Hochtief amounting to EUR 83,697 thousand and EUR 125,076 thousand respectively (at December 31, 2018: EUR 73,481 and 242,164 respectively) relate mainly to short-term investments in securities held in special and general investment funds. At December 31, 2019, the Group had recognized its investment in Masmovil shares amounting to EUR 71,190 thousand (December 31, 2018: EUR 68,250 thousand) under "Other current financial assets" in the accompanying consolidated statement of financial position with changes in the income statement.

Marketable securities generally classified in Level 1 of the fair value hierarchy are recognized at fair value through profit or loss.

10.02. Loans to associates

The detail of the balances of "Loans to associates" and of the scheduled maturities at December 31, 2019, is as follows:

	Thousands of Euros					
	Current	Non-current				
	2020	2021	2022	2023	2024 and subsequent years	Total non-current
Loans to associates	**135,298**	112,429	-	-	148,818	**261,247**

The detail of the balances of "Loans to associates" and of the scheduled maturities at December 31, 2018, were as follows:

	Thousands of Euros					
	Current	Non-current				
	2019	2020	2021	2022	2023 and subsequent years	Total non-current
Loans to associates	**180,725**	98,242	404,602	-	213,318	**716,162**

The decrease in this category is due to the fact that as a result of the strategic review carried out by Cimic—see details in Note 09—with regard to its investee in the Middle East, BIC Contracting LLC (BICC), Cimic decided not to continue with the financial support it was providing to this company, provisioning for all the loans made. The impairment of loans to BICC in 2019 amounted to EUR 666.8 million (AUD 1,072.1 million). Cimic has recognized the total value of these guarantees of EUR 927.4 million (AUD 1,483.4 million) as a liability at December 31, 2019 under "Financial liabilities associated with BICC" in the accompanying consolidated statement of financial position. The carrying amount of the loans granted at December 31, 2018 amounted to EUR 395 million and the amount of the guarantees granted by Cimic to BIC Contracting LLC at December 31, 2018 amounted to EUR 551 million.

At December 31, 2019, the most important non-current loans granted in euros were granted to (in order of importance) Eix Diagonal Concessionària de la Generalitat de Catalunya, S.A. for EUR 13,402 thousand (EUR 51,492 thousand at December 31, 2018), subordinated loans to Celtic Road Group (Waterford and Portlaoise) for EUR 45,566 thousand (EUR 45,566 thousand at December 31, 2018), the loan granted to Empresa de Mantenimiento y Explotación M30, S.A. for the sum of EUR 22,803 thousand (EUR 22,803 thousand at December 31, 2018) and the subordinated loan granted to Road Management (A13) Plc. for EUR 40,266 thousand (EUR 35,223 thousand at December 31, 2018). In 2019, changes in credits were mainly due to the liquidation in May 2019 of Infraestructuras y Radiales, S.A. and Circunvalación de Alicante, S.A.C.E., derecognizing the participating loan and the subordinated loan which at December 31, 2018 represented EUR 29,538 thousand and EUR 15,655 thousand, respectively.

The Group regularly assesses the recoverability of the loans to associates jointly with investments, making the necessary provisions when necessary.

These loans bear interest at market rates.

10.03. Other loans

The detail of the balances of “Other loans” and of the scheduled maturities at December 31, 2019, is as follows:

	Thousands of Euros					
	Current	Non-current				
	2020	2021	2022	2023	2024 and subsequent years	Total non-current
Other loans	**99,513**	9,582	3,731	2,087	47,260	**62,660**

The detail of the balances of “Other loans” and of the scheduled maturities at December 31, 2018, was as follows:

	Thousands of Euros					
	Current	Non-current				
	2019	2020	2021	2022	2023 and subsequent years	Total non-current
Other loans	**196,715**	7,891	2,052	1,176	50,987	**62,106**

At December 31, 2018, this heading includes the updated amounts pending collection relating to the portion of the Urbaser sales price that was variable (“earn out”) based on compliance with an EBITDA for the period from 2017 to 2023, with EUR 21 million received in January 2019 and EUR 64 million received in May 2019 (included in the non-current portion). The total amount for this item was EUR 85,000 thousand, less the financial restatement of this amount of EUR 1,092 thousand collected in 2019.

These loans earn interest tied to Euribor plus a market spread.

10.04. Debt securities

At December 31, 2019, this heading included the investments in securities maturing in the short term relating mainly to investments in securities, investment funds and fixed-interest securities maturing at more than three months and which it does not intend to hold until maturity arising from Hochtief for EUR 329,035 thousand (EUR 203,310 thousand at December 31, 2018). Other significant amount includes those held by the Dragados Group amounting to EUR 70,312 thousand (December 31, 2018: EUR 47,105 thousand) and Cobra amounting to EUR 67,987 thousand (December 31, 2018: EUR 233 thousand).

10.05. Other financial assets

At December 31, 2019, “Other financial assets” includes short-term deposits of EUR 227,507 thousand (December 31, 2018: EUR 401,760 thousand).

Iberdrola

At December 31, 2018, this heading included the remainder or collateral in guarantee which amounted to EUR 235,836 thousand, included under “Other current financial assets” in the accompanying consolidated balance sheet, of the total proceeds from the forward sale of all of its ownership interest in Iberdrola, S.A. in March 2016. These amounts were held to secure the bond issues exchangeable for Iberdrola shares made through ACS Actividades Finance 2 B.V. At December 31, 2018, these issues were recorded at short term under “Bank borrowings, debentures and other marketable securities” on the liability side of the accompanying consolidated statement of financial position. During 2019 and as a result of the maturity and therefore redemption in March 2019 of the only issues in force at December 31, 2018, there are no balances recorded for these items.

The balance of this heading also includes the current account with the asset securitization for the amount of EUR 19,789 thousand (EUR 56,778 at December 31, 2018) (see Note 12) and the balance of the reserve accounts relating to activity of the projects.

Impairment losses

There were no significant impairment losses either in 2019 or in 2018, except for BIC Contracting (see note 09). There were no significant reversals due to the impairment of financial assets in 2019 or 2018.

10.06. Non-current commercial debtors

“Non-current trade receivables” includes mainly the certified amounts receivable amounting to EUR 83,135 thousand in relation to construction projects for investments in gas extraction contracts, whose proceeds (expected to be long-term) are linked to the cash flows generated by the operation of the aforementioned investments.

11. Inventories

The detail of “Inventories” at December 31, 2019 and 2018 is as follows:

	Thousands of Euros	
	31/12/2019	31/12/2018
Merchandise	200,213	231,677
Raw materials and other supplies	374,138	314,376
Work in progress	164,361	185,064
Finished goods	57,248	24,820
Advances to suppliers and subcontractors	115,005	110,584
Total	**910,965**	**866,521**

The balance of inventories at December 31, 2019 relates mainly to the EUR 434,976 thousand (EUR 378,018 thousand at December 31, 2018) contributed by the Hochtief Group, which includes projects in progress amounting to EUR 153,309 thousand (EUR 148,312 thousand at December 31, 2018), mainly real estate (land and buildings), owned by Hochtief and its Australian subsidiary Cimic, and which were not subject to restrictions either at December 31, 2019 or at December 31, 2018, and real estate assets in Dragados amounting to EUR 248,233 thousand (EUR 269,875 thousand at December 31, 2018). In addition to the aforementioned restrictions, inventories have been not pledged and/or mortgaged as security for the repayment of debts either at December 31, 2019 or at December 31, 2018.

Impairment losses on inventories recognized and reversed in the consolidated income statement, relating to the various ACS Group companies, amounted to EUR 2,035 and 584 thousand in 2019 (EUR 221 thousand and EUR 529 thousand respectively in 2018).

12. Trade and other receivables

The carrying amount of trade and other receivables reflects is broken down as follows by division at December 31, 2019 and 2018:

	Thousands of Euros				
	Infraestructures	Industrial Services	Services	Corporate unit and adjustments	Balance at 31/12/2019
Trade receivables for sales and services	6,843,072	2,535,668	196,043	-	9,574,783
Receivable from group companies and associates	49,089	110,547	143	-	159,779
Other receivables	976,050	679,880	8,272	3,872	1,668,074
Current tax assets	42,351	34,367	233	72,854	149,805
Total	**7,910,562**	**3,360,462**	**204,691**	**76,726**	**11,552,441**

	Thousands of Euros				
	Infraestructures	Industrial Services	Services	Corporate unit and adjustments	Balance at 31/12/2018 (*)
Trade receivables for sales and services	6,035,668	2,693,154	176,196	-	8,905,018
Receivable from group companies and associates	63,467	69,449	102	-	133,018
Other receivables	870,625	640,698	5,636	4,696	1,521,655
Current tax assets	38,034	61,133	19	231,949	331,135
Total	**7,007,794**	**3,464,434**	**181,953**	**236,645**	**10,890,826**

(*) Data restated.

Trade receivables for sales and services - Net trade receivables balance

The detail of trade receivables for sales and services and net trade receivables balance, by line of business, at December 31, 2019 and 2018, is as follows:

	Thousands of Euros				
	Infraestructures	Industrial Services	Services	Corporate unit and adjustments	Balance at 31/12/2019
Trade receivables and notes receivable	4,280,802	1,641,450	175,326	4,497	6,102,075
Completed work pending certification	2,834,924	1,000,893	24,190	-	3,860,007
Allowances for doubtful debts	(272,654)	(106,675)	(3,473)	(4,497)	(387,299)
Total receivables for sales and services	**6,843,072**	**2,535,668**	**196,043**	**-**	**9,574,783**
Advances received on orders (Note 23)	(2,507,573)	(761,117)	(67)	-	(3,268,757)
Total liabilities from customer contracts	**(2,507,573)**	**(761,117)**	**(67)**	**-**	**(3,268,757)**
Total net trade receivables balance	**4,335,499**	**1,774,551**	**195,976**	**-**	**6,306,026**

	Thousands of Euros				
	Infraestructures	**Industrial Services**	**Services**	**Corporate unit and adjustments**	**Balance at 31/12/2018 (*)**
Trade receivables and notes receivable	3,530,674	1,456,517	148,950	4,497	5,140,638
Completed work pending certification	2,762,822	1,333,256	30,161	-	4,126,239
Allowances for doubtful debts	(257,828)	(96,619)	(2,915)	(4,497)	(361,859)
Total receivables for sales and services	**6,035,668**	**2,693,154**	**176,196**	**-**	**8,905,018**
Advances received on orders (Note 23)	(2,406,514)	(739,010)	(56)	-	(3,145,580)
Total liabilities from customer contracts	**(2,406,514)**	**(739,010)**	**(56)**	**-**	**(3,145,580)**
Total net trade receivables balance	**3,629,154**	**1,954,144**	**176,140**	**-**	**5,759,438**

(*) Data restated.

Positive balances relating to contracts with clients are registered in accordance with the explanations in Note 03.16.

In the previous year, contractual assets and liabilities were offset on an aggregate basis in certain cases, which is why the figures for 2018 have been restated, with no effect on results.

The breakdown of the amounts recognized for these entries in 2019 2018 is as follows:

	Thousands of Euros									
	Balance at 31/12/2018 (*)	(a) Additions due to consolidation changes	(a) Disposals due to consolidation changes	(b)	(c)	(d)	(e)	Exchange differences	Others	**Balance at 31/12/2019**
Trade receivables and notes receivable (net of provisions)	**4,778,779**	27,216	**(81)**	31	(9,274)	2,467	65,638	1,898	848,102	**5,714,776**
Completed work pending certification	**4,126,239**	7,832	**-**	-	-	-	(36,876)	21,593	(258,781)	**3,860,007**
Total Contract assets	**8,905,018**	**35,048**	**(81)**	**31**	**(9,274)**	**2,467**	**28,762**	**23,491**	**589.321**	**9,574,783**
Total Contract liabilities	**3,145,580**	**9,245**	**-**	**-**	**-**	**-**	**(8,631)**	**36,163**	**86,401**	**3,268,758**

(*) Data restated.

	Thousands of Euros										
	Balance at 31/12/2017	**IFRS 15**	**Balance at 01/01/2018**	(a) Additions due to consolidation changes	(a) Disposals due to consolidation changes	(b)	(c)	(d)	(e)	Others	**Balance at 31/12/2018 (*)**
Trade receivables and notes receivable (net of provisions)	**4,713,975**	**(251,655)**	**4,462,320**	(1,630)	**248**	88,433	(19,982)	56,501	-	192,889	**4,778,779**
Completed work pending certification	**4,407,492**	**(1,306,012)**	**3,101,480**	(61)	**9,656**	130,283	(3,174)	(56,501)	-	944,556	**4,126,239**
Total Contract assets	**9,121,467**	**(1,557,667)**	**7,563,800**	**(1,691)**	**9,904**	**218,716**	**(23,156)**	**-**	**-**	**1,137,445**	**8,905,018**
Total Contract liabilities	**2,533,553**	**11,012**	**2,544,565**	**9,127**	**(7)**	**99,361**	**-**	**-**	**91**	**492,443**	**3,145,580**

(*) Data restated.

The different entries in the movement, in accordance with IRFS 15.118, are as follows:

(a) changes due to combinations of businesses;
(b) cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification;
(c) the impairment of a contract asset;
(d) a change in the time frame of a right to consideration that becomes unconditional (i.e. for a contract asset that is reclassified to an account receivable);
(e) a change in the time frame of a performance obligation to be satisfied (i.e. for the recognition of revenue from ordinary activities arising from a contract liability).

The “Others” item basically includes transactions related to production and/or invoicing directed to clients, as well as the receivables obtained from them.

The heading “Total liabilities from customer contracts” includes both “Customer advances” and “Pre-certified construction work customers”.

As a practical expedient, an entity does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The incremental costs are insignificant in relation to the total assets of customer contracts.

With regard to ordinary income recognized in financial year 2019 that was included in the balance of “Customer advances” (contract liabilities with customers) at the beginning of the financial year, this amounts to EUR 1,747 million (EUR 1,730 million in 2018) while ordinary income recognized in financial year 2019 resulting from performance obligations fulfilled, or partially fulfilled, in previous financial years amounts to EUR 255 million (EUR 136 million in 2018).

At December 31, 2019, retentions held by customers for contract work in progress amounted to EUR 1,248,434 thousand (EUR 1,016,823 thousand at December 31, 2018).

The Group companies assign trade receivables to financial institutions, without the possibility of recourse against them in the event of non-payment. The balance of receivables was reduced to EUR 2,146,086 thousand at December 31, 2019 (EUR 2,096,583 thousand at December 31, 2018).

Substantially all the risks and rewards associated with the receivables, as well as control over them, were transferred through the sale and assignment of the receivables, since there are no repurchase agreements between the Group companies and the banks that have acquired the assets, and the banks may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. Consequently, the balances receivable relating to the receivables assigned or sold under the aforementioned conditions were derecognized in the consolidated statement of financial position. The Group companies continued to manage collection during the year.

The balance of "Trade receivables and notes receivable" was reduced by the amounts received from the "CAP-TDA2 Fondo de Titulizacion de Activos", a securitization SPV which was set up on 19 May 2010.

The ACS Group companies fully and unconditionally assign receivables to the securitization SPV. By means of this mechanism, at the date of assignment, the Company charges a set price (cash price) which does not reverse back to the securitization SPV for any reason. This securitization SPV, which is subject to Spanish law, transforms the receivables acquired into bonds. It is managed by a management company called Titulizacion de Activos, Sociedad Gestora de Fondos de Titulizacion, S.A.

The amount of the receivables sold to the Securitization SPV was EUR 58,737 thousand at December 31, 2019 (EUR 132,853 thousand at December 31, 2018), of which EUR 19,789 thousand (EUR 56,778 thousand at December 31, 2018) were recognized as a current account with the Securitization SPV included under “Other current financial assets - Other loans” (see Note 10.05).

There was no customer at December 31, 2019 and 2018 that represented more than 10% of total revenue.

Similarly, in relation to the Construction activity, the Group records at December 31, 2019 as a Completed Work Pending Certification the works relating to the Gorgon LNG Jetty and Marine Structure project, in the amount of AUD 1,150, the same as at December 31, 2018 (equivalent to EUR 719 million as at December 31, 2019), corresponding to the works performed by CPB Contractors Pty Ltd (CPB), which is a 100%-owned subsidiary of CIMIC, together with its partners in the consortium (Saipem SA and Saipem Portugal Comercio Marítimo LDA) and Chevron Australia Pty Ltd (Chevron).

The current situation is as follows:

In November 2009, the Consortium was announced as the preferred contractor to build the Chevron Gorgon LNG Jetty and Marine Structures Project of 2.1 kilometers in Barrow Island, 70 kilometers offshore Pilbara, in Western Australia.

The scope of the works involved the design, supply of materials, manufacturing, construction and implementation of an LNG pier or dock (Liquefied Natural Gas). The scope also included the supply, manufacture and construction of marine structures including a heavy lift installation, tugs and navigational aids. The jetty comprised steel beams approximately 70 meters long supported by concrete caissons leading to the loading platform approximately 4 kilometers from the coast. The initial acceptance of the jetty and marine structures took place on August 15, 2014.

During the project, changes in the scope and conditions led the Consortium to make Change Order Requests. The Consortium, Chevron and Chevron agent held negotiations regarding the change order requests.

On February 9, 2016, the Consortium formally issued a notice of dispute to Chevron in accordance with the provisions of the contract. After a period of negotiation, the parties entered into private arbitration proceedings in accordance with the provisions of the Gorgon contract.

On August 20, 2016, with the aim of pursuing its rights under the contract, the CIMIC Group filed a suit in the United States against Chevron Corporation and KBR Inc. The start of these proceedings has no effect on the negotiation process or on CIMIC's right to the amounts under negotiation and/or claimed in the arbitration. Since December 2016, the arbitration has continued in accordance with the contractual terms. In November 2019 the closing conclusions were presented by the parties and the arbitrators' award is expected by the end of 2020.

In addition, there are arbitration proceedings against Saipem in relation to the consortium, seeking recovery of the outstanding amounts. This arbitration continues in accordance with the process defined in the contract. Arbitrators were appointed and issued the appropriate instructions for the conduct of the proceedings, and the hearings are expected to take place in 2020 with a subsequent finding.

Changes in the allowances for doubtful debts

The following is a breakdown, by line of business, of the changes in the "Allowances for doubtful debts" in 2019 and 2018:

	Thousands of Euros				
	Infraestructures	Industrial Services	Services	Corporate unit and adjustments	Total
Balance at 1 January of 2018	**(680,330)**	**(86,395)**	**(3,005)**	**(4,497)**	**(774,227)**
Charges for the year	(3,168)	(15,679)	(1,159)	-	(20,006)
Reversals / Excesses	24,254	13,255	1,278	-	38,787
Changes in scope and other	401,416	(7,800)	(29)	-	393,587
Balance at 31 December 2018	**(257,828)**	**(96,619)**	**(2,915)**	**(4,497)**	**(361,859)**
Charges for the year	(22,368)	(31,338)	(1,955)	-	(55,661)
Reversals / Excesses	4,113	22,315	1,444	-	27,872
Changes in scope and other	3,429	(1,033)	(47)	-	2,349
Balance at 31 December 2019	**(272,654)**	**(106,675)**	**(3,473)**	**(4,497)**	**(387,299)**

A concentration of credit risk is not considered to exist since the Group has a large number of customers engaging in various activities.

In addition, a provision of AUD 675 million (equivalent to EUR 422 million at December 31, 2019) is still recognized by Cimic for 2014 and is presented net of the balances of completed work pending certification at December 31, 2019 and 2018 (see Note 36).

The net trade receivables balance at December 31, 2019, amounted to EUR 6,306,026 thousand (EUR 5,759,438 thousand at December 31, 2018), of which EUR 1,092,479 thousand (EUR 917,754 thousand at December 31,

2018) relate to domestic activity and EUR 5,213,547 thousand (EUR 4,841,684 thousand at December 31, 2018) to international activity.

With regard to domestic activity, EUR 609,170 thousand (EUR 631,285 thousand at December 31, 2018), 56% of the balance (69% of the balance at December 31, 2018) relates to the net balance receivable from the Spanish public authorities, the remainder relating to the private sector, without large concentrations thereof.

With regard to foreign activities, the majority arises from the private sector amounting to EUR 4,479,660 thousand (EUR 4,293,214 thousand at December 31, 2018), the majority of which relate to the Hochtief Group. The status of defaulting clients that are not impaired at December 31, 2019 and 2018 is detailed in the “Credit risk” section of Note 21.

Group management considers that the carrying amount of the trade receivables reflects their fair value. The Group companies are responsible for managing the accounts receivable and determining the need for an allowance, since each Company best knows its exact position and the relationship with each of its clients. However, each line of business lays down certain guidelines on the basis that each client has its own peculiarities depending on the business activity performed. In this regard, for the Construction area, the accounts receivable from public authorities pose no recoverability problems of significance, and international activity mainly relates to work performed for public authorities in foreign countries, which reduces the possibility of experiencing significant insolvency. On the other hand, for private clients there is an established guarantee policy prior to the beginning of construction, which significantly reduces the risk of insolvency.

Additionally, the existence of arrears and of a possible default are low since besides the fact that the Group also has the right to request late interest from public authorities, its private clients are assigned a maximum risk level before contracting a service.

In the Industrial Services area, of most significance are private contracts, for which a maximum level of risk is assigned and collection conditions are based upon the solvency profile that is initially analyzed for a client and for a specific project, depending on its size. In the case of foreign private clients, the practice is to require payments in advance at the beginning of the project and establish collection periods based on the type of project, which are either short term or non-recourse discounts are negotiated, allowing for positive management of working capital.

13. Other current assets

This heading in the statement of financial position includes mainly short-term accruals of prepaid expenses and interest.

14. Cash and cash equivalents

"Cash and cash equivalents" includes the Group's cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets amounting to EUR 292,644 thousand (EUR 357,828 thousand at December 31, 2018) reflect their fair value and there are no restrictions as to their use.

15. Equity

15.01. Share Capital

At December 31, 2019 and 2018, the share capital of the Parent Company amounted to EUR 157,332 thousand and was represented by 314,664,594 fully subscribed and paid shares with a par value of EUR 0.5 each, all with the same voting and dividend rights.

Expenses directly attributable to the issue or acquisition of new shares are recognized in equity as a deduction from the amount thereof.

The General Shareholders’ Meeting held on May 10, 2019 approved a motion to delegate to the Board of Directors the power to issue, on one or more occasions, within a maximum term of five years following May 10, 2019, securities convertible and/or exchangeable for shares of the Company, as well as warrants or other similar securities that may directly or indirectly provide the right to the subscription or acquisition of shares of the Company, for a total amount of up to EUR 3 billion; as well as the power to increase the capital stock by the necessary amount, along with the power to exclude, where appropriate, the pre-emptive subscription rights up to a limit of 20% of the share capital.

As provided for under Article 506 of the Consolidated Text of the Spanish Companies Act, the Board of Directors is expressly granted the power to exclude, in whole or in part, the pre-emptive subscription right in respect of all or any of the issues it agrees to make by virtue of this authorization. In the event that the issuance of the convertible securities excludes the preemptive subscription rights of the shareholders, the Company will only issue convertible securities when the capital increase necessary for their conversion, added to the increases that, if applicable, would have been agreed upon under other authorizations granted by the General Shareholders' Meeting, does not exceed 20% of said total amount of the capital stock at the time of the authorization.

Additionally, the Company's Board of Directors is authorized to request the listing or delisting of any shares issued, in Spanish or foreign organized secondary markets.

The Ordinary General Shareholders' Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on May 10, 2019 resolved, among other matters, to make a share capital increase and reduction. In this regard, the Company resolved to increase the share capital to a maximum of EUR 625 million with a charge to voluntary reserves, whereby the first capital increase may not exceed EUR 481 million and the second increase may not exceed EUR 144 million, indistinctly granting the Executive Commission, the Chairman of the Board of Directors and the Director Secretary the power to execute the resolution. The capital increase is expected to take place, in the case of the first increase, within the three months following the date of the General Shareholders' Meeting held in 2019 and, in the case of the second increase, within the first quarter of 2020, thereby coinciding with the dates on which ACS, Actividades de Construcción y Servicios, S.A. has traditionally distributed the final dividend and the interim dividend. With regard to the capital reduction, the resolution adopted by the Board consists of reducing share capital through the redemption of the Company's treasury shares for a nominal amount equal to the nominal amount for which the aforementioned capital increase was effectively carried out. The Board of Directors is granted the power to execute these resolutions, on one or two occasions, simultaneously with each of the share capital increases.

In this regard, on June 11, 2019, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase charged to reserves, approved at the Ordinary General Shareholders' Meeting held on May 10, 2019, so that once the process has concluded in July 2019, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued is 7,836,637, and the nominal value of the related capital increase is EUR 3,918,318.50, with a simultaneous capital reduction of EUR 3,918,318.50, through the retirement of 7,836,637 treasury shares charged to free reserves, for the same amount of EUR 3,918,318.50 of the reserve provided for in Article 335.c of the Spanish Limited Liability Companies Law, corresponding to the par value of the retired shares.

On February 4, 2020, ACS, Actividades de Construcción y Servicios, S.A. decided to carry out the second capital increase with a charge to reserves approved by the shareholders at the Ordinary General Shareholders' Meeting held on May 10, 2019 and, on the same date, also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase (Note 15.04).

On January 9, 2019, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second increase of capital against reserves approved by the Ordinary General Shareholders' Meeting held on May 8, 2018, setting the definitive number of ordinary shares of EUR 0.5 par value each to be issued at 2,965,728, the corresponding nominal amount of the increase in capital being EUR 1,482,864. On the same date a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 1,482,864 by means of the redemption of 2,965,728 treasury shares and an allocation of an equal amount of EUR 1,482,864 to the reserve provided for in section c) of Article 335 of the Spanish Capital Companies Act, equivalent to the nominal value of the redeemed shares (see Note 15.04).

The Ordinary General Shareholders' Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on May 8, 2018 resolved, among other matters, to make a share capital increase and reduction. In this regard, the Company resolved to increase the share capital to a maximum of EUR 441 million with a charge to voluntary reserves, whereby the first capital increase may not exceed EUR 299 million and the second increase may not exceed EUR 142 million, indistinctly granting the Executive Commission, the Chairman of the Board of Directors and the Director Secretary the power to execute the resolution. The capital increase is expected to take place, in the case of the first increase, within the three months following the date of the General Shareholders' Meeting held in 2018 and, in the case of the second increase, within the first quarter of 2019, thereby coinciding with the dates on which ACS, Actividades de Construcción y Servicios, S.A. has traditionally distributed the final dividend and the interim dividend. With regard to the capital reduction, the resolution adopted by the Board consists of reducing share capital through the redemption of the Company's treasury shares for a nominal amount equal to the nominal amount for which the aforementioned capital increase was effectively carried out. The Board of Directors is granted the power to execute these resolutions, on one or two occasions, simultaneously with each of the share capital increases.

In this regard, on June 11, 2018, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase charged to reserves, approved at the Ordinary General Shareholders' Meeting held on May 8, 2018, so that once the process has concluded in July 2018, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued is 5,218,936, and the nominal value of the related capital increase is EUR 2,609,468, with a simultaneous capital reduction of EUR 2,609,468, through the retirement of 5,218,936 treasury shares charged to free reserves, for the same amount of EUR 2,609,468 of the reserve provided for in Article 335.c of the Spanish Limited Liability Companies Law, corresponding to the par value of the retired shares.

The shares representing the capital of ACS, Actividades de Construcción y Servicios, S.A. are admitted for trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and are listed on the continuous market.

In addition to the Parent, the companies included in the scope of consolidation whose shares are listed on securities markets are Hochtief, A.G. on the Frankfurt Stock Exchange (Germany), Dragados y Construcciones Argentina, S.A.I.C.I. on the Buenos Aires Stock Exchange (Argentina), Cimic Group Limited, and Devine Limited on the Australia Stock Exchange.

At December 31, 2019, the shareholder with an ownership interest of over 10% in the share capital of the Parent was Inversiones Vesan, S.A. with an ownership interest of 12.52%.

15.02. Share premium

At December 31, 2019 and 2018, the share premium amounted to EUR 897,294 thousand and there had been no changes therein in the previous two years.

The Consolidated Text of the Spanish Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

15.03. Retained earnings and other reserves

The detail of this heading at December 31, 2019 and 2018 is as follows:

	Thousands of Euros	
	Balance at 31/12/2019	**Balance at 31/12/2018 (*)**
Legal reserve	35,287	35,287
Voluntary reserves	2,685,092	2,201,669
Capital redemption reserve fund	30,440	25,039
Reserve for actuarial gains and losses	(17,687)	(6,893)
Others reserves	807,802	1,165,018
Reserves at consolidated companies	(377,439)	(522,241)
Total	**3,163,495**	**2,897,879**

(*) Data restated.

The main change in this heading in 2018 was the increase of EUR 1,774,283 thousand arising from the reduction of the ownership interest in Hochtief from 71.7% to 50.4% following the agreements reached with Atlantia in the investment transaction in Abertis (see Note 02.02 f) and also the effect of applying IFRS 15 and 9 (see Note 03.24).

15.03.01 Reserves of the Parent

This heading includes the reserves set up by the Group's Parent, mainly in relation to retained earnings, and if applicable, in compliance with the various applicable legal provisions.

Legal reserve

Under the Consolidated Text of the Spanish Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

The legal reserve of the Group's Parent, which amounts to EUR 35,287 thousand, has reached the stipulated level at December 31, 2019 and 2018.

Voluntary reserves

These are reserves, the use of which is not limited or restricted, freely set up by means of the allocation of the Parent's profits, after the payment of dividends and the required appropriations to the legal or other restricted reserves in accordance with current legislation.

Pursuant to the Consolidated Text of the Spanish Companies Law, profit may not be distributed unless the amount of the unrestricted legal reserves is at least equal to the amount of research and development expenses included under assets in the statement of financial position. In this case the reserves allocated to meet this requirement are considered to be restricted reserves.

Capital redemption reserve

As a result of the retirement of the Parent's shares carried out in 2019 and 2018, in accordance with that established in Article 335.c) of the Consolidated Text of the Spanish Corporate Enterprises Act, ACS, Actividades de Construcción y Servicios, S.A. arranged a restricted “Reserve for retired capital” amounting to EUR 30,440 thousand (EUR 25,039 thousand at December 31, 2018), which is equivalent to the nominal value of the reduced share capital.

Reserve for actuarial gains and losses

This reserve is included under "Valuation adjustments" and is the only item that is not transferred to the consolidated income statement since it is directly attributable to net equity. This item includes the effects on pension plans due to actuarial impacts such as changes in the technical interest rate, mortality tables, etc.

15.03.02. Reserves at consolidated companies

The detail, by line of business, of the balances of these accounts in the consolidated statement of financial position at December 31, 2019 and 2018, after considering the effect of consolidation adjustments, is as follows:

	Thousands of Euros	
	Balance at 31/12/2019	Balance at 31/12/2018 (*)
Infraestructures	3,595,335	3,673,579
Industrial Services	900,100	801,077
Services	53,681	36,374
Corporate Unit	(4,926,555)	(5,033,271)
Total	**(377,439)**	**(522,241)**

(*) Data restated.

Certain Group companies have clauses in their financing agreements (this is standard practice in project financing) that place restrictions on the distribution of dividends until certain ratios are met.

15.04. Treasury shares

The changes in "Treasury shares" in 2019 and 2018 were as follows:

	2019		2018	
	Number of Shares	Thousands of Euros	Number of Shares	Thousands of Euros
At beginning of the reporting period	**6,442,991**	**221,505**	**3,756,460**	**120,775**
Purchases	15,753,833	570,410	10,711,385	366,394
Depreciation and sales	(10,810,578)	(389,373)	(8,024,854)	(265,664)
At end of the reporting period	**11,386,246**	**402,542**	**6,442,991**	**221,505**

On January 9, 2019, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second increase of capital against reserves approved by the Ordinary General Shareholders' Meeting held on May 8, 2018, setting the definitive number of ordinary shares of EUR 0.5 par value each to be issued at 2,965,728, the corresponding nominal amount of the increase in capital being EUR 1,482,864. On the same date a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 1,482,864 by means of the redemption of 2,965,728 treasury shares and an allocation of an equal amount of EUR 1,482,864 to the reserve provided for in section c) of Article 335 of the Spanish Capital Companies Act, equivalent to the nominal value of the redeemed shares (see Note 15.01).

On 11 June 2019, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first increase of capital against reserves approved by the Ordinary General Shareholders Meeting held on May 10, 2019, and, once the process was finished in July 2019, the definitive number of ordinary shares was set at EUR 0.5 par value each to be issued at 7,836,637, the corresponding nominal amount of the increase in capital being EUR 3,918,318.50. On the same date a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 3,918,318.50 by means of the redemption of 7,836,637 treasury shares and an allocation of an equal amount of EUR 3,918,318.50 to the reserve provided for in section c) of Article 335 of the Spanish Capital Companies Act, equivalent to the nominal value of the redeemed shares (see Note 15.01).

On 4 February 2020, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves approved by the shareholders at the General Shareholders' Meeting held on May 10, 2018, and also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase (Note 32) through the retirement of the required treasury shares.

On January 9, 2018, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second increase of capital against reserves approved by the Ordinary General Shareholders Meeting held on May 4, 2017, setting the definitive number of ordinary shares of EUR 0.5 par value each to be issued at 2,793,785, the corresponding nominal amount of the increase in capital being EUR 1,396,892.50. On the same date a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 1,396,892.50 by means of the redemption of 2,793,785 treasury shares and an allocation of an equal amount of EUR 1,396,892.50 to the reserve provided for in paragraph (c) of Article 335 of the Spanish Capital Companies Act, equivalent to the nominal value of the redeemed shares (see Note 15.01).

On June 11, 2018, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first increase of capital against reserves approved by the Ordinary General Shareholders Meeting held on May 8, 2018, setting the definitive number of ordinary shares of EUR 0.5 par value each to be issued at 5,218,936, the corresponding nominal amount of the increase in capital being EUR 2,609,468. On the same date a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 2,609,468 by means of the redemption of 5,218,936 treasury shares and an allocation of an equal amount of EUR 2,609,468 to the reserve provided for in paragraph (c) of Article 335 of the Spanish Capital Companies Act, equivalent to the nominal value of the redeemed shares (see Note 15.01).

At December 31, 2019, the Group held 11,386,246 treasury shares of the Parent, with a par value of EUR 0.5 each, representing 3.6% of the share capital, with a consolidated carrying amount of EUR 402,542 thousand which was recognized in equity under "Treasury shares" in the consolidated statement of financial position. At December 31, 2018, the Group held 6,442,991 treasury shares of the Parent Company, with a par value of EUR 0.5 each, representing 2.0% of the share capital, with a consolidated carrying amount of EUR 221,505 thousand which was recognized in equity under “Treasury shares” in the consolidated statement of financial position.

The average purchase price of ACS shares in 2019 was EUR 36.21 per share (EUR 34.21 per share in 2018).

15.05. Interim dividend

On February 4, 2020 ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the first execution of the capital increase with a charge to reserves approved by the General Shareholders’ Meeting held on May 10, 2019. The purpose of the transaction is to implement a flexible formula for shareholder remuneration (“optional dividend”), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

Furthermore, the Company agreed to carry out the second execution of the reduction of the capital stock by amortization of its treasury stock approved at the same General Shareholders’ Meeting for a maximum amount equal to the amount in which the capital stock is actually increased as a result of the second execution of the capital increase referred to in the previous paragraph.

After the negotiation period for the free allocation rights corresponding to the second released capital increase, the irrevocable commitment to purchase of rights assumed by ACS was accepted by the holders of 34.37 % of the free allocation rights. After the decision-making period granted to the shareholders had elapsed, in March 2020 the following events took place:

- The dividend was determined to be a total gross amount of EUR 48,561,684.35 (EUR 0.449 per share) and was paid on March 5, 2020.

- The number of final shares subject to the capital increase was 2,899,168 for a nominal amount of EUR 1,449,584, which were redeemed simultaneously for the same amount.

15.06. Adjustments for changes in value

The net changes in the balance of this heading in 2019 and 2018 were as follows:

	Thousands of Euros	
	2019	2018 (*)
Beginning balance	**(292,027)**	**(257,141)**
Hedging Instruments	(108,067)	(22,527)
Available-for-sale financial assets	12,635	6,328
Exchange differences	26,000	(18,687)
Ending balance	**(361,459)**	**(292,027)**

(*) Data restated.

The adjustments for hedging instruments relate to the reserve set up for the effective portion of changes in the fair value of the financial instruments designated and effective as cash flow hedges. They relate mainly to interest rate hedges and, to a lesser extent, foreign exchange rate hedges, tied to asset and liability items in the consolidated statement of financial position, and to future transaction commitments qualifying for hedge accounting. The changes in the period arose mainly as a result of the rates of exchange for the Mexican peso, the Australian dollar, Canadian dollar, and US dollar.

The changes relating to financial assets through other comprehensive income include the unrealized gains or losses arising from changes in their fair value net of the related tax effect.

The translation differences at 1 January 2004 were recognized in the transition to IFRSs as opening reserves. Consequently, the amount presented in the Group's consolidated statement of financial position at December 31, 2019 relates exclusively to the difference arising in the period from 2004 to 2019, net of the related tax effect, between the closing and opening exchange rates, on non-monetary items whose fair value is adjusted against equity and on the translation to euros of the balances in the functional currencies of fully and proportionately consolidated companies and as companies accounted for using the equity method whose functional currency is not the euro.

At December 31, 2019 and 2018, the main translation differences, by currency, were as follows:

	Thousands of Euros	
	Balance at 31/12/2019	Balance at 31/12/2018
U.S. Dollar (USD)	19,698	15,170
Australian Dollar (AUD)	28,573	20,304
Canadian Dollar (CAD)	785	(7,084)
Brazilian Real (BRL)	(62,768)	(60,013)
Mexican Peso (MXN)	(2,009)	9,518
Argentine Peso (ARS)	(49,502)	(44,083)
Chilean Peso (CLP)	(7,502)	(6,780)
Other currencies	(101,112)	(126,868)
Total	**(173,837)**	**(199,836)**

(*) Data restated.

At December 31, 2019, in addition to the balance of translation differences, the balance of “Valuation adjustments” include a loss of EUR 166,833 thousand for hedging instruments (a negative amount of EUR -58,767 thousand at December 31, 2018) and a negative amount of EUR 20,789 thousand for assets available for sale (EUR 33,424 thousand at December 31, 2018).

15.07. Non-controlling interests

The detail, by divisions, of the balance of "Non-controlling interests" in the consolidated statement of financial position at December 31, 2019 and 2018 is as follows:

Line of Business	Thousands of Euros			
	Balance at 31/12/2019		Balance at 31/12/2018 (*)	
	Non-controlling interests	Profit attributed to non-controlling interests	Non-controlling interests	Profit attributed to non-controlling interests
Infraestructures	1,230,640	(249,918)	1,204,684	337,146
Industrial Services	92,008	1,691	81,944	6,445
Services	3,470	1,868	3,893	1,993
Total	**1,326,118**	**(246,359)**	**1,290,521**	**345,584**

(*) Data restated.

“Non-controlling interests” mainly relates to the full consolidation of Hochtief which includes both the ownership interests of the non-controlling shareholders of Hochtief as well as the non-controlling interests included in the statement of financial position of the German company, amounting to EUR 309,173 thousand at December 31, 2019 (EUR 550,789 thousand at December 31, 2018), which mainly relate to the non-controlling shareholders of Cimic Group Limited.

Accordingly, the only significant non-controlling interest is Hochtief, with the following information:

	Thousands of Euros	
	31/12/2019	31/12/2018 (*)
Non-current assets	6,064,754	5,014,085
Current assets	11,836,776	10,089,361
Non-current liabilities	4,142,944	2,896,051
Current liabilities	12,173,729	9,796,069
Equity	**1,584,857**	**2,411,326**
Of which: Non-controlling interests Hochtief	309,173	550,789
Non-controlling interests of Hochtief included in equity of the ACS Group	**941,489**	**1,472,998**
Turnover	25,851,855	23,882,290
Profit before tax	**(627,469)**	**979,038**
Income tax	292,232	(258,921)
Profit for the period from continuing operations	**(335,237)**	**720,117**
Profit after tax from discontinued operations	-	-
Profit for the period	**(335,237)**	**720,117**
Of which: Non-controlling interests Hochtief	128,990	(177,122)
Profit attributable to the parent	**(206,247)**	**542,995**
Non-controlling interests included in profit or loss for the year	**231,220**	**(446,267)**
Cash flows from operating activities	1,374,654	1,372,090
Cash flows from investing activities	(1,805,215)	(288,086)
Cash flows from financing activities	833,578	(569,738)

(*) Data restated.

The increase in non-controlling interests of EUR 636,369 million in 2018 arose as a result of the decrease in the ownership interest in Hochtief from 71.7% to 50.4% following the agreements reached with Atlantia in the investment transaction in Abertis (see Note 02.02 f).

”Non-controlling interests” in the accompanying consolidated statement of financial position reflects the proportionate share of the equity of Group companies in which there are non-controlling shareholders. The changes in 2019, by item, were as follows:

	Thousands of Euros
Balance at 31 December 2018 (*)	**1,636,105**
Profit for the year from continuing operations	(246,359)
Dividends received	(290,634)
Changes in shareholdings in controlled companies and others	(14,365)
Adjustments for changes in value	(4,988)
Balance at 31 December 2019	**1,079,759**

(*) Data restated.

The changes in 2018, by item, were as follows:

	Thousands of Euros
Balance at 01 January 2017	**1,421,149**
Profit for the year from continuing operations	345,275
Dividends received	(171,743)
Changes in shareholdings in controlled companies and others	644,118
Adjustments for changes in value	19,898
Changes in accounting policies	(622,592)
Balance at 31 December 2018 (*)	**1,636,105**

(*) Data restated.

At December 31, 2019, the shareholders with an ownership interest equal to or exceeding 10% of the share capital of the Group's main subsidiaries were as follows:

Group	Percentage of ownership	Shareholder
Infraestructures		
Hochtief, A. G.	18.00%	Atlantia S. p. A.
Construrail S.A.	49.00%	Renfe Mercancías SME, S.A.
Gasoductos y Redes Gisca S.A.	47.50%	Spie Capag, S.A.
Industrial Services		
Procme, S.A.	25.46%	GESTRC SGPS
Serpista, S.A.	39.00%	Iberia, S.A.
Monclova Pirineos Gas, S. A. de C. V.	30.55%	Atlantic Energy Investment, S.L. (10,55%)
		Constructora Industrial de Monclova, S.A de C.V. (15%)
Petrolíferos Tierra Blanca, S.A. de C.V.	65.27%	Alfasid del Norte, S.A.
	20.00%	Navolox (20%)
		Sener Engineering and Construction South Africa Property Limited (28%)
Oilserv S.A.P.I. de C.V.	65.28%	Newpek, S.A. de C.V.
Services		
Multiservicios Aeroportuarios, S.A.	49.00%	Iberia, S.A.

16. Grants

The changes in the balance of this heading in 2019 and 2018 were as follows:

	Thousands of Euros	
	2019	2018
Beginning balance	**3,227**	**4,007**
Exchange differences	9	(5)
Additions	439	416
Transfers	(69)	51
Recognition in income statement	(909)	(1,242)
Ending balance	**2,697**	**3,227**

The grants related to assets recognized in the consolidated income statement (recognized under "Allocation to profit or loss of grants related to non-financial non-current assets and other grants" in the consolidated income statement) amounted to EUR 909 thousand before tax in 2019 (EUR 1,242 thousand in 2018). The timing of recognition in profit or loss is detailed as follows:

	Thousands of Euros					
	31/12/2019			31/12/2018		
	<1	2-5	>5	<1	2-5	>5
Grants related to assets	482	1,071	1,144	1,025	1,169	1,033

17. Bank borrowings, debt instruments and other marketable securities

The breakdown of the ACS Group's financial liabilities at December 31, 2019 and 2018, by nature and category for valuation purposes, is as follows:

17.01. Bonds and other securities

At December 31, 2019, the ACS Group had debentures and bonds issued amounting to EUR 2,531,291 thousand in non-current issues and EUR 2,073,134 thousand in non-current issues (EUR 2,760,988 thousand and EUR 1,237,496 thousand in current issues, respectively, at December 31, 2018) from Cimic, Hochtief, ACS, Actividades de Construcción y Servicios, S.A. and ACS, Servicios Comunicaciones y Energía, S.L.

The most significant issues at December 31, 2019 are as follows:

– In 2019, ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) program for a maximum amount of EUR 750 million, which was registered in the Irish Stock Exchange. Through this program, ACS may issue notes maturing between 1 and 364 days, thus enabling the diversification of financing channels in the capital market. At December 31, 2019, the issues outstanding under the aforementioned programs amounted to EUR 378,900 thousand (EUR 283,050 thousand at December 31, 2018).

– Similarly, it has renewed its debt issue Program, called the Euro Medium Term Note Program (EMTN Program), which was approved by the Central Bank of Ireland. Under this program, the Company has made an issue amounting to EUR 120 million, maturing on March 8, 2021, with an annual coupon of 0.375% and an issue price of 99.936% and EUR 50,000 thousand at a floating interest rate tied to six-month Euribor plus 0.785% and maturing in June 2023. The Notes are expected to be admitted to trading on the Irish Stock Exchange. At December 31, 2019, the issues outstanding under this program amounted to EUR 670,000 thousand (EUR 500,000 thousand at December 31, 2018).

– Furthermore, in 2019 ACS, Actividades de Construcción y Servicios, S.A. renewed the Negotiable European Commercial Paper (NEU CP) program for a maximum amount of EUR 300 million, with a maximum issue term of 365 days, under the regulation of the Bank of France (pursuant to article D.213-2 of the French Monetary and Financial Code) listed on the Luxembourg Stock Exchange. At December 31, 2019, the issues outstanding under this program amounted to EUR 245,000 thousand (EUR 138,700 thousand at December 31, 2018).

– On March 16, 2015, under the Euro Medium Term Note Programme (EMTN Programme), which was approved by the Central Bank of Ireland, ACS, Actividades de Construcción y Servicios, S.A. performed a Notes issue in the Euro market for the amount of EUR 500 million. The issue matures at five years and the disbursement date is planned for 1 April 2015, with an annual coupon of 2.875% and an issue price of 99.428%, and is classified as current at December 31, 2019. The Notes are expected to be admitted to trading on the Irish Stock Exchange with a book value of EUR 499,630 thousand.

– Hochtief, A.G. has issued two corporate bonds in September 2019. The first was issued for an amount of EUR 500 million, with an annual interest rate of 0.5% and maturity in 8 years (until September 2027), with a book value of EUR 495,597 thousand at December 31, 2019. The second bond is for EUR 250 million, with an annual interest rate of 1.25% and a maturity of 12 years (until September 2031), with a book value of EUR 249,079 thousand at December 31, 2019. S&P has given the issues a BBB rating. This issue has been used to refinance the EUR 750 million bond that matures in March 2020 and for corporate purposes in general.

- For the first time, Hochtief, A.G. has used its debt issuance program to issue several private placements in the form of bonds:

  - In April 2019 it issued a bond for EUR 50 million with a maturity of 15 years and an interest rate of 2.3% per annum, with a book value of EUR 50,610 thousand at December 31, 2019.

  - In June 2019 Hochtief, A.G. issued a private placement for 50 million Swiss francs (with a book value of EUR 44,662 thousand at December 31, 2019) with an annual interest rate of 0.2%, maturing in June 2025 and the amount received has been converted into euros through the use of exchange rate derivatives, with an interest rate of 0.77%.

  - In July 2019, Hochtief, A.G. carried out a private placement for NOK 1 billion (with a book value of EUR 104,140 thousand at December 31, 2019). The bond has a fixed interest rate of 3.17% and matures on July 1, 2029. The amount received from the issue was converted to euros using exchange rate derivatives with an interest rate of 1.7%.

- ACS, Servicios, Comunicaciones y Energía, S.L. (a wholly-owned subsidiary of ACS, Actividades de Construcción y Servicios, S.A.) has a Green Bonds issue for EUR 750 million, which refinanced a large portion of its financial debt with an eight-year term and an annual interest rate of 1.875%. S&P assigned a BBB/A-2 rating to these Green Bonds.

- Hochtief, A.G. issued a corporate bond with a BBB rating for S&P for a nominal amount of EUR 500 million at 1.75% annual interest maturing on 3 July 2025. These bonds are listed on the Luxembourg Stock Exchange and in all the German stock exchanges. The carrying amount at December 31, 2019 amounted to EUR 501,413 thousand (EUR 500,876 thousand at December 31, 2018).

- Corporate bond issue launched by Hochtief, A.G on 14 March 2013 for a nominal amount of EUR 750 million maturing in March 2020 and with an annual coupon of 3.875%, classified as current with a carrying amount at December 31, 2019 of EUR 772,565 thousand (December 31, 2018: EUR 771,280 thousand).

- The issue by Cimic of ten-year guaranteed bonds for a nominal amount of USD 500 million (maturity in November 2022) at a fixed annual rate of 5.95% and a carrying amount of EUR 179,784 thousand (EUR 174,792 thousand at December 31, 2018).

- In 2010 Cimic issued a bond of USD 350 million (with a carrying amount of USD 115 million) with a current equivalent value of EUR 102,711 thousand (EUR 99,859 thousand at December 31, 2018). Of this bond, only the tranche expiring on 21 July 2020 remains (and has therefore been reclassified as current liabilities) with an annual interest rate of 5.78%.

Maturities in 2019 are as follows:

- Issue by ACS Actividades Finance 2 B.V. of bonds convertible into Iberdrola shares for an outstanding face value at December 31, 2018, of EUR 235,300 thousand, maturing on March 27, 2019 and bearing nominal annual interest at a fixed rate of 1.625%, which can be exchanged for Iberdrola shares, has been canceled in full, reducing the collateral by EUR 235,836 thousand.

- The transaction performed by Hochtief in May 2014 consisted in a bond issue with no credit rating for EUR 500 million with maturity in 2019 and an annual 2.625% coupon. This issue is listed in the Luxembourg Stock Exchange and in all the German stock exchanges. The carrying amount at December 31, 2018 amounted to EUR 507,488 thousand.

The detail, by maturity, of these debentures and bonds at December 31, 2019 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2020	2021	2022	2023	2024 and subsequent years	Total non-current
Debentures and bonds	**2,073,134**	119,884	179,785	50,000	2,181,622	**2,531,291**

The detail, by maturity, of these debentures and bonds at December 31, 2018 was as follows:

	Thousands of Euros					
	Current	Non-current				
	2019	2020	2021	2022	2023 and subsequent years	Total non-current
Debentures and bonds	**1,237,496**	1,346,448		174,792	1,239,748	**2,760,988**

The market price of the ACS Group bonds at December 31, 2019 and 2018 is as follows:

	Price	
	31/12/2019	31/12/2018
ACS 500, 2.875% Maturity in 2020	100.57%	103.13%
ACS Exchangeable 235, 1.625% Maturity in 2019	Matured	117.04%
ACS SC&E, 1.875% Maturity in 2026	105.62%	92.65%
HOCHTIEF 500, 2.625% Maturity in 2019	Matured	100.96%
HOCHTIEF 750, 3.875% Maturity in 2020	100.82%	104.08%
HOCHTIEF 500, 1.75% Maturity in 2025	106.08%	100.96%
HOCHTIEF 500, 0.5% Maturity in 2027	98.52%	-
HOCHTIEF 250, 1.25% Maturity in 2031	98.45%	-
CIMIC FINANCE 500 USD, 5.95% Maturity in 2022	106.38%	103.65%

17.02. Loans and credit facilities

The detail of the bank borrowings at December 31, 2019, and the repayment schedules are as follows:

	Thousands of Euros					
	Current	Non-current				
	2020	2021	2022	2023	2024 and subsequent years	Total non-current
Bank loans in euros	**434,524**	179,880	318,087	1,061,485	1,373,743	**2,933,195**
Foreign currency loans	**352,938**	170,609	361,755	115,108	21,309	**668,781**
Finance lease obligations	**7,293**	6,103	5,470	4,572	1,448	**17,593**
Total	**794,755**	**356,592**	**685,312**	**1,181,165**	**1,396,500**	**3,619,569**

The detail of the bank borrowings at December 31, 2018, and the repayment schedules are as follows:

	Thousands of Euros					
	Current	Non-current				
	2019	2020	2021	2022	2023 and subsequent years	Total non-current
Bank loans in euros	**419,369**	346,737	79,671	1,380,144	1,097,788	**2,904,340**
Foreign currency loans	**425,350**	39,612	17,228	237,432	25,207	**319,479**
Finance lease obligations	**10,115**	17,826	6,620	4,256	2,264	**30,966**
Total	**854,834**	**404,175**	**103,519**	**1,621,832**	**1,125,259**	**3,254,785**

The ACS Group's most significant bank loans are as follows:

– In 2019, ACS, Actividades de Construcción y Servicios, S.A., renewed the syndicated bank loan for the same amount of EUR 2,100,000 thousand (at 31 December 2018, EUR 2,150,000 thousand), divided into two tranches (tranche A, for a loan of EUR 950,000 thousand, EUR 1,200,000 thousand at December 31, 2018, and tranche B, for a liquidity facility of EUR 1,150,000 thousand, EUR 950,000 thousand at December 31, 2018), maturing on June 13, 2024, and which can be extended for a further two years, with lower margins. No amount had been drawn from the liquidity facility for Tranche B at December 31, 2019 and 2018. Through this renewal, accounting income amounting to EUR 8,215 thousand was recorded.

– In the context of the acquisition of Abertis, in 2018 ACS, Actividades de Construcción y Servicios, S.A. formalized loan agreements with various entities in the amount of EUR 750 million, with differing maturities in 2023 (between June 28 and December 12, 2023), at market interest rates tied to Euribor, which were reduced by EUR 50 million in 2019, so that at the end of the 2019 financial year the outstanding principal stood at EUR 700 million.

– The credit financing granted by an international syndicate of banks to the investee Hochtief, A.G. for a total of EUR 1,700,000 thousand (it has a tranche for guarantees amounting to EUR 1,200,000 thousand and a credit facility of EUR 500,000 thousand), maturing in August 2023, has been extended by one year until August 2024. Like last year, as at December 31, no amounts are drawn from the credit line tranche.

– On September 30, 2019, Cimic refinanced and extended the maturity of a tranche of its syndicated bank financing. The funding matures now in the next three tranches:

  - AUD 1,300 million maturing on Thursday, September 22, 2022
  - AUD 950 million maturing on September 25, 2023
  - AUD 950 million maturing on September 25, 2024

  The amount drawn at December 31, 2019 amounts to AUD 200 million (no amount had been drawn as at December 31, 2018). There is AUD 15.9 million of capitalized expenditure recognized against the funding (AUD 9.4 million at December 31, 2018).

– In August 2019, Flatiron and several of its investees signed a new USD 300 million syndicated loan and guarantee with an international bank syndicate. The financing arrangement, which matures in August 2024, replaces the former CAD 350 million syndicated loan and guarantee in Canadian dollars that was due in November 2019. The amounts drawn down as at December 31, 2019 amount to USD 6 million as a result of guarantees issued (as at December 31, 2018, the amounts drawn down were CAD 75.7 million).

– On June 29, 2017, the Company (Dragados, S.A.) and its investee (Dragados Construction USA, Inc.) as “Borrowers”, signed a syndicated loan agreement with a group of international financial institutions, amounting to USD 270,000 thousand (EUR 225,075 thousand), which was drawn down in full by Dragados Construction USA, Inc. The principal of this loan bears interest tied to Libor and matures on June 29, 2022, when it will be repaid in full.

– On December 20, 2018, Dragados, S.A. entered into a new syndicated transaction amounting to EUR 323,800 thousand, which was divided into Tranche A as a loan amounting to EUR 161,900 thousand and Tranche B as a credit facility for the same amount as Tranche A. Subsequently, on December 19, 2019, this contract was renewed, and sections A and B were increased by EUR 70,000 thousand each, for a total of EUR 463,800 thousand. In 2019, Dragados, S.A. drew down EUR 161,900 thousand. The principal of the loan and the credit facility will bear interest linked to Euribor, maturing on December 20, 2023.

- The ACS Group held mortgage loans amounting to EUR 31,407 thousand at 31 December 2019 (EUR 38,248 thousand at December 31, 2018).

- At December 31, 2019, the Group companies had been granted credit facilities with limits of EUR 6,762,905 thousand (EUR 7,237,317 thousand in 2018), of which the amount of EUR 5,795,336 thousand (EUR 5,301,712 thousand December 31, 2018) were undrawn. These credit facilities sufficiently cover all the Group's needs in relation to its short-term commitments.

At December 31, 2019, current and non-current bank borrowings in foreign currency amounted to EUR 1,021,719 thousand (EUR 744,829 thousand in 2018), of which EUR 510,952 thousand were mainly in US dollars (EUR 528,134 thousand in 2018), EUR 294,469 thousand euros are in Australian dollars (EUR 47,644 thousand in 2018), EUR 55,225 thousand are in Canadian dollars (EUR 58,013 thousand in 2018), EUR 40,228 thousand are in British pounds sterling (EUR 29,779 thousand in 2018) and EUR 13,458 thousand are in Polish zloty (EUR 29,522 thousand in 2018).

Foreign currency loans and credits are recognized at their equivalent euro value at each year-end, calculated at the exchange rates prevailing at December 31, (see Note 03.21).

In 2019 the Group's euro loans and credits bore average annual interest of 1.18% (1.52% in 2018). Foreign currency loans and credits bore average annual interest of 2.21% (3.46% in 2018).

In accordance with its risk management policy and in order to reduce liquidity risk, the ACS Group attempts to achieve a reasonable balance between non-current financing for the Group's strategic investments (above all, limited recourse financing as described in Note 18) and current financing for the management of working capital. The effect of the changes in interest rates on finance costs are indicated in Note 21.

In 2019 and 2018 the ACS Group satisfactorily met its bank borrowing payment obligations on maturity. Additionally, up to the date of the preparation of the consolidated annual accounts, the Group had not failed to meet any of its financial obligations. At December 31, 2019, the ACS Group met all ratios required by its financing arrangements.

18. Project finance with limited recurse

“Project finance with limited recurse” on the liability side of the consolidated statement of financial position mainly includes the amount of the financing related to infrastructure projects.

The detail of this heading, by type of financed asset, at December 31, 2019 is as follows:

	Thousands of Euros		
	Current	Non-current	Total
Highways	5,256	57,189	**62,445**
Water management	4,336	43,851	**48,187**
Other infrastructures	8,910	21,456	**30,366**
Total	**18,502**	**122,496**	**140,998**

The detail of this heading, by type of financed asset, at December 31, 2018 was as follows:

	Thousands of Euros		
	Current	Non-current	Total
Highways	5,482	62,034	**67,516**
Water management	1,015	7,058	**8,073**
Other infrastructures	9,581	31,586	**41,167**
Total	**16,078**	**100,678**	**116,756**

The detail, by maturity, of non-current financing at December 31, 2019 and 2018 is as follows:

	Thousands of Euros				
	Maturity in				
	2021	2022	2023	2024 and subsequent years	Total
Balance at 31 December 2019	19,910	23,292	24,358	54,936	**122,496**

	Thousands of Euros				
	Maturity in				
	2020	2021	2022	2023 and subsequent years	Total
Balance at 31 December 2018	14,899	17,385	20,723	47,671	**100,678**

Project financing

The Group has arranged various interest rate hedges in connection with the aforementioned financing (see Note 22).

The average interest rate for this type of project financing amounted to an annual 5.11% in 2019 and 5.05% in 2018.

The debts relating to limited recourse financing are secured by non-current assets in projects and include clauses requiring that certain ratios be complied with by the project and which were being met in all cases at December 31, 2019. Except as specifically mentioned in the preceding paragraphs in relation to each of the most relevant financing, at December 31, 2019 and 2018 there were no guarantees in the form of collateral.

In 2019 and 2018 the ACS Group satisfactorily settled all its project financing debts with limited recourse on maturity. Additionally, up to the date of the preparation of the consolidated annual accounts, the Group had complied with all its financial obligations.

19. Other financial liabilities

The breakdown of the balances of this heading in the consolidated statements of financial position at December 31, 2019 and 2018, is as follows:

	Thousands of Euros			
	Balance at 31/12/2019		Balance at 31/12/2018 (*)	
	Non-current	Current	Non-current	Current
Non-bank borrowings at a reduced interest rate	42,018	6,977	43,575	7,911
Payable to associates	49,929	27,487	29,443	41,655
Other	68,684	127,609	62,474	17,341
Total	**160,631**	**162,073**	**135,492**	**66,907**

The amount corresponding to “Other financial liabilities” on the consolidated statement of financial position includes, essentially, the financing obtained from public bodies in various countries to carry out certain infrastructure projects.

The "Non-bank borrowings at a reduced interest rate" are loans at reduced or zero interest rates granted by the Ministry of Economy, Industry and Competition and dependent agencies. The effect of the financing at market interest rates would not be material.

20. Provisions

The changes in non-current provisions in 2019 were as follows:

NON-CURRENT	Thousands of Euros						
	Provision for pensions and similar obligations	Personnel-related Provisions	Provision for taxes	Provision for third-party liability	Provision for environmental actions	Provisions for actions on infrastructure	Total
Balance at 31 December 2018	**364,528**	**175,417**	**142,388**	**982,262**	**-**	**18,262**	**1,682,857**
Additions or charges for the year	6,464	18,280	929	36,901	-	3,601	66,175
Reversals	13,599	(44,493)	(12,313)	(257,743)	-	-	(300,950)
Amounts used	933	(1,202)	(1,075)	(155,282)	-	(7,907)	(164,533)
Increases due to the passing of time and the effect of exchange rates on discount rates	41,213	-	-	100	-	-	41,313
Exchange differences	1,554	2,508	-	10,633	-	-	14,695
Changes in the scope of consolidation	(97)	-	-	542	-	-	445
Transfers	-	-	768	21,905	-	(752)	21,921
Balance at 31 December 2019	**428,194**	**150,510**	**130,697**	**639,318**	**-**	**13,204**	**1,361,923**

The increase in provisions for pensions and similar obligations has mainly been due to the decrease by Hochtief of the discount rate used to measure its pension obligations in Germany to 1.30% at December 31, 2019 (2.0% at December 31, 2018).

There was an application for its purpose of EUR 230 million of “provision for liabilities” in 2019 to cover the international risks in the Middle East, registered in the “Impairment of financial instruments” heading (see Note 29).

The Group companies recognize provisions on the liability side of the accompanying consolidated statement of financial position for present obligations arising from past events which the companies consider will probably require an outflow of resources embodying economic benefits to settle them on maturity. These provisions are recognized when the related obligation arises and the amount recognized is the best estimate at the date of the accompanying consolidated financial statements of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value is recognized as interest cost in the consolidated income statement.

Following is detailed information on the Group's provisions, distributed into three large groups:

Provision for pensions and similar obligations

On the one hand, defined benefit pension commitments were entered into by companies included in the group as a result of the merger by absorption of Dragados Group in 2003. These commitments were externalized through collective life insurance contracts, in which investments have been allocated whose flows coincide in time and amounts with the amounts and payment timetable of the insured benefits. Based on the valuation made, the amounts required to meet the commitments to current and retired employees amounted at December 31, 2019 to EUR 5,431 thousand (EUR 6,366 thousand at December 31, 2018) and EUR 148,741 thousand (EUR 155,042 thousand at December 31, 2018), respectively. The actuarial assumptions used in 2019 and 2018 valuations detailed above, are as follows:

Annual rate of increase of maximum social security pension deficit	2.00%
Annual wage increase	2.35%
Annual CPI growth rate	2.00%
Mortality table (*)	PERM/F-2000 P

(*) Guaranteed hypothesis, which will have no variation

The interest rates applied since the pension obligations were externalized ranged from a maximum of 5.93% to a minimum 0.01%. The interest rate applied was 0.01% in 2019 and 0.98% in 2018.

The amounts relating to the aforementioned pension obligations, recognized under “Personnal expenses” in the consolidated income statement for 2019, gave rise to income of EUR 51 thousand in 2019 (EUR 958 thousand in 2018), relating mainly to the regularization and redemption of the pension obligation, for accrued and unpaid income, of a certain group of employees from Grupo Dragados.

Additionally, ACS, Actividades de Construcción y Servicios, S.A. and other Group companies have alternative pension system obligations to certain members of the management team and Board of Directors of the Parent. These obligations have been formalized through several group savings insurance policies which provide benefits in the form of a lump sum, which represented a contribution in 2019 of EUR 4,755 thousand and was recognized under “Personnal expenses” in the consolidated statement of financial position. In 2018 the contribution in this connection amounted to EUR 4,750 thousand.

Except as indicated above, in general, the Spanish Group companies have not established any pension plans to supplement the social security pension benefits. However, pursuant to the Consolidated Pension Fund and Plan Law, in the specific cases in which similar obligations exist, the companies externalize their pension and other similar obligations to employees. The Group has no liability in this connection.

Some of the Group's foreign companies are obligated to supplement the retirement benefit and other similar obligations to its employees, including those from the Hochtief Group. The accrued obligations and, where appropriate, the related plan assets were measured by independent actuarial experts using generally accepted actuarial methods and techniques and the related amounts are recognized under “Non-current provisions – Provisions for pensions and similar obligations” in the accompanying consolidated statement of financial position, in accordance with IFRSs.

Defined benefit plans

Under defined benefit plans, the Group is obliged to provide agreed benefits to current and former employees. The main pension obligations in Germany consist of direct commitments under the current 2000+ pension plan and deferred compensation plans. The 2000+ plan in force since 1 January 2000 is a modular defined contribution plan. The size of the annual pension component depends on employee income and age (resulting in an annuity conversion factor) and a general pension contribution reviewed by Hochtief A.G. every three years and adjusted as necessary. The future pension amount is the sum total of the pension components earned each year. In isolated instances, length-of-service and final salary pension arrangements are still in existence for executive staff, although except at Executive Committee level, such arrangements have no longer been offered since 1995. Benefits comprise an old-age pension, an invalidity pension, and a surviving dependents’ pension, and in almost all cases are granted as a lifelong annuity.

Up to December 31, 2013, employees in Germany additionally had the option of deferred compensation in a company pension plan. The deferred compensation was invested in selected investment funds. The pension amount is based on the present value of acquired fund units and the time of retirement, subject to a minimum of the deferred compensation amount plus an increment that is guaranteed by Hochtief and ranges from 3.50% down to 1.75% p.a. There is a choice at retirement between a lump sum payment and an annuity for five or six years.

Outside of Germany, there are defined benefit plans at Turner in the USA and Hochtief UK in the United Kingdom. The plan at Turner was frozen as at December 31, 2003, and no new entitlements can be earned under it. Benefits comprise an old-age pension, an invalidity pension, and a surviving dependents' pension. There is a choice at retirement between a lifelong annuity and a lump sum payment. Commitments at Turner also include post-employment benefits in the form of medical care for pensioners. Hochtief UK has a length-of-service, final salary pension plan. For each year of service, 1/75th of the eligible final salary is granted as a monthly pension. Benefits comprise an old-age pension, an invalidity pension, and a surviving dependents' pension.

Defined benefit obligations in the Group were made up as follows as at December 31, 2019 and 2018:

	Thousands of Euros		
	31/12/2019		
	Germany	USA	UK
Active members	139,931	84,853	12,878
Final salary	(25,631)	-	(12,878)
Not final salary	(114,300)	(84,853)	-
Vested benefits	161,985	94,592	16,816
Retirees	498,022	94,592	16,816
Similar obligations	86	65,508	-
Total	**800,024**	**339,545**	**46,510**
Duration in years (weighted)	**15.0**	**9.7**	**18.8**

	Thousands of Euros		
	31/12/2018		
	Germany	USA	UK
Active members	120,006	77,178	10,428
Final salary	(21,204)	-	(10,428)
Not final salary	(98,802)	(77,178)	-
Vested benefits	141,914	35,350	16,643
Retirees	501,274	87,212	15,413
Similar obligations	92	52,413	-
Total	**763,286**	**252,153**	**42,484**
Duration in years (weighted)	**13.9**	**8.9**	**17.7**

Plan assets

Germany

There are no statutory or regulatory minimum funding requirements for pension plans in Germany. Domestic pension obligations are entirely funded. The funded plans take the form of a contractual trust arrangement (CTA). A trustee is responsible for administering the transferred assets, which serve exclusively to finance pension obligations in Germany. The transferred cash is invested in the capital market in accordance with the trust agreement and the investment principles set out in the trust agreement. The investment decisions are not taken by the trustee, but by an investment committee.

The investment guidelines and decisions are based on the findings of an asset liability matching (ALM) study compiled by outside specialists at regular intervals of three to five years. This uses Monte Carlo simulation to model the development of the pension liabilities and other key economic factors over a very long forward horizon and in numerous combinations. Based on the ALM study, a range of criteria are then applied to determine the optimum asset allocation in order to ensure that pension liabilities can be met in the long term.

To assure an optimum conservative risk structure, we have also established risk overlay management using the services of an external overlay manager who is given a fixed risk budget and works fully autonomously in a clearly structured risk overlay management process. Hochtief aims to ensure full funding of pension obligations and to fund new vested benefits on the basis of current service cost annually or at least on a timely basis. The companies pay in additional amounts from time to time in the event of any shortfall. Pension commitments in Germany in excess of the contribution assessment ceiling applied in the statutory pension insurance scheme are additionally covered using pension liability insurance. Pension liabilities from deferred employee compensation offered at December 31, 2013 were funded by the purchase of retail fund units. Funding of the obligations served by Hochtief Pension Trust e.V. as at December 31, 2019 amounts to about 51% (52% in 2018); the figure for Germany as a whole is about 57% (58% in 2018). It should be noted in this connection that the size of pension obligations has increased significantly in recent years due to the low level of market interest rates and that the funding ratio is expected to go up again when interest rates recover.

USA

The frozen defined benefit obligations in the Turner Group are likewise managed in a pension fund. Plan assets are administered in trust by BNY Mellon and serve exclusively to fund the plan. Investment decisions are not made by the trust but by a special committee.

The investment of plan assets is based on a regularly compiled ALM study. The investment objectives are to maximize the funding ratio and reduce volatility in the funding ratio. By fully funding the pension obligations at Turner in 2018, high-risk investments in equities have been reduced and investments in bonds, of more stable value, which offer an ideal return in line with the plan's liabilities, have been increased, thus ensuring full funding. There is no statutory minimum funding requirement, but low funding levels result in higher contributions to the Pension Benefit Guarantee Corporation, hence maximum funding is aimed for. The funding of obligations covered by plan assets at Turner as at December 31, 2019 is about 106% (105% in 2018); funding at Turner overall is about 82% (82% in 2018).

United Kingdom

Funding of plan assets at Hochtief UK is likewise on a trust basis. Statutory minimum funding requirements apply. If funding is insufficient to make up a funding shortfall, an additional restructuring plan is drawn up. Plan funding is reviewed at least once every three years. Funding of pension obligations at Hochtief UK is about 75% (76% in 2018).

Defined benefit obligations are covered by plan assets as follows:

Coverage of defined benefit obligations by plan assets

	Thousands of Euros			
	31/12/2019		31/12/2018	
	Defined benefit obligations	Plan assets	Defined benefit obligations	Plan assets
Uncovered by plan assets	66,750	-	53,587	-
Partially covered by plan assets	776,905	415,462	739,156	402,730
Not fully covered by plan assets	**843,655**	**415,462**	**792,743**	**402,730**
Fully covered by plan assets	294,351	309,864	265,180	279,508
Total	**1,138,006**	**725,326**	**1,057,923**	**682,238**

Actuarial assumptions

The size of pension provisions is determined on an actuarial basis. This necessarily involves estimates. Specifically, the actuarial assumptions used in 2019 and 2018 are as follows:

	Percent					
	2019			2018		
	Germany	USA	UK	Germany	USA	UK
Discount factor*	1.30	2.98	2.05	2.00	4.45	2.90
Salary increases	2.75	-	1.90	2.75	-	2.05
Pension increases*	1.50	-	3.15	1.75	-	3.30
Health cost increases	-	5.00	-	-	5.00	-

* Weighted average

The discount factors are derived from the Mercer Pension Discount Yield Curve (MPDYC) model, taking into account the company-specific duration of pension liabilities. Salary and pension increases ceased to be taken into account in the USA (Turner Group) in 2004 due to the changeover in pension arrangements.

Biometric mortality assumptions are based on published country-specific statistics and experience. To carry out the actuarial calculation of pension obligations, the following mortality tables were used:

Germany	Heubeck 2018-G mortality tables
USA	PRI2012 generationally projected mortality table with MP2019
United Kingdom	S2PxA WCC_2018 (1.25%) year of birth

Changes in the present value of defined benefit obligations and of the market value of plan assets are as follows:

Changes in the present value of defined benefit obligations

	Thousands of Euros					
	2019			2018		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Defined benefit obligations at start of year	**763,286**	**294,637**	**1,057,923**	**774,867**	**308,532**	**1,083,399**
Current service costs	6,235	1,807	8,042	6,601	1,883	8,484
Past service cost	-	-	-	-	435	435
Interest expense	14,880	12,335	27,215	15,079	10,719	25,798
Remeasurements						
Actuarial gains / (losses) arising from changes in demographic assumptions	1,556	(2,666)	(1,110)	7,966	(670)	7,296
Actuarial gains / (losses) arising from changes in financial assumptions	60,315	40,066	100,381	-	(19,348)	(19,348)
Actuarial gains / (losses) arising from experience adjustments	(8,933)	3,841	(5,092)	(170)	(1,191)	(1,361)
Benefits paid from Company assets	(499)	(3,646)	(4,145)	(862)	(3,018)	(3,880)
Benefits paid from fund assets	(36,684)	(15,576)	(52,260)	(40,157)	(14,276)	(54,433)
Employee contributions	-	105	105	-	115	115
Effect of transfers	(34)	-	(34)	(38)	-	(38)
Changes in the scope of consolidation	(98)	-	(98)	-	-	-
Currency adjustments	-	7,079	7,079	-	11,456	11,456
Defined benefit obligations at end of year	**800,024**	**337,982**	**1,138,006**	**763,286**	**294,637**	**1,057,923**

Changes in the market value of plan assets

	Thousands of Euros					
	2019			2018		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Plan assets at start of year	**442,187**	**240,051**	**682,238**	**479,125**	**241,987**	**721,112**
Interest on plan assets	8,795	10,032	18,827	9,501	8,310	17,811
Plan expenses paid from plan assets recognized in profit or loss	-	(1,081)	(1,081)	-	(1,446)	(1,446)
Remeasurements						
Return on plan assets no included in net interest expense / income	29,496	31,556	61,052	(12,841)	(14,646)	(27,487)
Difference between plan expenses expected and recognized in profit or loss	-	(358)	(358)	-	420	420
Employer contributions	9,003	2,118	11,121	6,559	10,272	16,831
Employee contributions	-	105	105	-	115	115
Benefits paid	(36,684)	(15,576)	(52,260)	(40,157)	(14,276)	(54,433)
Currency adjustments	-	5,682	5,682	-	9,315	9,315
Plan assets at end of year	**452,797**	**272,529**	**725,326**	**442,187**	**240,051**	**682,238**

Investing plan assets to cover future pension obligations generated actual expense of EUR 79,879 thousand in 2019 (EUR 9,676 thousand in 2018).

The pension provisions are determined as follows:

Reconciliation of pension obligations to provisions for pensions and similar obligations

	Thousands of Euros	
	31/12/2019	31/12/2018
Defined benefit obligations	1,138,006	1,057,923
Less plan assets	725,326	682,238
Funding status	**412,680**	**375,685**
Assets from overfunded pension plans	15,513	14,328
Provision for pensions and similar obligations	**428,193**	**390,013**

The fair value of plan assets is divided among asset classes as follows:

Composition of plan assets

	Thousands of Euros 31/12/2019			
	Fair value			
	Quoted in an active market	Not quoted in an active market	Total	%
Stock				
U.S. equities	34,430	-	34,430	4.75
European equities	31,248	15,700	46,948	6.47
Emerging market equities	13,815	-	13,815	1.90
Other equities	16,448	-	16,448	2.27
Bonds				
U.S. government bonds	3,275	-	3,275	0.45
European government bonds	25,904	-	25,904	3.57
Emerging market government bonds	22,836	-	22,836	3.15
Corporate bonds	280,516	1,539	282,055	38.89
Other bonds	14,946	2,102	17,048	2.35
Secure loans				
USA	9,261	-	9,261	1.28
Europe	9,229	-	9,229	1.27
Investment bonds	51,804	-	51,804	7.14
Real state	-	57,601	57,601	7.94
Infrastructure	-	31,559	31,559	4.35
Insurance policies	-	81,262	81,262	11.20
Cash	22,592	-	22,592	3.11
Other	(1,643)	902	(741)	-0.10
Total	**534,661**	**190,665**	**725,326**	**100.00**

	Thousands of Euros 31/12/2018			
	Fair value			
	Quoted in an active market	Not quoted in an active market	Total	%
Stock				
U.S. equities	31,542	-	31,542	4.62
European equities	29,473	15,700	45,173	6.62
Emerging market equities	11,619	-	11,619	1.70
Other equities	10,864	-	10,864	1.59
Bonds				
U.S. government bonds	1,488	1,501	2,989	0.44
European government bonds	33,916	-	33,916	4.97
Emerging market government bonds	22,903	-	22,903	3.36
Corporate bonds*	256,975	1,811	258,786	37.93
Other bonds	15,398	3,024	18,422	2.70
Secure loans				
USA	9,981	-	9,981	1.46
Europe	10,125	-	10,125	1.48
Investment bonds	32,617	16,480	49,097	7.20
Real state	-	51,896	51,896	7.61
Infrastructure	-	26,951	26,951	3.95
Insurance policies	-	77,510	77,510	11.36
Cash	20,391	-	20,391	2.99
Other	(1,068)	1,141	73	0.01
Total	**486,224**	**196,014**	**682,238**	**100.00**

*Of which EUR 3,183 thousand state-guaranteed bonds

Pension expense under defined benefit plans is made up as follows:

	Thousands of Euros					
	2019			2018		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Current service cost	6,235	1,807	8,042	6,601	1,883	8,484
Post service cost	-	-	-	-	435	435
Total personnel expense	**6,235**	**1,807**	**8,042**	**6,601**	**2,318**	**8,919**
Interest expense for accrued benefit obligations	14,880	12,335	27,215	15,079	10,719	25,798
Interest on plan assets	(8,795)	(10,032)	(18,827)	(9,501)	(8,310)	(17,811)
Net interest expense / income (net investment and interest income)	**6,085**	**2,303**	**8,388**	**5,578**	**2,409**	**7,987**
Plan expenses paid from plan assets recognized in profit or loss	**-**	**1,081**	**1,081**	**-**	**1,446**	**1,446**
Total amount recognized in profit or loss	**12,320**	**5,191**	**17,511**	**12,179**	**6,173**	**18,352**

In addition to the expenses recognized in profit or loss, the Consolidated Statement of Comprehensive Income includes EUR 36,925 thousand in actuarial gains recognized in 2019 before deferred taxes and after consolidation changes and exchange rate adjustments (EUR 20,142 thousand in actuarial gains recognized in 2018). Before deferred taxes, the cumulative amount of actuarial losses is EUR 499,030 thousand (EUR 462,105 thousand in 2018).

The Turner Group's obligations to meet healthcare costs for retired staff are included in pension provisions due to their pension-like nature. The defined benefit obligation as at December 31, 2019 came to EUR 65,508 thousand (EUR 52,413 thousand in 2018). Healthcare costs accounted for EUR 1,595 thousand (EUR 1,630 thousand in 2018) of the current service cost and EUR 2,398 thousand (EUR 2,076 thousand in 2018) of the interest expense.

Sensitivity analysis

Pension obligations in the Hochtief Group are subject to the following significant risks:

Interest rate risk

For defined contribution plans, (notional) contributions are translated into benefits using a table of fixed interest rates, independent of the current market interest rate. Hochtief thus bears the risk of general capital market interest rate changes with regard to the determination of benefits. Pension obligations have increased significantly in recent years due to the generally low level of capital market interest rates. The correspondingly strong impact is due to the relatively long term of the obligations.

Inflation risk

By law, company pensions in Germany must be raised level with the inflation rate at least every three years. German company pensions under the 2000+ plan rise at a fixed 1% p.a., hence there is only minor inflation risk in the pension phase. Turner plans are free from inflation risk as the main defined benefit plan is frozen and no more adjustments to the company pension are made.

Longevity risk

The granting of lifelong pensions means that Hochtief bears the risk of pensioners living longer than actuarial calculations predict. This risk normally averages out across all pension plan members and only comes into play if general longevity is longer than expected.

The impact of the stated risks on the defined benefit obligations under a corresponding change in actuarial assumptions is shown in the sensitivity analysis that follows.

Impact on the defined benefit obligations

	Thousands of Euros					
	31/12/2019					
	Germany		Rest of the world		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0,50% / -0,50%	(57,156)	63,241	(17,771)	19,692	(74,927)	82,933
Discount rate +1,00% / -1,00%	(107,677)	139,234	(33,860)	41,599	(141,537)	180,833
Salary increases +0,50% / -0,50%	687	(667)	498	(481)	1,185	(1,148)
Pension increases +0,25% / -0,25%	19,071	(18,336)	1,162	(1,118)	20,233	(19,454)
Medical costs +1,00% / -1,00%	-	-	-	-	-	-
Life expectancy +1 year	40,890	n/a	9,066	n/a	49,956	n/a

	Thousands of Euros					
	31/12/2018					
	Germany		Rest of the world		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0,50% / -0,50%	(50,088)	56,453	(14,250)	15,686	(64,338)	72,139
Discount rate +1,00% / -1,00%	(94,701)	120,385	(27,232)	33,017	(121,933)	153,402
Salary increases +0,50% / -0,50%	593	(572)	404	(389)	997	(961)
Pension increases +0,25% / -0,25%	19,869	(19,026)	1,004	(964)	20,873	(19,990)
Medical costs +1,00% / -1,00%	-	-	78	(70)	78	(70)
Life expectancy +1 year	36,074	n/a	6,971	n/a	43,045	n/a

Discounted Cash Flow

Benefit payments

At December 31, 2019, the pension payments planned for the future are as follows:

	Thousands of Euros
Due in 2020	59,123
Due in 2021	58,393
Due in 2022	58,862
Due in 2023	60,055
Due in 2024	58,842
Due in 2025 to 2029	278,805

Contributions to defined benefit schemes:

In 2020, contributions to defined benefit plans are expected to amount to EUR 8,500 thousand.

Defined contribution plans

Under defined contribution plans, the Company pays into a state or private pension fund voluntarily or in accordance with statutory or contractual stipulations. It has no obligation to pay further contributions.

There are defined contribution plans at Turner, Flatiron, and E.E. Cruz in the USA as well as at Cimic in Australia. Depending on length of service and salary level, between 3% and 6% of an employee's salary is paid into an external fund. In addition, Turner employees have an option to pay up to 25% of their salaries into an investment fund as part of a 401 (k) plan. Turner tops up the first 5% of the deferred compensation by up to 100% depending on length of service. Employees can join the plan after three years' service. The majority of payments into the fund receive tax relief, although it is possible to pay contributions on taxed income and receive the investment proceeds tax free; the investment risk is borne by employees. The defined contribution plans at Flatiron and E.E. Cruz are likewise 401(k) plans. All non-union employees are entitled. Flatiron pays a contribution in the amount of 6.0% of the wage or salary, while E.E. Cruz doubles one-third of employee contributions, in each case up to the statutory maximum. In Australia, since 1 July 2014 Cimic has paid 9.50% (previously 9.25 %) of the wage and salary total into the statutory pension (superannuation) scheme. The contribution rate is expected to rise incrementally up to 12.0% by 2025. Employees have a choice of investment funds and bear the investment risk. They are able to pay top-up contributions on a voluntary basis. Tax relief is granted on top-up contributions.

The following amounts were paid into defined contribution plans and state pension schemes in 2019 and 2018:

	Thousands of Euros	
	2019	2018
Amounts paid into defined contribution plans		
CIMIC	131,324	131,870
Turner	55,373	46,219
Other	6,654	8,783
Total	**193,351**	**186,872**
Amounts paid into state pension schemes (employer share)	**26,438**	**26,247**

The expenses are recorded as personnel expenses in the consolidated income statement.

Provisions for taxes

Non-current provisions include the amounts estimated by the Group to settle claims brought in connection with the payment of various taxes, levies and local taxes, mainly property tax and other possible contingencies, as well as the estimated consideration required to settle probable or certain liabilities and outstanding obligations for which the exact amount of the corresponding payment cannot be determined or for which the actual settlement date is not known, since they are contingent upon meeting certain terms and conditions. These provisions have been provided in accordance with the specific analysis of the probability that the related tax contingency or challenge, might be contrary to the interests of the ACS Group, under the consideration of the country in which it has its origin, and in accordance with the tax rates in this country. Since the timing for these provisions is dependent on certain facts, in some cases associated with the decisions handed down by the courts or similar bodies, the Group does not update these provisions given the uncertainty of the exact time in which the related risk may arise or disappear.

At December 31, 2019, this heading notably includes an extraordinary provision of EUR 125,400 thousand, reserved for covering the estimated impact of Royal Decree Law 3/2016 in Spain, on the recoverability of deferred tax assets of all the entities that are members of the Fiscal Group in Spain, especially those linked to the impairment losses of subsidiaries and investees.

Provisions for third-party liability

These relate mainly to the following:

Provisions for litigation

These provisions cover the risks arising from ACS Group companies which are party to certain legal proceedings due to the liability inherent to the activities carried on by them. The lawsuits, although numerous, represent scantly material amounts when considered individually based on the size of the ACS Group. Period charges to these provisions are made based on an analysis of the lawsuits or claims in progress, according to the reports prepared by the legal advisers of the ACS Group. As in the case of provisions for taxes, these amounts are not updated to the extent that the time at which the risk arises or disappears depends on circumstances linked to judgments or arbitration and it is impossible to determine the date on which they will be resolved. Additionally, these provisions are not derecognized until the judgments handed down are final and payment is made, or there is no doubt as to the disappearance of the associated risk. Note 36 refers to the ACS Group's main contingencies.

Environmental Provisions

The ACS Group has an environmental policy goes beyond strict compliance with current legislation in the area of environmental improvement and protection to include the establishment of preventative planning and the analysis and minimization of the environmental impact of the activities carried on by the Group. These provisions are made to cover any likely environmental risks which might arise.

Guarantees and contractual and legal obligations

This heading includes the provisions to cover the expenses relating to obligations arising from contractual and legal obligations which are not of an environmental nature. A significant portion of these provisions is made by increasing the value of those assets related to the obligations in relation to administrative concession, whose effect on profit or loss occurs when the asset is depreciated in accordance with depreciation rates. Additionally, it includes provisions for motorway concession companies, in relation to the costs of future expropriations borne by the concession companies in accordance with agreements with the grantors, as well as the current value of the investments made in concession contracts, according to the respective financial economic models.

Period charges to these provisions are generally mainly made to cover the costs associated with motorway concession contracts and other activities undertaken in the form of a concession. Such provisions are made when the associated commitments arise, the timing of their use being associated with the use of the infrastructure and/or its wear. Timing is analyzed according to the financial and economic model of each concession, considering related historical information in order to adjust for possible deviations that might arise in the payment schedule set for these models.

At December 31, 2019, the breakdown of provisions for third-party liabilities, by line of business, is as follows:

Line of Business	Thousands of Euros
Infrastructure	358,662
Industrial Services	144,106
Services	23,355
Corporation	113,195
Total	**639,318**

The most significant provisions in the Construction area relate to the Hochtief Group, for which period provisions were made at December 31, 2019, amounting to EUR 201,652 thousand (EUR 221,838 thousand at December 31, 2018) for employee obligations and claims.

The changes in current provisions in 2019 were as follows:

CURRENT	Thousands of Euros			
	Provision for termination benefits	Provision for contract work completion	Provision for other traffic operatons	Total
Balance at 31 December 2018	**14,994**	**42,488**	**986,087**	**1,043,569**
Additions or charges for the year	6,269	6,322	537,489	550,080
Amounts used	(44)	(5,787)	(241,735)	(247,566)
Reversals	(6,665)	(3,216)	(83,398)	(93,279)
Exchange differences	(59)	(96)	7,853	7,698
Changes in the scope of consolidation	-	-	(26,147)	(26,147)
Transfers	(830)	847	634	651
Balance at 31 December 2019	**13,665**	**40,558**	**1,180,783**	**1,235,006**

Provisions for project completion relate to the losses budgeted or estimated during execution of the projects and for the expenses arising from such projects from the date of their completion to the date of their definitive settlement, which are determined systematically as a percentage of the value of production over the term of the project based on experience in the construction business.

The provision for other operating transactions relates mainly to provisions recorded in the construction activity to cover risks and claims associated with the works.

21. Financial risk and capital management

In view of its activities, the ACS Group is exposed to various financial risks, mainly arising from the ordinary course of its operations, the borrowings to finance its operating activities, and its investments in companies with functional currencies other than the euro. Consequently, the Group evaluates the risks derived from the evolution of the market environment and how these may affect the consolidated financial statements. Thus, the financial risks to which the operating units are subject include mainly interest rate, foreign currency, liquidity and credit risk.

Cash flow interest rate risk

This risk arises from changes in future cash flows relating to borrowings bearing interest at floating rates (or with current maturity and likely renewal) as a result of fluctuations in market interest rates.

The objective of the management of this risk is to mitigate the impact on the cost of the debt arising from fluctuations in interest rates. For this purpose, financial derivatives which guarantee fixed interest rates or rates with caps and floors are arranged for a substantial portion of the borrowings that may be affected by this risk (see Note 22).

The sensitivity of the ACS Group's profit and equity to changes in interest rates, taking into account its existing hedging instruments and fixed rate financing, is as follows:

Year	Increase / Decrease in the interest rate (basic points)	Thousands of Euros	
		Effect on profit or loss (prior to tax)	Effect on equity (after tax)
2019	50	17,812	36,056
	-50	(17,812)	(36,056)
2018	50	16,160	41,712
	-50	(16,160)	(41,712)

Foreign currency risk

The foreign currency risk arises mainly from the foreign operations of the ACS Group which makes investments and carries out business transactions in functional currencies other than the euro, and from loans granted to Group companies in currencies other than those of the countries in which they are located.

To hedge the risk inherent to structural investments in foreign operations with a functional currency other than the euro, the Group endeavors to make these investments in the same functional currency as the assets being financed.

For the hedging of net positions in currencies other than the euro in the performance of contracts in force and contracts in the backlog, the Group uses various financial instruments for the purpose of mitigating exposure to foreign currency risk (see Note 22).

The sensitivity analysis shown below reflects the potential effect on the ACS Group, both on equity and on the consolidated income statement, of a five per cent fluctuation in the most significant currencies in comparison with the functional currency of each Group company, based on the situation at the end of the reporting period.

Effect on profit or loss before tax:

		Millions of Euros			
		2019		2018	
Functional currency	Currency	5%	-5%	5%	-5%
EUR	USD	-14.8	14.8	-7.2	7.2
EUR	BRL	11.1	-11.1	5.1	-5.1
EUR	PEN	2.8	-2.8	-0.5	0.5
EUR	MXN	2.4	-2.4	2.2	-2.2
AUD	USD	2.3	-2.3	5.2	-5.2
AUD	SGC	1.9	-1.9	1.5	-1.5
AUD	HKD	1.7	-1.7	2.0	-2.0
EUR	CAD	1.7	-1.7	1.9	-1.9

Effect on equity before tax:

		Millions of Euros			
		2019		2018	
Functional currency	Currency	5%	-5%	5%	-5%
EUR	USD	46.2	-46.2	37.7	-37.7
EUR	MXN	21.0	-21.0	42.9	-42.9
EUR	BRL	14.1	-14.1	12.1	-12.1
AUD	USD	-11.5	11.5	8.7	-8.7
USD	EUR	10.1	-10.1	-	-
EUR	GBP	7.7	-7.7	4.7	-4.7
EUR	PEN	6.9	-6.9	4.4	-4.4
EUR	CLP	6.3	-6.3	7.0	-7.0

The following tables show the breakdown of the major foreign currencies of the financial assets and liabilities of the ACS Group:

At 31 December 2019

	Millions of Euros							
	US Dollar (USD)	Brazilian Real (BRL)	Moroccan Dirham (MAD)	Chilean Peso (CLP)	Mexican Peso (MXP)	Australian Dollar (AUD)	Other currencies	Balance at 31/12/2019
Marketable securities (portfolio of short-term and long-term investments)	35,343	1	-	1,438	15,877	70,126	10	122,795
Loans to associates	559,504	46	13	9	77,292	13,854	45,016	695,734
Other loans	1,568	-	-	5,686	16	-	2,806	10,076
Bank borrowings, debt, and other held-for-trading liabilities (non-current)	284,000	37,733	-	-	17,787	474,254	40,908	854,682
Bank borrowings, debt, and other held-for-trading liabilities (current)	151,171	20,582	(30)	29,129	24,859	102,711	120,780	449,202

At 31 December 2018

	Millions of Euros							
	US Dollar (USD)	Brazilian Real (BRL)	Moroccan Dirham (MAD)	Chilean Peso (CLP)	Mexican Peso (MXP)	Australian Dollar (AUD)	Other currencies	Balance at 31/12/2018
Marketable securities (portfolio of short-term and long-term investments)	32,101	1	-	1,438	(2,146)	64,990	11	96,395
Loans to associates	394,124	45	12	3,181	53,774	404,602	48,468	904,206
Other loans	3,473	-	-	6,697	15	21,688	2,411	34,284
Bank borrowings, debt, and other held-for-trading liabilities (non-current)	281,742	-	-	-	-	291,036	27,663	600,441
Bank borrowings, debt, and other held-for-trading liabilities (current)	207,413	30	361	26,183	8,400	31,258	137,794	411,439

Liquidity risk

This risk arises from the timing differences between borrowing requirements for business investment commitments, debt maturities, working capital requirements, etc. and the funds obtained from the conduct of the Group's ordinary operations, different forms of bank financing, capital market transactions and divestments.

The ACS Group has a policy for the proactive management of liquidity risk through the comprehensive monitoring of cash and anticipation of the expiration of financial operations. The Group also manages liquidity risk through the efficient management of investments and working capital and the arrangement of lines of long-term financing.

The Group's objective with respect to the management of liquidity risk to maintain a balance between the flexibility, term and conditions of the credit facilities arranged on the basis of projected short-, medium-, and long-term fund requirements. In this connection, noteworthy is the use of limited recourse financing of projects and debts as described in Note 18, and current financing for working capital requirements.

In this connection, in 2019, certain transactions were carried out which significantly reduced the liquidity risk of the ACS Group. Noteworthy were the following:

- ACS, Actividades de Construcción y Servicios, S.A., has renewed the Euro Commercial Paper (ECP) programs for a maximum amount of 750 million euro, the Negotiable European Commercial Paper (NEU CP) program for a maximum amount of 300 million euro and the Euro Medium Term Note Program (EMTN program). In the latter, it has made two issues for a total sum of EUR 170 million in the first six months of the year.
- The rating agency Standard and Poor´s (S&P) has maintained ACS, Actividades de Construcción y Servicios, S.A.'s long-term corporate credit rating of BBB and its investment grade rating of A-2, with a stable outlook, by Standard & Poor's. Equally, Hochtief and Cimic obtained the same credit rating. Standard & Poor's maintained the credit ratings of ACS, Hochtief and Cimic even after the publication of Cimic's strategic exit from the Middle East in January 2020, as described in Note 09.
- ACS, Actividades de Construcción y Servicios, S.A., has renewed the syndicated loan for a total of EUR 2,100 million until 2024, after which it may be extended for a further two years.
- Hochtief has issued several bonds for an amount of EUR 943 million in 2019.
- On September 30, 2019, Cimic refinanced and extended the maturity of a tranche of its syndicated bank financing from AUD2.6 billion to AUD3.2 billion with a maturity of up to 2024.
- In August 2019, Flatiron and several of its investees signed a new USD 300 million credit and syndicated loan up to 2024, replacing the former credit and syndicated guarantee of 350 million Canadian dollars.

These refinancing transactions improved the liquidity of the ACS Group's operations, which combined with the generation of resources by its activities, will allow it to adequately fund its operations in 2020.

Within the section of “Other current financial assets” in the consolidated statement of financial position at December 31, 2019 which amounts to EUR 1,339,029 thousand (EUR 1,463,855 thousand as of December 31, 2018), the amount of EUR 443,650 thousand (EUR 198,716 thousand at December 31, 2018) could be settled in less than three months at the option of the Group due to the instrument's own liquid nature or its own term.

As a precautionary measure against this risk, the Annual General Meeting of the ACS Group held on May 10, 2019 approved a motion to delegate to the Board of Directors the power to issue, on one or more occasions, within a maximum term of five years following May 10, 2019, securities convertible and/or exchangeable for shares of the Company, as well as warrants or other similar securities that may directly or indirectly provide the right to the subscription or acquisition of shares of the Company, for a total amount of up to three billion euros; as well as the power to increase the capital stock by the necessary amount, along with the power to exclude, where appropriate, the preemptive subscription rights up to a limit of 20% of the share capital. as indicated in Note 15.01.

Based on the resolution of the Annual General Meeting of Hochtief held on May 10, 2017, and the Bylaws of Hochtief, the Executive Board of the company is authorized, subject to approval of the Board of Directors, to increase the company’s share capital with the issue of new shares, in cash or in kind, in one or several issues, up to a total of EUR 65,752 thousand before May 9, 2022. Also based on the resolution by the AGM of Hochtief held on May 7, 2019, and the Bylaws of Hochtief, the Executive Committee of the company is authorized, subject to approval of the Board of Directors, to increase the company’s share capital with the issue of new shares, in cash or in kind, in one or several issues, up to a total of EUR 24,675 thousand before May 6, 2024.

Credit risk

This risk mainly relates to the non-payment of trade receivables. The objective of credit risk management is to reduce the impact of credit risk exposure as far as possible by means of the preventive assessment of the solvency rating of the Group's potential clients. When contracts are being performed, the credit rating of the outstanding amounts receivable is periodically evaluated and the estimated recoverable doubtful receivables are adjusted and written down with a charge profit and loss for the year. The credit risk has historically been very limited.

Additionally, the ACS Group is exposed to the risk of breach by its counterparties in transactions involving financial derivatives and cash placement. The Corporate management of the ACS Group establishes counterparty selection criteria based on the quality of credit of the financial institutions which translates into a portfolio of entities of high quality and solvency.

The status of defaulting clients that are not impaired at December 31, 2019 and 2018, is detailed below:

	Thousands of Euros			
	31/12/2019			
	< 30 days	between 30 and 90 days	> 90 days	Total
Public Sector	**69,860**	**44,518**	**185,164**	**299,542**
State	12,192	13,929	46,349	**72,470**
Autonomous Communities	4,452	4,460	19,218	**28,130**
Municipalities	5,997	2,490	9,067	**17,554**
Autonomous organizations and Government Companies	47,219	23,639	110,530	**181,388**
Private Sector	**116,413**	**33,646**	**114,824**	**264,883**
Total	**186,273**	**78,164**	**299,988**	**564,425**

	Thousands of Euros			
	31/12/2018			
	< 30 days	between 30 and 90 days	> 90 days	Total
Public Sector	**40,353**	**23,831**	**173,192**	**237,376**
State	13,285	11,864	55,089	**80,238**
Autonomous Communities	2,391	857	1,225	**4,473**
Municipalities	9,030	4,378	5,533	**18,941**
Autonomous organizations and Government Companies	15,647	6,732	111,345	**133,724**
Private Sector	**112,357**	**33,859**	**38,988**	**185,204**
Total	**152,710**	**57,690**	**212,180**	**422,580**

It is the opinion of the Directors that the foregoing matured balances, particularly those related to public bodies, over which interest accrual rights exist, would not entail significant losses for the Group.

As a result of Cimic's decision to leave the Middle East region, the loans to BICC have been fully provisioned (see Note 10.02) and therefore have a carrying value of zero (EUR 395 million at December 31, 2018). The impairment of loans to BICC in 2019 amounted to EUR 666.8 million (AUD 1,072.1 million).

Exposure to publicly traded share price risk

The ACS Group is exposed to risks relating to the performance of the share price of listed companies.

This exposure relates to derivative agreements which are related to remuneration systems linked to the performance of the ACS, Actividades de Construcción y Servicios, S.A. share price (see Note 22). These equity swaps eliminate the uncertainty regarding the exercise price of the remuneration systems, however, since the derivatives do not qualify for hedge accounting, their market value has an effect on the consolidated income statement (positive in the case of an increase in share price up to the strike value offered to the beneficiaries and negative if this is not the case).

In terms of exposure to changes in the share price of Masmovil, the exposure is mainly focused on the possible risk of impairment that fluctuations in the share price entail (see Notes 04.01, 09, 10.01, and 28.03) since there is no financing directly associated with them.

Changes in the price of the shares of listed companies, with regard to which the ACS Group has derivative instruments, financial investments, etc., will have an impact on the consolidated income statement thereof.

Capital management

The objectives of capital management at the ACS Group are to maintain an optimum financial and net worth structure to reduce the cost of capital and at the same time to safeguard the Group's ability to continue to operate with sufficiently sound debt/equity ratios.

The capital structure is controlled mainly through the debt/equity ratio, calculated as net financial debt divided by equity.Net financial debt is taken to be:

Net debt with recourse:

+ Non-current bank borrowings
+ Current bank borrowings
+ Issue of bonds and debentures
– Cash and other current financial assets

+ Debt from project finance and debt with limited recourse.

The Group's Directors consider that the leverage ratio at December 31, 2019 and 2018 was adequate, the detail being as follows:

	Thousands of Euros	
	31/12/2019	31/12/2018
Net recourse debt	**(87,278)**	**(120,040)**
Non-current bank borrowings (Note 17.2)	3,619,569	3,254,785
Current bank borrowings (Note 17.2)	794,755	854,835
Issue of bonds and debentures (Note 17.1)	4,604,425	3,998,484
Other financial liabilities (Note 19)	322,704	202,399
Long term deposits, other current financial assets and cash	(9,428,731)	(8,430,543)
Project financing (Note 18)	**140,998**	**116,756**
Net financial debt	**53,720**	**(3,284)**
Equity (Note 15) 31/12/2018 (*)	**5,495,906**	**5,990,656**

(*) Data restated.

Estimate of fair value

The breakdown at December 31, 2019 and 2018 of the ACS Group's assets and liabilities measured at fair value according to the hierarchy levels mentioned in Note 03.08.06 is as follows:

	Thousands of Euros			
	Value at 31/12/2019	Level 1	Level 2	Level 3
Assets	**839,667**	**488,548**	**245,179**	**105,940**
Equity instruments	353,653	196,266	51,447	105,940
Debt securities	467,354	292,229	175,125	-
Derivative financial instruments				
Non-current	7,401	3	7,398	-
Current	11,259	50	11,209	-
Liabilities	**100,620**	**32**	**100,588**	**-**
Derivative financial instruments				
Non-current	72,239	9	72,230	-
Current	28,381	23	28,358	-

	Thousands of Euros			
	Value at 31/12/2018	Level 1	Level 2	Level 3
Assets	**799,351**	**478,685**	**204,629**	**116,037**
Equity instruments	429,242	310,414	49,681	69,147
Debt securities	253,424	168,271	85,153	-
Derivative financial instruments				
Non-current	63,495	-	16,605	46,890
Current	53,190	-	53,190	-
Liabilities	**127,018**	**-**	**127,018**	**-**
Derivative financial instruments				
Non-current	45,051	-	45,051	-
Current	81,967	-	81,967	-

Level 2 of the Fair Value Hierarchy includes all of the ACS Group's financial derivatives, as well as the other assets and liabilities which are not listed in organized markets. They are measured internally and on a quarterly basis, using customary financial market techniques and compared, as appropriate, with the measurements received from the counterparties.

In this connection, based on the nature of the derivative, the use of the following methodologies is noteworthy:

- For Interest rate hedges the zero-coupon rate curve is used, determined based on the deposits and rates that are traded at the closing date, and obtaining from that the discount rates and applying it to the schedule of future flows of collections and payments.
- Derivatives whose underlying asset is quoted on an organized market and are not qualified as hedges, are measured using the Black-Scholes methodology and applying market parameters such as implicit volatility, repo costs and market interest rates and estimated dividends.
- For those derivatives whose underlying asset is quoted on an organized market, but for which the intention of the Group is to hold them to maturity, either because the derivative forms part of financing agreement or because its arrangement substitutes the underlying assets, the measurement is based on the calculation of its intrinsic value at the closing date.

With regard to the assets grouped under the category of “debt securities” within level 2, it should be pointed out that such assets correspond mainly to excesses of liquidity allocated to the formalization of fixed income securities with a maturity exceeding three months from the date of acquisition, which are highly liquid and high turnover. The amounts referred to above are mainly recognized in the Dragados division, amounting to EUR 70,312 thousand (EUR 47,105 thousand at December 31, 2018), the Industrial Services division, amounting to EUR 68,007 thousand (EUR 296 thousand at December 31, 2018) and the Hochtief division, amounting to EUR 36,806 thousand (EUR 35,039 thousand at December 31, 2018).

The equity instruments that are classified in level 3 and whose fair value is EUR 105,940 thousand (EUR 69,147 thousand at December 31, 2018) correspond to financial assets with changes in other comprehensive income that

are not listed. The main assets come from Hochtief amounting to EUR 70,118 thousand (EUR 64,984 thousand at December 31, 2018) that have been valued using the cash flow discount method with market interest rates at year-end. The rest of the holdings are dispersed in several minority stakes in concession assets outside Spain with amounts ranging from EUR 20,063 thousand to EUR 10 thousand (EUR 1,879 thousand to EUR 10 thousand at December 31, 2018) individually considered and largely recognized at historical cost. Given the low relevance of such assets on the consolidated financial statements and their impact on the consolidated income statement, it was not considered necessary to conduct sensitivity analyses in the appraisals carried out.
The changes in financial instruments included under Level 3 in 2019 are as follows:

	Thousands of Euros				
	01/01/2019	Valuation adjustments	Transfer Level 2	Others	**31/12/2019**
Assets - Equity instruments and derivative financial instruments	**116,037**	(41,823)	-	31,726	**105,940**
Liabilities - Derivative financial instruments	**-**	-	-	-	**-**

The changes in financial instruments included under Level 3 in 2018 was as follows:

	Thousands of Euros				
	01/01/2018	Valuation adjustments	Transfer Level 2	Others	**31/12/2018**
Assets - Equity instruments and derivative financial instruments	**150,241**	2,769	-	(36,973)	**116,037**
Liabilities - Derivative financial instruments	**-**	-	-	-	**-**

No derivative instruments measured at fair value through profit or loss were transferred between levels 1 and 2 of the fair value hierarchy either during fiscal year 2019 nor during 2018.

22. Derivative financial instruments

The ACS Group's different lines of business expose it to financing risks, mainly foreign currency and interest rate risks. In order to minimize the impact of these risks and in accordance with its risk management policy (see Note 21), the ACS Group has arranged various financial derivatives, most of which have non-current maturities.

Following is the detail, by maturity, of the notional amounts of the aforementioned hedging instruments at December 31, 2019 and 2018, based on the nature of the contracts:

2019	Thousands of Euros							
	Notional value	**2020**	**2021**	**2022**	**2023**	**2024**	**Subsequent years**	**Net fair value**
Interest rate	1,817,065	-	950,000	-	754,566	44,450	68,049	(57,654)
Exchange rate	893,787	94,251	374,635	159,072	-	-	265,829	(9,021)
Price	4,616	-	-	-	-	-	4,616	-
Non-qualified hedges	830,137	-	352,561	9,732	467,844	-	-	(15,285)
Total	**3,545,605**	**94,251**	**1,677,196**	**168,804**	**1,222,410**	**44,450**	**338,494**	**(81,960)**

2018	Thousands of Euros							
	Notional value	2019	2020	2021	2022	2023	Subsequent years	Net fair value
Interest rate	2,113,729	69,562	-	1,200,735	47,358	725,000	71,074	(44,469)
Exchange rate	956,482	98,074	303,662	256	-	-	554,490	19,805
Price	4,616	-	-	-	-	-	4,616	3,184
Non-qualified hedges	965,614	235,266	262,504	-	-	467,844	-	11,147
Total	**4,040,441**	**402,902**	**566,166**	**1,200,991**	**47,358**	**1,192,844**	**630,180**	**(10,333)**

The notional amount for non-current assets and liabilities held for sale relating to renewable energy and concession activities at December 31, 2019, is as follows:

	Thousands of Euros						
	Notional value	2020	2021	2022	2023	2024	Subsequent years
Interest rate	336,263	-	525	4	-	138,447	197,287

The notional amount for non-current assets and liabilities held for sale relating to renewable energy and concession activities at December 31, 2018, was as follows:

	Thousands of Euros						
	Notional value	2019	2020	2021	2022	2023	Subsequent years
Interest rate	191,412	-	-	-	-	-	191,412

The following table shows the fair value of the hedging instruments based on the nature of the contract, at December 31, 2019 and 2018:

	Thousands of Euros			
	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Interest rate	-	57,654	-	44,469
Exchange rate	14,680	23,701	21,130	1,325
Price	-	-	3,184	-
Non-qualified hedges	3,980	19,265	92,371	81,224
Total	**18,660**	**100,620**	**116,685**	**127,018**

The Group does not have any hedges of its foreign investments, since the foreign currency risk is hedged by the transactions performed in the local currency. Also, most significant foreign investments were made with long-term financing in which the interest rates on project financing debt are hedged.

Cash flow hedges (interest rate)

The purpose of using these derivatives is to limit changes in interest rates on its borrowings and to guarantee fixed interest rates, mainly by arranging interest rate swaps as the borrowings are arranged and used.

Most hedges are interest rate swaps that expire at the same time or slightly sooner than the underlying that they are hedging.

Hedges of this type are mainly related to the various syndicated loans within the Group and to project and other non-current financing, both at December 31, 2019 and December 31, 2018 (see Notes 17 and 18).

In relation to the syndicated loans, there are hedges amounting to EUR 1,675,000 thousand on the syndicated loan of ACS, Actividades de Construcción y Servicios, S.A. and other long-term loans of ACS, Actividades de Construcción y Servicios, S.A. They have various interest rate swaps for the same amounts of the underlying loans and the same maturities.

Cash flow hedges (exchange rate)

The foreign currency risk relates mainly to projects in which payments and/or collections are made in a currency other than the functional currency.

In 2018, new hedging operations were carried out to mitigate exchange rate risks in projects in the North America area where payments will have to be made in a currency other than the one corresponding to collections and maturing in 2025.

Also noteworthy for their importance are the derivatives contracted from Hochtief for a notional amount of EUR 522,423 thousand, which mature between 2020 and 2021 (EUR 303,106 thousand in 2018, maturing between 2019 and 2021).

There are derivatives taken out by Industrial Services for exchange rate hedges for foreign projects for a nominal amount of EUR 102,489 thousand in 2019 which mature in 2020 and 2021 (EUR 93,898 thousand in 2018 which mature in 2019 and 2020).

Derivative instruments not classified as hedges

The assets and liabilities relating to financial instruments not qualified as hedges include the fair value of derivatives that do not meet the hedging conditions.

It should be noted that there were embedded derivatives in the issues of bonds exchangeable for Iberdrola shares (redeemed on maturity in the first quarter of 2019) for a nominal amount of EUR 235,300 thousand at December 31, 2018 (see Note 17.01), which were recognized at fair value with changes to their fair value posted to the income statement. The fair value of the derivatives related to the issue of convertible Iberdrola bonds amounted to EUR 39,459 thousand at December 31, 2018 and was recognized under “Short-term financial instrument creditors” in the accompanying consolidated statement of financial position. In connection with this financing, in order for the Group to be able to guarantee the possibility of future monetization of the shares of Iberdrola, S.A. of these exchangeable securities and to secure its cash settlement option, in the first quarter of 2016 it entered into an agreement to purchase American-type call options on Iberdrola shares with the same maturities as the bonds exchangeable for Iberdrola shares. These American-style purchase options were made at a reference price of EUR 6.02 per share exercisable, at the option of ACS, in the period between the signing of the prepaid forward and the maturity of each bond issue on an equal number of shares in Iberdrola. This derivative was entered into with the aim of mitigating the risk of an increase in the debt associated with the bonds that might derive from a rise in the market price of Iberdrola shares. The market value of the American-style purchase options on Iberdrola shares at December 31, 2018 amounted to EUR 41,346 thousand, recorded under “Current financial instrument debtors” on the accompanying consolidated statement of financial position. The combined effect on the consolidated income statement of all these derivatives related to Iberdrola's exchangeable bond issues in 2019 and 2018 was not material (see Note 10.05). At December 31, 2019, there are no derivatives associated with the holding in Iberdrola, S.A. as the issues of exchangeable bonds matured in March 2019.

In the second half of 2018, a new ACS share option plan was established which, like the previous ones, is outsourced to a financial institution. The financial institution holds these shares to be delivered to executives who are beneficiaries of the plan in accordance with the conditions included therein and at the exercise price of the option EUR 37.17 per share). These derivatives do not fulfill the accounting requirements to qualify for hedge accounting, therefore their measurement is recorded by means of changes in the consolidated income statement. The change in fair value of this instrument is included under “Changes in fair value of financial instruments” in the accompanying consolidated income statement (see Note 28.04). Pursuant to the contracts with the financing entities, the latter do not assume any risk arising from the decline of the share price below the call price. The fair value of the derivatives related to ACS shares at December 31, 2019 amounted to EUR 19,040 thousand and was recognized under “Short-term financial instrument creditors” (EUR 41,682 thousand at December 31, 2018) in the accompanying consolidated statement of financial position.

As a result of the novation of the syndicated loan, ACS Actividades de Construcción y Servicios, S.A. canceled interest rate swaps for an underlying amount of EUR 250,000 thousand, which lead to an impact of EUR 3,689 thousand on the income statement.

The most relevant amount under this heading in 2018 corresponded to a conversion option on the fixed nominal amount of the *Note* of 200 million euros that it had with Masmovil to be exchanged for an equally fixed number of 24 million shares that it held with Masmovil Ibercom, S.A., which entailed that there was an embedded derivative with a positive effect on the consolidated income statement amounting to EUR 41,768 thousand recognized under "Changes in fair value of financial instruments" in the accompanying consolidated income statement (Note 28.04). The *Note* was sold in November 2018.

Non-hedging derivative assets include as lower value of assets the impairment of the option to acquire the remaining shares in BICC of EUR 48.0 million (AUD 77.1 million) as a result of Cimic's exit from the Middle East (see Note 09). The value of this option at December 31, 2019, is zero. Cimic continues to hold a call option to purchase the remaining 55% of the stake in BICC. This option has no impact on the control of the investee.

The amounts provided as security relating to the aforementioned derivatives arranged by the Group amounted to EUR 2,329 thousand at December 31, 2019 (EUR 261,198 thousand at December 31, 2018).

The Group has recognized both its own credit risk and that of the counterparty based on each derivative for all derivative instruments measured at fair value through profit or loss, in accordance with IFRS 13.

23. Trade and other payables

This heading mainly includes the amounts outstanding for trade purchases and related costs, as well as customer advances for contract work amounting to EUR 2,418,116 thousand in 2019 (EUR 2,158,738 thousand in 2018) (see Note 12), and the amount of the work certified in advance was EUR 850,641 thousand in 2019 (EUR 986,842 thousand in 2018 restated).

The Group has entered into confirming and supply chain financing agreements (as they are called in other countries) with various financial institutions so that the latter may, at their discretion, facilitate advance payment to their suppliers, under which the supplier may enforce its collection rights against the Group companies or entities, obtaining the amount invoiced after deducting the financial discount costs and fees applied by the aforementioned entities. The amount drawn down against the confirming and supply chain financing lines totaled EUR 1,484,275 thousand at December 31, 2019 (EUR 1,218,447 thousand at December 31, 2018, including, for comparison purposes, the supply chain financing amounts). These contracts do not modify the main payment conditions thereof, which remain classified as trading liabilities.

Disclosures on deferred payments to suppliers. Final Provision Two of Law 31/2014, of 3 December

The disclosures required by Final Provision Two of Law 31/2014, of 3 December are shown below, prepared in accordance with Resolution of 29 January 2016 of the Spanish Accounting and Audit Institute, concerning the information to be included in the annual accounts with regard to the average payment period to suppliers in trade transactions at national level.

	2019	2018
	Days	
Average period of payment to suppliers	62	66
Ratio of transactions paid	59	65
Ratio of transactions pending payment	69	67
	Thousands of Euros	
Total payments made	3,523,154	3,248,352
Total payments pending	1,555,565	1,423,922

The data in the above table on payments to suppliers relates to those which due to their nature are trade creditors with payables to suppliers of goods and services, so that they include data relating to the headings “Trade and other payables – Suppliers” in the current liabilities of the accompanying consolidated financial statement.

“Average payment period for suppliers” is understood to mean the term that elapses from the delivery of goods or rendering of services by the provider and the effective payment for the transaction. This “Average payment period for suppliers” is calculated as the quotient resulting from the numerator as the sum of the ratio of transactions paid versus the total amount of payments plus the ratio of outstanding payment transactions versus the total amount of outstanding payments, and in the denominator, by the total amount of payments made and outstanding payments.

The ratio of paid transactions is calculated as the quotient resulting from the numerator as the sum of the products corresponding to amounts paid, by the number of days until payment, and from the denominator, the total amount of payments. Days until payment is understood to mean the number of calendar days that have elapsed from the start date of the effective payment term for the transaction.

Likewise, the ratio of outstanding payment transactions corresponds to the quotient resulting from the numerator as the sum of the products corresponding to payable amounts by the number of days during which the payment is outstanding, and in the denominator, the total amount of payable amounts. The number of days in which an amount is payable is understood to mean the number of calendar days that have elapsed from the start date of the payment period to the last day of the period in the annual accounts.

To calculate both the number of payment days and the number of days pending payment, the Group will begin to calculate the term from the date of receipt of the products or services. In the absence of reliable information as to when this circumstance occurs, the Company will use the date of receipt of the invoice.

24. Other current liabilities

The details of this heading at December 31, 2019 and 2018 are as follows:

	Thousands of Euros	
	31/12/2019	31/12/2018
Advance payments received	55,795	34,457
Payable to non-current asset suppliers	8,585	7,917
Deposits and guarantees received	2,633	2,281
Other	484,445	413,624
Total	**551,458**	**458,279**

No provision has been recorded for the amount of the active dividend payable as a result of the Parent's decision to approve the dividend on February 4, 2020 (see Note 15.05).

The “Other” heading mainly includes amounts relating to reverse factoring payments (largely in the international area) and current accounts with Joint Ventures and other third parties.

25. Segments

25.01. Segmentation criteria

The structure of the ACS Group reflects its focus on different lines of business or activity areas. Segment reporting based on the different lines of business includes information regarding the Group's internal organization, taking into account the bodies involved in monitoring operations and taking decisions.

25.01.01 Primary segments - business segments

In accordance with the ACS Group’s internal organizational structure and, consequently, its internal reporting structure, the Group carries on its business activities through lines of business, which are the operating reporting segments as indicated in IFRS 8.

The main areas of the Group are divided into:

a) Infrastructure

The Infrastructure segment includes Construction activities (through Dragados and Hochtief – including CIMIC) and Concession activities (through Iridium and the Group's stake in Abertis), and is aimed at carrying out all types of Civil Works and Building projects, as well as the development and operation of infrastructure concessions, such as transport, etc. The geographical regions with the highest exposure in this area are North America, Asia Pacific and Europe, mainly operating in developed markets that are safe from the geopolitical, macroeconomic and legal perspective.

In 2019, as a result of the representativeness of the ownership interest in Abertis in the Consolidated Financial Statements, the ACS Group classified its direct ownership interest in Abertis and its contributed profit, previously classified by the Group under "Corporation", within the new "Infrastructure" segment (in 2018 classified as "Construction").

In this regard, the Group presents both Construction and Concession activities within the Infrastructure segment, mainly due to the fact that the activities of these sub-segments are directly related to one another, i.e. they correspond to business lines whose activities are complementary. The integration of both activities, i.e. construction and concessions, gives the ACS Group a comprehensive offer of solutions in the infrastructure area that allows the Group to strengthen its offer in the target markets. The integration of directly interrelated activities under the same management or the conceptual title of "segment manager", as defined in paragraph 9 of IFRS 8, brings important synergies for the Group, such as optimization of the international business support structure. As a consequence of the above, this functional decentralization allows a common management or segment manager to report directly to the highest operating decision-making authority and to remain in constant contact with that authority, in order to discuss operating activities, financial results, forecasts or plans for the segment in question. In this context, the Group presents the information corresponding to these integrated activities under the title "Infrastructure", in line with the Group's strategy as a comprehensive provider of infrastructure services, whose financial and management information is assessed jointly and periodically by the Senior Management under a single management.

The infrastructure segment is a component differentiated from the company's other components, in that it has differentiated financial information and has a management or "segment manager" who reports directly to the highest operating decision-making authority, with which he remains in constant contact.

Based on the above, the Group considers it reasonable and justified to present the construction and concession activities jointly, and aims to be a leading and comprehensive provider worldwide in the infrastructure sector.

b) Industrial Services

The area is dedicated to applied industrial engineering, developing activities of construction, operation and maintenance of energy, industrial and mobility infrastructures through an extensive group of companies headed by Grupo Cobra and Dragados Industrial. This area has a presence in more than 50 countries, with a predominant exposure to the Mexican and Spanish market despite the rapid growth in new Asian and Latin American countries.

c) Services

This area only includes Clece's facility management business activity which comprises maintenance of buildings, public places or organizations, as well as assistance for people. This area is fundamentally based in Spain despite an incipient growth of the European market. Although this segment does not meet the quantitative thresholds established in IFRS 8, the Group considers should be reported as a differentiated segment since the nature of the goods and services it provides is wholly differentiated and identifiable and it reports independently to the Group, and this presentation is considered to be more useful to the users of the financial statements.

The details of the deferred tax assets and liabilities at December 31, 2019 and 2018 is as follows:

	Thousands of Euros			
	Assets		Liabilities	
	31/12/2019	31/12/2018 (*)	31/12/2019	31/12/2018 (*)
Infrastructure	27,910,174	25,629,675	21,760,421	18,496,303
Industrial Services	8,886,820	8,013,797	7,683,187	7,155,037
Services	1,448,151	1,499,632	654,989	649,515
Corporate unit and adjustments	346,581	558,120	2,997,223	3,409,713
Total	**38,591,726**	**35,701,224**	**33,095,820**	**29,710,568**

(*) Data restated.

25.01.02. Geographical segments

The ACS Group is managed by business segments and the management based on geographical segments is irrelevant. Accordingly, a distinction is made between Spain and the rest of the world, in accordance with the stipulations of IFRS 8.

25.02. Basis and methodology for business segment reporting

The reporting structure is designed in accordance with the effective management of the various segments comprising the ACS Group. Each segment has its own resources based on the entities engaging in the related business, and accordingly, has the assets required to operate the business.

Each of the business segments relates mainly to a legal structure, in which the companies report to a holding company representing each activity for business purposes. Accordingly, each legal entity has the assets and resources required to perform its business activities in an autonomous manner.

The following is the business segment reporting before the allocation of expenses to subsidiaries in the income statement.

25.02.01. Income statement by business segment: 2019 Financial Year

	Thousands of Euros				
	Infrastructure	Services	Industrial Services	Corporate unit and adjustments	Total Group
REVENUE	**30,955,100**	**1,579,117**	**6,530,342**	**(15,686)**	**39,048,873**
Changes in inventories of finished goods and work in progress	15,845	-	(127)	-	15,718
Capitalised expenses of in-house work on assets	1,378	-	2,834	-	4,212
Procurements	(22,219,015)	(116,140)	(3,437,833)	20,319	(25,752,669)
Other operating income	272,584	22,580	46,589	(18,569)	323,184
Personnal expenses	(5,468,863)	(1,337,265)	(1,549,625)	(38,674)	(8,394,427)
Other operating expenses	(1,678,165)	(54,367)	(957,290)	(9,052)	(2,698,874)
Depreciation and amortisation	(843,313)	(37,395)	(88,027)	(979)	(969,714)
Allocation of grants relating to non-financial assets and other	84	171	654	-	909
Impairment and gains on the disposal of non-current assets	17,390	(629)	279,324	-	296,085
Other results	(20,826)	156	(59,919)	-	(80,589)
Impairment of financial instruments	(1,464,791)	-	-	-	(1,464,791)
Results of companies accounted for using the equity method	507,163	-	46,147	-	553,310
Finance income	118,648	6,580	51,286	28,613	205,127
Finance costs	(314,392)	(13,457)	(121,790)	(47,563)	(497,202)
Changes in the fair value of financial instruments	4,787	-	(179)	25,467	30,075
Exchange differences	(379)	-	4,576	-	4,197
Impairment and gains on the disposal of non-current assets	(222,255)	(1)	(3,969)	229,852	3,627
Non-ordinary results of companies accounted for using the equity method	4,555	-	-	-	4,555
PROFIT BEFORE TAX	**(334,465)**	**49,350**	**742,993**	**173,728**	**631,606**
Corporate income tax	277,607	(9,202)	(141,166)	(43,177)	84,062
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**(56,858)**	**40,148**	**601,827**	**130,551**	**715,668**
Profit after tax from discontinued operations	-	-	-	-	-
PROFIT FOR THE YEAR	**(56,858)**	**40,148**	**601,827**	**130,551**	**715,668**
Profit attributed to non-controlling interests	249,918	(1,867)	(1,692)	-	246,359
Profit from discontinued operations attributed to non-controlling interests	-	-	-	-	-
PROFIT ATTRIBUTABLE TO THE PARENT	**193,060**	**38,281**	**600,135**	**130,551**	**962,027**

25.02.02. Income statement by business segment: 2018 Financial Year

	Thousands of Euros (*)				
	Infrastructure	Services	Industrial Services	Corporate unit and adjustments	Total Group
REVENUE	**28,785,275**	**1,504,555**	**6,385,054**	**(16,368)**	**36,658,516**
Changes in inventories of finished goods and work in progress	(52,453)	-	730	-	(51,723)
Capitalised expenses of in-house work on assets	1,566	-	3,116	(21,139)	(16,457)
Procurements	(20,377,866)	(130,650)	(3,503,964)	102,047	(23,910,433)
Other operating income	275,396	20,452	18,850	(69,097)	245,601
Personnal expenses	(5,189,383)	(1,258,448)	(1,423,097)	(39,030)	(7,909,958)
Other operating expenses	(1,687,136)	(50,491)	(798,641)	(18,573)	(2,554,841)
Depreciation and amortisation	(707,962)	(29,686)	(78,940)	(1,013)	(817,601)
Allocation of grants relating to non-financial assets and other	469	194	579	-	1,242
Impairment and gains on the disposal of non-current assets	41,532	(632)	(16,179)	2	24,723
Other results	(86,738)	(3,145)	(76,110)	-	(165,993)
Results of companies accounted for using the equity method	392,793	-	(11,032)	-	381,761
Finance income	89,906	8,969	40,273	15,691	154,839
Finance costs	(276,206)	(14,450)	(112,664)	(48,171)	(451,491)
Changes in the fair value of financial instruments	3,365	-	(6)	62,904	66,263
Exchange differences	(21,695)	-	10,626	(14)	(11,083)
Impairment and gains on the disposal of non-current assets	2,054	-	17,547	(16,897)	2,704
Non-ordinary results of companies accounted for using the equity method	4,227	-	-	-	4,227
PROFIT BEFORE TAX	**1,197,144**	**46,668**	**456,142**	**(49,658)**	**1,650,296**
Corporate income tax	(274,048)	(7,628)	(125,022)	17,564	(389,134)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**923,096**	**39,040**	**331,120**	**(32,094)**	**1,261,162**
Profit after tax from discontinued operations	-	-	-	-	-
PROFIT FOR THE YEAR	**923,096**	**39,040**	**331,120**	**(32,094)**	**1,261,162**
Profit attributed to non-controlling interests	(337,146)	(1,993)	(6,445)	-	(345,584)
Profit from discontinued operations attributed to non-controlling interests	-	-	-	-	-
PROFIT ATTRIBUTABLE TO THE PARENT	**585,950**	**37,047**	**324,675**	**(32,094)**	**915,578**

(*) Data restated.

25.02.03. Statement of financial position by business segment: 2019 Financial Year

ASSETS	Thousands of Euros				
	Infrastructure	Services	Industrial Services	Corporate unit and adjustments	Total Group
NON-CURRENT ASSETS	**11,741,031**	**1,067,113**	**1,282,339**	**258,270**	**14,348,753**
Intangible assets	**3,426,620**	**240,784**	**162,802**	**237,531**	**4,067,737**
Goodwill	2,687,704	137,817	58,991	237,316	3,121,828
Other intangible assets	738,916	102,967	103,811	215	945,909
Tangible assets-property, plant and equipment / Property investments	**2,342,371**	**131,373**	**216,338**	**7,138**	**2,697,220**
Non-current assets in projects	**119,310**	**-**	**49,898**	**2**	**169,210**
Non-current financial assets	**4,789,213**	**622,203**	**511,432**	**(622,005)**	**5,300,843**
Other current assets	**1,063,517**	**72,753**	**341,869**	**635,604**	**2,113,743**
CURRENT ASSETS	**16,169,143**	**381,038**	**7,604,481**	**88,311**	**24,242,973**
Inventories	**823,035**	**701**	**89,772**	**(2,543)**	**910,965**
Trade and other receivables	**7,947,665**	**208,469**	**3,422,631**	**(26,324)**	**11,552,441**
Other current financial assets	**994,987**	**78,268**	**260,411**	**5,363**	**1,339,029**
Derivative financial instruments	**11,259**	**-**	**-**	**-**	**11,259**
Other current assets	**192,850**	**2,229**	**32,274**	**1,536**	**228,889**
Cash and cash equivalents	**6,141,613**	**91,371**	**1,746,156**	**110,279**	**8,089,419**
Non-current assets held for sale	**57,734**	**-**	**2,053,237**	**-**	**2,110,971**
TOTAL ASSETS	**27,910,174**	**1,448,151**	**8,886,820**	**346,581**	**38,591,726**

EQUITY AND LIABILITIES	Thousands of Euros				
	Infrastructure	Services	Industrial Services	Corporate unit and adjustments	Total Group
EQUITY	**6,149,753**	**793,162**	**1,203,633**	**(2,650,642)**	**5,495,906**
Equity attributed to the Parent	**5,168,887**	**787,824**	**1,109,934**	**(2,650,498)**	**4,416,147**
Non-controlling interests	**980,866**	**5,338**	**93,699**	**(144)**	**1,079,759**
NON-CURRENT LIABILITIES	**5,401,845**	**317,539**	**1,236,437**	**2,085,175**	**9,040,996**
Grants	**115**	**1,772**	**810**	**-**	**2,697**
Non-current financial liabilities	**3,486,590**	**227,222**	**916,471**	**1,803,704**	**6,433,987**
Bank borrowings, debt instruments and other marketable securities	3,291,926	227,222	824,288	1,807,424	6,150,860
Limited recourse project financing	78,645	-	43,851	-	122,496
Other financial liabilities	116,019	-	48,332	(3,720)	160,631
Long term lease liabilities	**599,736**	**39,289**	**47,919**	**-**	**686,944**
Derivative financial instruments	**31,958**	**-**	**15,994**	**24,287**	**72,239**
Other non-current liabilities	**1,283,446**	**49,256**	**255,243**	**257,184**	**1,845,129**
CURRENT LIABILITIES	**16,358,576**	**337,450**	**6,446,750**	**912,048**	**24,054,824**
Current financial liabilities	**1,499,799**	**94,551**	**386,567**	**1,067,547**	**3,048,464**
Bank borrowings, debt instruments and other marketable securities	1,343,275	93,631	295,236	1,135,747	2,867,889
Limited recourse project financing and debt	14,166	-	4,336	-	18,502
Other financial liabilities	142,358	920	86,995	(68,200)	162,073
Short term lease liabilities	**279,791**	**10,356**	**31,104**	**-**	**321,251**
Derivative financial instruments	**7,896**	**-**	**427**	**20,058**	**28,381**
Trade and other payables	**11,972,539**	**211,899**	**4,659,712**	**(88,371)**	**16,755,779**
Other current liabilities	**1,649,308**	**20,644**	**203,698**	**(87,186)**	**1,786,464**
Financial liabilities related to BICC	**927,431**	**-**	**-**	**-**	**927,431**
Liabilities relating to non-current assets held for sale	**21,812**	**-**	**1,165,242**	**-**	**1,187,054**
TOTAL EQUITY AND LIABILITIES	**27,910,174**	**1,448,151**	**8,886,820**	**346,581**	**38,591,726**

25.02.04. Statement of financial position by business segment: 2018 Financial Year

ASSETS	Thousands of Euros (*)				
	Infrastructure	Environment	Industrial Services	Corporate unit and adjustments	Total Group
NON-CURRENT ASSETS	**11,580,838**	**1,051,550**	**1,260,091**	**323,782**	**14,216,261**
Intangible assets	**3,462,545**	**242,606**	**98,115**	**237,854**	**4,041,120**
Goodwill	2,667,071	129,510	43,845	237,316	3,077,742
Other intangible assets	795,474	113,096	54,270	538	963,378
Tangible assets-property, plant and equipment / Property investments	**2,155,332**	**118,666**	**223,297**	**7,282**	**2,504,577**
Non-current assets in projects	**150,693**	**-**	**38,711**	**2**	**189,406**
Non-current financial assets	**5,333,220**	**622,182**	**576,027**	**(625,163)**	**5,906,266**
Other current assets	**479,048**	**68,096**	**323,941**	**703,807**	**1,574,892**
CURRENT ASSETS	**14,048,837**	**448,082**	**6,753,706**	**234,338**	**21,484,963**
Inventories	**769,131**	**909**	**96,725**	**(244)**	**866,521**
Trade and other receivables	**7,063,020**	**200,660**	**3,521,352**	**105,793**	**10,890,825**
Other current financial assets	**1,004,723**	**189,901**	**183,622**	**85,609**	**1,463,855**
Derivative financial instruments	**11,543**	**-**	**300**	**41,347**	**53,190**
Other current assets	**171,657**	**2,146**	**34,878**	**1,525**	**210,206**
Cash and cash equivalents	**5,020,703**	**54,466**	**1,890,980**	**308**	**6,966,457**
Non-current assets held for sale	**8,060**	**-**	**1,025,849**	**-**	**1,033,909**
TOTAL ASSETS	**25,629,675**	**1,499,632**	**8,013,797**	**558,120**	**35,701,224**

EQUITY AND LIABILITIES	Thousands of Euros (*)				
	Infrastructure	Environment	Industrial Services	Corporate unit and adjustments	Total Group
EQUITY	**7,133,372**	**850,117**	**858,760**	**(2,851,593)**	**5,990,656**
Equity attributed to the Parent	**5,591,398**	**844,231**	**770,371**	**(2,851,449)**	**4,354,551**
Non-controlling interests	**1,541,974**	**5,886**	**88,389**	**(144)**	**1,636,105**
NON-CURRENT LIABILITIES	**4,573,483**	**295,909**	**1,330,724**	**2,942,383**	**9,142,499**
Grants	**327**	**1,933**	**967**	**-**	**3,227**
Non-current financial liabilities	**2,666,393**	**220,716**	**925,748**	**2,439,086**	**6,251,943**
Bank borrowings, debt instruments and other marketable securities	2,458,096	220,716	890,877	2,446,084	6,015,773
Limited recourse project financing	92,581	-	8,097	-	100,678
Other financial liabilities	115,716	-	26,774	(6,998)	135,492
Long term lease liabilities	**617,654**	**22,817**	**54,402**	**-**	**694,873**
Derivative financial instruments	**22,343**	**-**	**2,839**	**19,869**	**45,051**
Other non-current liabilities	**1,266,766**	**50,443**	**346,768**	**483,428**	**2,147,405**
CURRENT LIABILITIES	**13,922,820**	**353,606**	**5,824,313**	**467,330**	**20,568,069**
Current financial liabilities	**1,079,772**	**98,491**	**413,263**	**583,789**	**2,175,315**
Bank borrowings, debt instruments and other marketable securities	950,563	97,446	375,140	669,181	2,092,330
Limited recourse project financing and debt	14,782	-	1,295	1	16,078
Other financial liabilities	114,427	1,045	36,828	(85,393)	66,907
Short term lease liabilities	**279,734**	**5,436**	**21,503**	**-**	**306,673**
Derivative financial instruments	**796**	**-**	**30**	**81,141**	**81,967**
Trade and other payables	**11,185,613**	**229,935**	**4,648,861**	**(98,740)**	**15,965,669**
Other current liabilities	**1,376,905**	**19,744**	**204,059**	**(98,860)**	**1,501,848**
Liabilities relating to non-current assets held for sale	**-**	**-**	**536,597**	**-**	**536,597**
TOTAL EQUITY AND LIABILITIES	**25,629,675**	**1,499,632**	**8,013,797**	**558,120**	**35,701,224**

The detail of revenue in 2019 and 2018 from Infrastructure is as follows:

	Thousands of Euros	
	2019	**2018**
Spain	**1,358,909**	**1,453,357**
Dragados	1,301,109	1,401,494
Hochtief	7	24
Concessions	57,793	51,839
International	**29,596,191**	**27,331,918**
Dragados	3,714,169	3,390,330
Hochtief	25,851,848	23,882,266
Concessions	30,174	59,322
Total	**30,955,100**	**28,785,275**

The detail of revenue in 2019 and 2018 in the Industrial Services business is as follows:

	Thousands of Euros	
	2019	**2018**
Networks	679,951	661,376
Specialized facilities	2,125,369	2,211,404
Integrated projects	2,782,952	2,573,476
Control systems	909,004	920,734
Renewable energy: generation	42,144	23,419
Eliminations	(9,078)	(5,355)
Total	**6,530,342**	**6,385,054**

Of the total revenues from Industrial Services, EUR 3,918,677 thousand related to international operations in 2019 and EUR 4,015,939 thousand in 2018, representing 60.0% and 62.9%, respectively.

The detail of revenue from the Services area is as follows:

	Thousands of Euros	
	2019	**2018**
Facility Management	1,579,117	1,504,555
Total	**1,579,117**	**1,504,555**

Total revenue from the Services area amounted to EUR 115,689 thousand relating to international operations in 2019 and EUR 98,101 thousand in 2018, representing 7.3% and 6.5% respectively.

Revenue is allocated on the basis of the geographical distribution of clients.

The reconciliation of revenue, by segment, to consolidated revenue at December 31, 2019 and 2018 is as follows:

Segments	Thousands of Euros					
	2019			2018		
	External income	Inter-segment income	**Total income**	External income	Inter-segment income	**Total income**
Infrastructure	30,951,404	3,696	**30,955,100**	28,781,720	3,555	**28,785,275**
Industrial Services	6,521,458	8,884	**6,530,342**	6,375,190	9,864	**6,385,054**
Services	1,576,011	3,106	**1,579,117**	1,501,606	2,949	**1,504,555**
(-) Adjustments and eliminations of ordinary inter-segment income	-	(15,686)	**(15,686)**	-	(16,368)	**(16,368)**
Total	**39,048,873**	**-**	**39,048,873**	**36,658,516**	**-**	**36,658,516**

Inter-segment sales are made at market prices.

The reconciliation of the profit/loss, by business, with consolidated profit/loss before taxes at December 31, 2019 and 2018 is as follows:

Segments	Thousands of Euros	
	2019	2018 (*)
Infrastructure	(56,858)	923,096
Industrial Services	601,827	331,120
Services	40,148	39,040
Total profit of the segments reported upon	**585,117**	**1,293,256**
(+/-) Non-assigned profit	130,551	(32,094)
(+/-) Income tax and / or profit (loss) from discontinued operations	(84,062)	389,134
Profit / (Loss) before tax	**631,606**	**1,650,296**

(*) Data restated.

Revenue by geographical area for 2019 and 2018 is as follows:

Turnover by Geographical Area	Thousands of Euros	
	2019	2018
Domestic market	5,418,549	5,212,558
Foreign market	33,630,324	31,445,958
a) European Union	2,215,953	2,410,329
a.1) Euro Zone	1,037,311	1,291,100
a.2) Non Euro Zone	1,178,642	1,119,229
b) Rest of countries	31,414,371	29,035,629
Total	**39,048,873**	**36,658,516**

The following table shows the detail, by geographical area, of certain of the Group's consolidated balances:

	Thousands of Euros			
	Spain		Rest of the world	
	2019	2018	2019	2018
Revenue	5,418,549	5,212,558	33,630,324	31,445,958
Segment assets	10,584,477	10,639,867	28,007,249	25,061,356
Total net investments	332,277	3,137,936	991,803	(1,718,380)

(*) Data restated.

Assets at December 31, 2019 and 2018, by geographical area, are as follows:

	Thousands of Euros	
	31/12/2019	31/12/2018 (*)
Europe	**16,151,318**	**15,579,376**
Spain	10,584,477	10,639,867
Germany	4,200,798	3,862,222
Rest of Europe	1,366,042	1,077,287
Rest of geographic areas	**22,440,408**	**20,121,848**
Americas	13,410,889	11,456,032
Asia	390,710	481,648
Australasia	8,444,699	7,978,178
Africa	194,110	205,990
TOTAL	**38,591,726**	**35,701,224**

(*) Data restated.

The additions to non-current assets, by line of business, were as follows:

	Thousands of Euros	
	2019	2018
Infraestructures	965,535	440,792
Services	46,201	26,722
Industrial Services	211,522	89,797
Corporate unit and adjustments	511	1,855
Total	**1,223,769**	**559,166**

26. Tax matters

26.01.Consolidated fiscal group

Pursuant to current legislation, ACS, Actividades de Construcción y Servicios, S.A. is the Parent of the Tax Group 30/99, which includes the Spanish subsidiaries in which the Parent has a direct or indirect ownership interest of at least 75% which meet the requirements provided for in Spanish legislation regulating the tax consolidation regime.

The Group's other subsidiaries file individual tax returns in accordance with the tax legislation in force in each country, either individually or with groups of companies.

26.02.Reconciliation of the current income tax expense to accounting profit

The reconciliation of the income tax expense resulting from the application of the standard tax rate in force in Spain to the current tax expense recognized, as well as the determination of the average effective tax rate, are as follows:

	Thousands of Euros	
	2019	2018 (*)
Consolidated profit before tax	631,606	1,650,296
Net profit from equity accounted investments	(557,865)	(385,988)
Permanent differences	(327,248)	(85,717)
Taxable profit	(253,507)	1,178,591
Tax at 25%	(63,377)	294,648
Deductions for incentives	(6,668)	(10,024)
Effect of different standard tax rate in other countries	(68,975)	69,470
Current tax income expense	(139,020)	354,094
Effective rate, excluding equity method	(188.5%)	28.01%

(*) Data restated.

The permanent differences in 2019 and 2018 are mainly due to certain gains obtained on the sale of subsidiaries and investees where there is an exemption right and on the reversal of provisions that were not tax deductible and, in the opposite direction, expenses and losses that were not tax deductible.

The tax incentive deductions include, basically, both double taxation deductions and deductions for donations and those derived from R&D&I activities carried out in Spain and in other countries.

The effect of the spread in national tax rates against the benchmark tax rate of 25% is due to the fact that losses have been capitalized (mainly due to the impact of BIC Contracting) in jurisdictions where the nominal rate is higher than the Spanish nominal rate, which is the one used for the calculation of this table.

26.03.Detail of corporate income tax expense

The detail of corporate income tax expense is as follows:

	Thousands of Euros	
	2019	2018 (*)
Current income tax expense (Note 26.02)	(139,020)	354,094
Expense / (income)relating to adjustments to prior year's tax	10,506	5,798
(Income) arising from the application of prior year's deferred tax assets	(9,822)	(10,542)
Expense arising from deferred tax assets generated in the year and not capitalised	43,286	23,238
Tax expense (income) due to impact on defferred taxes from changes in legislation	192	2,955
Expense / (Income) other adjustments to tax for the year	10,796	13,591
Final balance of the corporation tax expense	**(84,062)**	**389,134**

The expense of deferred tax assets generated for the year and not recognized fundamentally originates from the criteria prudently undertaken to not recognize the tax assets associated to tax losses and the temporary difference due to non-deductible financial expenses, incurred, mainly, by companies of the Group resident in Germany.

26.04.Taxes recognized in equity

In addition to the tax effects recognized in the consolidated income statement, a credit of EUR 13,721 thousand was recognized directly in the Group's equity in 2019 (a charge of EUR 6,647 thousand in 2018). These amounts relate to tax impacts due to adjustments of financial assets through other comprehensive income, with a credit of EUR 2,032 thousand in 2019 (a charge of EUR 5,103 thousand in 2018), cash flow derivatives, with a charge of EUR 14,145 thousand in 2019 (EUR 7,973 thousand in 2018), actuarial losses, with a credit of EUR 986 thousand in 2019 (charge of EUR 6,474 thousand in 2018), and translation difference, with a credit of EUR 622 thousand in 2019 (charge of EUR 45 thousand in 2018).

26.05.Deferred tax

The composition of the balance of these assets, as well as the liabilities, also for temporary differences, is as follows:

	Thousands of Euros	
	31/12/2019	31/12/2018 (*)
Deferred tax assets arising from:		
Asset valuation adjustments and impairment losses	435,244	513,041
Other provisions	327,303	298,401
Pension costs	93,493	121,036
Income with different tax and accounting accruals	18,826	20,272
Business combinations	-	826
Losses of establishments abroad	105,035	99,668
Financial expenses not deductible	62,079	61,272
Other	295,729	287,490
Total	**1,337,709**	**1,402,006**
Assets for tax loss	704,039	639,989
Provision and asset impairment in relation to Midlle East exit (CIMIC)	550,106	-
Assets for deductions in quota	210,659	210,682
Total	**2,802,513**	**2,252,677**
Compensations of deferred tax assets/liabilities	(696,171)	(741,280)
Total deferred tax assets	**2,106,342**	**1,511,397**
Deferred tax liabilities arising from:		
Assets recognised at an amount higher than their tax base	338,164	354,196
Income with different tax and accounting accrual	412,610	417,942
Other	328,518	349,598
Total	**1,079,292**	**1,121,736**
Compensation of deferred tax assets/liabilities	(696,171)	(741,280)
Total deferred tax liabilities	**383,121**	**380,456**

At December 31, 2019, deferred tax assets and liabilities arising from temporary differences totaling EUR 696,171 thousand (EUR 741,280 thousand at December 31, 2018) have been offset. The offsetting was at the level of the same company code or tax group and most of the offsetting arises in the Hochtief Group.

The detail of the main deferred tax assets and liabilities recognized by the Group and of the changes therein in 2019 and 2018 is as follows:

	Thousands of Euros								
			Charge/credit to equity				Business combinations		
	Balance at 31 December 2018 (*)	Current movement in the year	Actuarial gains and losses	Charge/credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	Balance at 31 December 2019
Assets	**2,252,677**	**552,499**	**986**	**5,591**	**(2,032)**	**(7,520)**	**865**	**(553)**	**2,802,513**
Temporary differences	1,402,006	(61,567)	986	5,591	(2,032)	(7,275)	-	-	1,337,709
Tax losses	639,989	614,154	-	-	-	(245)	247	-	1,254,145
Tax credits	210,682	(88)	-	-	-	-	618	(553)	210,659
Liabilities	**1,121,736**	**(33,661)**	**-**	**(2,731)**	**-**	**(6,052)**	**-**	**-**	**1,079,292**
Temporary differences	1,121,736	(33,661)	-	(2,731)	-	(6,052)	-	-	1,079,292

	Thousands of Euros								
	Balance at 01 January 2018 (*)	Current movement in the year	Charge/credit to equity				Business combinations		Balance at 31 December 2018 (*)
			Actuarial gains and losses	Charge/credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	
Assets	**2,293,237**	**(35,610)**	**6,474**	**(2,580)**	**(5,103)**	**(1,876)**	**-**	**(1,865)**	**2,252,677**
Temporary differences	1,390,599	17,594	6,474	(2,580)	(5,103)	(3,113)	-	(1,865)	1,402,006
Tax losses	693,806	(55,053)	-	-	-	1,236	-	-	639,989
Tax credits	208,832	1,849	-	-	-	1	-	-	210,682
Liabilities	**1,070,140**	**49,533**	**-**	**3,454**	**-**	**(771)**	**-**	**(620)**	**1,121,736**
Temporary differences	1,070,140	49,533	-	3,454	-	(771)	-	(620)	1,121,736

Tax loss and tax credit carryforwards relating to the ACS Spanish tax group amounted to EUR 679,368 thousand at December 31, 2019 (EUR 690,190 thousand at December 31, 2018).

The temporary differences from companies outside the Spanish tax group arose mainly from the Hochtief Group companies, including most notably at December 31, 2019 those from Cimic amounting to EUR 550.1 million (AUD 884 million) due to losses incurred in relation to BIC Contracting and Cimic's strategic exit from the Middle East (see Note 09).

In recognizing the deferred tax asset from the exit from the Middle East amounting to EUR 550.1 million, the Group has considered the expected future performance of the business in line with the Group's strategy, business plans and future capital allocation opportunities. The Group analyses strategic options to maintain its strong balance sheet, including investment partnerships to grow its core businesses.

Deferred tax assets due to temporary differences increased in 2018 as a result of the implementation of IFRSs 9 and 15 by EUR 183,874 thousand.

The deferred tax assets were recognized in the consolidated statement of financial position because the Group's directors considered that, based on their best estimate of the Group's future earnings, it is probable that these assets will be recovered.

The deferred tax liabilities amounting to EUR 383,121 thousand (EUR 380,456 thousand at December 31, 2018) have not substantially changed with respect to December 31, 2018.

Pursuant to regulations in force, deferred tax assets due to temporary difference are not subject to expiry.

Furthermore, with regard to the assets generated by tax losses, their application is subject to different conditions and deadlines established by the different applicable national regulations; in particular, in the case of Spain and Australia, where the most significant credit has been generated, there is no legal term of limitation.

Deductions on pending tax credits corresponding to the Spanish Fiscal Group itemized as consolidated annual accounts assets, for the amount of EUR 205,630 thousand (EUR 209,985 thousand in 2018) expire according to the type as determined in the Corporate Income Tax Act. Amounts pending application in 2019 mainly correspond to deductions generated between 2010 and 2019 for reinvestment of gains and R&D+I expenses, whose statutory expiry periods are 15 and 18 years respectively.

To assess the recoverability of these credits for deductions subject to a statutory expiry period, a test has been developed whose key assumptions, consistent with those applied in previous years, were as follows:

- Profit before tax, in calculable terms of taxable profit, of the business areas in Spain which, with respect to that obtained in 2018, increases between for subsequent years at annual rates of 3%.

- General maintenance of the current perimeter of companies in the Tax Group.

- The financial charge for the Group's corporate debt in Spain has been specifically recalculated between 2020 and 2021, taking into account the new composition of this debt, and a reduction at an average annual rate of 2% has been estimated for subsequent years.

- It has been considered that in the next 10 years the temporary differences that will reduce the tax base of tax loss of affiliates and branches, financial and other expenses will be reversed by EUR 505 million approximately, an adjustment that restricts the margin to take advantage of deductions.

The Group has considered the main positive and negative factors that apply to the recognition of deferred tax assets, in relation to the analysis of the recoverability of deferred tax assets. These factors have included the following:

Positive factors identified

- The probability of recovering deferred tax assets is greater if the loss arises from an isolated and non-recurring event than if it is the result of demand factors or margins. This is the case with ACS, where the loss is the result of an isolated and non-recurring event.
- History of recurring profits by the tax group
- That there are new business opportunities for the tax group Having a solid portfolio.
- The Group is not a start-up.
- Compliance with business plans and profit forecasts in the coming years.
- Some of the businesses that make up the tax group are not very complex in terms of making projections.

Negative factors identified

- The longer the recovery time, the less reliable the estimate will be.
- Long offsetting periods do not guarantee that deferred tax assets will be reversed in full because a company or tax group could generate new losses in the future or cease to be a going concern. In the case of ACS' Spanish tax group, it has a history of recurring profits and a solid future portfolio, so this negative factor does not occur and the loss was a one-off operating event.

On the basis of these assumptions, the tax credits for deductions would be used before their expiry. Notwithstanding, it is worth noting that significant negative deviations between the aforementioned profits and the estimates used in the impairment test, in overall terms, i.e., that may not be offset by subsequent positive deviations within the expiration period, could represent a recoverability risk with regard to the tax credit. In particular, according to the test carried out, negative changes in the Spanish Tax Group's computable profit, in overall (not specific) terms, throughout the relevant period, with respect to the average of those generated in the last two years, would determine the beginning of the partial expiration of the deductions.

In addition to the amounts recognized on the asset side of the statement of financial position, as detailed above, the Group has other deferred tax assets and tax credits not recognized on the asset side of the consolidated financial statement because it is impossible to predict the related future flows of profit, which are significant in the Group companies domiciled in Germany. Therefore, the tax assets relating to income tax loss carryforwards and temporary differences in financial expenses amounting to EUR 2,014,941 thousand (EUR 2,000,715 thousand in 2018), and to municipal taxes amounting to EUR 1,439,610 thousand (EUR 1,436,025 thousand in 2018) were not recognized.

26.06.Tax audit

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the statute-of-limitations period has expired.

During the month of June 2019, the Group was notified that tax audits were being commenced on the Spanish tax group in relation to corporate income tax, from 2013 to 2016, and VAT and withholdings, for the 2015 and 2016 years. Due to the possible different interpretations that can be made of the tax rules, this could result in tax liabilities whose amount cannot currently be objectively quantified. However, the ACS Group's directors do not consider that any material contingent liabilities could arise from the performance of these activities for the Group's profit.

27. Income

The distribution of revenue relating to the Group's ordinary operations in 2019 and 2018, by business segment, is as follows:

Business segments	Thousands of Euros	
	2019	2018
Infrastructure	30,955,099	28,785,275
Industrial Services	6,530,342	6,385,054
Services	1,579,117	1,504,555
(-) Adjustments and eliminations of ordinary inter-segment income	(15,685)	(16,368)
Total	**39,048,873**	**36,658,516**

Revenue amounting to EUR 39,048,873 thousand (EUR 36,658,516 thousand in 2018) includes performance obligations recognized mainly through the application of the product method in the infrastructure business (civil engineering construction, PPP, etc.), the services business (including construction management, mining services, applied industrial engineering services for the construction, maintenance and operation of energy, industrial and mobility infrastructures, and comprehensive maintenance services for buildings, public places and organizations, and personal assistance).

Revenue by type for 2019 is as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Infrastructure	12,246,778	31.4%	18,448,957	47.2%	259,365	0.7%	30,955,100	79.3%
Industrial Services	-	-	6,530,342	16.7%	-	-	6,530,342	16.7%
Services	-	-	1,579,117	4.0%	-	-	1,579,117	4.0%
Corporate unit and adjustments	-	-	-	-	(15,686)	(0.0%)	(15,686)	0.0%
Total	**12,246,778**	**31.4%**	**26,558,416**	**68.0%**	**243,679**	**0.6%**	**39,048,873**	**100.0%**

In 2019 foreign currency transactions relating to sales and services amounted to EUR 31,650,067 thousand (EUR 29,142,210 thousand in 2018) and those relating to purchases and services received amounted to EUR 22,940,374 thousand (EUR 20,691,822 thousand in 2018).

The distribution of revenue relating to the Group's ordinary operations in 2019 and 2018, by the main countries where it operates, is as follows:

Turnover by Countries	Thousands of Euros	
	2019	2018
United States	16,932,402	14,200,277
Australia	6,838,529	6,841,643
Spain	5,418,549	5,212,558
Canada	1,628,925	1,475,323
Mexico	816,142	978,287
Hong Kong	808,931	1,008,274
Germany	751,092	955,975
Indonesia	745,477	714,432
Peru	708,030	305,630
United Kingdom	480,313	398,790
Brazil	479,756	657,325
New Zealand	447,334	383,153
Poland	427,918	448,767
Chile	414,426	425,438
Czech Republic	206,263	202,799
Other	1,944,786	2,449,845
Total	**39,048,873**	**36,658,516**

The backlog by line of business at December 31, 2019 and 2018 was as follows:

	Thousands of Euros	
	2019	2018
Infrastructure	64,969,201	59,350,015
Industrial Services	9,923,939	9,844,545
Services	2,862,805	3,027,904
Total	**77,755,945**	**72,222,463**

Revenue by backlog at December 31, 2019, is as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Infrastructure	32,270,135	41.5%	31,326,938	40.3%	1,372,128	1.8%	64,969,201	83.6%
Industrial Services	-	-	9,923,939	12.8%	-	-	9,923,939	12.8%
Services	-	-	2,862,805	3.7%	-	-	2,862,805	3.7%
Total	**32,270,135**	**41.5%**	**44,113,682**	**56.7%**	**1,372,128**	**1.8%**	**77,755,945**	**100.0%**

The order book would be equivalent to approximately 23 months of activity (23 months in 2018).

The duration of the contracts varies depending on the different areas of activity, with the average duration of the contracts for construction activities ranging from 1 to 5 years, maintenance, construction and services up to 10 years and the construction and operation of concessions up to 30 years.

Capitalized expenses amounting to EUR 4,212 thousand (EUR 16,457 thousand in 2018), relating mainly to in-house work on property, plant and equipment and intangible assets, were recognized under "In-house work on tangible and intangible assets" in the consolidated income statement in 2019.

Also, "Other operating income" includes mainly supplies invoiced to joint ventures in the construction business, claims against insurance companies and operating subsidies received.

28. Expenses

28.01. Procurements

The detail of this heading at December 31, 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	2018 (*)
Cost of merchandise sold	1,491,801	1,551,220
Cost of raw materials and other consumables used	20,298,405	18,905,409
Contract work carried out by other companies	3,961,062	3,453,859
Impairment of merchandise, raw material and procurements	1,401	(55)
Total	**25,752,669**	**23,910,433**

(*) Data restated.

28.02. Personnal expenses

The breakdown of staff expenses for the 2019 and 2018 years is the following:

	Thousands of Euros	
	2019	2018
Wages and salaries	7,047,203	6,659,213
Social security costs	1,097,964	1,013,001
Other rersonnal expenses	242,731	235,325
Provisions	6,529	2,419
Total	**8,394,427**	**7,909,958**

Personnal expenses amounting to EUR 4,471 thousand in 2019 (EUR 2,236 thousand in 2018) relating to ACS, Actividades de Construcción y Servicios, S.A. share option plans were recognized under "Wages and salaries" in the consolidated income statement.

The detail of the average number of employees, by professional category and gender, is as follows:

By profesional category	Average number of employees					
	2019			2018		
	Men	Women	Total	Men	Women	Total
University graduates	18,098	5,687	**23,785**	18,564	5,299	**23,863**
Junior college graduates	6,551	3,963	**10,514**	7,801	3,962	**11,763**
Non-graduate line personnel	18,942	7,040	**25,982**	17,357	6,390	**23,747**
Clerical personnel	4,181	4,468	**8,649**	4,299	4,491	**8,790**
Other employees	69,188	55,918	**125,106**	68,046	55,614	**123,660**
Total	**116,960**	**77,076**	**194,036**	**116,067**	**75,756**	**191,823**

The distribution of the average number of employees, by line of business, was as follows:

	Average number of employees	
	2019	2018
Infraestructures	66,786	69,562
Industrial Services	50,747	47,477
Services	76,451	74,732
Corporate Unit and other	52	52
Total	**194,036**	**191,823**

The average number of employees with disabilities in companies with headquarters in Spain of the ACS Group in 2019 amounts to 7,166 people (6,529 people in 2018). This represents 7.3% (6.9% in 2018) of the ACS Group's average workforce in Spain.

The detail of the average number of employees, by gender, by professional category with a disability of at least 33% in Spain is as follows:

	Average number of employees with disabilities >33% in Spain					
	2019			2018		
	Men	Women	Total	Men	Women	Total
University graduates	20	16	**36**	22	8	**30**
Junior college graduates	39	59	**98**	32	57	**89**
Non-graduate line personnel	477	512	**989**	85	148	**233**
Clerical personnel	46	92	**138**	46	92	**138**
Other employees	2,435	3,470	**5,905**	2,394	3,645	**6,039**
Total	**3,017**	**4,149**	**7,166**	**2,579**	**3,950**	**6,529**

28.03. Share-based remuneration systems

ACS

On July 25, 2018, The Board of Directors of ACS, Actividades de Construcción y Servicios, S.A., in application of the authorizations granted by the Company's General Shareholders' Meetings held on April 28, 2015 and May 4, 2017, and after a favorable report of the Remuneration Committee held on the same date, decided to establish an Option Plan on shares of ACS, Actividades de Construcción y Servicios, S.A. (2018 Options Plan), governed by the following terms and conditions:

a. The number of shares subject to the option plan will be a maximum of 12,586,580 shares, of EUR 0.50 par value each.
b. The beneficiaries are 271 executives with options from 500,000 to 200,000.
c. The acquisition price will be EUR 37.170 per share. This price will change by the corresponding amount should a dilution take place.
d. The options may be exercised in two equal parts, cumulative if the beneficiary so wishes, during the fourth and fifth years after July 1, 2018, inclusive. However, in the case of an employee's contract being terminated for reasons without just cause or if it is the beneficiary's own will, the options may be proportionally exercised six months following the event in question in the cases of death, retirement, early retirement or permanent disability, and after 30 days in all other cases.
e. For the execution by each beneficiary of the options that have been assigned to them, it will be required that the operational, financial and sustainability-related performance of the ACS Group during the period 2018-2020 exceed the average parameters of the main comparable companies on the market and, for this purpose, a selection has been made of the listed companies that compete in the same markets as the ACS Group (Europe, the Americas and Australia), with capitalization greater than one billion euros and whose international sales exceed 15% of their total revenue. In order for the options to be exercisable by the beneficiaries, the following two criteria are established, one of which is financial in character and the other non-financial, and with different weightings:

1. A financial criterion with a weighting of 85%: ROE: The objective set is to exceed average profitability in the sector over the period 2018-2020. If the ACS figure exceeds the sector average, 100% of the options foreseen will be allocated. If the ACS figure does not exceed the 25th percentile of the sector sample, 50% of the options will be allocated, with intermediate positions weighted proportionally between 50% and 85%.
2. A non-financial criterion with a weighting of 15%: Sustainability: The objective set is to exceed for at least two years the 60th percentile in the world ranking table produced annually by RobecoSAM for the DowJones Sustainability Index.

f. Tax withholdings and the taxes payable as a result of exercising the share options will be borne exclusively by the beneficiaries.

The stock market price of ACS shares at December 31, 2019 and 2018 was EUR 35.65 and EUR 33.83, respectively.

The commitments arising from these plans are hedged through financial institutions (see Note 22). In relation to plan described above, the share options are to be settled through equity instruments and never in cash. However, since the Parent Company has hedged the commitments arising from these plans with a financial institution, their settlement shall not involve, under any circumstances, the issue of equity instruments additional to those outstanding at December 31, 2019. In 2019 EUR 4,471 thousand (see Note 28.02) (EUR 2,236 thousand in 2018) related to share-based remuneration were recognized under personnal expenses in the consolidated income statement, with a balancing entry in equity. For the calculation of the total cost of the aforementioned share plans, the Parent Company considered the financial cost of the shares on the date on which the plan was granted based upon the futures curve on the notional value of each of them, the effect of the estimate of future dividends during the period, as well as the "put" value granted to the financial institution by applying the Black Scholes formula. This cost is distributed over the years of plan irrevocability.

HOCHTIEF

Within the Hochtief Group there are also share-based payment remuneration systems for the group's management. All of these stock option plans form part of the remuneration system for senior executives of Hochtief, and long-term incentive plans. The total amount provisioned for these share-based payment plans at December 31, 2019 is EUR 7,968 thousand (EUR 13,264 thousand at December 31, 2018). EUR 5,794 thousand (EUR 5,611 thousand in 2018) were taken to the consolidated income statement in this connection in 2019. To hedge the risk of exposure to changes in the market price of the Hochtief, A.G. shares, it has a number of derivatives which are not considered to be accounting hedges.

The following share-based remuneration plans were in force for managerial staff of Hochtief, A.G. and its affiliates in 2019:

Long-term incentive plan 2015

The Long-term Incentive Plan 2015 (LTIP 2015) was launched in that year by resolution of the Supervisory Board and is open to Executive Committee members. In addition to the granting of stock appreciation rights (SAR), the LTIP 2015 also provided for grants of stock awards.

The SARs can only be exercised if, for at least ten consecutive stock market trading days before the exercise date, the ten-day average (arithmetic mean) stock market closing price of Hochtief stock is higher relative to the issue price compared with the ten-day average closing level of the MDAX index relative to the index base (relative performance threshold). The number of SARs exercisable was also dependent on the adjusted free cash flow being within the range of the last approved consolidated financial statements at that time (absolute performance threshold). The relative performance threshold was waived if the average stock market price of Hochtief stock exceeded the issue price by at least 10% on ten consecutive stock market trading days after the end of the waiting period. Provided that the targets are met, the SARs can be exercised at any time after two years following a four-year waiting period except during a short period before publication of any business results. When SARs were exercised, the issuing entity paid out the difference between the current stock price at that time and the issue price. The maximum gain on each stock award was limited to EUR 31.68 per SAR.

The LTIP conditions for stock awards stipulated that for each stock award exercised within a two-year exercise period following a four-year waiting period, entitled individuals received at Hochtief, A.G.'s discretion either a Hochtief share or a compensatory cash amount equal to the closing price of Hochtief stock on the last stock market trading day before the exercise date. The maximum gain on each stock award was limited to EUR 95.04 per stock award.

The plan was fully exercised in 2019.

Long-term incentive plan 2016

The Long-term Incentive Plan 2016 (LTIP 2016) was launched in that year by resolution of the Supervisory Board and is open to Executive Committee members. In addition to the granting of stock appreciation rights (SAR), the LTIP 2016 also provided for grants of stock awards.

The SARs can only be exercised if, for at least ten consecutive stock market trading days before the exercise date, the ten-day average (arithmetic mean) stock market closing price of Hochtief stock is higher relative to the issue price compared with the ten-day average closing level of the MDAX index relative to the index base (relative performance threshold). The number of SARs exercisable was also dependent on the adjusted free cash flow being within the range of the last approved consolidated financial statements at that time (absolute performance threshold). The relative performance threshold was waived if the average stock market price of Hochtief stock exceeded the issue price by at least 10% on ten consecutive stock market trading days after the end of the waiting period. Provided that the targets are met, the SARs can be exercised at any time after two years following a three-year waiting period except during a short period before publication of any business results.

When SARs were exercised, the issuing entity paid out the difference between the current stock price at that time and the issue price. The maximum gain on each stock award was limited to EUR 41.54 per SAR.

The LTIP conditions for stock awards stipulated that for each stock award exercised within a two-year exercise period following a three-year waiting period, entitled individuals received at Hochtief, A.G.'s discretion either a Hochtief share or a compensatory cash amount equal to the closing price of Hochtief stock on the last stock market trading day before the exercise date. The maximum gain on each stock award was limited to EUR 124.62 per stock award.

The plan was fully exercised in 2019.

Long-term incentive plan 2017

The Long-term Incentive Plan 2017 (LTIP 2017) was launched in that year by resolution of the Supervisory Board and is open to Executive Committee members and certain executives. This plan is based on assigning performance stock allocation (PSA).

The conditions stipulate that for each performance share allocation (PSA) exercised within an exercise period of two years after a grace period of three years, entitled holders receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The performance bonus depends on the adjusted free cash flow of the last full year before the exercise date.

The maximum gain on each stock award was limited to EUR 514.62 per PSA.

Long-term incentive plan 2018

The 2018 Long-term Incentive Plan (LTIP 2018) was launched by resolution of the Supervisory Board in 2018 and is open to Executive Committee members and certain executives. This plan is based on performance stock allocation (PSA).

The conditions stipulate that for each performance share allocation (PSA) exercised within an exercise period of two years after a grace period of three years, entitled holders receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The performance bonus depends on the relevance performance in cash indicator for each company in the last full year before the exercise date. For the members of the Executive Committee and the management employees of Hochtief, A.G., the performance bonus depends on the adjusted free cash flow.

The maximum gain was limited to EUR 533.70 per PSA.

Long-term incentive plan 2019

The 2019 Long-term Incentive Plan (LTIP 2019) was launched by resolution of the Supervisory Board in 2019 and is open to Executive Committee members and certain executives. This plan is based on performance stock allocation (PSA).

The conditions stipulate that for each performance share allocation (PSA) exercised within an exercise period of two years after a grace period of three years, entitled holders receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The performance bonus depends on the relevance performance in cash indicator for each company in the last full year before the exercise date. For the members of the Executive Committee and the management employees of Hochtief, A.G., the performance bonus depends on the adjusted free cash flow.

The maximum gain on each stock award was limited to EUR 477.12 per PSA.

The conditions of all plans stipulate that on the exercise of SARs or stock allocations—and the fulfillment of all other requisite criteria—Hochtief, A.G. normally has the option of delivering Hochtief shares instead of paying out the gain in cash. Where the entitled individuals are not employees of Hochtief, A.G., the expense incurred on exercise of SARs or stock awards is met by the affiliated company concerned.

The amounts granted, due and exercised under the plans to date are set out below:

	Originally granted	Outstanding at 31 Dec 2018	Granted in 2019	Expired in 2019	Exercised / settled in 2019	Outstanding at 31 Dec 2019
LTIP 2015 – SARs	96,801	96,801	-	-	96,801	-
LTIP 2015 - Stock award	20,262	20,262	-	-	20,262	-
LTIP 2016 – SARs	93,235	93,235	-	-	93,235	-
LTIP 2016 - Stock award	17,850	17,850	-	-	17,850	-
LTIP 2017 – performance stock awards	20,081	20,081	-	-	-	20,081
LTIP 2018 – performance stock awards	20,069	20,069	-	-	-	20,069
LTIP 2019 – performance stock awards	-	-	21,485	-	-	21,485

Provisions recognized for the share-based payment arrangements totaled EUR 7,968 thousand as at the balance sheet date (EUR 13,264 thousand in 2018). The total expense recognized for the stated arrangements in 2019 was EUR 5,794 thousand (EUR 5,611 thousand in 2018). The intrinsic value of options exercisable at the end of the reporting period was EUR 0 thousand, as in the previous year.

28.04. Changes in the fair value of financial instruments

This heading includes the effect on the consolidated income statement of derivative instruments which do not meet the efficiency criteria, or which are not hedging instruments. The most significant effect in 2019 relates to derivatives on ACS shares, which gave rise to a gain of EUR 22,642 thousand (EUR 15,303 thousand in 2018), as described in Note 22. In addition, in the first half of 2018 the market valuation of the embedded derivative on Masmovil's *Note* gave rise to a net profit of EUR 41,768 thousand and EUR 7,523 thousand on the gain from the sale of Masmovil (see Note 22).

28.05. Finance costs

The details of financial expenses for the 2019 and 2018 years is the following:

Financial expenses	Millions of Euros	%	Millions of Euros	%
	2019		2018	
Debt-related financial expenses	315.5	63	296.1	66
Financial expenses for Collateral and Guarantees	41.6	8	40.0	9
Other financial expenses	140.1	29	115.4	25
Total	**497.2**	**100**	**451.5**	**100**

Financial expenses increased mainly as a result of the increase in average gross debt as a result of investments in Abertis and renewable energy assets in the year compared with the previous year, offset by the higher financial income as against 2018.

Financial expenses include the factoring and securitization expenses.

29. Impairment and gains or losses on disposals of fixed assets and financial instruments

"Impairment of financial instruments" includes the one-off impact before tax of EUR 1,694.6 million (AUD 2,724.7 million) for provisions and asset impairment in respect of Cimic's exit from the Middle East (see Note 09).

There was a reversal of EUR 230 million of non-current provisions for liabilities in 2019 to cover the international risks in the Middle East registered in the "Impairment of financial instruments" heading (see Notes 09 and 20).

The detail of "Impairment and gains or losses on disposals of fixed assets" in 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	2018
Impairment of assets	10,829	(6,849)
Gains or losses on disposal of assets	287,999	44,760
Impairment of goodwill of consolidation	(2,743)	(13,188)
Total	**296,085**	**24,723**

Gains or losses on disposals of non-current assets mainly include the gain or loss generated by the sale in December 2019 of the photovoltaic energy projects in operation in Spain (see Note 03.09).

Furthermore, the ACS Group, through its subsidiary ACS Infrastructure Development, Inc. sold 75% of its 50% stake in the concession company I-595 Express, LLC in Florida (USA) to I 595 Toll Road, LLC, the owner of the other 50%. Also in 2019, the ACS Group sold its 50% stake in the Canadian company Northeast Anthony Henday, the concessionaire of the Edmonton ring road in Alberta, Canada (see Note 02.02.f).

The details of "Impairment and gains or losses on disposal of financial instruments" in 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	2018
Impairment of financial instruments	(48)	(31,012)
Gains or losses on disposal of financial instruments	3,675	33,716
Total	**3,627**	**2,704**

This heading in the accompanying consolidated income statement basically includes in 2018 the gains from the Hochtief Group amounting to EUR 30,362 thousand relating to the sale of various financial investments.

30. Distribution of profit

As in previous years, at the date of the call notice of the Annual General Meeting, the Parent's Board of Directors agreed to propose an alternative remuneration system allowing shareholders to receive bonus shares of the Company, or cash through the sale of the corresponding bonus issue rights. This option would be instrumented through an increase in paid-in capital, which will be subject to approval by the shareholders at the General Shareholders' Meeting. In the event that it is approved, the increase in paid-in capital may be executed by the Board of Directors up to two times, in July and at the start of the following year, coinciding with the times when dividends are customarily paid. During each capital increase, each shareholder of the Company receives a bonus issue right for each share. The free allotment rights will be traded on the Madrid, Barcelona, Bilbao and Valencia stock exchanges. Depending on the alternative chosen, shareholders would be able to either receive additional paid-in shares of the Company, sell their bonus issue rights on the market or sell them to the company at a specific price calculated using the established formula.

The distribution of the profit for 2019 that the Board of Directors of the Parent will propose for approval by the shareholders at the Annual General Meeting is the transfer of voluntary reserves of the total profit for the year of ACS, Actividades de Construcción y Servicios, S.A. for an amount of EUR 913,334 thousand.

31. Earnings per share

31.01. Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the Group by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held in the year.

Accordingly:

	2019	2018 (*)	Change (%)
Net profit for the period (Thousands of Euros)	962,027	915,578	5.07
Weighted average number of shares outstanding	307,513,166	311,141,465	(1.17)
Basic earnings per share (Euros)	**3.13**	**2.94**	**6.46**
Diluted earnings per share (Euros)	**3.13**	**2.94**	**6.46**
Profit after tax and non-controlling interests from discontinued operations (Thousands of Euros)	-	-	n/a
Basic earnings per share from discontinued operations (Euros)	-	-	**n/a**
Basic earnings per share from continuing operations (Euros)	**3.13**	**2.94**	**6.46**
Diluted earnings per share from discontinued operations (Euros)	-	-	**n/a**
Diluted earnings per share from continuing operations (Euros)	**3.13**	**2.94**	**6.46**

(*) Data restated.

	Number of shares	
	2019	2018
Common shares outstanding at January 1	308,221,603	310,908,134
Effect of own shares	(4,943,255)	(2,686,531)
Effect of shares issued	10,802,365	8,012,721
Effect of redeemed shares	(10,802,365)	(8,012721)
Common shares outstanding at December 31	303,278,348	308,221,603

Weighted average number of shares outstanding at December 31	307,513,166	311,141,465

31.02. Diluted earnings per share

In calculating diluted earnings per share, the amount of profit attributable to ordinary shareholders and the weighted average number of shares outstanding, net of treasury shares, are adjusted to take into account all the dilutive effects inherent to potential ordinary shares (share options, warrants and convertible debt instruments). For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period. The ACS share option plan currently in force (Note 28.03) does not involve the issuance of new shares in the future and, therefore, does not affect diluted earnings per share. At December 31, 2019, as a result of the simultaneous share capital increase and reduction in 2020, respectively for the same number of shares, the basic earnings and diluted earnings per share for continuing operations for 2019 is the same.

32. Events after the reporting date

As indicated in Note 02.02.f), in January 2020 an agreement was reached for the sale of the 50.1% that the Group held in Zero-E Euro Assets, S.A. and the sale of other photovoltaic energy projects also in Spain that are at different stages of development and are expected to start operation between 2020 and 2023, totaling approximately 2,000 MW. The closing of this operation is subject to the fulfillment of a series of suspensive conditions and is expected to take place during the first half of 2020.

On January 23, 2020, as a result of the strategic review carried out by Cimic with regard to its investee in the Middle East, BIC Contracting LLC (BICC), and against the background of the sudden deterioration in conditions in that market, Cimic announced to the markets that it had decided not to continue with the financial support it was providing to this company, provisioning for all the risks incurred with the company.

This provision by Cimic had a one-off negative impact on net profit after tax and minority interests of EUR 420 million (see Note 09).

On February 4, 2020 ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the first execution of the capital increase with a charge to reserves approved by the General Shareholders' Meeting held on May 10, 2019. The purpose of the transaction is to implement a flexible formula for shareholder remuneration ("optional dividend"), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

Furthermore, the Company agreed to carry out the second execution of the reduction of the capital stock by amortization of its treasury stock approved at the same General Shareholders' Meeting for a maximum amount equal to the amount in which the capital stock is actually increased as a result of the second execution of the capital increase referred to in the previous paragraph.

The maximum number of new shares to be issued in the second execution of the capital increase charged to reserves agreed upon at the General Shareholders' Meeting held on Friday, May 10, 2019 (through which an optional dividend in shares or cash is structured) was set at 4,696,486 on Wednesday, February 12, 2020.

The price at which ACS, Actividades de Construcción y Servicios, S.A. undertook to purchase from its shareholders the rights of free assignment corresponding to this second execution of the capital increase was determined at a fixed gross amount of EUR 0.449 for each right.

After the negotiation period for the free allocation rights corresponding to the second released capital increase, the irrevocable commitment to purchase of rights assumed by ACS was accepted by the holders of 34.37% of the free allocation rights. After the decision-making period granted to the shareholders had elapsed, in March 2020 the following events took place:

- The dividend was determined to be a total gross amount of EUR 48,561,684.35 (EUR 0.449 per share) and was paid on March 5, 2020.

- The number of final shares subject to the capital increase was 2,899,168 for a nominal amount of EUR 1,449,584, which were redeemed simultaneously for the same amount.

On March 11, 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 to be a pandemic, due to its rapid spread around the world, having affected more than 150 countries. Most governments are applying restrictive measures to contain the spread, including: self-isolation, confinement, quarantine and restrictions on the free movement of people, closure of public and private premises other than basic necessities and health facilities, closing of borders and drastic reduction of air, sea, rail and land transport.

This situation is significantly affecting the global economy, due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty, which is apparent in more volatile asset prices, exchange rates and a decrease in long-term interest rates.

The impacts of COVID-19 are considered to be a subsequent event that does not require an adjustment to the consolidated annual accounts for 2019, although naturally they will have to be recognized in the consolidated annual accounts for 2020.

Considering the complexity of the markets due to their globalization and the fact that, for the time being, there is no effective medical treatment against the virus, it is too early, at the date that these Annual Accounts are authorized for issue, to make a reliable estimate of the possible impacts. To the best of our knowledge, however, there have been no consequences that could be considered significant, since these will largely depend on how the pandemic will develop and spread over the next few months, and also how well all the affected economic agents can react and adapt, and therefore it is not possible to make a reliable estimate. The Directors consider that the possible impact that this aspect could have on the Group could be allayed by various contractual mechanisms available in each case.

The Group's directors and management are constantly monitoring how the situation is developing to ensure that any possible impacts, both financial and non-financial, are addressed with all possible safeguards.

In 2020, the Group will assess the impact of these events on its equity and financial position in 2020 and on the results of its operations and cash flows for the year then ended.

33. Related party transactions and balances

Transactions between the Parent and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note. Transactions between the Group and its associates are disclosed below. Transactions between the Parent and its subsidiaries and associates are disclosed in the individual financial statements.

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

33.01. Transactions with associates

In 2019, Group companies performed the following transactions with related parties which do not form part of the Group:

	Thousands of Euros	
	2019	2018
Sale of goods and services	152,999	183,511
Purchase of goods and services	185	28,792
Accounts receivable	545,484	1,069,038
Accounts payable	117,046	147,958

Transactions between related parties are carried under normal market conditions.

33.02. Related party transactions and balances

The following information relating to transactions with related parties is disclosed in accordance with the Spanish Ministry of Economy and Finance Order EHA/3050/2004, of September 15, and applied through the Spanish National Securities Market Commission (CNMV).

Transactions between individuals, companies or Group entities related to Group shareholders or directors

The following transactions were performed in 2019:

2019 Related transactions Management or collaboration contracts	Directors and executives	Other related parties					Total
		Fidalser, S.L.	Vedelobo, S.L.	Zardoya Otis, S.A.	Others	Total	
	Thousands of Euros						
Management or collaboration agreements	-	-	-	-	-	**-**	**-**
Leases	-	209	-	-	-	**209**	**209**
Services received	-	66	-	2,439	-	**2,505**	**2,505**
Expenses	**-**	**275**	**-**	**2,439**	**-**	**2,714**	**2,714**
Services rendered	-	-	105	20	206	**331**	**331**
Sale of goods	405	-	-	-	-	**-**	**405**
Income	**405**	**-**	**105**	**20**	**206**	**331**	**736**

2019 Related transactions Other transactions	Other related parties		
	Banco Sabadell	Fapin Mobi, S.L.	Total
	Thousands of Euros		
Financing agreements: loans and capital contributions (lender)	496,807	-	**496,807**
Dividends and other profit distributed	-	1,083	**1,083**

The transactions carried out in 2018 were as follows:

2018 Related transactions Expenses and income	Other related parties				
	Fidalser, S.L.	Terratest Técnicas Especiales, S.A.	Zardoya Otis, S.A.	Others	Total
	Thousands of Euros				
Management or collaboration agreements	-	1,014	-	-	**1,014**
Leases	203	-	-	-	**203**
Services received	66	3,512	1,820	-	**5,398**
Expenses	**269**	**4,526**	**1,820**	**-**	**6,615**
Services rendered	-	-	29	212	**241**
Income	**-**	**-**	**29**	**212**	**241**

2018 Related transactions Other transactions	Other related parties		
	Banco Sabadell	Fapin Mobi, S.L.	Total
	Thousands of Euros		
Financing agreements: loans and capital contributions (lender)	462,491	-	**462,491**
Dividends and other profit distributed	-	759	**759**

At December 31, 2019, the balance outstanding with Banco Sabadell amounted to EUR 293,025 thousand (December 31, 2018: EUR 201,939 thousand) on loans and credits granted to ACS Group companies. The balances of the transactions maintained by this bank at December 31, 2019, in accordance with the information available regarding ACS Group companies, amounted to EUR 240,845 thousand (EUR 281,241 thousand at December 31, 2018) in guarantees and sureties and EUR 68,079 thousand (EUR 57,197 thousand at December 31, 2018) in reverse factoring transactions with suppliers.

The transactions with other related parties are listed due to the relationship of certain board members of ACS, Actividades de Construcción y Servicios, S.A. with companies in which they are either shareholders or senior executives. In this regard, the transactions with Fidalser, S.L., Terratest Técnicas Especiales, S.A. and Fapin Mobi, S.L. are listed due to the relationship of the Board Member, Pedro Lopez Jimenez, with these companies. The transactions performed with the Zardoya Otis, S.A. are indicated due to the relationship it had with the director José María Loizaga. The transactions with Banco Sabadell are listed due the bank's relationship with the Board Member Javier Echenique.

“Other transactions” included all transactions not related to the specific sections included in the periodic public information reported in accordance with the regulations published by the CNMV.

All these commercial transactions were carried out on an arm's length basis in the ordinary course of business and relate to the normal operations of the Group companies.

Transactions between companies forming part of the consolidated ACS Group were eliminated in the consolidation process and formed part of the ordinary business conducted by said companies in terms of their purpose and contractual conditions. Transactions are carried out on the arm's length basis and disclosure is not required to present a true and fair image of the Group's equity, financial situation and results.

34. Board of Directors and senior executives

The Board members of ACS, Actividades de Construcción y Servicios, S.A. received the following remuneration either as members of the boards of directors of the Parent and the Group companies or as senior executives of Group companies.

	Thousands of euros	
	2019	2018
Remuneration for membership of the Board and / or Commissions	4,163	4,207
Wages	6,370	6,247
Variable cash remuneration	5,324	8,682
Payment systems based on financial instruments	-	4,346
Total	**15,857**	**23,482**

EUR 458 thousand were charged to the consolidated income statement in relation to share options granted to members of the Board of Directors with executive duties in 2019 (EUR 228 thousand in 2018). This amount relates to the proportion of the value of the plan at the date on which it was granted.

The amounts paid to the members of the Board of Directors relating to mutual funds, pension plans, and life insurance are as follows at December 31, 2019 and 2018:

	Thousands of euros	
	2019	2018
Long-term savings systems	4,284	4,394
Other concepts	33	29
Total	**4,317**	**4,423**

The effect on the consolidated income statement of funds, pension plans and insurance at December 31, 2019 and 2018 are as follows:

Other benefits	Thousands of euros	
	2019	2018
Pension funds and plans: Contributions	4,021	4,206
Life insurance premiums	33	29

With regard to contributions to the Pension Funds and Plans, it should be pointed out that the Chief Executive Officer of ACS, as a member of the Executive Board of Hochtief, A.G., is entitled to a pension commitment from that company in the form of an individual contract that provides for a minimum retirement age of 65 years, as explained in Notes 20 and 34 to the notes to the consolidated annual accounts of the ACS Group for the year ended December 31, 2018, in relation to the pension plans of Germany.

The ACS Group has not granted any advances, loans or guarantees to any of the board members, nor guarantees made by the ACS Group in favor of them, at December 31, 2019 and 2018.

34.01. Transactions with members of the Board of Directors

The transactions with members of the Board of Directors or with companies in which they have an ownership interest giving rise to a relation with the ACS Group are indicated in Note 33.02 on transactions with related parties.

34.02. Remuneration of senior executives

The remuneration of the Group's senior executives who are not also executive directors was as follows:

	Thousands of euros	
	2019	2018
Salary remuneration (fixed and variable)	36,330	33,392
Pension plans	1,964	1,877
Life insurances	52	41

The increase in the amounts from year to year is due to the change in the senior management. The amounts recognized in the consolidated income statement in 2019 as a result of the share options granted to the Group's Senior Management, in July 2018, amounted to EUR 4,014 thousand (EUR 2,007 thousand in 2018) and are not included in the aforementioned remuneration. Similarly, as indicated in the case of directors, these amounts relate to the proportion of the value of the plan on the date it was granted.

No member of the Senior Management has any advances or loans granted by the ACS Group, nor guarantees made by the ACS Group to them at December 31, 2019 and 2018.

35. Other disclosures concerning the Board of Directors

In accordance with the information held by the Company, no situations of direct or indirect conflict with the interests of the Company have arisen pursuant to applicable regulations (currently, Article 229 of the Spanish Companies Law), all without prejudice to the information on related transactions contained in the notes to the annual accounts. The amount corresponding to the liability insurance premiums of, among other insured parties, the Parent's directors amounted to EUR 852 thousand in 2019 (EUR 454 thousand in 2018).

In 2019 and 2018, the Company had commercial relationships with companies in which certain of its directors perform management functions. All these commercial relationships were carried out on an arm's-length basis in the ordinary course of business, and related to ordinary Company transactions.

36. Guarantee commitments to third parties and other contingent liabilities

At December 31, 2019, the ACS Group had provided guarantees to third parties in connection with its business activities totaling EUR 25,109,519 thousand (EUR 22,631,144 thousand in 2018), which has increased for the most part due to the inclusion of the bonding lines held by Dragados and Hochtief for the year from their United States operations. This amount does not include the EUR 927,431 thousand representing the amounts expected to be paid as Cimic's financial guarantees on certain BICC liabilities materialize and which have been recognized in the statement of financial position under “Financial liabilities related to BICC”.

Of the EUR 25,109,519 thousand, there are EUR 13,633,579 thousand at Hochtief, mainly bonding lines. Other ACS Group companies (mainly Dragados) have guarantees and commitments in relation to bonding lines arranged as security for the execution of transactions performed by ACS Group companies in the United States, Canada and the United Kingdom with various insurance companies, amounting to EUR 5,315,436 thousand (EUR 4,390,987 thousand at December 31, 2018).

The Group's directors do not expect any material liabilities additional to those recognized in the accompanying consolidated statement of financial position to arise as a result of the transactions described in this Note. The contingent liabilities include the ordinary liability of the companies with which the Group carries on its business activities. Normal liability is that concerning compliance with the contractual obligations undertaken in the course of construction, industrial services or urban services by the companies themselves or the unincorporated joint ventures in which they participate.

This coverage is achieved by means of the corresponding guarantees provided to secure the performance of the contracts, compliance with the obligations assumed in the concession contracts, etc.

All of the project financing, including that recognized under "Non-current assets in projects" as well as that recognized under "Non-current asset held for sale and discontinued operations" on the accompanying consolidated statement of financial position, whether fully consolidated or consolidated using the equity method, have construction guarantees until their entry into service.

In this connection, the Group, in its construction activity has income recognition policies in place based on the collection certainty, in accordance with the contractual conditions of the agreements it executes. However, as indicated in Note 12, there are certain outstanding balances receivable which are under dispute with the corresponding customers and even, particularly with regard to international works, which require certain necessary experts to intermediate as arbitration processes have commenced to resolve them. This item includes the provision made by Cimic as part of the review of the recoverability of trade and other receivables in 2014, the Group considered the need to make a provision of AUD 675 million (equivalent to EUR 422 million at December 31, 2019). This provision was not used either in 2018 nor in 2019.

In the course of its activities, the ACS Group is subject to contingent liabilities of various types which arise from litigation or administrative proceedings. It is reasonable to consider that these will not have a material effect on the economic and financial situation or on the solvency of the Group, and provisions have been made insofar as they may have a material adverse effect.

Both the investment of ACS Group in Alazor (highways R3 and R5) and the accounts receivable for Alazor, have been fully provided for in the Consolidated Annual Accounts of the ACS Group for 2019 and 2018.

With regard to the complaint for declaratory judgment filed by the financial institutions and notified to the shareholders in October 2013, it should be noted that, after withdrawing in September 2018 the appeal they had filed against the rejection thereof, the funds acquiring the loans filed a new complaint for declaratory judgment, which has been notified to ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno, S.L. in the month of January 2019, in which they invoke clause two of the Shareholders' Support Agreement to claim payment of EUR 757 million from the shareholders of Alazor and their respective guarantors (EUR 169 million would correspond to the ACS Group). After formalization of the reply to the complaint, Madrid Court of First Instance No. 13 set a preliminary hearing date of September 7, 2020.

With regard to the executive complaint notified in February 2014, based on clause four (viii) of the Shareholders' Support Agreement, after the enforcement order was rendered null and void and the EUR 278.37 million deposited in the Court's account (of which EUR 87.85 million correspond to the ACS Group) were returned, the Shareholders have claimed EUR 31.71 million as compensation for the interest on arrears and the damages caused (EUR 11.32

million correspond to the ACS Group). In view of the opposition of the funds, the Court of First Instance No. 51 of Madrid has agreed to appoint an ex officio expert to rule on the actual production of the damage and its assessment.

Invoking the same contractual clause that gave rise to the complaint for declaratory judgment, the funds have filed a second claim, this time declaratory, of which ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno, S.L. were notified in May 2019, whereby they claim the payment of EUR 562.5 million from Alazor shareholders and their respective guarantors (EUR 133 million would be for the ACS Group). After the reply to the complaint was formally made, Madrid Court of First Instance No. 26 has rescheduled a hearing for July 16, 2020.

In relation to the ACS Group's investment in Irasa (R2 motorway), it should be noted that in September 2019 ACS, Actividades de Construcción y Servicios, S.A., and Desarrollo de Concesiones Viarias Uno, S.L. were notified that the creditor funds had filed a declaratory judgment action in which, invoking clause two of the Shareholders' Commitment Agreement, they demanded payment from the shareholders of Irasa and their respective guarantors of a total of EUR 551.50 million (EUR 193 million would correspond to the ACS Group) to cover construction and expropriation costs. The reply to the complaint has been made, and the Group is waiting for Court of First Instance No. 37 of Madrid to set a date for a preliminary hearing.

The insolvency proceedings of Henarsa, Irasa, Accesos de Madrid and Alazor were all declared to be unforeseen. The Henarsa and Accesos de Madrid bankruptcy administrations handed over the operation of the R2, R3 and R5 motorways to the State in documents dated February 28 and May 9, 2018, respectively, and they are being managed by the Ministry of Development through the SEITTSA, under an agreement signed in August 2017 which has been extended until 2022.

The judge decreed the liquidation of **TP Ferro** in September 2016, with the result that, at the end of that year, the two national governments who granted the concession contracts (France and Spain) gave notice of the commencement of the administrative termination proceedings of the concession agreement, ending the concession and taking on the management of the infrastructure from 2017 via a new company created by ADIF and SNCF Réseau. After many delays, the national governments who had awarded the concessions concluded in July 2018 that, in their interpretation of the concession contract, TP Ferro should pay them EUR 75.61 million, as they found that the contract was terminated due to causes attributable to TP Ferro. This decision led to the commencement of international arbitration by the Insolvency Administration of the company TP Ferro against the national governments who had awarded the concessions, a process which did not affect the ACS Group given that: (i) the amount claimed from TP Ferro is provisional; (ii) the ACS Group is not a party to the arbitration proceedings and has not been sued by the national governments in these proceedings; (iii) more than three years after the entry into liquidation, no action has been taken against ACS Group companies to claim any amount and (iv) the insolvency proceedings of TP Ferro have been classified as unforeseen and unopposed by any creditor.

In relation to the concession agreement of the Lima Metro Line 2 Project in Peru, on January 16, 2017 the concessionaire Metro de Lima Línea 2, S.A. (in which Iridium Concesiones de Infraestructuras S.A. holds a 25% stake) filed an application for arbitration against the Republic of Peru (Ministry of Transport and Communications) before the International Center for the Settlement of Investment Disputes between States and Nationals of other States (ICSID) for serious breach by the Republic of Peru in the concession agreement mainly consisting of: (i) the non-delivery of the Concession Area in the terms and conditions established in the concession agreement, and (ii) the lack of approval and delayed approval of the Detailed Engineering Studies.

In 2018, several briefs were filed requesting an extension of the term of execution of the Project works and compensation for damages in excess of USD 700 million, which include damages incurred by different participants in the Project (concessionary, construction group, rolling stock supplier, etc.). The Republic of Peru has dismissed the claims made and has included a counterclaim against the concessionaire company claiming an amount in excess of USD 700 million for socio-economic and environmental damage.

Both the claim brought by the concessionaire against Peru and the counterclaim by Peru against the concessionaire have been consolidated into a single arbitration process in ICSID. The process has followed its normal course: in the first half of May 2019, the evidentiary hearing was held in Washington, where various witnesses gave their testimony, two rounds of briefs were presented during June and July 2019 in relation to issues raised during the evidentiary hearing, and written conclusions were presented by both the concessionaire company and the State of Peru on September 20, 2019. The arbitration ruling is likely to be issued in the second half of 2020.

On December 3, 2015, the CNMC delivered a judgment in the proceedings against various companies, including Dragados, S.A., for alleged restrictive practices to competition in relation to the modular construction business. The amount of the decision, which totals EUR 8.6 million, it was the subject of an appeal filed during 2016. The Group's Management considers that its potential effect will not be significant.

With regard to Preliminary Inquiries 140/2015, brought before Examining Magistrate's Court no. 4 of Vinarós, by virtue of the complaint filed by the Public Prosecutor's Office, among others, against all the members of the Board of Directors of **Escal UGS, S.L.**, as well as against the company itself, which has also been called to the proceedings as under investigation, for an alleged crime against the environment and natural resources, in the investigation phase, agreed witness and expert proceedings have been carried out at the request of the Public Prosecutor's Office and the Escal UGS, S.L. Both Escal UGS and the State Attorney's Office presented, at the end of the proceedings, a statement of defense, requesting the dismissal of the proceedings. In turn, the Public Prosecutor's Office submitted a statement which requested the case continue through a summary procedure, contending that there was evidence that an offense against the environment had been committed by Escal UGS, S.L. and two of its directors. On October 15, 2019, the Court finally issued a judicial edict admitting the case continue through a summary procedure, deeming that there was evidence that a possible offense had been committed against the environment under Articles 325 and 326 of the Spanish Penal Code by Escal UGS, S.L. and two of its directors.

The Group's directors, based on the opinion of their legal advisors, consider that their outcome will not have a material adverse effect on the Consolidated Annual Accounts for the years in which they are resolved.

On December 21, 2017, the Constitutional Court issued a ruling in which certain appeals were partially upheld. In particular, certain articles of RDL 13/2014 are declared null and void as the Court considers that the so-called "enabling budget" for the use of a decree-law (extraordinary situation and urgent need) does not apply.

On October 24, 2018, the National Markets and Competition Commission notified Escal UGS, S.L. of the agreement to initiate the ex officio review procedure of the final settlements of the regulated activities in the natural gas sector in relation to the payments made to Escal UGS, S.L., with a charge to the 2014 settlement (reflected in the 2016 settlement), relating to the Castor underground storage plant for the financial compensation received by that company. Escal UGS, S.L. filed allegations arguing that the review was inappropriate. On February 7, a proposal for a resolution was received which dismissed the allegations and maintains the review of the agreements that gave rise to different payments in favor of Escal UGS, S.L. regarding the final settlements of 2016 and 2017. On July 8, 2019, the Spanish National Commission for Markets and Competition (CNMC) notified Escal UGS, S.L. of the resolution dated July 5 declaring the full nullity of the 2014, 2016 and 2017 settlements, in relation to the recognition to Escal of the amounts as financial remuneration established in article 4.3 of Royal Decree-Law 13/2014 and notifying it of the obligation to reimburse the global amount of EUR 209.7 million.

On July 26, 2019 Escal UGS, S.L. filed the corresponding contentious-administrative appeal and request for precautionary measures. On October 7, 2019, the company was notified in a court order that the suspension ordered by Escal as part of the precautionary measures was not applicable. The company is currently awaiting a date to be set for a vote and ruling.

In line with the opinion of its external lawyers, the Group considers that it has a legal right to collect the amounts claimed by the CNMC, which were already collected at the time, regardless of the fact that the mechanism used by the Administration was currently considered to be inadequate.

On 29 July 2019, Escal UGS, S.L. filed for voluntary bankruptcy and this request was accepted by Order of the Madrid Mercantile Court 12 dated 24 September 2019, which is still pending (see Note 02.02.f).

On March 14, 2019, the Spanish National Commission for Markets and Competition (CNMC) notified the Group's subsidiaries Cobra Instalaciones y Servicios, S.A., Sociedad Española de Montajes Industriales, S.A., Control y Montajes Industriales Cymi, S.A. and Electren, S.A. of its decision regarding its alleged participation in two Spanish cartels relating to public tenders for conventional and high-speed railway lines, imposing fines totaling EUR 51 million. During the month of May 2019, each of these subsidiaries filed a contentious-administrative appeal against the resolution before the National High Court, requesting the precautionary suspension of the payment of the sanctions, which have been granted with the condition that a guarantee or payment deposit be submitted. The Group, with the support of its legal advisers, considers that there are solid arguments that could lead to the nullity of the resolution.

On October 1, 2019, the Spanish National Commission for Markets and Competition (CNMC) issued a ruling in which it concluded that the Group's subsidiaries Mantenimiento y Ayuda a la Explotación y Servicios S.A., Mantenimiento y Montajes Industriales, S.A. and Moncobra, S.A. had allegedly taken part, together with other companies, in a cartel in Spain consisting of price fixing and the distribution of tenders for the provision of industrial assembly and maintenance services, imposing financial penalties totaling EUR 18 million. Moncobra has not been financially sanctioned because it was considered that the alleged infringement is time-barred. Each of these subsidiaries filed a contentious-administrative appeal against the resolution before the National High Court, requesting the precautionary suspension of the payment of the sanctions.

With regard to the proceedings in progress described above, the Directors, with the support of their legal advisors, do not expect any material liabilities additional to those recognized in the consolidated annual accounts to arise as a result of the transactions or the results of the proceedings described in this note.

37. Information on the environment

The ACS combines its business aims with the objective of protecting the environment and appropriately managing the expectations of its stakeholders in this area. The ACS Environmental Policy defines the general principles which must be adhered to, but are sufficiently flexible to accommodate the elements of policy and planning development by the companies in the various business areas, and fulfill the requirements of the most recent version of the standard ISO 14001, and other commitments by the companies to other environmental standards, such as EMAS, or standards relating to their carbon footprint or water footprint. Within this Policy, the following commitments are established:

1. To comply with the applicable legislation and standards in general, and other voluntary commitments entered into in each of the branches, delegations, projects, works and services of the ACS Group.
2. To prevent contamination, by assessing the potential environmental risks at every stage of a project, job or service, with the aim of designing processes which minimize environmental impact as far as possible.
3. To continuously improve management of environmental activities, by setting and following up on environmental goals.
4. To strive for transparency in external communications, by periodically publishing information about environmental initiatives to all interest groups, catering for their demands and expectations, either in compliance with regulations or independently.
5. To enhance skills and raise awareness, by providing training and educational activities to employees, suppliers, clients and other interest groups.

The significant level of implementation of an environmental management system, present in companies representing 99% of Group sales, is based on the objective of seeking adoption of the ISO 14001 standard in the majority of the Group's activities, which is implemented in 75.5% of ACS Group sales.

In order to articulate and deploy a policy based on these environmental commitments, the most significant ones are identified at the corporate level, according to their impact on the environment and the external requirements, which are then contrasted with the management systems of each company and the environmental priorities in each business activity.

Considering the environmental impacts identified, the environmental activities of ACS Group companies will, concretely and operationally, center around four main areas.

1. Energy and emissions
2. The circular economy
3. Efficient and responsible use of water resources.
4. Biodiversity

Key Management - Environment Indicators	2019	2018 (*)
Water extraction (m3)	26,537,292	12,733,663
Ratio: m3 water / Sales (€mn)	702.1	359.5
Direct emissions (Scope 1) (tCO2 equiv.)	3,002,654	3,073,384
Carbon Intensity Ratio Scope 1: Emissions / Sales (€mn)	79.4	87.6
Indirect emissions (Scope 2) (tCO2 equiv.)	279,435	265,501
Carbon Intensity Ratio Scope 2: Emissions / Sales (€mn)	7.4	7.6
Indirect emissions (Scope 3) (tCO2 equiv.)	2,700,413	3,029,134
Carbon Intensity Ratio Scope 3: Emissions / Sales (€mn)	71.4	86.4
Total emissions (tCO2 equiv.)	5,982,501	6,368,019
Total Carbon Intensity Ratio: Total Emissions / Sales (€mn)	158.3	181.6
Non-hazardous waste sent for management (t)	12,403,694	17,310,934
Ratio: Tons of non-hazardous waste / Sales (€mn)	328.2	493.6
Hazardous waste sent for management (t)	130,279	42,717
Ratio: Tons of hazardous waste / Sales (€mn)	4.4	1.5

(*) Data for 2018 recalculated according to the scope and criteria of the data reported in 2019.

Overseeing the environmental activities of the ACS Group and enacting the planes of action and improvement programs is the responsibility of the Environment Department of each group of companies; the same Departments are responsible for implementing the necessary measures to reduce and mitigate environmental impacts stemming from the Group's activities.

Environmental expenses incurred in 2019 amounted to EUR 1,904 thousand (EUR 1,970 thousand in 2018).

38. Auditors' fees

The fees for financial audit services provided to the various companies in 2019 and 2018 were as follows:

	Thousands of Euros	
	2019	2018
Audit service fees	**10,384**	**13,022**
Main auditor	5,927	11,561
Other auditors	4,457	1,461
Other verification services	**619**	**226**
Main auditor	619	226
Fees for tax services	**2,800**	**5,483**
Main auditor	1,833	233
Other auditors	967	5250
Other services	**1,638**	**2,379**
Main auditor	204	719
Other auditors	1,434	1660
Total	**15,441**	**21,110**

The fees relating to audit services provided by KPMG Auditors, S.L. amounted to EUR 1,809 thousand, while those relating to other verification services amounted to EUR 314 thousand.

In the above table, the amount of other verification services for financial year 2019 includes EUR 314 thousand for services provided by KPMG Auditors, S.L. These services correspond to the limited audit of the interim consolidated financial statements and the ICFRS Report.

In relation to the main auditor, “Other verification services” relates primarily to the limited review of the interim financial statements, comfort letter services and other assurance tasks (ISAE 3000). “Tax services” includes mainly fees for advisory services in transfer pricing documentation, corporate tax and indirect taxation. Finally, “other services” includes mainly legal services, consultancy and generally agreed procedures.

APPENDICES

As stated in Note 02 to the financial statements, Appendices I and II list the subsidiaries, Joint Ventures and EIGs in the ACS Group in 2019, including their registered office and the Group's effective percentage of ownership. The effective percentage indicated in the Appendices includes, in the event it is applicable to subsidiaries, the proportionate part of the treasury shares held by the subsidiary.

For the companies domiciled in the four main countries of the group, Spain, Germany, Australia and the United States, covering about 77% of sales, a breakdown is performed for the domicile of the main headquarters or management office, expressly declared for tax on profits in the country of residence (in particular, *domicilio fiscal* in Spain, *geschaftsanschrift* in Germany, *business address of main business* in Australia, and corporation´s principal office or place of business in the United States). In the other countries, the domicile given is the address considered legally relevant in each case.

The information is grouped in accordance with the management criteria of the ACS Group on the basis of the different business segments or lines of business carried on. Note 25.01 explains the criteria used for segmentation and the reorganization carried out in the year, and their restatement for the purposes of comparison, in relation to the infrastructure and concessions business.

1. CORPORATE UNIT

This includes the Parent of the Group, ACS, Actividades de Construcción y Servicios, S.A., and companies with ownership interests mainly in telecommunications.

2. INFRASTRUCTURE

This area comprises the activities of:

2.1. CONSTRUCTION

Information is separated on the basis of the two companies heading this line of business:

- Dragados

  This includes both domestic and foreign activities relating to civil construction works (motorways and roads, railways, hydraulic infrastructures, coasts and ports, etc.), as well as residential and non-residential buildings.

- Hochtief

  This segment includes the activities carried on by the different business segments of this company:

  → *Hochtief Americas* – Its activity is mainly carried on in the USA and Canada and relates to the construction of buildings (public and private), infrastructures, civil engineering, and educational and Sports facilities.

  → *Hochtief Asia Pacific* – Its activities are carried on by its Australian subsidiary Cimic, noteworthy being construction, mining contracts and the operation and development of real estate infrastructures.

  → *Hochtief Europe* – This segment mainly operates through Hochtief Solutions A.G., which designs, develops, constructs and operates infrastructure projects, real estate and facilities.

2.2. CONCESSIONS

- Iridium

  It carries out infrastructure promotion and development, both in relation to transport and public facilities, managing different public-private collaboration models.

- Abertis

  Corresponding to the ACS Group's ownership interest in Abertis.

3. INDUSTRIAL SERVICES

The area is dedicated to applied industrial engineering, developing activities of construction, operation and maintenance of energy, industrial and mobility infrastructures through an extensive group of companies headed by
Grupo Cobra and Dragados Industrial.

4. SERVICES

This area only includes Clece's facility management business activity which comprises maintenance of buildings, public places or organizations, as well as assistance for people. This area is primarily based in Spain.

Subsidiaries

Company	Registered Office	% Effective Ownership
PARENT		
ACS, Actividades de Construcción y Servicios, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	-
Altomira Eólica, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
Andasol 4 Central Termosolar Cuatro, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
Cariátide, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100,00%
Funding Statement, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100,00%
Infraestructuras Energéticas Medioambientales Extremeñas, S.L.	Polígono Industrial Las Capellanías. Parcela 238B. Cáceres. España.	100,00%
Nexplore, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100,00%
Protide, S.A. Unipersonal	C/ Orense,34-1º 28020 Madrid - España	100,00%
Residencial Monte Carmelo, S.A.U.	Avda. de Pío XII, 102. 28036 Madrid. España.	100,00%
Statement Structure, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100,00%
INFRASTRUCTURES - DRAGADOS		
Dragados, S.A.	Avda. del Camino de Santiago, 50. 28050 Madrid. España.	100,00%
Acainsa, S.A.	C/ Orense, 34-1º. 28020 Madrid. España.	100,00%
Aparcamiento Tramo C. Rambla-Coslada, S.L.	C/ Orense, 34-1º. 28020 Madrid. España.	100,00%
Besalco Dragados, S.A.	Avda. Tajamar nº 183 piso 1º Las Condes. Santiago de Chile. Chile.	50,00%
Blue Clean Water, LLC.	150 Meadowlands Parkway, 2nd Fl.Seacaucus 07094. New Jersey. Estados Unidos.	76,40%
Comunidades Gestionadas, S.A.	C/ Orense, 34-1º. 28020 Madrid. España.	100,00%
Consorcio Constructor Hospital de Quellón, S.A.	Av. Tajamar, 183, depto P-5 Las Condes. Santiago de Chile. Chile.	49,99%
Consorcio Constructor Juzgado de Garantía de Osorno, S.A.	Avda. Vitacura 2939, ofic. 2201. Las Condes. Santiago de Chile. Chile.	50,01%
Consorcio Constructor Puente Santa Elvira, S.A.	Avenida Tajamar 183, piso 5. Las Condes.Santiago. Chile.	49,99%
Consorcio Dragados Conpax Dos, S.A.	Avda. Vitacura 2939 ofic 2201. Las Condes.Santiago de Chile Chile	55,00%
Consorcio Dragados Conpax, S.A.	Avda. Vitacura 2939 ofic. 2201.Las Condes - Santiago de Chile. Chile.	60,00%
Consorcio Embalse Chironta, S.A.	Avda. Vitacura nº 2939. 2201 Las Condes. Santiago de Chile. Chile.	49,99%
Consorcio Tecdra, S.A.	Almirante Pastene, 244.702 Providencia. Santiago de Chile. Chile.	100,00%
Construcciones y Servicios del Egeo, S.A.	Alamanas,1 151 25 Maroussi.Atenas. Grecia.	100,00%
Construrail, S.A.	C/ Orense, 11. 28020 Madrid. España.	51,00%
Continental Rail, S.A.	C/ Orense, 11. 28020 Madrid. España.	100,00%
DRACE Infraestructuras, S.A.	Avda. del Camino de Santiago, 50. 28050 Madrid. España	100,00%
Drace Infraestructures UK, Ltd.	Regina House second floor, 1-5 Queen Street.Londres EC4N 15W. Reino Unido	100,00%
Drace Infrastructures USA, Llc.	701 5 th Avenue, Suite 7170 Seattle, WA 98104.Washington. Estados Unidos.	100,00%
Dragados Australia PTY Ltd.	Suite 1603, Level 16, 99 Mount Street - North Sydney - 2060 - NSW Australia.	100,00%
Dragados Canadá, Inc.	150 King Street West, Suite 2103.Toronto ON. Canadá.	100,00%
Dragados Construction USA, Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. Estados Unidos.	100,00%
Dragados CVV Constructora, S.A.	Avda. Vitacura 2939 of.2201.Las Condes.Santiago de Chile. Chile.	80,00%
Dragados Inversiones USA, S.L.	Avda. Camino de Santiago, 50 - 28050 Madrid. España.	100,00%
Dragados Ireland Limited	70 Sir John Rogerson's Quay, Dublin 2, D02R296. Dublin. Irlanda.	100,00%
Dragados Obra Civil y Edificac México S.A de C.V.	C/Aristóteles, 77 piso 5. Polanco Chapultepec. Miguel Hidalgo. Distrito Federal-11560. México.	100,00%
Dragados UK Ltd.	Regina House 2Nd Floor, 1-5. Queen Street. EC4N 1SW-London-Reino Unido	100,00%
Dragados USA, Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. Estados Unidos.	100,00%
Dycasa, S.A.	Avda.Leandro N.Alem.986 Piso 4º.Buenos Aires Argentina.	66,10%
Gasoductos y Redes Gisca, S.A.	C/ Orense, 6. 2ª Planta 28020 Madrid. España	52,50%
Geocisa UK Ltd.	Chester House, Kennington Park, 1-3 Brixton Road. Londres SW9 6DE. Reino Unido	100,00%
Geocisa USA Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. Estados Unidos.	100,00%
Geotecnia y Cimientos del Perú, S.A.C.	C/ El Santuario, 140, Dept. 303. Callao. Lima. Perú.	100,00%
Geotecnia y Cimientos, S.A.	C/ Los Llanos de Jerez, 10-12. 28823 Coslada. Madrid. España	100,00%
Gestifisa, S.A. Unipersonal	C/ Orense, 34 1º. 28020 Madrid. España	100,00%
gGrav-can, Inc.	150 King Street West, Suite 2103.Toronto. Toronto. Canadá.	100,00%
gGravity Engineering, S.A.	Av. del Camino de Santiago, 50. 28050. Madrid. España.	100,00%
gGravity, Inc.	810 Seventh Ave. 9th Fl., NY 10019. Nueva York. Estados Unidos.	100,00%
Inmobiliaria Alabega, S.A.	C/ Orense, 34-1º. 28020 Madrid. España	100,00%
J.F. White Contracting Company	10 Burr Street, Framingham, MA 01701. Estados Unidos.	100,00%
John P. Picone Inc.	31 Garden Lane. Lawrence.NY 11559 Estados Unidos.	100,00%
Lining Precast, LLC .	P.O. Box 12274.Seattle, WA 98102. Estados Unidos.	100,00%
Lucampa, S.A.	C/ Orense, 34-1º. 28020 Madrid. España	100,00%
Mostostal Pomorze, S.A.	80-557 Gdansk ul. Marynarki Polskiej 59. Polonia	100,00%
Muelle Melbourne & Clark, S.A.	Avenida Tajamar 183, piso 5.Las Condes. Santiago. Chile	50,00%
Newark Real Estate Holdings, Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. Estados Unidos.	100,00%
PA CONEX Sp. z.o.o.	09-500 Gostynin ul. Ziejkowa 2a. Polonia	100,00%
PA Wyroby Betonowe Sp. z.o.o.	82-300 Elblag ul. Plk. Dabka 215. Polonia	100,00%
Piques y Túneles, S. A.	Avda. Tajamar 183, piso 5. Las Condes.Santiago de Chile. Chile	49,99%
Polaqua Sp. z o. o.	Dworska 1, 05-500 Piaseczno (Wólka Kozodawska). Polonia.	100,00%
Prince Contracting, LLC.	10210 Highland Manor Drive, Suite 110.Tampa, FL, 33610. Estados Unidos.	100,00%
Pulice Construction, Inc.	8660 E. Hartford Drive, Suite 305, Scottsdale, AZ 85255. Estados Unidos.	100,00%
Residencial Leonesa, S.A. Unipersonal	C/ Orense, 34-1º. 28020 Madrid. España	100,00%
Schiavone Construction Company	150 Meadowlands Parkway, 2nd Fl.Seacaucus 07094 New Jersey. Estados Unidos.	100,00%
Sicsa Rail Transport, S.A.	C/ Orense, 11. 28020 Madrid. España	76,00%
Sussex Realty, LLC.	31 Garden Lane Lawrence, NY 11559. EE.UU.	100,00%
Técnicas e Imagen Corporativa, S.L.	Avda. de Paris, 1 - 19200 Azuqueca de Henares.Guadalajara.España	100,00%
TECO Sp. z.o.o.	51-501 Wroclaw ul. Swojczycka 21-41. Polonia	100,00%
Tecsa Empresa Constructora, S.A.	Plaza Circular Nº 4, planta 5ª. 48001 Bilbao. España.	100,00%
Tedra Australia Pty. L.T.D.	293 Queen Street, Altona, Meadows VIC 3028 - Australia	100,00%
Vias Canadá Inc.	150 King Street West, Suite 2103.Toronto ON, M5H 1J9. Canadá.	100,00%
Vias USA, Inc.	810 7th Avenue, 9th Floor. 10019 Nueva York. Estados Unidos.	100,00%
Vías y Construcciones, S.A.	Avenida del Camino de Santiago, nº 50.. 28050 Madrid. España.	100,00%
INFRASTRUCTURES -IRIDIUM (Concessions)		
Iridium Concesiones de Infraestructuras, S.A.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100,00%
ACS 288 Holdings, LLC	One Alhambra Plaza suite 1200. Coral Gables. Estados Unidos.	100,00%
ACS BNA GP Inc.	595 Burrard Street, Suite 2600, P.O Box 4, Vancouver, BC V7X 1L3. Vancouver. Canadá.	100,00%
ACS BNA Holdco Inc.	a. 595 Burrard Street, Suite 2600, P.O Box 4, Vancouver, BC V7X 1L3. Vancouver. Canadá.	100,00%

Subsidiaries

Company	Registered Office	% Effective Ownership
ACS BNA O&M GP Inc	Suite 2600, Three Bentall Cent 595 Burrard St. P.O. Box 4 Vancouver BC V7X 1L3. Vancouver. Canadá.	100,00%
ACS Crosslinx Maintenance Inc.	550 Burrard Street, 2300, Vancouver, British Columbia. Canad V6C 2B5	100,00%
ACS Crosslinx Partner Inc.	666 Burrard Street, Vancouver, B.C. V6C 2Z7. Canadá.	100,00%
ACS EgLRT Holdings Inc.	666 Burrard Street, Vancouver, B.C. V6C 2Z7. Canadá.	100,00%
ACS Infraestructuras Perú SAC	Avenida Pardo y Aliaga N 652, oficina304A. San Isidro, Lima 27. Perú.	100,00%
ACS Infrastructuras México, S. R. L. de C. V.	C/ Oxford, 30, Colonia Ju rez, Delegación Cuahtémoc.CP: 06600 México, Distrito Federal. México.	100,00%
ACS Infrastructure Canadá, Inc.	155 University Avenue, Suite 1800,Toronto, Ontario M5H 3B7. Canadá.	100,00%
ACS Infrastructure Development, Inc.	One Alhambra Plaza suite 1200. Coral Gables. Estados Unidos.	100,00%
ACS Link 427 Holdings Inc.	2800 Park Place. 666 Burrard Street. BC V6C 2Z7.. Vancouver. Canadá.	100,00%
ACS Link 427 Partner Inc.	2800 Park Place. 666 Burrard Street. BC V6C 2Z7.. Vancouver. Canadá.	100,00%
ACS LINXS Holdings, LLC	One Alhambra Plaza, Suite 1200, Coral Gables, Florida 33134. Coral Gables. Estados Unidos.	100,00%
ACS LINXS O&M Holdings, LLC	One Alhambra Plaza, Suite 1200, Coral Gables, Florida 33134. Coral Gables. Estados Unidos.	100,00%
ACS Mosaic Transit Partners Holding Inc.	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Vancouver. Canadá.	100,00%
ACS MTP Maintenance INC	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Vancouver. Canadá.	100,00%
ACS MTP Partner INC	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Vancouver. Canadá.	100,00%
ACS OLRT Holdings INC.	100 King Street West, Suite 6000.Toronto , Ontario M5X 1E2. Canadá.	100,00%
ACS Portsmouth Holdings, L.L.C.	4301 - B: Lucasville-Minford Rd.Minford. OH 45653. Estados Unidos.	100,00%
ACS RT Maintenance Partner INC.	100 King Street West, Suite 6000.Toronto , Ontario M5X 1E2. Canadá.	100,00%
ACS RTF Holdings Inc.	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7. Vancouver. Canadá.	100,00%
ACS RTF Partner Inc.	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7. Vancouver. Canadá.	100,00%
ACS RTG Partner INC.	100 King Street West, Suite 6000.Toronto , Ontario M5X 1E2. Canadá.	100,00%
ACS SSLG Partner Inc.	1400-1501 av. McGill College Montréal, QC H3A 3M8. Canadá.	100,00%
ACS St. Lawrence Bridge Holding Inc.	1400-1501 av. McGill College Montréal, QC H3A 3M8. Canadá.	100,00%
ACS WEP Holdings, Inc.	1 Germain Street Suite 1500.Saint John NB E2L4V1. Canadá.	100,00%
Angels Flight Development Company, LLC	One Alhambra Plaza Suite 1200, 33134.. Los Ángeles. Estados Unidos.	86,66%
Autovía Medinaceli-Calatayud Soc.Conces.Estado, S.A.	Avda. Camino de Santigo, 50 - 28050 Madrid. España.	100,00%
Can Brians 2, S.A.	Avinguda Josep Tarradellas, 8, 2º. 08029 Barcelona. España.	100,00%
CAT Desenvolupament de Concessions Catalanes, S.L.	Avinguda Josep Tarradellas, 8, 2º. 08029 Barcelona. España.	100,00%
Concesiones de Infraestructuras Chile Dos, S.A.	José Antonio Soffia 2747 Oficina 602 Comuna de Providencia. Santiago. Chile.	100,00%
Concesiones de Infraestructuras Chile Tres, S.A.	José Antonio Soffia 2747 Oficina 602 Comuna de Providencia. Santiago. Chile.	100,00%
Concesiones de Infraestructuras Chile Uno S.A.	Avenida Apoquindo 3001 piso 9, Comuna Las Condes. Chile	100,00%
Concesiones Viarias Chile Tres, S.A.	José Antonio Soffia N°2747, Oficina 602, Comuna de Providencia. Santiago de Chile. Chile	100,00%
Concesiones Viarias Chile, S.A.	José Antonio Soffia N°2747, Oficina 602, Comuna de Providencia. Santiago de Chile. Chile	100,00%
Desarrollo de Concesionarias Viarias Dos, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100,00%
Desarrollo de Concesionarias Viarias Uno, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100,00%
Desarrollo de Concesiones Ferroviarias, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100,00%
Desarrollo de Concesiones Hospitalarias de Toledo S.L.	Av. del Camino de Santiago, 50. 28050.. Madrid. España.	100,00%
Dragados Concessions, Ltd.	Hill House, 1 - Little New Street. London EC4A 3TR. Inglaterra.	100,00%
Dragados Waterford Ireland, Ltd.	Unit 3B, Bracken Business Park, Bracken Road, Sandyford Dublin 18. Irlanda	100,00%
Estacionament Centre Direccional, S.A.	Avenida de la Universitat, s/n. 43206 Reus. Tarragona. España.	100,00%
Explotación Comercial de Intercambiadores, S.A.	Avda. de America, 9A (Intercambiador de Tptes)28002 Madrid. España.	100,00%
FTG O&M Solutions ACS GP Ltd.	Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. Vancouver. Canadá.	100,00%
FTG O&M Solutions Limited Partnership	Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. Vancouver. Canadá.	75,00%
Iridium Aparcamientos, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100,00%
Iridium Colombia Concesiones Viarias, SAS	Calle 93 No. 12-14, Oficina 602, Código Postal 110221.Bogotá. Colombia.	100,00%
Iridium Colombia Desarrollo de Infraestructuras	Calle 93 No. 12-14, Oficina 602, Código Postal 110221.Bogotá. Colombia.	100,00%
Iridium Portlaoise Ireland Limited	Unit 3B, Bracken Business Park, Bracken Road, Sandyford Dublin 18. Irlanda	100,00%
La Mancha Infrastructures and Investments, S.L.	Avenida Camino de Santiago,50, 28050.. Madrid. España.	100,00%
Operadora Autovia Medinaceli Calatayud, S.L.	Avda Camino de Santigo 50. 28050 Madrid. España.	100,00%
Parking Mérida III, S.A.U.	Avenida Lusitania, 15, 1º, Puerta 7. 06800 Mérida. Badajoz. España.	100,00%
Parking Nou Hospital del Camp, S.L.	Avenida de la Universitat, s/n.43206 Reus. Tarragona. España.	100,00%
Parking Palau de Fires, S.L.	Avenida de la Universitat, s/n.43206 Reus. Tarragona. España.	100,00%
Soc Conc Nuevo Complejo Fronterizo Los Libertadore	José Antonio Soffia N 2747, Oficina 602 - comuna de Providencia.Santiago de Chile. Chile.	100,00%

INFRASTRUCTURES - Hochtief

Hochtief Aktiengesellschaft	Essen, Alemania	50,43%

Beggen PropCo Sàrl	Luxemburgo, Luxemburgo	50,43%
Builders Direct SA	Luxemburgo, Luxemburgo	50,43%
Builders Insurance Holdings S.A.	Steinfort, Luxemburgo	50,43%
Builders Reinsurance S.A.	Luxemburgo, Luxemburgo	50,43%
Eurafrica Baugesellschaft mbH	Essen, Alemania	50,43%
HOCHTIEF Insurance Broking and Risk Management Solutions GmbH	Essen, Alemania	50,43%
Independent (Re)insurance Services S.A.	Luxemburgo, Luxemburgo	50,43%
NEXPLORE Technology GmbH	Essen, Alemania	50,43%
NEXPLORE Technology Holding GmbH & Co. KG	Essen, Alemania	50,43%
NEXPLORE Technology Verwaltungs GmbH	Essen, Alemania	50,43%
Steinfort Multi-Asset Fund SICAV-SIF	Luxemburgo, Luxemburgo	50,43%
Steinfort PropCo Sàrl	Luxemburgo, Luxemburgo	50,43%
Vintage Real Estate HoldCo Sàrl	Luxemburgo, Luxemburgo	50,43%

Hochtief Americas

Auburndale Company Inc.	Ohio, Estados Unidos	50,43%
Audubon Bridge Constructors	New Roads, Estados Unidos	27,23%
Canadian Borealis Construction Inc.	Alberta, Canadá	18,63%
Canadian Turner Construction Company Ltd.	Toronto, Canadá	50,43%
CB Finco Corporation	Alberta, Canadá	30,65%
CB Resources Corporation	Alberta, Canadá	30,65%
Clark Builders Partnership	Alberta, Canadá	30,65%
E.E. Cruz and Company Inc.	Holmdel, Estados Unidos	50,43%
FECO Equipment	Denver, Estados Unidos	50,43%
Flatiron Construction Corp.	Wilmington, Estados Unidos	50,43%
Flatiron Constructors Canada Ltd.	Vancouver, Canadá	50,43%
Flatiron Constructors Inc.	Wilmington, Estados Unidos	50,43%
Flatiron Constructors Inc. – Blythe Development Company JV	Firestone. Estados Unidos.	30,26%
Flatiron Constructors Inc. Canadian Branch	Vancouver, Canadá	50,43%
Flatiron Electric Group	Wilmington, Estados Unidos	50,43%
Flatiron Equipment Company Canada	Calgary, Canadá	50,43%
Flatiron Holding Inc.	Wilmington, Estados Unidos	50,43%
Flatiron Parsons JV	Los Angeles, Estados Unidos	35,30%
Flatiron West Inc.	Wilmington, Estados Unidos	50,43%
Flatiron/Aecom LLC	Broomfield, Estados Unidos	35,30%
Flatiron/Dragados/Sukut JV	Benicia. Estados Unidos.	17,65%
Flatiron/Goodfellow Top Grade JV	Wilmington, Estados Unidos	36,56%
Flatiron/Turner Construction of New York LLC	New York, Estados Unidos	50,43%

Subsidiaries

Company	Registered Office	% Effective Ownership
Flatiron-Blythe Development Company JV	Firestone, Estados Unidos	35,30%
Flatiron-Lane JV	Longmont, Estados Unidos	27,74%
Flatiron-Skanska-Stacy and Witbec JV	San Marcos, Estados Unidos	20,17%
Flatiron-Zachry JV	Firestone, Estados Unidos	27,74%
HOCHTIEF Americas GmbH	Essen, Alemania	50,43%
HOCHTIEF Argentina S.A.	Buenos Aires, Argentina	50,43%
HOCHTIEF USA Inc.	Dallas. Estados Unidos	50,43%
Lakeside Alliance	Chicago. Estados Unidos	25,72%
LightHorse Innovation Corporation	Alberta, Canadá	18,63%
Maple Red Insurance Company	Vermont, Estados Unidos	50,43%
Metacon Technology Solutions LLC	Texas, Estados Unidos	50,43%
Mideast Construction Services Inc.	New York. Estados Unidos.	50,43%
OMM Inc.	Plantation, Estados Unidos	50,43%
Real PM Ltd.	Reino Unido	50,43%
Saddleback Constructors	Mission Viejo, Estados Unidos	27,23%
Services Products Buildings Inc.	Ohio, Estados Unidos	50,43%
The Lathrop Company Inc.	Ohio, Estados Unidos	50,43%
The Turner Corporation	Dallas, Estados Unidos	50,43%
Tompkins Builders Inc.	Washington. Estados Unidos	50,43%
Tompkins Turner Grunley Kinsley JV (C4ISR Aberdeen & Proving Grounds)	Maryland. Estados Unidos	25,72%
Tompkins/Ballard JV (Richmond City Jail)	Distrito de Columbia. Estados Unidos.	37,82%
Trans Hudson Brokerage, LLC	Delaware. Estados Unidos.	50,43%
Turner – Martin Harris (Las Vegas Convention and Visitors Authority)	Las Vegas, Estados Unidos	32,78%
Turner (East Asia) Pte. Ltd.	Singapur	50,43%
Turner AECOM-Hunt NFL JV (NFL Stadium)	Inglewood. Estados Unidos.	25,22%
Turner Canada Holdings Inc.	New Brunswick, Canadá	50,43%
Turner Canada LLC	New York, Estados Unidos	50,43%
Turner Clayco Memorial Stadium JV (UIUC Memorial Stadium)	Chicago, Estados Unidos	25,72%
Turner Clayco Willis Tower JV (Willis Tower)	Chicago, Estados Unidos	25,72%
Turner Construction Company	New York, Estados Unidos	50,43%
Turner Construction Company of Ohio LLC	Ohio, Estados Unidos	50,43%
Turner Construction/Sano-Rubin Construction Services (St. Peter's Health Ambulatory Center)	Albany, Estados Unidos	30,26%
Turner Consulting (Thailand) Ltd.	Tailandia	25,22%
Turner Consulting and Management Services Private Ltd. (TCMS)	India	50,43%
Turner International (East Asia) Ltd.	Hongkong	50,43%
Turner International (Hong Kong) Ltd.	Hongkong	50,43%
Turner International (UK) Ltd.	Londres, Reino Unido	50,43%
Turner International Consulting (Thailand) Ltd.	Tailandia	25,22%
Turner International Industries Inc.	New York. Estados Unidos	50,43%
Turner International LLC	New York. Estados Unidos	50,43%
Turner International Malaysia Sdn. Bhd.	Malasia	50,43%
Turner International Professional Services Ltd. (Ireland)	Irlanda	50,43%
Turner International Professional Services, S. de R.L. de C.V.	México	49,93%
Turner International Proje Yonetimi Ltd. Sti.	Turquía	50,43%
Turner International Pte. Ltd.	Singapur	50,43%
Turner International Support Services, S. de R.L. de C.V.	México	49,93%
Turner JLN JV (Lyndhurst Elementary)	Baltimore, Estados Unidos	35,30%
Turner Logistics Canada Ltd.	Toronto, Canadá	50,43%
Turner Logistics LLC	3 Paragon Drive, Montvale, New Jersey 07645. Estados Unidos.	50,43%
Turner Management Consulting (Shanghai) Co. Ltd.	Shanghai, China	50,43%
Turner Partnership Holdings Inc.	New Brunswick, Canadá	50,43%
Turner Project Management India Pvt. Ltd.	India	50,43%
Turner Regency (Lakewood City Schools)	New York, Estados Unidos	25,72%
Turner Sabinal JV (SAISD 2010 Bond Program)	New York, Estados Unidos	40,35%
Turner Sanorubin JV (Health Alliance)	Albany, Estados Unidos	25,72%
Turner Southeast Europe d.o.o Beograd	Belgrado, Serbia	50,43%
Turner Surety & Insurance Brokerage Inc.	New Jersey, Estados Unidos	50,43%
Turner Vietnam Co. Ltd.	Vietnam	50,43%
Turner/Commercial/Mahogony Triventure (Exelon Baltimore)	Baltimore, Estados Unidos	24,71%
Turner/Con-Real (Terrell High School Academy)	Texas, Estados Unidos	29,25%
Turner/Con-Real (University of Arkansas)	Texas, Estados Unidos	25,72%
Turner/JGM JV (Proposition Q)	New York, Estados Unidos	33,79%
Turner/Ozanne (First Energy Stadium Modernization/Huntington Park Garage)	Ohio, Estados Unidos	38,33%
Turner/Ozanne/VAA (Cleveland Convention Center Hotel)	Ohio, Estados Unidos	25,72%
Turner/VAA (Kent State University Science Center)	Ohio, Estados Unidos	37,82%
Turner-Flatiron JV (Denver International Airport)	Colorado, Estados Unidos	50,43%
Turner-Kiewit JV (GOAA South Airport)	Florida, Estados Unidos	30,26%
Turner-McKissack JV (HHC – FEMA Coney Island Hospital Campus Renovation)	New York, Estados Unidos	30,26%
Turner-PCL JV (LAX Midfield)	New York, Estados Unidos	25,22%
Turner-PCL JV (San Diego Airport)	San Diego, Estados Unidos	25,22%
Turner-SG Contracting (Hartfield Jackson)	Georgia, Estados Unidos	37,82%
Turner-Welty JV (Duke Energy Corp.)	North Carolina, Estados Unidos	30,26%
Universal Construction Company Inc.	Alabama. Estados Unidos.	50,43%
West Coast Rail Constructors	San Marco, Estados Unidos	32,78%

Hochtief Asia Pacific

512 Wickham Street Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
512 Wickham Street Trust	Nueva Gales del Sur, Australia	36,72%
A.C.N. 126 130 738 Pty. Ltd.	Victoria, Australia	36,72%
A.C.N. 151 868 601 Pty. Ltd.	Victoria, Australia	36,72%
Access Arterial NRU Finance Pty. Ltd.	Victoria, Australia	36,72%
Access Arterial SERU Finance Pty. Ltd.	Victoria, Australia	36,72%
Arus Tenang Sdn. Bhd.	Malasia	36,72%
Ausindo Holdings Pte. Ltd.	Singapur	36,72%
BCJHG Nominees Pty. Ltd.	Victoria, Australia	36,72%
BCJHG Trust	Victoria, Australia	36,72%
Boggo Road Project Pty. Ltd.	Queensland, Australia	36,72%
Boggo Road Project Trust	Queensland, Australia	36,72%
Broad Construction Pty. Ltd.	Queensland, Australia	36,72%
Broad Construction Services (NSW/VIC) Pty. Ltd.	Western Australia, Australia	36,72%
Broad Construction Services (WA) Pty. Ltd.	Western Australia, Australia	36,72%
Broad Group Holdings Pty. Ltd.	Western Australia, Australia	36,72%
CIMIC Admin Services Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
CIMIC Finance (USA) Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
CIMIC Finance Ltd.	Nueva Gales del Sur, Australia	36,72%
CIMIC Group Investments No. 2 Pty. Ltd.	Victoria, Australia	36,72%
CIMIC Group Investments Pty. Ltd.	Victoria, Australia	36,72%
CIMIC Group Ltd.	Victoria, Australia	36,72%
CIMIC Residential Investments Pty. Ltd.	Victoria, Australia	36,72%

Subsidiaries

Company	Registered Office	% Effective Ownership
CMENA No. 1 Pty. Ltd.	Victoria, Australia	36,72%
CMENA Pty. Ltd.	Victoria, Australia	36,72%
CPB Contractors (PNG) Ltd.	Papua Nueva Guinea	36,72%
CPB Contractors Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
CPB Contractors UGL Engineering JV	Victoria, Australia	36,72%
Curara Pty. Ltd.	Western Australia, Australia	36,72%
D.M.B. Pty. Ltd.	Queensland, Australia	21,66%
Dais Vic Pty. Ltd.	Victoria, Australia	36,72%
Devine Bacchus Marsh Pty. Ltd.	Queensland, Australia	21,66%
Devine Building Management Services Pty. Ltd.	Queensland, Australia	21,66%
Devine Constructions Pty. Ltd.	Queensland, Australia	21,66%
Devine Funds Pty. Ltd.	Victoria, Australia	21,66%
Devine Funds Unit Trust	Queensland, Australia	21,66%
Devine Homes Pty. Ltd.	Queensland, Australia	21,66%
Devine Land Pty. Ltd.	Queensland, Australia	21,66%
Devine Ltd.	Queensland, Australia	21,66%
Devine Management Services Pty. Ltd.	Queensland, Australia	21,66%
Devine Projects (VIC) Pty. Ltd.	Queensland, Australia	21,66%
Devine Queensland No. 10 Pty. Ltd.	Queensland, Australia	21,66%
Devine SA Land Pty. Ltd.	Queensland, Australia	21,66%
Devine Springwood No. 1 Pty. Ltd.	Nueva Gales del Sur, Australia	21,66%
Devine Springwood No. 2 Pty. Ltd.	Queensland, Australia	21,66%
Devine Springwood No. 3 Pty. Ltd.	Queensland, Australia	21,66%
DoubleOne 3 Building Management Services Pty. Ltd.	Queensland, Australia	21,66%
DoubleOne 3 Pty. Ltd.	Queensland, Australia	21,66%
EIC Activities Pty. Ltd.	Victoria, Australia	36,72%
EIC Activities Pty. Ltd. (NZ)	Nueva Zelanda	36,72%
Fleetco Canada Rentals Ltd.	Canadá	36,72%
Fleetco Chile S.p.a.	Chile	36,72%
Fleetco Holdings Pty. Ltd.	Victoria, Australia	36,72%
Fleetco Management Pty. Ltd.	Victoria, Australia	36,72%
Fleetco Rentals 2017 Pty. Ltd.	Victoria, Australia	36,72%
Fleetco Rentals AN Pty. Ltd.	Victoria, Australia	36,72%
Fleetco Rentals CT Pty. Ltd.	Victoria, Australia	36,72%
Fleetco Rentals Enzo Pty. Ltd.	Queensland, Australia	36,72%
Fleetco Rentals HD Pty. Ltd.	Victoria, Australia	36,72%
Fleetco Rentals Magni Pty. Ltd.	Victoria, Australia	36,72%
Fleetco Rentals No. 1 Pty. Ltd.	Victoria, Australia	36,72%
Fleetco Rentals Omega Pty. Ltd.	Victoria, Australia	36,72%
Fleetco Rentals OO Pty. Ltd.	Victoria, Australia	36,72%
Fleetco Rentals Pty. Ltd.	Victoria, Australia	36,72%
Fleetco Rentals RR Pty. Ltd.	Victoria, Australia	36,72%
Fleetco Rentals UG Pty. Ltd.	Victoria, Australia	36,72%
Fleetco Services Pty. Ltd.	Victoria, Australia	36,72%
Giddens Investment Ltd.	Hongkong	36,72%
Hamilton Harbour Developments Pty. Ltd.	Queensland, Australia	29,37%
Hamilton Harbour Unit Trust (Devine Hamilton Unit Trust)	Victoria, Australia	29,37%
HOCHTIEF Asia Pacific GmbH	Essen, Alemania	50,43%
HOCHTIEF Australia Holdings Ltd.	Sydney, Australia	50,43%
Hunter Valley Earthmoving Co. Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
HWE Cockatoo Pty. Ltd.	Northern Territory, Australia	36,72%
HWE Mining Pty. Ltd.	Victoria, Australia	36,72%
Inspection Testing & Certification Pty. Ltd.	Western Australia, Australia	36,72%
Jarrah Wood Pty. Ltd.	Western Australia, Australia	36,72%
JH ServiceCo Pty. Ltd.	Victoria, Australia	36,72%
JHAS Pty. Ltd.	Victoria, Australia	36,72%
JHI Investment Pty. Ltd.	Victoria, Australia	36,72%
Kings Square Developments Pty. Ltd.	Queensland, Australia	36,72%
Kings Square Developments Unit Trust	Queensland, Australia	36,72%
Legacy JHI Pty. Ltd.	Victoria, Australia	36,72%
Leighton (PNG) Ltd.	Papua Nueva Guinea	36,72%
Leighton Asia (Hong Kong) Holdings (No. 2) Ltd.	Hongkong	36,72%
Leighton Asia Ltd.	Hongkong	36,72%
Leighton Asia Southern Pte. Ltd.	Singapur	36,72%
Leighton Companies Management Group LLC	Emiratos Arabes Unidos	17,99%
Leighton Contractors (Asia) Ltd.	Hongkong	36,72%
Leighton Contractors (China) Ltd.	Hongkong	36,72%
Leighton Contractors (Indo-China) Ltd.	Hongkong	36,72%
Leighton Contractors (Laos) Sole Co. Ltd.	Laos	36,72%
Leighton Contractors (Malaysia) Sdn. Bhd.	Malasia	36,72%
Leighton Contractors (Philippines) Inc.	Filipinas	14,69%
Leighton Contractors Asia (Cambodia) Co. Ltd.	Camboya	36,72%
Leighton Contractors Asia (Vietnam) Ltd.	Vietnam	36,72%
Leighton Contractors Inc.	Estados Unidos	36,72%
Leighton Contractors Infrastructure Nominees Pty. Ltd.	Victoria, Australia	36,72%
Leighton Contractors Infrastructure Pty. Ltd.	Victoria, Australia	36,72%
Leighton Contractors Infrastructure Trust	Victoria, Australia	36,72%
Leighton Contractors Lanka (Private) Ltd.	Sri Lanka	36,72%
Leighton Contractors Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
Leighton Engineering & Construction (Singapore) Pte. Ltd.	Singapur	36,72%
Leighton Engineering Sdn. Bhd.	Malasia	36,72%
Leighton Equity Incentive Plan Trust	Nueva Gales del Sur, Australia	36,72%
Leighton Foundation Engineering (Asia) Ltd.	Hongkong	36,72%
Leighton Group Property Services Pty. Ltd.	Victoria, Australia	36,72%
Leighton Harbour Trust	Queensland, Australia	36,72%
Leighton Holdings Infrastructure Nominees Pty. Ltd.	Victoria, Australia	36,72%
Leighton Holdings Infrastructure Pty. Ltd.	Victoria, Australia	36,72%
Leighton Holdings Infrastructure Trust	Victoria, Australia	36,72%
Leighton India Contractors Pvt. Ltd.	India	36,72%
Leighton Infrastructure Investments Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
Leighton International Ltd.	Cayman Islands, Reino Unido	36,72%
Leighton International Mauritius Holdings Ltd. No. 4	Mauricio	36,72%
Leighton Investments Mauritius Ltd. No. 4	Mauricio	36,72%
Leighton JV	Hongkong	36,72%
Leighton Middle East and Africa (Holding) Ltd.	Cayman Islands, Reino Unido	36,72%
Leighton Offshore Eclipse Pte. Ltd.	Singapur	36,72%
Leighton Offshore Faulkner Pte. Ltd.	Singapur	36,72%
Leighton Offshore Mynx Pte. Ltd.	Singapur	36,72%
Leighton Offshore Pte. Ltd.	Singapur	36,72%
Leighton Offshore Sdn. Bhd.	Malasia	36,72%
Leighton Offshore Stealth Pte. Ltd.	Singapur	36,72%
Leighton Portfolio Services Pty. Ltd.	Australian Capital Territory, Australia	36,72%
Leighton Projects Consulting (Shanghai) Ltd.	China	36,72%
Leighton Properties (Brisbane) Pty. Ltd.	Queensland, Australia	36,72%

Subsidiaries

Company	Registered Office	% Effective Ownership
Leighton Properties (VIC) Pty. Ltd.	Victoria, Australia	36,72%
Leighton Properties (WA) Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
Leighton Properties Pty. Ltd.	Queensland, Australia	36,72%
Leighton Services UAE Co. LLC	Emiratos Arabes Unidos	36,72%
Leighton U.S.A. Inc.	Estados Unidos	36,72%
Leighton-LNS JV	Hongkong	29,37%
LH Holdings Co. Pty. Ltd.	Victoria, Australia	36,72%
LMENA No. 1 Pty. Ltd.	Victoria, Australia	36,72%
LMENA Pty. Ltd.	Victoria, Australia	36,72%
LNWR Pty. Ltd.	Victoria, Australia	36,72%
LNWR Trust	Nueva Gales del Sur, Australia	36,72%
Majwe Mining (Proprietary) Ltd.	Botswana	25,70%
MTCT Services Pty. Ltd.	Western Australia, Australia	36,72%
Newest Metro Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
Nexus Point Solutions Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
Oil Sands Employment Ltd.	Canadá	36,72%
Olympic Dam Maintenance Pty. Ltd.	South Australia, Australia	36,72%
Opal Insurance (Singapore) Pte. Ltd.	Singapur	36,72%
Optima Activities Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
Pacific Partnerships Holdings Pty. Ltd.	Victoria, Australia	36,72%
Pacific Partnerships Investments Pty. Ltd.	Victoria, Australia	36,72%
Pacific Partnerships Investments Trust	Victoria, Australia	36,72%
Pacific Partnerships Pty. Ltd.	Victoria, Australia	36,72%
Pacific Partnerships Services NZ Ltd.	Nueva Zelandia	36,72%
Pioneer Homes Australia Pty. Ltd.	Queensland, Australia	21,66%
PT Leighton Contractors Indonesia	Indonesia	34,88%
PT Thiess Contractors Indonesia	Indonesia	36,35%
RailFleet Maintenance Services Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
Regional Trading Ltd.	Hongkong	36,72%
Riverstone Rise Gladstone Pty. Ltd.	Queensland, Australia	21,66%
Riverstone Rise Gladstone Unit Trust	Queensland, Australia	21,66%
Sedgman Asia Ltd.	Hongkong	36,72%
Sedgman Botswana (Pty.) Ltd.	Botswana	36,72%
Sedgman Canada Ltd.	Canadá	36,72%
Sedgman Chile S.p.a.	Chile	36,72%
Sedgman Consulting Pty. Ltd.	Queensland, Australia	36,72%
Sedgman CPB JV (SCJV)	Queensland, Australia	36,72%
Sedgman Employment Services Pty. Ltd.	Queensland, Australia	36,72%
Sedgman Engineering Technology (Beijing) Co. Ltd.	China	36,72%
Sedgman International Employment Services Pty. Ltd.	Queensland, Australia	36,72%
Sedgman LLC	Mongolia	36,72%
Sedgman Malaysia Sdn. Bhd.	Malasia	36,72%
Sedgman Mozambique Ltda.	Mozambique	36,72%
Sedgman Operations Employment Services Pty. Ltd.	Queensland, Australia	36,72%
Sedgman Operations Pty. Ltd.	Queensland, Australia	36,72%
Sedgman Pty. Ltd.	Queensland, Australia	36,72%
Sedgman SAS (Columbia)	Colombia	36,72%
Sedgman South Africa (Proprietary) Ltd.	Sudáfrica	36,72%
Sedgman South Africa Holdings (Proprietary) Ltd.	Sudáfrica	36,72%
Sedgman USA Inc.	Estados Unidos	36,72%
Silverton Group Pty. Ltd.	Western Australia, Australia	36,72%
Sustaining Works Pty. Ltd.	Queensland, Australia	36,72%
Talcliff Pty. Ltd.	Queensland, Australia	21,66%
Tambala Pty. Ltd.	Mauricio	36,72%
Tasconnect Finance Pty. Ltd.	Victoria, Australia	36,72%
Telecommunication Infrastructure Pty. Ltd.	Victoria, Australia	36,72%
Thai Leighton Ltd.	Tailandia	36,72%
Thiess (Mauritius) Pty. Ltd.	Mauricio	36,72%
Thiess Africa Investments Pty. Ltd.	Sudáfrica	36,72%
Thiess Botswana (Proprietary) Ltd.	Botswana	36,72%
Thiess Chile SPA	Chile	36,72%
Thiess Contractors (Malaysia) Sdn. Bhd.	Malasia	36,72%
Thiess Contractors (PNG) Ltd.	Papua Nueva Guinea	36,72%
Thiess Contractors Canada Ltd.	Canadá	36,72%
Thiess Contractors Canada Oil Sands No. 1 Ltd.	Canadá	36,72%
Thiess India Pvt. Ltd.	India	36,72%
Thiess Infrastructure Nominees Pty. Ltd.	Victoria, Australia	36,72%
Thiess Infrastructure Pty. Ltd.	Victoria, Australia	36,72%
Thiess Infrastructure Trust	Victoria, Australia	36,72%
Thiess Khishig Arvin JV LLC	Mongolia	29,37%
Thiess Minecs India Pvt. Ltd.	India	33,04%
Thiess Mining Maintenance Pty. Ltd.	Queensland, Australia	36,72%
Thiess Mongolia LLC	Mongolia	36,72%
Thiess Mozambique Ltda.	Mozambique	36,72%
Thiess NZ Ltd.	Nueva Zelandia	36,72%
Thiess Pty. Ltd.	Queensland, Australia	36,72%
Thiess South Africa Pty. Ltd.	Sudáfrica	36,72%
Think Consulting Group Pty. Ltd.	Victoria, Australia	36,72%
Townsville City Project Pty. Ltd.	Nueva Gales del Sur, Australia	29,37%
Townsville City Project Trust	Queensland, Australia	29,37%
Trafalgar EB Pty. Ltd.	Queensland, Australia	21,66%
Trafalgar EB Unit Trust	Queensland, Australia	21,66%
Tribune SB Pty. Ltd.	Queensland, Australia	21,66%
Tribune SB Unit Trust	Queensland, Australia	21,66%
UGL (Asia) Sdn. Bhd.	Malasia	36,72%
UGL (NZ) Ltd.	Nueva Zelandia	36,72%
UGL (Singapore) Pte. Ltd.	Singapur	36,72%
UGL Canada Inc.	Canadá	36,72%
UGL Engineering Pty. Ltd.	Queensland, Australia	36,72%
UGL Engineering Pvt. Ltd.	India	36,72%
UGL Operations and Maintenance (Services) Pty. Ltd.	Queensland, Australia	36,72%
UGL Operations and Maintenance Pty. Ltd.	Victoria, Australia	36,72%
UGL Pty. Ltd.	Western Australia, Australia	36,72%
UGL Rail (North Queensland) Pty. Ltd.	Queensland, Australia	36,72%
UGL Rail Fleet Services Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
UGL Rail Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
UGL Rail Services Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
UGL Resources (Contracting) Pty. Ltd.	Victoria, Australia	36,72%
UGL Resources (Malaysia) Sdn. Bhd.	Malasia	36,72%
UGL Unipart Rail Services Pty. Ltd.	Victoria, Australia	25,70%
UGL Utilities Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
United Goninan Construction Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
United Group Infrastructure (NZ) Ltd.	Nueva Zelanda	36,72%
United Group Infrastructure (Services) Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%

Subsidiaries

Company	Registered Office	% Effective Ownership
United Group International Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
United Group Investment Partnership	Estados Unidos	36,72%
United Group Melbourne Transport Pty. Ltd.	Victoria, Australia	36,72%
United Group Water Projects (Victoria) Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
United Group Water Projects Pty. Ltd.	Victoria, Australia	36,72%
United KG (No. 1) Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
United KG (No. 2) Pty. Ltd.	Victoria, Australia	36,72%
United KG Construction Pty. Ltd.	Australian Capital Territory, Australia	36,72%
United KG Engineering Services Pty. Ltd.	Victoria, Australia	36,72%
United KG Maintenance Pty. Ltd.	Nueva Gales del Sur, Australia	36,72%
Wai Ming M&E Ltd.	Hong Kong	36,72%
Western Port Highway Trust	Victoria, Australia	36,72%
Wood Buffalo Employment Ltd.	Canadá	36,72%

Hochtief Europe

A.L.E.X.-Bau GmbH	Essen, Alemania	50,43%
Constructora Cheves S.A.C.	Lima, Peru	32,78%
Deutsche Bau- und Siedlungs-Gesellschaft mbH	Essen, Alemania	50,43%
Deutsche Baumanagement GmbH	Essen, Alemania	50,43%
Dicentra Copernicus Roads Sp. z o.o.	Varsovia, Polonia	50,43%
forum am Hirschgarten Nord GmbH & Co. KG	Essen, Alemania	50,43%
forum am Hirschgarten Süd GmbH & Co. KG	Essen, Alemania	50,43%
HOCHTIEF (UK) Construction Ltd.	Swindon, Gran Bretaña	50,43%
HOCHTIEF Bau und Betrieb GmbH	Essen, Alemania	50,43%
HOCHTIEF BePo Hessen GmbH	Essen, Alemania	50,43%
HOCHTIEF Boreal Health Partner Inc.	Toronto, Canadá	50,43%
HOCHTIEF Canada Holding 4 Inc.	Toronto, Canadá	50,43%
HOCHTIEF Canada Holding 5 Inc.	Toronto, Canadá	50,43%
HOCHTIEF Construction Austria GmbH & Co. KG	Viena, Austria	50,43%
HOCHTIEF Construction Chilena Ltda.	Santiago de Chile, Chile	50,43%
HOCHTIEF Construction Management Middle East GmbH	Essen, Alemania	50,43%
HOCHTIEF CZ a.s.	Praga, República Checa	50,43%
HOCHTIEF Development Czech Republic s.r.o.	Praga, República Checa	50,43%
HOCHTIEF Development Hungary Kft.	Budapest, Hungría	50,43%
HOCHTIEF Development Poland Sp. z o.o.	Varsovia, Polonia	50,43%
HOCHTIEF Engineering GmbH	Essen, Alemania	50,43%
HOCHTIEF Infrastructure GmbH	Essen, Alemania	50,43%
HOCHTIEF LINXS Holding LLC	Wilmington, Estados Unidos	50,43%
HOCHTIEF OBK Vermietungsgesellschaft mbH	Essen, Alemania	50,43%
HOCHTIEF Offshore Crewing GmbH	Essen, Alemania	50,43%
HOCHTIEF Operators Holding	Wilmington, Estados Unidos	50,43%
HOCHTIEF ÖPP Projektgesellschaft mbH	Essen, Alemania	50,43%
HOCHTIEF Polska S.A.	Varsovia, Polonia	50,43%
HOCHTIEF PPP Europa GmbH	Essen, Alemania	50,43%
HOCHTIEF PPP Operations GmbH	Essen, Alemania	50,43%
HOCHTIEF PPP Schulpartner Braunschweig GmbH	Braunschweig, Alemania	50,43%
HOCHTIEF PPP Solutions (Ireland) Ltd.	Dublin, Irlanda	50,43%
HOCHTIEF PPP Solutions (UK) Ltd.	Swindon, Gran Bretaña	50,43%
HOCHTIEF PPP Solutions Chile Tres Ltda.	Santiago de Chile, Chile	50,43%
HOCHTIEF PPP Solutions GmbH	Essen, Alemania	50,43%
HOCHTIEF PPP Solutions Netherlands B.V.	Vianen, Países Bajos	50,43%
HOCHTIEF PPP Solutions North America Inc.	Wilmington, Estados Unidos	50,43%
HOCHTIEF PPP Transport Westeuropa GmbH	Essen, Alemania	50,43%
HOCHTIEF Presidio Holding LLC	Wilmington, Estados Unidos	50,43%
HOCHTIEF Projektentwicklung „Helfmann Park" GmbH & Co. KG	Essen, Alemania	50,43%
HOCHTIEF Projektentwicklung GmbH	Essen, Alemania	50,43%
HOCHTIEF Solutions AG	Essen, Alemania	50,43%
HOCHTIEF Solutions Middle East Qatar W.L.L.	Doha, Qatar	24,71%
HOCHTIEF Solutions Real Estate GmbH	Essen, Alemania	50,43%
HOCHTIEF Solutions Saudi Arabia LLC	Al-Khobar, Arabia Saudí	28,57%
HOCHTIEF SSLG Partner Inc.	Montreal, Canadá	50,43%
HOCHTIEF Trade Solutions GmbH	Essen, Alemania	50,43%
HOCHTIEF U.S. Holdings LLC	Wilmington, Estados Unidos	50,43%
HOCHTIEF ViCon GmbH	Essen, Alemania	50,43%
HOCHTIEF ViCon Qatar W.L.L.	Doha, Qatar	24,71%
HTP Immo GmbH	Essen, Alemania	50,43%
I.B.G. Immobilien- und Beteiligungsgesellschaft Thüringen-Sachsen mbH	Essen, Alemania	50,43%
LOFTWERK Eschborn GmbH & Co. KG	Essen, Alemania	50,43%
Maximiliansplatz 13 GmbH & Co. KG	Essen, Alemania	50,43%
MK 1 Am Nordbahnhof Berlin GmbH & Co. KG	Essen, Alemania	50,43%
Perlo Sp. z o.o.	Varsovia, Polonia	50,43%
Project Development Poland 3 B.V.	Amsterdam, Países Bajos	50,43%
Project SP1 Sp. z o.o.	Varsovia, Polonia	50,43%
Projektgesellschaft Börsentor Frankfurt GmbH & Co. KG	Essen, Alemania	50,43%
Projektgesellschaft Konrad-Adenauer-Ufer Köln GmbH & Co. KG	Essen, Alemania	50,43%
Projektgesellschaft Marco Polo Tower GmbH & Co. KG	Hamburg, Alemania	35,30%
SCE Chile Holding GmbH	Essen, Alemania	50,43%
Spiegel-Insel Hamburg GmbH & Co. KG	Essen, Alemania	50,43%
synexs GmbH	Essen, Alemania	50,43%
Tivoli Garden GmbH & Co. KG	Essen, Alemania	50,43%
Tivoli Office GmbH & Co. KG	Essen, Alemania	50,43%
TRINAC GmbH	Essen, Alemania	50,43%
TRINAC Polska Sp. z o.o.	Varsovia, Polonia	50,43%

INDUSTRIAL SERVICES

ACS Servicios Comunicaciones y Energía, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%

ACS industrial Services, LLC.	2800 Post Oak Blvd, Suite 5858 Houston, TX 77056. Estados Unidos.	100,00%
ACS Perú	Av. Victor Andres Belaunde N° 887 - Carmen de la Legua, Callao	100,00%
ACS Servicios Comunicac y Energía de México SA CV	José Luis Lagrange, 103 8º.Los Morales Polanco. México.	100,00%
Actividades de Instalaciones y Servicios, Cobra, S.A.	Calle 93 nº 11A, OFC203 . Bogotá. Colombia.	100,00%
Actividades de Servicios e Instalaciones Cobra, S.A.	Avenida Petapa 46-11, Zona 12 Guatemala Ciudad. Guatemala	100,00%
Actividades de Servicios e Instalaciones Cobra, S.A.	Avda. Amazonas 3459-159 e Iñaquito Edificio Torre Marfil. Oficina 101. Ecuador	100,00%
Actividades y Servicios, S.A.	Araoz, 1051. Caba. Argentina.	100,00%
Agadirver	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	74,54%
Ahin PV Solar, S.L.U.	Calle Antonio Mauro, 9 bajo derecha. 28014 Madrid. España.	100,00%
Albatros Logistic, Maroc, S.A.	Rue Ibnou El Coutia. Lotissement At Tawfiq hangar 10 Casablanca.Marruecos	75,00%
Albatros Logistic, S.A.	C/ Franklin 15 P.I. San Marcos 28906 Getafe. Madrid. España.	100,00%
Aldebarán S.M.E., S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
Alfrani, S.L.	Avenida de Manoteras nº 6, segunda planta, 28050, Madrid. España.	100,00%
Algarmo S.R.L.	Via Uberto Visconti Di Modrone 3.Milan. Italia.	100,00%

Subsidiaries

Company	Registered Office	% Effective Ownership
Alianz Petroleum S de RL de CV	José Luis Lagrange, 103 8º.Los Morales Polanco. México.	100,00%
Apadil Armad. Plást. y Acces. de Iluminación, S.A.	E.N. 249/4 Km 4.6 Trajouce. São Domingos de Rana. 2775, Portugal	100,00%
API Fabricación, S.A.	C/Vía de los Poblados 9-11.28033. Madrid. España.	100,00%
API Movilidad, S.A.	C/Vía de los Poblados 9-11.28033. Madrid. España.	100,00%
Argencobra, S.A.	Araoz, 1051. Caba. Argentina.	100,00%
Asistencia Offshore, S.A.	Bajo de la Cabezuela, s/n.11510 Puerto Real. Cadiz. España.	100,00%
ASON Electrónica Aeronautica, S.A.	Cardenal Marcelo Spinola, 10.28016 Madrid. España	100,00%
Atil-Cobra, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Audeli, S.A.	C/Vía de los Poblados 9-11.28033. Madrid. España.	100,00%
Avanzia Energia, S.A. de C.V.	Jose Luis Lagrange 103, P 8, Colonia Polanco 1 Seccion, Miguel Hidalgo CP 11510. Méjico D.F.. México.	100,00%
Avanzia Exploración y Producción, S.A. de C.V.	José Luis Lagrange, 103. México DF. México.	100,00%
Avanzia Ingenieria, S. A. de C. V.	C/José Luis Lagrange, 103 - Miguel Hidalgo. México.	100,00%
Avanzia Instalaciones S.A. de C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. México.	100,00%
Avanzia Operaciones S.A. de C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. México.	100,00%
Avanzia Recursos Administrativos, S.A. de C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. México.	100,00%
Avanzia S.A de C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. México.	100,00%
Avanzia Sistemas, S.A. de C.V.	José Luis Lagrange, 103. Méjico D.F. México.	100,00%
Avanzia Soluciones y Movilidad, S.A. de C.V.	José Luis Lagrange, 103. Méjico D.F.. México.	100,00%
B.I. Josebeso, S.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82,80%
Biorio, Lda.	Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278.Porto Salvo. Portugal.	74,54%
Bonete Fotovoltaica 1, S.L.U.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Bonete Fotovoltaica 2, S.L.U.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Bonete Fotovoltaica 3, S.L.U.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Brisa Esparsa - Energias Renováveis Unipessoal, Lda.	Rua Rui Teles Palhinha, 4, Leião 2740-278 Porto Salvo.. Oeiras. Portugal.	74,54%
CCR Platforming Cangrejera S.A. de C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. México.	75,00%
Central Solar Termoeléctrica Cáceres, S.A.U.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
Centro de Control Villadiego, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
CIS-WRC, LLC	2800 Post Oak Boulevard Suit 5858.Houston, Texas 77056. Estados Unidos.	53,00%
CM- Construçoes, Ltda.	Rua, XV de Novembro 200, 14º Andar San Paulo. Brasil CPE 01013-000	74,54%
Cme Angola, S.A.	Av. 4 de Fevereiro, 42.Luanda. Angola.	74,54%
CME Cabo Verde, S.A.	Achada Santo António.Praia. Cabo Verde.	74,54%
CME Perú, S.A.	Av. Víctor Andrés Belaunde 395. San Isidro.Lima.Perú.	74,54%
CME Southern Africa do Sul	Sudáfrica	74,54%
Cobra Asia Pacific PTY Ltda	Level 1, 181 Bay Street Brighton Vic 3186, Australia.	100,00%
Cobra Azerbaiyan LLC	AZ 1065, Yasamal district, Murtuza Muxtarov St. 203 “A”, ap 37.. Bakú. Azerbaiyán.	100,00%
Cobra Bolivia, S.A.	Rosendo Gutierrez, 686 Sopocachi. Bolivia	100,00%
Cobra Brasil Construçoes, S.A.	Avda. Marechal Camera, 160 Sala 323.Rio de Janeiro. Brasil.	100,00%
Cobra Brasil Serviços, Comunicaçoes e Energia, S.A.	Avda. Marechal Camera 160, sala 1808.Rio de Janeiro. Brasil.	100,00%
Cobra Chile Servicios S.A.	Los Militares 5885, Piso 10, Las Condes, Santiago de Chile. Chile	100,00%
Cobra Concesiones Brasil, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Cobra Concesiones, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
Cobra Cote D'Ivoire Sarl	Rue Cannebiere Residence Santa Maria, Lot 96 section CE P 416 Cocody Danga. Abidjan. Costa de Marfil.	100,00%
Cobra Energy Investment Finance, LLC	2800 Post Oak Blvd, Suite 5858 Houston, TX 77056. Estados Unidos.	100,00%
Cobra Energy Investment, LLC.	2800 Post Oak Blvd, Suite 5858 Houston, TX 77056. Estados Unidos.	100,00%
Cobra Energy, Ltd	60 Solonos street, Atenas. Grecia	100,00%
Cobra Georgia, Llc.	Old Tbilisi Region, 27/9 Brother Zubalashvili Street. Georgia	100,00%
Cobra Gestión de Infraestructuras, S.A.U	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Cobra Gestión Infraestructuras Internacional, S.L.U.	Cardenal Marcelo Spínola, 10. 28016.. Madrid. España.	100,00%
Cobra Great Island Limited	160 Shelbourne Road Ballbridge. Dublin. IrlandaIrlanda Dublin.	100,00%
Cobra Industral Services, LLC	Yeda. Arabia Saudita.	100,00%
Cobra Industrial Japan, Co Ltd.	Hulic, New shinbashi, 602 2 -11 - 10, shinbashi, minato-ku. Tokio.Japon	100,00%
Cobra Industrial Services Pty	15 alice Lane 9 floor. Morningside Gauteng 2196 Johannesburgo. Sudáfrica.	100,00%
Cobra Industrial Services, Inc.	3511 Silverside road.Wilmington Delaware. Estados Unidos.	100,00%
Cobra Infraestructuras Hidraúlicas Peru, S.A.	Av. Amador Merino Reyna.. Lima. Perú.	100,00%
Cobra Infraestructuras Hidráulicas, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Cobra Infraestructuras Internacional, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Cobra Instalaciones y Servicios India PVT	1rst Floor, Malhan One, Sunlight Colony, Ashram. India	100,00%
Cobra Instalaciones y Servicios Internacional, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Cobra Instalaciones y Servicios Malaysia SDN BHD	Jalan Bangsar Utama,1 5900. Kuala Lumpur. Malasia.	100,00%
Cobra Instalaciones y Servicios República Dominicana	Av. Gustavo Mejia Ricart, esq. Abraham Lincoln 102, Piso 10 (Local 1002), Piantini, Santo Domingo.	100,00%
Cobra Instalaciones y Servicios, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Cobra Instalaçoes y Servicios, Ltda.	Rua Uruguai, 35, Porto Alegre, Rio Grande do Sul. Brasil.	100,00%
Cobra Msa Ltd.	Los Militares 5885, Piso 10, Las Condes, Santiago de Chile. Chile	100,00%
Cobra Oil & Gas, S.L.U.	Cardenal Marcelo Spínola, 8 1º dcha. 28016. Madrid. España.	100,00%
Cobra Perú, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Perú	100,00%
Cobra Proyectos Singulares, S.A.	Araoz, 1051. Caba. Argentina	100,00%
Cobra Railways UK Limited	Vintage Yard 59-63 Bermondsey Street. Londres. Reino Unido.	100,00%
Cobra Servicios Auxiliares, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Cobra Sistemas de Seguridad, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Cobra Sistemas y Redes, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
Cobra Tedagua Contracting LLC	P.O. Box 2991 PC 112 Ruwi. Al-Duqm. Omán.	100,00%
Cobra Thermosolar Plants, Inc.	7380 West Sahara Avenue, Suite 160 Las Vegas, Nevada, 89117. Estados Unidos.	100,00%
Cobra Wind Intenacional, Ltd	Johnston Carmichael. Dirección: Cashroom, Commerce House, South Street, Elgin IV30 1JE. Escocia	100,00%
Codehon Instalaciones y Servicios S de RL	Colonia Tres Caminos, Boulevard Suyapa, Edificio Florencia 4to Nivel, Cubículo 407, Tegucigalpa , Honduras	100,00%
Cogeneración Cadereyta S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Méjico D.F. Méjico.	100,00%
COICISA Industrial, S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Méjico D.F. Méjico.	60,00%
Coinsal Instalaciones y Servicios, S.A. de C.V.	Residencial Palermo, Pasaje 3, polígono G Casa #4 San Salvador, El Salvador	100,00%
Coinsmar Instalaciones y Servicios, SARLAU	210 Boulevard Serketouni Angle Boulevard Roudani nº 13, Maarif 2100. Casablanca. Marruecos	100,00%
Comercial y Servicios Larco Medellín S.A.	Calle 93 nº 11A, OFC203 . Bogotá. Colombia.	100,00%
Concesionaria Angostura Siguas, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Lima.Perú	100,00%
Concesionaria Desaladora del Sur, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Lima.Perú	100,00%
Consorcio Especializado Medio Ambiente, S.A.de C.V	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Méjico D.F. Méjico.	60,00%
Consorcio Makim	Calle Bolivar, 270 INT. 501 Urb.Leuro. Lima. Perú.	100,00%
Consorcio Ofiteco Geoandina	Cra 25 N.96 81. Oficina 203.Bogota . Colombia.	60,00%
Consorcio Saneamiento INCA	Avenida Mariscal la Mar, 638. Lima. Perú.	51,00%
Consorcio Santa María	Avenida Mariscal la Mar, 638. Lima. Perú.	99,00%
Consorcio Sice Disico	Cra 25 N.96 81. Oficina 203.Bogota . Colombia.	50,00%
Consorcio Tráfico Urbano de Medellín	Cra 12 Nº 96-81 Of 203. Bogotá. Colombia.	100,00%
Consorcio Tunel del Mar	Cra.12 Nº 96-81 Of. 203.Colombia. Bogotá.	50,00%
Construçao e Manutençao Electromecánica S.A. (CME)	Rua Rui Teles Palhinha 4 Leião 2740-278 Porto Salvo. Portugal	74,54%
Construcciones de las Conducciones, S.A.U. (Cotronic)	Avda. de Manoteras. 26 28050 Madrid. España.	100,00%
Construcciones Dorsa, S.A.	Cristóbal Bordiú, 35-5º oficina 515-517. Madrid. España	100,00%
Constructora Las Pampas de Siguas, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Lima.Perú	100,00%
Control y Montajes Industriales Cymi Chile, Ltda.	C/Apoquindo 3001 Piso 9.206-744 Las Condes. Santiago de Chile. Chile.	100,00%
Control y Montajes Industriales CYMI, S.A.	C/Vía de los Poblados 9-11.28033 Madrid. España.	100,00%
Control y Montajes Industriales de Méjico, S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Méjico D.F. Méjico.	100,00%
Conyblox Proprietary Limited	9th Floor, The Towers, 15 Alice Lane Sandton.Johannesburgo. Sudáfrica.	65,00%

Subsidiaries

Company	Registered Office	% Effective Ownership
Conyceto Pty Ltd.	9th Floor, The Towers, 15 Alice Lane Sandton.Johannesburgo. Sudáfrica.	78,00%
Cosersa, S.A.	C/Vía de los Poblados 9-11.28033. Madrid. España.	100,00%
Cuyabenopetro, S.A.	Av. Pampite S/N y Simón Valenzuela, Edificio Yoo, Piso 5, Oficina 517 Quito, Ecuador	98,00%
Cymi Brasil, S.L.	Cardenal Marcelo Spínola, 10 28016 Madrid. Madrid. España.	100,00%
Cymi Canadá. INC.	160 Elgin Street, Suite 2600.Ottawa, Ontario. Canadá K1P1C3.	100,00%
Cymi Construçoes e Paticipaçoes, S.A.	Av. Presidente Wilson 231, sala 1701 20030-020 Centro. Rio de Janeiro. Brasil	100,00%
Cymi DK, LLC	12400 Coit Rd, Suite 700.Dallas, TX 75251. Estados Unidos.	100,00%
Cymi do Brasil, Ltda.	Av. Presidente Wilson 231, sala 1701 20030-020 Centro. Rio de Janeiro. Brasil	100,00%
Cymi Industrial INC.	12400 Coit Rd, Suite 700.Dallas, TX 75251. Estados Unidos.	100,00%
Cymi Mejico Sc, S.A. de C.V.	José Luis Lagrange, 103 8º. Los Morales.. México DF. México.	100,00%
Cymi Seguridad, S.A.	Avda Manoteras 26 4 planta 28050 Madrid. Madrid. España.	100,00%
Cymi Tech Soluçoes e Sistemas Ltda	Av. Presidente Wilson 231, sala 1701 20030-020 Centro. Rio de Janeiro. Brasil	100,00%
Cymimasa, S.A.	Avda República de El Salvador 1084.. Quito. Ecuador.	100,00%
Dankocom Pty Ltd	9th Floor, The Towers, 15 Alice Lane Sandton.Johannesburgo. Sudáfrica.	52,00%
Depuradoras del Bajo Aragón S.A.	Paraíso 3- 50410 Cuarte de Huerva. Zaragoza. España	55,00%
Desarrollo Informático, S.A.	Avda. de Santa Eugenia, 6. 28031 Madrid. España	100,00%
Desarrollos Energéticos Asturianos, S.L.	Pol.Industrial Las Merindades calle B, s/n. 09550 Villarcayo. Burgos. España.	100,00%
Dimática, S.A.	C/ Saturnino Calleja, 20. 28002 Madrid. España	100,00%
Dirdam Luz S.L	C/Vía de los Poblados 9-11.28033. Madrid. España.	55,00%
Dragados Construc. Netherlands, S.A.	Claude Debussylaan 24, 1082 MD Amsterdam. Holanda.	100,00%
Dragados Gulf Construction, Ltda.	P. O Box 3947 Al Khobar 31942. Arabia Saudí.	100,00%
Dragados Industrial , S.A.U.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Dragados Industrial Algerie S.P.A.	12 Rue Hocine Beladjel 5ª état-16500 Argelia.	100,00%
Dragados Industrial Canadá, Inc.	620 Rene Levesque West Suite 1000 H3B 1 N7 Montreal. Quebec. Canadá	100,00%
Dragados Offshore de Méjico, S.A. de C.V.	Juan Racine n 112, piso 8, Col. Los Morales 11510 México D.F.	100,00%
Dragados Offshore USA, Inc.	One Riwerway, Suite 1700.77056 Texas. Houston. Estados Unidos.	100,00%
Dragados Offshore, S.A.	Bajo de la Cabezuela, s/n. 11510 Puerto Real. Cádiz. España	100,00%
Dragados Proyectos Industriales de Méjico, S.A. de C.V.	C/ Jose Luis Lagrange, 103 Piso 8. Los Morales Polanco.11510 México DF. México.	100,00%
Dragados-Swiber Offshore, S.A.P.I. de C.V.	Juan Racine, 112. Piso 8, Col.Los Morales 11510 México D.F. México.	51,00%
Dyctel infraestructura de Telecomunicaçoes, Ltda.	C/ Rua Riachuelo, 268. 90010 Porto Alegre. Brasil	100,00%
Dyctel Infraestructuras de Telecomunicaciones, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. España	100,00%
Ecisa Sice Spa	Av. De Vitacura, 2670. Oficina 702.Las Condes. Santiago de Chile. Chile.	50,00%
Ecocivil Electromur G.E., S.L.	C/ Paraguay, Parcela 13/3. 30169 San Ginés. Murcia. España	100,00%
Electren UK Limited	Regina House 1-5 Queen Street.Londres. Reino Unido.	100,00%
Electren USA Inc.	500 Fifth Avenue, 38th floor.Nueva York 10110. Estados Unidos.	100,00%
Electrén, S.A.	Avda. del Brasil, 6. 28020 Madrid. España	100,00%
Electricidad Eleia, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
Electromur, S.A.	Carretera del Palmar, nº 530. Murcia. España	100,00%
Electronic Traffic, S.A.	C/ Tres Forques, 147. 46014 Valencia. España	100,00%
Electronic Trafic de México, S.A. de C.V.	Melchor Ocampo 193 Torre C Piso 14D. Veronica Anzures . D.F. 11300. México.	100,00%
Emplogest, S.A.	Rua Alfredo Trinidade, 4 Lisboa. 01649 Portugal	98,21%
Emurtel, S.A.	Carretera del Palmar, nº 530. Murcia. España	100,00%
Enclavamientos y Señalización Ferroviaria, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. España	100,00%
Enelec, S.A.	Av. Marechal Gomes da Costa 27. 1800-255 Lisboa. Portugal	100,00%
Energía de Suria, S.L.	Embajador Vich, 3 3ºQ. Valencia. España.	100,00%
Energía Faeton, S.L.	Embajador Vich, 3 3ºQ. Valencia. España.	100,00%
Energia y Recursos Ambientales de Perú, S.A.	Amador Merino Reyna, 267.Lima. Perú.	100,00%
Energía y Recursos Ambientales Internacional, S.L.	Cardenal Marcelo Spínola, 10.28016 Madrid. España.	100,00%
Energía y Servicios Dinsa I, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Energía y Servicios Dinsa II, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Energía y Servicios Dinsa III, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Energías Renovables Andorranas, S.L.	Cardenal Marcelo Spínola, 10.28016 Madrid. España.	75,00%
Engemisa Engenharia Limitida	Avda. Marechal Camera, 160 Sala 323.Rio de Janeiro. Brasil.	100,00%
Enipro, S.A.	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	74,54%
Eolfi Greater China Co ,Ltd.	N 6, Sec 4, Xinyi Rd, Da An Dist.. Taipei. China.	90,00%
EPC Ciclo Combinado Norte, S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Méjico D.F. Méjico.	100,00%
EPC Plantas Fotovoltáicas Lesedi y Letsatsi, S.L.	Cardenal Marcelo Spinola, 10.28016 Madrid. España	84,78%
Equipos de Señalización y Control, S.A.	C/ Severino Covas, 100. Vigo. Pontevedra. España	100,00%
ESB-Energia e Sustentabilidade do Brasil, S.A.	Avda. Marechal Camera, 160 Sala 1735. Rio de Janeiro. Brasil.	100,00%
Etra Bonal, S.A.	C/ Mercuri, 10-12. Cornellá de Llobregat. Barcelona. España	100,00%
Etra Deutschland Gmbh	Königsallee 92 a, D-40212 Düsseldorf. Düsseldorf. Alemania.	100,00%
Etra France S.A.S.	114 Bis Sur Michel Ange. Paris. Francia.	100,00%
Etra Interandina, S.A.	C/ 100, nº 8A-51, Of. 610 Torre B. Santafe de Bogota. Colombia	100,00%
Etra Investigación y Desarrollo , S.A.	C/ Tres Forques, 147. 46014 Valencia. España	100,00%
Etrabras Mobilidade e Energia Ltda.	Av. Marechal Camara, 160, Sala 1619. 20020-080 Centro.Rio de Janeiro. Brasil.	100,00%
Etracontrol, S.L.	Av. Manoteras, 28.28050 Madrid. España.	100,00%
Etralux, S.A.	C/ Tres Forques, 147. 46014 Valencia. España	100,00%
Etranorte, S.A.	C/ Errerruena, pab. G. P.I. Zabalondo. Munguia. Vizcaya. España	100,00%
Eyra Energías y Recursos Ambientais, Lda.	Avda Sidonio Pais, 28 Lisboa. Portugal	100,00%
Fides Acerca Facility Services, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Fides Facility Services, S.A.	Amador Merino Reyna,267 Oficina 902. Distrito de San Isidro. Lima Perú.	100,00%
Fides Facility Services, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
Fides Hispalia Servicios Generales, S.L.	Astronomia, 1.. 41015 Sevilla.. España.	100,00%
Firefly Investments 261	9th Floor, The Towers, 15 Alice Lane Sandton.Johannesburgo. Sudáfrica.	78,00%
France Semi, S.A.	20/22 Rue Louis Armand rdc. 75015 Paris. Francia.	100,00%
Fuengirola Fotovoltaica, S.L.	CL Sepulveda, 6 28108 Alcobendas.Madrid. España.	100,00%
Geida Beni Saf, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Gercobra GMBH, S.L.	Am Treptower Park 75, 12435 Berlin. Alemania	100,00%
Gerovitae La Guancha, S.A.	C/ Solítica, s/n 38840 La Guancha. Santa Cruz de Tenerife. España.	100,00%
Gestão de Negocios Internacionais SGPS, S.A.	Rua Rui Teles Palhinha 4 - 3º Lei o 2740-278.Porto Salvo. Portugal.	74,54%
Gestión Inteligente de Cargas, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. España.	100,00%
Golden State Environmental Tedagua Corporation, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Grafic Planet Digital, S.A.U.	C/ Chile 25, P.I. Azque, 28.806 Alcalá de Henares. Madrid. España.	100,00%
Grazigystix Pty Ltd	9th Floor, The Towers, 15 Alice Lane Sandton.Johannesburgo. Sudáfrica.	65,00%
Grupo Cobra East Africa Limited	Loita street.P.O. Box 9539. Nairobi. Kenia.	100,00%
Grupo Cobra South Africa Proprietary Limited	9th Floor, The Towers, 15 Alice Lane Sandton.Johannesburgo. Sudáfrica.	100,00%
Grupo Imesapi S.L.	C/Vía de los Poblados 9-11.28033. Madrid. España.	100,00%
Grupo Maessa Saudí Arabia LTD	Khobar -31952 P.O. Box 204. Arabia Saudí	100,00%
Hidráulica del Chiriqui, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panamá, Panamá	100,00%
Hidráulica Río Piedra, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panamá, Panamá	100,00%
Hidrogestión, S.A.	Avda. Manoteras, 28. Madrid. España	100,00%
Hidrolazan, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Hiez Hornidurak, Instalazioak eta Zerbitzuak, S.A.	Ctra. Bilbao-Plentzia, 17 Parque A.E.Asuaran, edif.Artxanda.48950 Asua-Erandio. Bizkaia. España.	100,00%
Humiclima Barbados, Ltd	Palm Court, 28 Pine Road. Belleville. St Michael. Barbados.	100,00%
Humiclima Caribe Cpor A.Higüey	Avda. Guyacanes s/n .Bavaro. República Dominicana	100,00%
Humiclima Est, S.A.	Gran Vía Asima,29. Palma de Mallorca. España.	100,00%
Humiclima Haiti, S.A.	Avda. Guyacanes s/n .Bavaro. República Dominicana (Oficina Humiclima Caribe)	99,98%
Humiclima Jamaica Limited	Shoop #17 & 18 The Soopping Village Half Moon, Rose Hall, Montego Bay. Jamaica	100,00%

Subsidiaries

Company	Registered Office	% Effective Ownership
Humiclima México, S.A. de C.V.	Carretera Federal Cancún-Tulum, Edificio Terramar Loc, 22,23 y 24 Playa del Carmen, Quintana Roo. México	100,00%
Humiclima Panamá, S.A.	Calle Bella Vista, Edificio Commercial Park, Apartamento D24. Panamá.	100,00%
Humiclima St Lucia, Ltd	Pointe Seraphine Castrie.Santa Lucía.	100,00%
Humiclima USA Inc	255 Alhambra Circle, suite 320. Coral Gables, Florida 33134. Estados Unidos.	100,00%
Hydro Management, S.L.	Avda.Teneniente General Gutierrez Mellado, 9. 30008 Murcia. España	79,63%
Iberoamericana de Hidrocarburos CQ Explorac&Produc S.A.S.	93 11A Capital Park. Bogotá. Colombia.	52,58%
Iberoamericana de Hidrocarburos, S.A. de C.V.	José Luis Lagrange, 103.. Méjico D.F.. México.	87,63%
Iberoamericana Hidrocarb CQ Explorac & Produc, S.A C.V.	José Luis Lagrange, 103.. Méjico D.F.. México.	52,58%
Ictio Manzanares Solar, S.L.U.	Calle Antonio Mauro, 9 bajo derecha . 28014. Madrid	100,00%
Ictio Solar Andromeda, S.L.U.	Calle Antonio Mauro, 9 bajo derecha . 28014. Madrid	100,00%
Ictio Solar Auriga, S.L.U.	Calle Antonio Mauro, 9 bajo derecha . 28014. Madrid	100,00%
Ictio Solar Berenice, S.L.U.	Calle Antonio Mauro, 9 bajo derecha . 28014. Madrid	100,00%
Ictio Solar, S.L.U.	Calle Antonio Mauro, 9 bajo derecha . 28014. Madrid	100,00%
Ictio Toledo Solar, S.L.U.	Calle Antonio Mauro, 9 bajo derecha . 28014. Madrid	100,00%
Imapex S.A de C.V	José Luis Lagrange, 103. Ciudad de Mexico. México.	100,00%
ImesAPI Maroc	Rue Ibnou El Coutia. Lotissement At Tawfiq hangar 10. Casablanca. Marruecos.	100,00%
Imesapi S.A.C	Calle Arias Araguez.Urb. San Antonio 150122 Miraflores. Lima. Perú.	100,00%
ImesAPI, S.A.	C/Vía de los Poblados 9-11.28033. Madrid. España.	100,00%
Imocme, S.A.	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	74,54%
Imsidetra, S.A. de C.V.	José Luis Lagrange, 103. Méjico D.F.. México.	55,00%
Ingenieria de Transporte y Distribución de Energía Eléctrica, S.L. (Intradel)	Cardenal Marcelo Spínola,10.28016 Madrid. España.	100,00%
Ingweguard Pty Ltd	9th Floor, The Towers, 15 Alice Lane Sandton.Johannesburgo. Sudáfrica.	60,00%
Initec Energía Ireland, LTD.	Great Island CCGT Project, Great Island, Campile - New Ross - CO. Wexford. Irlanda.	100,00%
Initec Energía Maroc, SARLAU	445, Boulevard Abdeloumen, 3Ème Étage Nº 11 20100. Casablanca. Marruecos.	100,00%
Initec Energía, S.A.	Vía de los Poblados, 11. 28033 Madrid. España.	100,00%
Injar, S.A.	Calle Caramarca, Esq calle Mendoza , Poligono el Sebadal. Santa Cruz de Tenerife. España.	100,00%
Innovantis, S.A.	Av. Rua Vlamir Lenni Nº179 andar 6º .Maputo. Mozambique.	74,54%
Instalacion y mantenimiento de dispositivos, S.A.	Calle Pradillo 48-50. 28002 Madrid. España.	100,00%
Instalaciones de Construción Cobra, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panamá, Panamá	100,00%
Instalaciones y Servicios Codeni, S.A.	Barrio Largaespada: del portón principal del hospital bautista 1 cuadra abajo, 1 cuadra al sur. Casa esquinera color azul, Managua. Nicaragua	100,00%
Instalaciones y Servicios Codepa, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panamá, Panamá	100,00%
Instalaciones y Servicios Codeven, C.A.	Avda.S.Fco Miranda. Torre Parque Cristal. Torre Este, planta 8. Oficina 8-10. Chacao. Caracas. Venezuela	100,00%
Instalaciones y Servicios INSERPA, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panamá, Panamá	100,00%
Instalaciones y Servicios Spínola I, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Instalaciones y Servicios Spínola II, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Instalaciones y Servicios Spínola III, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Instalaciones y Servicios Uribe Cobra, S.A. de C.V	José Luis Lagrange, 103 piso 8 Los Morales Miguel Hidalgo.México D.F. México.	51,00%
Instalaciones y Servicios Uribe-Cobra Panama, ISUC Panama, S.A.	Calle 50, 23. Ciudad de Panamá. Panamá.	51,00%
Intecsa Ingeniería Industrial, S.A.	Vía de los Poblados, 11. 28033 Madrid. España.	100,00%
Internacional de Pipelines, DAIP, S.L.	C/Vía de los Poblados 9-11.28033 Madrid. España.	100,00%
Istoguard Pty Ltd	323 Lynnwood Road. Menlo Park. Gauteng 0081. Pretoria. Sudáfrica.	60,00%
Kinkandine Offshore Windfarm Limited	20 Castle Terrace. Edimburgo. Reino Unido (Escocia).	100,00%
Logro Solar, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. España.	100,00%
Lumicán, S.A.	C/ Agaete Esquina Arbejales s/n. 35010 Las Palmas de Gran Canaria. España	100,00%
Maessa France SASU	115, rue Saint Dominique.75007 Paris . Francia.	100,00%
Maessa Naval, S.L.U.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Maessa Telecomunicaciones Ingeniería Instalaciones y Servicios S.A.	C/ Bari, 33 - Edificio 3. 50197 Zaragoza. España	99,40%
Maetel Construction Japan KK	Habiulu Nishishimbashi Building 4F, 2-35-2 Nishi-Shinbashi, Minato-ku, 105-0003. Tokio. Japón.	100,00%
Maetel Japan KK	Habiulu Nishishimbashi Building 4F, 2-35-2 Nishi-Shinbashi, Minato-ku, 105-0003. Tokio. Japón.	100,00%
Maetel Peru, S.A.C.	Calle Julian Arias Araguez nº250. Lima. Per Lima. Perú.	100,00%
Maintenance et Montages Industriels S.A.S	64 Rue Montgrand. Marseille .13006 Marseille. Francia.	100,00%
Makiber Gulf LLC	Al-Sahafa 13321. Riyadh. Arabia Saudí.	100,00%
Makiber, S.A.	Paseo de la Castellana, 182-2º. 28046 Madrid. España.	100,00%
Manchasol 1 Central Termosolar Uno, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Mantenimiento y Montajes Industriales, S.A.	Calle Via de los Poblados ,9. 28033.. Madrid. España.	100,00%
Mantenimientos, Ayuda a la Explotación y Servicios, S.A. (MAESSA)	Cardenal Marcelo Spínola,10.28016 Madrid. España.	100,00%
Masa Algeciras, S.A.	Avda de los Empresarios S/N. Edif Arttysur Planta 2ª Local, 10.Palmones - Los Barrios. C diz. España.	100,00%
Masa do Brasil Manutençao e Montagens Ltda.	Avda presidente Wilson, nº231,sala 1701 (parte), Centro.Río de Janeiro. Brasil.	100,00%
Masa Galicia, S.A.	Políg. Ind. De la Grela - C/ Guttember, 27, 1º Izqd. 15008 La Coruña. España.	100,00%
Masa Huelva, S.A.	C/ Alonso Ojeda, 1. 21002 Huelva. España.	100,00%
Masa Maroc s.a.r.l.	Av Allal ben Abdellah Rés . Hajjar 2 étage app nº5 Mohammadia. Marruecos.	100,00%
Masa Méjico S.A. de C.V.	Calle Juan Racine N 12 8-Colonia los Morales.. 11510 México DF. México.	100,00%
Masa Norte, S.A.	C/ Ribera de Axpe, 50-3º. 48950 Erandio Las Arenas. Vizcaya. España	100,00%
Masa Puertollano, S.A.	Crta. Calzada de Calatrava, km. 3,4. 13500 Puertollano. Ciudad Real. España	100,00%
Masa Servicios, S.A.	Avda Gran Vía de L'Hospitalet 8-10 5 Planta.08902 L'Hospitalet de Llobregat. Barcelona. España.	100,00%
Masa Tenerife, S.A.	Pº Milicias de Garachico nº1 8ªplanta of. 84A. Edificio Hamilton.38002 Santa Cruz de Tenerife. España	100,00%
MASE Internacional, CRL	PO Box 364966.San Juan. Puerto Rico.	100,00%
Mexicana de Servicios Auxiliares, S.A. de C.V.	Av. Paseo de la Reforma, 404. Piso 15.1502. Colonia Juarez. Delegación Cuauhtemoc. 06600 México D.F. México.	100,00%
Mexsemi, S.A. de C.V.	General Mariano Escobedo 510,piso 6 ofcna 602, México DF	99,99%
Midasco, Llc.	7121 Dorsey Run Road Elkrige.Maryland 21075-6884. Estados Unidos.	100,00%
Monclova Pirineos Gas, S. A. de C. V.	José Luis Lagrange, 103. México D.F.. México.	69,45%
Moncobra Constructie si Instalare, S.R.L.	Strada Henry Ford nr 29, 200745 Craiova. Rumanía	100,00%
Moncobra Dom	3296 Bld Marquisat de Houelbourg- Zl de Jarry97122 Baie Mahault. Guadalupe	100,00%
Moncobra Perú	Calle Amador Merino Reyna Nro 267 - Interior 902 - San Isidro - Lima, Perú	100,00%
Moncobra, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100,00%
Monelec, S.L.	C/ Ceramistas, 14. Málaga. España	100,00%
Montrasa Maessa Asturias, S.L.	C/ Camara, nº 54-1º dchra. 33402 Avilés. Asturias. España	50,00%
Moyano Maroc SRALU	269 8D Zertouni Etg 5 Appt 1.Casablanca. Marruecos.	100,00%
Moyano Telsa Sistemas Radiantes y de Telecomunicaciones, S.A.	C/ De La Cañada, 53. 28850 Torrejón de Ardoz. Madrid. España.	100,00%
MPC Engenharia - Brasil	Rua Marechal camara 160.. Rio de Janeiro. Brasil.	100,00%
Murciana de Tráfico, S.A.	Carril Molino Nerva, s/n. Murcia. España	100,00%
New Generation Sistems, S.R.L.	139, rue Simone Signoret - Tournezy II.34070 Motpellier . Francia	74,54%
OCP Perú	Av. Victor Andres Belaunde N° 887 - Carmen de la Legua, Callao. Perú.	100,00%
Odelga Medical Engineering GmbH	Frankgasse 4 Top 20, 1090.. Viena. Austria.	100,00%
Oficina Técnica de Estudios y Control de Obras, S.A	C/ Sepúlveda 6. 28108 Alcobendas. Madrid. España.	100,00%

Subsidiaries

Company	Registered Office	% Effective Ownership
Ofiteco-Gabi Shoef	34 Nahal Hayarkon St., Yavne, Israel. Yavne. Israel.	50,00%
Oilserv S.A.P.I. de C.V.	José Luis Lagrange, 103.. Méjico D.F.. México.	34,72%
OKS, Lda.	Rua Rui Teles palhinha n.º4.Leião. Portugal.	74,54%
Opade Organización y Promoción de Actividades Deportivas, S.A.	Cardenal Marcelo Spínola, 10.28016 Madrid. España.	100,00%
Optic1 Powerlines (PTY) LTD	60 Amelia Lane Lanseria Corporate Estate, EXT 46 Lanseria 999. Sudáfrica.	74,54%
Parque Cortado Alto, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	51,00%
Parque Eólico Buseco, S.L.	Comandante Caballero, 8. 33005 Oviedo. Asturias. España	100,00%
Parque Eólico Donado, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100,00%
Parque Eólico La Val, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	51,00%
Parque Eólico Monte das Aguas, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	60,00%
Parque Eólico Tadeas, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	64,28%
Parque Eólico Valdehierro, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	64,28%
Peaker Solar, S.L.U.	Cardenal Marcelo Spínola 10. Madrid. España.	100,00%
Percomex, S.A.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo. Méjico D.F. Méjico.	100,00%
Petrolíferos Tierra Blanca, S.A. de C.V.	Calle 6 206, Pozarica de Hidalgo. Méjico.	34,72%
Pilot Offshore Renewables Limited	20 Castle Terrace. Edimburgo. Reino Unido (Escocia).	60,00%
Planta de Tratamiento de Aguas Residuales, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Perú	100,00%
Procme Madeira S. A.	Cam Novo Santana 4, 9020-102. Funchal. Portugal.	74,54%
Procme Southern Africa do Sul	PO BOX 151, Lanseria 1748. Joahnesburgo. Sudáfrica.	74,54%
Procme, S.A.	Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal.	74,54%
Railways Infraestructures Instalac y Servicios LLC	Alameer Sultan Street North, Alnaeem dist. (4), Ahmed Al-Hamoody Street Building no. (8) Jeddah. Arabia Saudí	100,00%
Recursos Administrativos Especializados Avanzia, S.A. C.V.	José Luis Lagrange, 103 8º.Los Morales Polanco. México.	100,00%
Recursos Eólicos de México, S.A. de C.V.	José Luis Lagrande, 103 P-8.Los Morales Polanco. México.	100,00%
Remodelación Diesel Cadereyta, S.A. de C.V.	Jose Luis Lagrange, 103 Piso 8 Los Morales Miguel Hidalgo.Méjico D.F. Méjico	99,80%
Remodelación el Sauz, S.A. de C.V.	José Luis Lagrande, 103 P-8.Los Morales Polanco. México.	100,00%
Renovables Spínola I, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Renovables Spínola II, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Renovables Spínola III, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100,00%
Repotenciación C.T. Manzanillo, S.A. de C.V.	José Luis Lagrande, 103 P-8.Los Morales Polanco. México.	100,00%
Restel, SAS	Grenoble City Business Center. Grenoble. Francia.	74,54%
Rioparque, Lda.	Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278.Porto Salvo. Portugal.	74,54%
Roura Cevasa México, S.A. de C.V	Calle Oxford, 30, Colonia Juarez, CP 06600, Cuauhtemoc. Ciudad de México. México.	100,00%
Roura Cevasa, S.A.	C/ Chile 25, P.I. Azque, 28.806 Alcalá de Henares. Madrid. España.	100,00%
Salam Sice Tech Solutions, Llc.	Salam Tower West Bay P.O. Box 15224 Doha. Qatar.	49,00%
Sarl Maintenance Cobra Algerie	Rue de Zacar hydra, 21, Argelia	100,00%
Sarl Ofiteco Argelia	Rue du Sahel, 14. Hydra.Argel. Argelia.	49,00%
Sedmive, C.A. (Soc. Españ. Montajes Indus Venezuela)	Av. Francisco de Miranda, con Av. Eugenio Mendoza, Edf. Sede Gerencial La Castellana, Piso 8, Oficina 8A, La Castellana. Caracas. Venezuela.	100,00%
Semi Chile Spa	Avenida Los Leones 220, Oficina 703. Comunidad de Providencia, Santiago de Chile. Chile.	100,00%
Semi El Salvador Limitada de Capital Variable	Final 85 Av. Norte número 912, Colonia Escalón, San Salvador.. San Salvador. El Salvador.	100,00%
Semi Ingenieria, S.r.L.	C/ Juan Ballenilla Nº 35. Zona Industrial Herrera, Santo Domingo Oeste. República Dominicana	100,00%
Semi Israel	Totzeret ha haretz 5.. Tel Aviv. Israel.	100,00%
Semi Maroc, S.A.	5 Rue Fakir Mohamed .Casablanca Sidi Belyout. Marruecos.	100,00%
SEMI Panamá, S.A.	Edificio Domino, oficina 5. Via España. Panamá.	100,00%
Semi Peru Montajes Industriales S.A.C.	Calle General Recavarren 111, Oficina 303. Miraflores, Lima. Perú.	100,00%
Semi Procoin Solar Spa	Calle Apoquindo Nº 3001 Piso 9, Region Metropolitana.Santiago De Chile. Chile.	65,00%
Semi Saudí	SEMI Saudí Ground Floor office No: 02 (AL-MARWAH- DIST./7 - Amer Bin Abi Rabeah St.). Jeddah. Arabia Saudí	100,00%
Semi USA Corporation	6701 Democracy Blvd., Suite 200. 20817 Bethesda - MD. Estados Unidos.	100,00%
SEMIUR Montajes Industriales, S.A.	C/ 25 de mayo 604 oficina 202. 11000 Montevideo. Uruguay.	100,00%
Semona, S.R.L.	C/ Juan Ballenilla Nº 35. Zona Industrial Herrera, Santo Domingo Oeste. República Dominicana	70,00%
Seratype	Worl Trade Centre 3 Rd Floor Cnr of West South Road. Johannnesburgo. Sudáfrica.	52,00%
Sermicro Colombia S.A.S	Calle 100 nº19 61 OF1010. Bogotá D.C. Bogotá. Colombia.	100,00%
Sermicro do Brasil Servicos e Informática Ltda.	Avda. Das Nacoes Unidas nº 12.551 9º e 7º edif. World Trade Center.Brooklin Paulista.Sao Paulo 04578-000 . Brasil.	100,00%
Sermicro Perú S.A.C	Avenida Mariscal la Mar, 638. Lima. Perú.	100,00%
Sermicro, S.A.	C/ Pradillo, 46. 28002 Madrid. España.	100,00%
Serpimex, S.A. de C.V.	C/ Jose Luis Lagrange, 103 Piso 8. Los Morales Polanco.11510 México DF. México.	99,99%
Serpista, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	61,00%
Serveis Catalans, Serveica, S.A.	Ptge Torrent de L'Estadell 1 17 Barcelona. España	100,00%
Servicios Cymimex, S.A. de C.V.	José Luis Lagrande, 103 P-8.Los Morales Polanco. México.	99,80%
Servicios Integrales de Mantenimiento, S.A.	Calle 50 Edificio F&F Tower Piso 23. Oficiona 23-C. Ciudad de Panamá. Panamá.	100,00%
Servicios Logísticos y Auxiliares de Occidente, SA	Avenida Petapa 46-11, Zona 12 Guatemala Ciudad 01012. Guatemala	100,00%
Sete Lagoas Transmissora de Energia, Ltda.	Avda. Marechal Camera, 160.Río de Janeiro. Brasil.	100,00%
Setec Soluçoes Energeticas de Transmissao e Controle, Ltda.	Av. Presidente Wilson 231, sala 1701 20030-020 Centro. Rio de Janeiro. Brasil	100,00%
SICE Ardan projects	4, Hagavish Street. Netanya 42101. Netanya. Israel.	51,00%
Sice Canadá, Inc.	100 King Street West, Suite 1600.Toronto On M5X 1G5. Canadá.	100,00%
Sice Energía, S.L.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. España	100,00%
SICE Nordics AB	C/o Hellström Advokatbyra KB. Box 7305. 103 90. Estocolmo. Suecia.	100,00%
Sice NZ Limited	Level 4, Corner Kent & Crowhurst Streets, New Market.Auckland, 1149. Australia.	100,00%
SICE PTY, Ltd.	200 Carlisle Street. St kilda. 3182 VIC. Australia.	100,00%
Sice Societatea de Inginerie Si Constructii Electrice, S.R.L.	Calea Dorobantilor, 1.Timisiora. Rumanía.	100,00%
Sice South Africa Pty, Ltd.	C/ PO Box 179. 009 Pretoria, Sudáfrica	100,00%
Sice Tecnología y Sistemas, S.A.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. España	100,00%
Sice Vaan	206 Plot nº 15. Sector 10 Dwarka.. Nueva Delhi. India.	51,00%
SICE, Inc.	14350 NW 56th. Court Unit 105. Miami. 33054 Florida. Estados Unidos.	100,00%
SICE, LLC.	Rublesvkoye Shosse 83/1 121467 Moscu. Rusia	100,00%
Sistemas Integrales de Mantenimiento, S.A.	Calle Via de los Poblados ,9. 28033.. Madrid. España.	100,00%
Sistemas Sec, S.A.	C/ Miraflores 383. Santiago de Chile. Chile	51,00%
Small Medium Enterprises Consulting, B.V.	Claude Debussylaan, 44, 1082 MD.Amsterdam. Holanda.	74,54%
Soc Iberica de Construcciones Electricas de Seguridad, S.L.	C/ La Granja 29. 28108 Alcobendas. Madrid. España	100,00%
Sociedad Española de Montajes Industriales, S.A. (SEMI)	Avenida de Manoteras nº 6, segunda planta, 28050, Madrid. España.	100,00%
Sociedad Ibéric de Construcciones Eléctricas en Chile, Spa	Cl Dardignac, 160. Recoleta. Santiago de Chile. Chile.	100,00%
Sociedad Ibérica de Construcciones Eléctricas, S.A.	C/ Sepúlveda, 6. 28108 Alcobendas. Madrid. España.	100,00%
Sociedad Industrial de Construcciones Eléctricas, S.A. de C.V.	Paseo de la Reforma, 404. Despacho 1502, Piso 15 Col. Juarez 06600 Delegación Cuauhtemoc México D.F.	100,00%
Sociedad Industrial de Construcciones Eléctricas, S.L., Ltda.	CL 94 NO. 15 32 P 8. Bogot D.C. Colombia.	100,00%
Société Industrielle de Construction Electrique, S.A.R.L.	Espace Porte D Anfa 3 Rue Bab Mansour Imm C 20000 Casa Blanca. Marruecos.	100,00%
Soluciones Auxiliares de Guatemala, S.A.	Avenida Petapa 46-11, Zona 12 Guatemala Ciudad 01012. Guatemala	100,00%

Subsidiaries

Company	Registered Office	% Effective Ownership
Soluciones Eléctricas Auxiliares, S.A.	Calle 50 Edificio F&F Tower Piso 23. Oficiona 23-C. Ciudad de Panamá. Panamá.	100,00%
Soluciones Eléctricas Integrales de Guatemala, S.A.	Avenida Petapa 46-11, Zona 12 Guatemala Ciudad 01012. Guatemala	100,00%
Soluciones logísticas Auxiliares, S.A.	Calle Bella Vista, Edificio Commercial Park, Apartamento D24. Panamá.	100,00%
Spcobra Instalaçoes e Serviços, Ltda.	Avenida Artur de Queirós, 915, Casa Branca, Santo Andre. Brasil	99,99%
Sumipar, S.A.	Carretera de la Santa Creu de Calafell 47 Portal B. 08830 Sant Boi de Llobregat. Barcelona. España.	100,00%
Taxway, S.A.	Juncal 1327 D Piso 3, departamento 303.. Uruguay.	100,00%
Tecneira Novas Enerias SGPS, S.A.	Rua Rui Teles Palhinha, 4. Leiao 2740 Oeiras. Portugal	74,54%
Tecneira, S.A.	Rua Rui Teles Palhinha, 4. Leião 2740-278 Porto Salvo. Portugal	74,54%
Técnicas de Desalinización de Aguas, S.A.	Cardenal Marcelo Spínola 10.28016 Madrid. España.	100,00%
Tecnicas de Sistemas Electrónicos, S.A. (Eyssa-Tesis)	Rua General Pimenta do Castro 11-1. Lisboa. Portugal	100,00%
Tedagua México, S.A. de C.V.	José Luis Lagrande, 103 P-8.Los Morales Polanco. México.	100,00%
Tedagua Renovables, S.L.	Procesador, 19. Telde 35200 Las Palmas. Islas Canarias. España	100,00%
Tedagua Singapore Pte.Ltd.	3 Anson Road 27-01 Springleaf Tower. Singapur 079909. Singapur. Singapur.	100,00%
Telcarrier, S.A.	C/ La Granja, 29. 28108 Alcobendas. Madrid. España.	100,00%
Tesca Ingenieria del Ecuador, S.A.	Avda. 6 de diciembre N37-153 Quito. Ecuador	100,00%
Trabajos de Movilidad S.A.	C/Vía de los Poblados 9-11.28033. Madrid. España.	100,00%
Trafiurbe, S.A.	Estrada Oct vio Pato C Empresar-Sao Domingo de Rana. Portugal	100,00%
Triana do Brasil Projetos e Serviços, Ltda.	Av. Presidente Wilson 231, sala 1701 20030-020 Centro. Rio de Janeiro. Brasil	100,00%
Trigeneración Extremeña, S.L.	Cardenal Marcelo Spínola, 10.28016 Madrid. España.	100,00%
Venelin Colombia SAS	Calle 107 A Nº. 8-22.Bogotá. D.C. Colombia	100,00%
Venezolana de Limpiezas Industriales, C.A. (VENELIN)	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82,80%
Vetra MPG Holdings 2, LLC	José Luis Lagrange, 103. Méjico D.F.. Méjico.	100,00%
Vetra MPG Holdings, LLC	José Luis Lagrange, 103. Méjico D.F.. Méjico.	100,00%
Viabal Manteniment i Conservacio, S.A.	Guerrers, 39. 07141 Marratxi. Islas Baleares. España	100,00%
Vieyra Energía Galega, S.A.	José Luis de Bugallal Marchesi, 20-1 izq. 15008 La Coruña. España.	51,00%
Zero-E Currencies, S.L.	Cardenal Marcelo Spínola, 10. 28016.. Madrid. España.	100,00%
Zero-E Dollar Assets, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. España.	100,00%
Zero-E Spanish PV 2	Cardenal Marcelo Spínola 10. Madrid. España.	100,00%
Zero-E Sustainable Solutions, S.A.U.	Cardenal Marcelo Spínola, 10. Madrid. España.	100,00%
SERVICES		
ACS Servicios y Concesiones, S.L.	Avda. Camino de Santiago, 50.28050 Madrid. España.	100,00%
Accent Social, S.L.	C/ Josep Ferrater y Mora 2-4 2ª Pl. 08019 - Barcelona. España. Barcelona. España.	100,00%
ACS Servicios y Concesiones, S.L.	Avda. Camino de Santiago, 50.28050 Madrid. España.	100,00%
All Care (GB) Limited	3rd floor, 125-135 Staines Road, Hounslow, TW3 3JB. Londres. Reino Unido.	100,00%
Atende Servicios Integrados, S. L.	Avda. República Argentina, 21-Bº 3ª planta Oficina 9 CP 41011 Sevilla. España.	100,00%
Avio Soluciones Integradas, S.A.	Avda Manoteras, 46 Bis 1ª Planta.28050 Madrid. España.	100,00%
Call-In Homecare Limited	84 Willowbrae Road. Edimburgh (Lothian). Reino Unido.	100,00%
Care Relief Team Limited	125-135 Quest House, 3rd Floor Staines Road. Hounslow. Reino Unido.	100,00%
Clece Care Services, Ltd.	3rd floor, 125-135 Staines Road, Hounslow, TW3 3JB. Londres. Reino Unido.	100,00%
Clece Seguridad S.A.U.	Avda. de Manoteras, 46, Bis 1ª Pl. Mod. C 28050 Madrid. España.	100,00%
Clece Vitam S.A.	Av. Manoteras, 46 Bis 1ª Planta. 28050.. Madrid. España.	100,00%
Clece Vitam, S.A. (Portugal)	Concelho de Oeiras, Lisboa. Lisboa. Portugal.	100,00%
Clece, S.A.	Avda. Manoteras, 46 Bis 2ª Planta. 28050 Madrid. España.	100,00%
Clece, S.A. (Portugal)	Concelho de Oeiras.Lisboa. Portugal.	100,00%
Dale Care Ltd.	Hope Street, 13. Crook. Reino Unido.	100,00%
Diamond Quality Care Services Limited	Pound Court, Pound Street, Newbury, England, RG14 6AA. Berkshire. Reino Unido.	100,00%
Eleva2 Comercializadora S.L.	Avenida de Manoteras. 46 BIS 2 Planta 2. 28050 Madrid. España.	100,00%
Enequip Serveis Integrals S.L.	C/ Calçat, 6 1ª Planta Edificio Tolero 07011 - Palma de Mallorca España	100,00%
Familia Concilia Servicios para el Hogar S.L.	Avda. Manoteras, 46 Bis.28050 - Madrid. España.	100,00%
Hartwig Care Ltd.	Ella Mews, 5. Londres. Reino Unido.	100,00%
HazelHead Home Care Limited	21 Braidwood Road, Braidwood, Carluke, LANARKSHIRE, Scontland ML8 5PD. Braidwood, Carluke. Reino Unido.	100,00%
Heath Lodge Care Services, Ltd.	3rd floor, 125-135 Staines Road, Hounslow, TW3 3JB. Londres. Reino Unido.	100,00%
Helping Hands of Harrogate Ltd.	125-135 Quest House, 3rd Floor Staines Road. Hounslow. Reino Unido.	100,00%
Homecarers (Liverpool) Limited	8 Childwall Valley Road. Liverpool. Reino Unido.	80,00%
Ideal Complex Care, Ltd.	125-135 Quest House, 3rd Floor Staines Road. Hounslow. Reino Unido.	100,00%
Inserlimp Soluciones S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100,00%
Integra Formación Laboral y Profesional, S.L.	C/ Resina, 29. Villaverde Alto. 28021 Madrid. España.	100,00%
Integra Logística, Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo, S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100,00%
Integra Manteniment Gestio I Serveis Integrats Centre Especial D'Ocupacio Illes Balears, S.L. Unipersonal	Pare Frances Molina, 33 CP 07003. Palma de Mallorca 07008 Illes Balears. España.	100,00%
Integra Manteniment, Gestio i Serveis Integrats, Centre Especial de Treball, Catalunya, S.L.	C/ Ramón Turró, 71 Bajo. 08005 Barcelona.España	100,00%
Integra Mantenimiento, Gestión Y Servicios Integrados Centro Especial de Empleo Andalucia, S.L.	Polígono Industrial PISA C/ Industria, 1 -Edif. Metropoli I Pta.2ª Mod 15-16 CP 41927 Mairena de Aljarafe. Sevilla. España	100,00%
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Galicia S.L.	Pl. América nº 1, Edif. 1, Plta. 1. 36211 Vigo. España.	100,00%
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Murcia, S.L.	Avda. Abenarabi, 28, Torre Damasco, oficina 3, CP 30008.. Murcia. España.	100,00%
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Valencia, S.L.	Avda. Cortes Valencianas, 45B 1º 46015 Valencia.España	100,00%
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo, S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100,00%
Integra Mantenimiento, Gestión y Servicios Integrados Extremadura Centro Especial de Empleo, S.L.U.	C/ Luis Alvarez Lencero, 3 Edif. Eurodom 5.Badajoz 06011. Extremadura. España.	100,00%
Klemark Espectaculos Teatrales, S.A.	Avda. Landabarri, 4, Leioa. Vizcaya. España.	51,00%
Koala Soluciones Educativas, S.A.	Avda Manoteras, 46 Bis 1ª Planta.28050. Madrid. España.	100,00%
Limpiezas Deyse, S.L.	C/ Lérida, 1. Manresa. Barcelona. España	100,00%
Lirecan Servicios Integrales, S.A.	C/ Ignacio Ellacuria Beascoechea, 23-26 Planta 2, Playa del Hombre.Telde. Las Palmas. España.	100,00%
Mentor receptora de alarmas, S.A.	Avda. Vía Láctea, 1 Pta.B dcha San Fernando de Henares CP 28830. Madrid. España.	95,00%
Multiserveis Ndavant, S.L.	C/Josep Ferrater i Mora, 2-4 Barcelona. España.	100,00%
Multiservicios Aeroportuarios, S.A.	Avda. Manoteras 46 Bis 2ª Planta. 28050 Madrid. España	51,00%
NV Care Ltd.	125-135 Staines Road, Hounslow, England TW3 3JB. Hounslow. Reino Unido.	100,00%
R & L Healthcare, Ltd.	125-135 Quest House, 3rd Floor Staines Road. Hounslow. Reino Unido.	100,00%
Richmond 1861, S.L.	Avda. Movera, 600.50016 - Zaragoza. España.	100,00%
Samain Servizos a Comunidade, S.A.	Pza. América,1, bloque 1, 1ª Pta, 36211.. Vigo. España.	100,00%
Senior Servicios Integrales, S.A.	Avda Manoteras, 46 Bis 1ª Planta.28050. Madrid. España.	100,00%
Serveis Educatius Cavall de Cartró, S.L.	C/ Josep Ferrater y Mora, 2-4 2ª Pl. 08019 - Barcelona. España.	100,00%
Serveis Integrals Lafuente, S.L.	Parque Tecnológico C/. Alessandro Volta 2-4-6 Bloq 3. 46980 Paterna, Valencia. España.	100,00%
Talher, S.A.	Avda. de Manoteras,46 Bis, 2º Planta 28050 Madrid. España	100,00%
Universal Care Services (UK) Limited	3Rd Floor Quest House 125-135 Staines Road TW 3JB. Hounslow. Reino Unido.	100,00%
Zaintzen, S.A.U.	Landabarri Zeharbidea 3 Zbekia, 4ª Pisua G.48940 Leoia (Bizkaia). España.	100,00%
Zenit Logistics S.A.	Avda. de Manoteras, 46 Bis.28050 Madrid. España.	100,00%

APPENDIX II

UTE's/EIG's

UTE / EIG	Address	% Effective Ownership	Revenue 100%
			Thousand euros
INFRASTRUCTURES - DRAGADOS			
Yesa	Cl. Rene Petit, 25 - Yesa - España	33,33%	15.776
Metro de Sevilla	Av. San Francisco Javier, 15 - Sevilla - España	50,00%	54.550
Estructura Sagrera Ave	Cl. Vía Laietana, 33, 5ª Planta - Barcelona - España	33,50%	21.866
Ave Portocamba-Cerdedelo	Cl. Wenceslao Fernández Florez, 1 - A Coruña - España	80,00%	25.266
Consorcio Constructor Metro Lima	Av. de la República de Colombia 791 - Lima - Perú	35,00%	182.344
Hospital Universitario de Toledo	Av. Europa, 18 - Alcobendas - España	33,33%	55.491
Consorcio Hospitalario Lima	Av. Benavides, 768, piso 9 - Miraflores - Lima - Perú	49,90%	34.705
Syncrolift	Cl. Vía Laietana, 33, 5ª Planta - Barcelona - España	58,50%	10.425
Terminal Potasas	Cl. Vía Laietana, 33, 5ª Planta - Barcelona - España	55,00%	41.912
HS2 Euston Station	Cl. Moorgate, 155 - Londres - Reino Unido	50,00%	11.355
Txagorritxu	Cl. San Antonio, 15 - Vitoria - España	45,00%	19.238
Mantenimiento Lote 2 Noroeste	Cl. Federico Echevarría, 1 - León - España	17,00%	18.281
Lote 7 Ram	Cl. Julián Camarillo, 6 - Madrid - España	35,00%	11.153
Hospital de Guadalajara	Av. del Camino de Santiago, 50 - Madrid - España	50,00%	18.360
El Reguerón	Cl. General Pardiñas, 15 - Madrid - España	33,33%	24.476
Vilaseca	Cl. Orense 11 - Madrid - España	80,00%	10.961
Embalse de Almudeva	Cl. Antonio Valcarreres, 1 - Zaragoza - España	26,00%	14.634
MIV Lote Norte	Cl. Francisco Gervás, 14 - 1ºA - Madrid - España	100,00%	16.757
MIV Centro	Av. del Camino de Santiago, 50 - Madrid - España	29,00%	16.080
MIV Noreste	Cl. Viriato 47 - 3º - Barcelona - España	5,00%	26.987
Renovación Vía L1 Sagrera-Torres i Bages	Av. del Camino de Santiago, 50 - Madrid - España	50,00%	12.387
Mediodia-Recoletos	Cl. Almendralejo, 5 - Sevilla - España	50,00%	26.678
Techint - Dycasa Subte H	Hipólito Bouchard 557 - Piso 17 - Buenos Aires - Argentina.	40,00%	16.589
Dycasa - Green PASA Ruta 40	Acceso Este Lateral Sur Nº 6247 - Provincia de Mendoza - Guaymallén - Argentina	37,50%	20.491
Supercemento - Dycasa - Chediack RN7	Capitán General Ramón Freire 2265 - Buenos Aires - Argentina.	33,33%	26.081
N25 New Ross	BAM Civil, Kill, Co Kildare. Irlanda.	50,00%	11.367
M11 Enniscorthy	BAM Civil, Kill, Co Kildare. Irlanda.	50,00%	35.404
CPB Dragados Samsung	Level 18, 177 Pacific Hwy, North Sydney NSW 2060. Australia.	30,00%	777.962
Ottawa LRT Constructors	1600 Carling Avenue, Suite 450, PO Box 20,Ottawa K1Z 1G3 - Canadá	40,00%	24.760
SSL Construction SENC	2015 Rue Peel, Montreal Quebec H3A 1T8 - Canadá	25,00%	77.631
Crosslinx Transit Solutions - Constructors	4711 Yonge St, Suite 1500,Toronto M2N 7E4 - Canadá	25,00%	209.765
Ottawa Combined Sewage Storage Tunnel	150 Isabella St, unit 212, Ottawa, ON, K1S 1V7 - Canadá	65,00%	30.345
Link 427	1 Royal Gate Boulevard, Unit G, Woodbridge, ON L4L 8Z7 - Canadá	50,00%	45.104
EDT GEC Civil SEP	1095 Rue Valets L'Ancienne-Lorette QC G2E 4M7 - Canadá	35,00%	15.578
Ottawa LRT Constructors OLRT Phase II	1600 Carling Avenue, Suite 450, PO Box 20,Ottawa K1Z 1G3 - Canadá	33,33%	10.880
SNC-DRAGADOS-PENNECON G.P.	1133 Topsail Road, Mount Pearl, Newfoundland, A1N 5G2 - Canadá	40,00%	127.734
NouvLR s.e.n.c.	1140 boulevard de Maissoneuve, Montreal, Quebec H3A 1M8 - Canadá	24,00%	160.491
Mosaic Transit Constructors GP	150 King Street West, Suite 2103, Toronto M5H 1J9 - Canadá	33,33%	25.243
BNA Constructors Canada GP	150 King Street West, Suite 2103, Toronto M5H 1J9 - Canadá	40,00%	79.888
Aecon-Flatiron-Dragados-EBC Partnership	1055 Dunsmuir Street, Suite 2124, Vancouver, BC V7X1G4 - Canadá	27,50%	63.127
Centennial Expansion Partners	851 Centennial Road, Vancouver, BC V6A 1A3 - Canadá	60,00%	25.030
GCT Constructors	597 5th Avenue 4th Floor, NY, NY 10017	100,00%	113.485
Unionport Constructors	998 Brush Avenue, Bronx, NY 10465	55,00%	47.877
Chesapeake Tunnel	2377 Ferry Road, Virginia Beach, VA 23455	100,00%	126.252
Potomac Yard Railstation	421 E Route 59, Nanuet, NY 10954	40,00%	20.215
I-16 at I-95 Interchange	20 Martin Court, Savannah, GA 31419	100,00%	15.954
SH-288 Toll Lanes	5075 Westheimer Suite 690 Houston, TX 77058	50,00%	214.578
I2/I69C Interchange	2636 South Loop West Freeway, 3rd floor, Houston, TX 77054	100,00%	10.624
Skanska/Picone 26th ward .V	75-20 Astoria Boulevard Suite 200 Queens NY 11370	35,00%	26.916
3rd Track Constructors	900 Merchants Concourse, westbury, NY 11590	50,00%	358.122
Flatiron Dragados	500 N. Shoreline Blvd, Suite 500, Corpus Christi, TX 78401	50,00%	216.233
Dragados / Flatiron	1610 Arden Way, Suite 175, Sacramento, CA 95815	50,00%	213.544
Balfour/Fluor/Flatiron-West/Dragados-USA	5901 W. Century Blvd., Los Angeles, CA 90045	20,00%	245.560
Dragados/Flatiron West/Sukut	12750 Calaveras Rd, Suite B, Fremont, CA 94539	40,00%	22.585
Isabella Lake Dam	2959 Eve Avenue - Lake Isabelle, CA 93240	35,00%	79.042
Hampton Roads	240 Corporate Blvd., Norfolk, VA 23502	42,00%	123.236
INFRASTRUCTURES - Hochtief			
CRSH1 - Sydhavnen	CRSH1 - Sydhavnen, Copenhagen, Denmark	50,00%	124.672
Zuidasdok	Zuidasdok, Amsterdam, Netherlands	42,50%	101.380
ARGE BAUARGE A6 West	ARGE BAUARGE A6 West, Heilbronn, Germany	60,00%	100.173
ARGE SBT 1.1 Tunnel Gloggnitz	ARGE SBT 1.1 Tunnel Gloggnitz, Gloggnitz, Austria	40,00%	82.795
Arge A7 Hamburg-Bordesholm	Arge A7 Hamburg-Bordesholm, Hamburg, Germany	70,00%	69.671
Arge BMG Berlin	Arge BMG Berlin, Berlin, Germany	50,00%	44.695
ARGE Fuhle 101	ARGE Fuhle 101, Hamburg, Germany	50,00%	29.757
FHB Plateau GmbH	FHB Plateau GmbH, Hamburg, Germany	50,00%	26.275
Stuttgart 21 PFA 1. Los 3 Bad Cannstatt	Stuttgart 21 PFA 1. Los 3 Bad Cannstatt, Stuttgart, Germany	40,00%	24.006
ARGE Tunnel Trimberg	ARGE Tunnel Trimberg, Wehretal, Germany	50,00%	21.774
ARGE Tunnelkette Granitztal Baulos 50.4	ARGE Tunnelkette Granitztal Baulos 50.4, St. Paul in Lavanttal, Austria	50,00%	19.350
Arge Tunnel Rastatt	Arge Tunnel Rastatt, Ötigheim, Germany	50,00%	19.029
Cityringen: Branch-off to Nordhavnen	Cityringen: Branch-off to Nordhavnen, Kopenhagen, Denmark	40,00%	17.060
Arge Ersatzneubau K30	Arge Ersatzneubau K30, Hamburg, Germany	75,00%	16.926
ARGE VE41 Hp Marienhof	ARGE VE41 Hp Marienhof, München, Germany	50,00%	15.716
Praha - Letiště - Depo + komunikace	Praha - Letiště - Depo + komunikace, Praha, Czech rep.	50,00%	11.078
Arge Hafentunnel Cherbourger Strasse	Arge Hafentunnel Cherbourger Strasse, Bremerhaven, Germany	33,00%	10.448

INDUSTRIAL SERVICES

APPENDIX II

UTE's/EIG's

UTE / EIG	Address	% Effective Ownership	Revenue 100%
			Thousand euros
ute suc san jose suc tedagua	Calle Alem Leandro, 855. Buenos Aires. Argentina	50,00%	12.677
consorcio coar epc	Avenida Republica de Colombia. Lima. Perú	50,00%	13.362
ute mantenimiento ave energía	Avenida de Brasil, 6 . 28016. Madrid	45,55%	16.169
consorcio grupo cobra norte	Amador Merino Reyna, 267. Lima. Perú	100,00%	19.009
consorcio agua para gamboa	Obarrio, edificio. PH Sortis Business, 16. 20000. Bella Vista. Panama	50,00%	28.498
ute tadeas	Calle Cardenal Marcelo Spinola, 10. 28016. Madrid	72,50%	34.102
avanzia initec Valle de méxico	Calle Jose Luis Lagrange , 103 - 11510. Colonia Veronica Anzures. Mejico	1,00%	26.232
talara cobra scl ua&tc	Calle amador merino reyna, 267. edificio parque plaza de san isidro. Lima. Perú	80,00%	354.567
consorcio cih hispano sueca	edificio f and f tower, 50. panama.	80,00%	52.249
Ute Devas I	Calle General Peron 36 28020 Madrid	33,28%	19.185
Ute Devas Ii	Calle General Peron 36 28020 Madrid	33,28%	19.089
Ute Parques Singulares Lote 2	Calle Embajadores 320 28053 Madrid	50,00%	14.098
Ute Luz Madrid Oeste	CL Sepúlveda, 6 28108 Alcobendas (Madrid).	85,01%	24.524
Ute Luz Madrid Centro	CL Sepúlveda, 6 28108 Alcobendas (Madrid).	85,01%	25.702

APPENDIX III

CHANGES IN THE SCOPE OF CONSOLIDATION

The main companies included in the scope of consolidation are as follows:

Structural Model, S.A.
Sice Vaan
Osipass, S.A. de C.V.
Energía Faeton, S.L.
Energía de Sutia, S.L.
Real PM Limited
Turner AECOM-Hunt JCIHOFV a JV
Walsh/Turner JV
Curara Pty Ltd
Dais Vic Pty Ltd
Njanmak Pty Ltd
Tasconnect Finance Pty Limited
Building Infrastructure Contracting LLC (Qatar)
Shaped Nz Gp Limited
Shaped Nz Hold Gp Limited
Shaped Nz Hold Lp
Shaped Nz Lp
PTA Radio
Sedgman CPB Joint Venture (SCJV)
Chimarrao Transmissora de Energia, S.A.
GS Oil and Gas SAPI de CV
Mentor receptora de alarmas, S.A.
Imapex S.A de C.V
Fleetco Rentals Enzo Pty Ltd
Wai Ming M&E Ltd.
Access Arterial Nru Finance Pty Limited
Access Arterial Seru Finance Pty Limited
Wellington Gateway Partnership No. 1 Limited
Wellington Gateway General Partner No. 2 Limited
Wellington Gateway Partnership No. 2 Limited
Canberra Metro Trust
Pulse Partners Holding Pty Ltd
Pulse Partners Holding Trust
Pulse Partners Trust
Pulse Partnerships Pty Ltd
Cpb Bam Ghella Ugl Joint Venture
Diamond Quality Care Services Limited
Construcciones de las Conducciones, S.A.U. (Cotronic)
SICE Nordics AB
HazelHead Home Care Limited
gGrav-can, Inc.
Cymi Mejico Sc, S.A. de C.V.
Martin Harris-Turner JV
Turner Paschen Aviation Partners
Sermicro Colombia, S.A.S
Cobra Industral Services, LLC
Maessa Naval, S.L.U.
Procme Madeira S. A.
Odelga Medical Engineering GmbH
Cymi Brasil, S.L.
Energía y Servicios Dinsa I, S.L.
Energía y Servicios Dinsa II, S.L.

APPENDIX III

CHANGES IN THE SCOPE OF CONSOLIDATION

Energía y Servicios Dinsa III, S.L.
Consorcio Constructor Juzgado de Garantía de Osorno, S.A.
Etra Deutschland Gmbh
La Mancha Infrastructures and Investments, S.L.
Brisa Esparsa - Energias Renováveis Unipessoal, Lda.
Cobra Gestión Infraestructuras Internacional, S.L.U.
ESB-Energia e Sustentabilidade do Brasil, S.A.
Ictio Toledo Solar, S.L.U.
Ictio Solar, S.L.U.
Ictio Solar Auriga, S.L.U.
Ictio Manzanares Solar, S.L.U.
Ahin PV Solar, S.L.U.
Ictio Solar Andromeda, S.L.U.
Ictio Solar Berenice, S.L.U.
Fleetco Rentals Magni Pty Ltd
Canberra Metro Trust
Shaped Nz Gp Limited
Shaped Nz Hold Lp
Wellington Gateway General Partner No. 2 Limited
Wellington Gateway Partnership No. 2 Limited
Pulse Partners Trust
Pulse Partnerships Pty Ltd
Sydney Metro - City and South West
Hochtief Kpb Ennepe-Ruhr-Kreis Gmbh
Hochtief Kpb Rhein-Erft-Kreis Gmbh
Hochtief Labore Kassel Bewirtschaftungs Gmbh
Hochtief Labore Kassel Gmbh
Hochtief Pp Südosthessen Bewirtschaftungs Gmbh
Hochtief Pp Südosthessen Vermietungs Gmbh
Hochtief Ppp Lifecycle 1 Gmbh
Hochtief Ppp Lifecycle 2 Gmbh
Flatiron/Lane I-405
Hochtief Tech Us Inc.
Nexplore Australia Pty. Ltd.
Nexplore Hong Kong Ltd.

The main companies no longer included in the scope of consolidation are as follows:

Lavintec Centre Especial D'Ocupació, S.L.
Dora 2002, S.A.
C.I.E.R. S.L.
Guapore Transmissora de Energia, S.A.
Guatemala de Tráfico y Sistemas, S.A.
FHB Beteiligungs GmbH
Projektgesellschaft EOS GmbH & Co. KG
Capitol Building Services LLC
Turner Development Corporation
Facilities Management Solutions LLC
White-Turner JV
Turner-Marhnos S A P I De CV
Turner/HGR (Tyler Junior College)
Lathrop / D.A.G. JV
Turner/Omega/Howard
Tompkins/ Mid-American

APPENDIX III

CHANGES IN THE SCOPE OF CONSOLIDATION

Turner Thompson Davis
Momentum Trains Finance Pty Limited
Ashmore Developments Pty Limited
Lcip Co-Investment Unit Trust
China State - Leighton Joint Venture
City West Property Holdings Pty Limited
City West Property Investments (No. 1) Pty Limited
City West Property Investments (No. 2) Pty Limited
City West Property Investments (No. 3) Pty Limited
City West Property Investments (No. 4) Pty Limited
City West Property Investments (No. 5) Pty Limited
City West Property Investments (No. 6) Pty Limited
Sice Hellas Sistemas Tecnológicos SURL
Soc Industrial Construc Eléctricas Siceandina, S.A.
Ofiteco WLL
Esperanza Transmissora de Energia, S.A.
Infraestructuras y Radiales, S.A.
Circunvalación Alicante, S.A.
Makiber Kenya Limited
Debod PV Plant SAE
Debod Wind Farm
ACS Neah Partner Inc.
Capital City Link General Partnership
Hochtief Canada Holding 2 Inc.
Hochtief Neah Partner Inc.
Westendduo Gmbh & Co. Kg
Capital City Link General Partnership
Hochtief Llbb Gmbh & Co. Kg
Leighton M&E Limited
Pulse Partners Finance Pty Limited
Bkp Electrical Ltd
Viridian Noosa Pty Ltd
Viridian Noosa Trust
Flatiron-Aecon Jv - Peace River
Clece Airport Services Ltd.
Mas Vell Sun Energy, S.L.
Mimeca C.A.
Sermacon Joel C.A.
C. A. Weinfer de Suministro de Personal
Sociedad Industrial de Construccion Eléctricas, S.A
Odoyá Transmissora de Energia, S.A.
Concesionaria Jauru Transmissora de Energía
POLAQUA Wostok Sp. z.o.o.
Alghamin Cobra Tedagua Sojitz Power & Water LLC
Building Infrastructure Contracting LLC (Qatar)
Thiess Hochtief JV
Thiess Macdow JV
Projekt Messeallee Essen GmbH & Co. KG
Moltendra Grundstücks- und Vermietungsgesellschaft mbH & Co. Objekt Mainoffice KG
Stadthaus am Anger Verwaltungs GmbH
Cymi Investment USA, S.L.
Maetel Romania, SRL
CME Africa
Cme Madeira, S.A.

APPENDIX III

CHANGES IN THE SCOPE OF CONSOLIDATION

Imesapi Llc.
Constructora Vespucio Norte, S.A.
Consorcio Constructor ICIL - ICAFAL - Dragados, S.A
Autovia del Camp del Turia, S.A.
Dragados Offshore Mexico Estudios Integrales, S.A. de C.V.
Dragados Offshore Mexico Analisis y Soluciones, S.A. de C.V.
Dragados Offshore Mexico Operac y Construc, S.A. de C.V.
Imesapi Colombia, SAS
Hidráulica de Mendre, S.A.
Hidraúlica San José, S.A.
H.E.A Instalaçoes, Ltda.
Maetel Chile, Ltda.
Escal UGS, S.L.
Devine Colton Avenue Pty Ltd
Devine Woodforde Pty Ltd
Moorookyle Devine Pty Ltd
LCIP Co-Investment Unit Trust
Cip Project General Partner Limited
Cornerstone Infrastructure Partners Lp
Momentum Trains Trust
Ngarda Civil And Mining Pty Limited1
Sedgman Civmec JV1
Broad – Aspen Ltd.
CFL – National Income Securities
Hochtief Development Austria Gmbh
Hochtief Ppp Schulpartner Gmbh & Co. Kg
Domart Sp. Z o.o.
Hochtief Development Schweiz AG
Hochtief Ppp Schulpartner Verwaltungs Gmbh
Homeart Sp. Z o.o.
Mélyépitö Budapest Kft.
Constructora Vespucio Norte, S.A.
ABG BElVivo GmbH & Co. KG
EGI Handelsreich GmbH

CONSOLIDATED DIRECTORS' REPORT

Point 5 of this Consolidated Directors' Report includes the Consolidated Non-Financial Information Statement, in accordance with Law 11/2018 of December 28. A summary table that identifies the non-financial and diversity information required by this law can be found in point 5.11.

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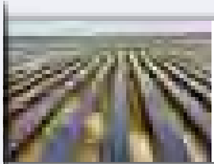
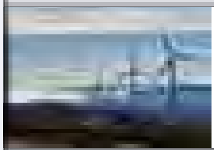
LINKS

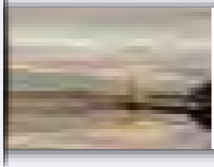
WEBSITE



CONSOLIDATED ANNUAL ACCOUNTS



CORPORATE GOVERNANCE REPORT



ANNUAL DIRECTOR'S REMUNERATION

ABOUT THIS REPORT

The Integrated Annual Report is composed of this Consolidated Directors' Report, which is part of the Annual Corporate Governance Report that is attached by reference and is available on the ACS Group's and National Securities Market Commission's (CNMV) websites, and the Annual Accounts for the financial year ended December 31, 2019, drawn up in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.

This Consolidated Directors' Report has been prepared based on the principle of integration and incorporates the most relevant financial and extra-financial information to show the Group's value generation. The aim is to provide a perspective that allows us to understand, in a concise manner, the company's ability to create value in the short, medium and long term as well as its positioning regarding the risks and opportunities presented by the environment.

To maintain the highest accuracy and transparency, this document has been prepared in accordance with the requirements of international reporting standards:

▪ The guidelines contained within the framework of the International Integrated Reporting Council (IIRC)[1].

▪ Non-financial information has been reported in accordance with Global Reporting Initiative (GRI) Standards, including additional applicable information required by the Construction and Real Estate Sector Supplement. This report has been prepared in accordance with the comprehensive options of GRI standards, and the associated indicators have been verified by an independent third party under ISAE 3000.

Also taken into account were the requirements of the CNMV's guide for preparing the directors' report of listed entities, as well as Law 11/2018 on the Disclosure of Non-Financial Information and Diversity Information.

The contents of the report have been selected based on a previous analysis which identified the most relevant issues for the company and its main stakeholders[2].

[102-45]

The report covers all of the ACS Group's activities in all of the countries where it has a presence. In this regard, the published information includes operations carried out by companies under the control of the ACS Group in the areas of Infrastructures, Industrial Services and Services, which are detailed in the Group's Annual Accounts.

Following the principle of information connectivity, the contents of this report are supplemented by information from other documents published annually by the ACS Group (Corporate Governance Report, Annual Board Remuneration Report and Consolidated Annual Accounts), as well as all of the information and policies published on the company's website.

1. For more information, visit the International Integrated Reporting Council's website at http://integratedreporting.org/

2. For more information on the identification of relevant issues, see Annex 7.2. Identification of relevant issues

CONTENTS

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LETTER FROM THE CHAIRMAN

Dear Shareholder

The difficult situation we are experiencing due to the global coronavirus pandemic is putting everyone to the test. The ACS Group is not immune to this situation. Within our own organization, we have suffered the loss of human lives, such as that of our Vice Chairman and dear friend José María Loizaga, who devoted a significant part of his life to the Group's projection and expansion. For over 30 years, he contributed his wisdom, leadership and vast business experience to positioning ACS as a world leader in infrastructure; those of us who are part of this project will always be deeply grateful and we will never forget him.

In this context, the professionalism, dedication and commitment of the more than 190,000 employees of the ACS Group, together with our efficient organizational structure and strong financial capacity, give us the confidence to be able to cope with the current impact and that of the coming years. These characteristics allow us to continue to create value for society in general and for our shareholders in particular, as shown by the results obtained in 2019 in terms of operational, financial, social and environmental aspects.

Specifically, as regards financial developments, the ACS Group closed the 2019 fiscal year with a net profit of 962 million euro, 5.1% higher than the previous year. The gains obtained from the sale of some renewable energy assets in Spain, in line with the Group's strategy, managed to virtually neutralize the negative impact of CIMIC's decision to cease its activities in the Middle East and leave the region, making provision for all the associated risks.

Sales reached 39,049 million euro, 6.5% more than the previous year. Half of these were generated in North America, followed by Europe and Oceania with 20% and 19%, respectively. The rest are divided between Asia and South America, with 5% each, while Africa did not reach 1% of sales. By countries, the most important continue to be the United States, Australia, Spain, Canada and Germany, which together represent 82% of the Group's total sales.

In terms of operating results, earnings before interest, taxes, depreciation and amortization (EBITDA) stood at 3,148 million euro and earnings before interest and taxes (EBIT) at 2,126 million euro, growing by 7.0% and 3.7% respectively compared to the previous year. Operating margins evolved according to the strategic transition we have adopted, directed toward an increasingly integrated business model and with a low risk profile, based on:

- Greater integration throughout the value chain of the infrastructure business, from the design, construction and maintenance of new projects to their operation.

- The introduction of new contractual relationship models with our customers that allow greater balance and transparency in the management of new projects.

- The focus on developed markets that provide a stable framework in operational, financial and legal terms.

- The continuity of a fully decentralized, flexible and dynamic organizational model that allows us to adapt to the needs required by the sector.

This strategic approach of the Group is intended to achieve a greater cash-generating capacity, with greater diversification while improving the visibility and recurrence of our benefits. In 2019, the flows of funds from operations reached 2,400 million euro, which enabled us to handle the significant investment effort made, mainly in renewable energy projects, while keeping the Group's net indebtedness virtually non-existent.

As for the evolution of ACS in the capital market over the past year, the share was revalued by 5.4%, which, in addition to the 1.89 euro per share paid as a dividend, represents a total shareholder remuneration of 11%. This data is in line with the profitability obtained in the last four years, which has accumulated 46.4% compared to 13.6% of the IBEX-35 and 35.9% of the Euro Stoxx 50.

For the future, we have a robust and diversified portfolio of projects of 77,756 million euro, mainly in the most significant strategic markets. In particular, North America, Europe and Australia account for over 85% of the total portfolio. All this with a sound financial position.

Our commitment to sustainability is firm and unwavering, and our results in this area show as much. The Group has made significant progress during 2019 in the environmental, social and governance models we have provided, which has resulted in recognition by the main organizations and specialized media. As proof, ACS has been included in the Dow Jones Sustainability World Index.

In particular, in terms of the environment, we have managed to reduce our total emissions by over

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6% in 2019, reaffirming our global objectives related to energy efficiency and the fight against climate change. In the social area, we continue to strive to strengthen our occupational health and safety policies, involving training and prevention plans that are fundamental to our activity. In this respect, in 2019 we increased training hours by 58%. Finally, the governance model has recently been strengthened by a surge in ethics and integrity training, increasing the number of employees who have received courses related to corporate compliance by 26%.

I cannot conclude without conveying my confidence in our future. We are a great nation and we are part of a responsible, prepared and committed community. We have the means and determination to successfully deal with this global health crisis. I am convinced that, despite the magnitude of its direct impact and side effects that are still difficult to quantify, normalcy will be restored and we will be able to reverse most of the damage suffered. At ACS Group, we will continue to act responsibly and diligently, making ourselves available to our customers, suppliers and other stakeholders, to overcome this extreme situation and continue to do what we do best: building infrastructures that help make a better world.

Florentino Pérez
Chairman of the ACS Group

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1. GOVERNING BODIES

1.1. BOARD OF DIRECTORS

- Executive
- Proprietary
- Independent
- Other external

- Member of the Executive Committee
- Member of the Audit Committee
- Member of the Appointments Committee
- Member of the Remuneration Committee
- Secretary (non-member)

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Mr. Florentino Pérez Rodríguez
Executive Chairman
Civil Engineer
Chairman of the ACS Group since 1993
Member of the ACS Group's Board of Directors since 1989

Mr. Marcelino Fernández Verdes
Chief Executive Officer
Civil Engineer
Member of the ACS Group's Board of Directors since 2017
Chairman of HOCHTIEF AG
Executive Chairman of CIMIC
Chairman of Abertis

Mr. Antonio García Ferrer
Vice Chairman
Civil Engineer
Member of the ACS Group's Board of Directors since 2003

Mr. José María Loizaga Viguri †
Vice Chairman
Business Owner
Member of the ACS Group's Board of Directors since 1989
Director of REA Industrial Portfolio
Vice Chairman of Zardoya Otis
Vice Chairman of Inversiones Europeas, S.L.
Director of Moira Capital Partners, SGEIC, S.A. and its subsidiaries

Mr. Agustín Batuecas Torrego
Director
Civil Engineer
Member of the ACS Group's Board of Directors since 1999

Mr. Antonio Botella García
Director
Bachelor of Laws. Lawyer
State Lawyer (retired)
Member of the ACS Group's Board of Directors since 2015

Mr. Javier Echenique Landiribar
Director
Bachelor of Economics
Member of the ACS Group's Board of Directors since 2003
Vice Chairman of Banco Sabadell
Vice Chairman of Telefónica, S.A.
Director of the Ence Group

Ms. Carmen Fernández Rozado
Director
Bachelor of Economics and Business Administration and in Political Sciences and Sociology.
PhD in Public Finance.
State Treasury Inspector.
Auditor.
Member of the ACS Group's Board of Directors since 2017
Director of EDP

Mr. Emilio García Gallego
Director
Civil Engineer and Bachelor of Laws
Member of the ACS Group's Board of Directors since 2014

Mr. Joan-David Grimà i Terré
Director
PhD in Economics and Business Administration
Member of the ACS Group's Board of Directors since 2003

† Mr. José Maria Loizaga passed away on March 22, 2020.

Mr. Mariano Hernández Herreros
Director
Bachelor of Medicine and Surgery
Member of the ACS Group's Board of Directors since 2016

Mr. Pedro López Jiménez
Director
Civil Engineer
Member of the ACS Group's Board of Directors since 1989
Chair of the Supervisory Board, Human Resources Committee and the Appointment Committee at HOCHTIEF
Member of the Board of Directors, Remuneration and Appointments Committee, and Ethics, Compliance and Sustainability Committee at CIMIC
Director of Abertis

Ms. Catalina Miñarro Brugarolas
Director
Bachelor of Law and State Attorney
Member of the ACS Group's Board of Directors since 2015
Director (2nd Vice Chairwoman and Coordinator) at MAPFRE, S.A.
Member of the Delegate Committee and Chair of the Appointments Committee at MAPFRE, S.A.
Director and Member of the Board of Directors at MAPFRE ESPAÑA, S.A.
Director of MAPFRE INTERNACIONAL, S.A.

Ms. María Soledad Pérez Rodríguez
Director
Bachelor of Science in Chemistry and Pharmacy
Member of the ACS Group's Board of Directors since 2014

Mr. Miquel Roca i Junyent
Director
Director
Lawyer
Member of the ACS Group's Board of Directors since 2003
Director of Endesa
Director of Aguas de Barcelona
Secretary (non-director) of the Board of Directors at Abertis Infraestructuras
Secretary (non-director) of the Board of Directors at Banco de Sabadell
Secretary (non-director) at TYPSA
Secretary (non-director) at WERFENLIFE

Mr. José Eladio Seco Domínguez
Director
Civil Engineer
Member of the ACS Group's Board of Directors since 2016

Mr. José Luis del Valle Pérez
Director - Secretary General
Bachelor of Laws and State Lawyer
Member of the ACS Group's Board of Directors since 1989
Member of the Supervisory Board at HOCHTIEF
Member of the Board of Directors at CIMIC

For further information:
Online access to their biography
www.grupoacs.com

1.2. MANAGEMENT COMMITTEE

MR. ÁNGEL GARCÍA ALTOZANO

Managing Director

Born in 1949
Civil Engineer and MBA

He began his professional career in the construction sector. He has been Managing Director of the National Institute of Industry (INI) and Chairman of Bankers Trust for Spain and Portugal. He joined the ACS Group in 1997 as Corporate Managing Director, responsible for the economic and financial areas (CFO), corporate development and investee companies.

MR. JOSÉ LUIS DEL VALLE PÉREZ

Secretary General

Born in 1950
Bachelor of Laws and State Attorney

From 1975 to 1983, he served as a member of the Public Administration and was a deputy of the General Courts between 1979 and 1982 and Deputy Secretary of the Ministry of Territorial Administrations. He has been a member of the ACS Group's Board of Directors since 1989, and has also been its Secretary General since 1997.

MR. ANTONIO GARCÍA FERRER

Vice Chairman

Born in 1945
Civil Engineer

He began his professional career at Dragados y Construcciones, S.A. in 1970. After holding several positions of responsibility in the construction company, he was appointed Regional Director for Madrid in 1989, Director of Building in 1998, and Managing Director of the Industrial and Services divisions in 2001. In 2002, he became Chairman of Grupo Dragados, S.A. and since December 2003, he has been Vice Chairman of the ACS Group.

MR. FLORENTINO PÉREZ RODRÍGUEZ

Executive Chairman
Born in 1947
Civil Engineer

He began his professional career in the private sector. From 1976 to 1983, he held several positions in the Public Administration, where he was the Delegate for Sanitation and the Environment on the Madrid City Council, Managing Sub-Director for the Promotion of the Center for the Development of Industrial Technology (CDTI) of the Ministry of Industry and Energy, Managing Director of Transport Infrastructures of the Ministry of Transport, and Chairman of the National Institute for Agricultural Reform and Development (IRYDA) of the Ministry of Agriculture. In 1983, he returned to the private sector and since 1984 has been the top executive of Construcciones Padrós, S.A., as its Vice Chairman and CEO, and is also one of its main shareholders. Since 1987, he has been the Chairman and CEO of Construcciones Padrós, S.A. Since 1993, he has been the Chairman and CEO of OCP Construcciones S.A., the result of the merger of Construcciones Padrós S.A. and OCISA. Since 1997, he has been Executive Chairman of the ACS Group, the result of the merger of OCP Construcciones S.A., Ginés Navarro, S.A. and Auxini, S.A.

MR. MARCELINO FERNÁNDEZ VERDES

Chief Executive Officer
Born in 1955
Civil Engineer

He joined the Group in 1987, and was appointed Managing Director of OCP Construcciones in 1994. In 1998, he was hired as the Chief Executive Officer of ACS Proyectos, Obras y Construcciones S.A., and in 2000 he was appointed the company's Chairman.
In 2004, he was appointed the Chairman and CEO of Dragados, as well as the Director of the Construction division. In 2006, he was appointed Chairman and CEO of ACS Servicios y Concesiones, as well as Director of the Group's Concessions and Environment divisions up until March 2012.
In April 2012, he was appointed as a member of the Executive Committee at Hochtief AG and Chair of the Committee in November of that same year, a position he holds to this day. He also assumed responsibility for the HOCHTIEF Asia Pacific division. From March 2014 to October 2016, he was the Chief Executive Officer of CIMIC, belonging to the Australian HOCHTIEF group, and has been the Executive Chairman at CIMIC since June 2014. In May 2017, he was appointed the CEO of ACS Group. In May 2018, he was appointed the Chairman of Abertis.

MR. EUGENIO LLORENTE GÓMEZ

Chairman and CEO of the Industrial Services division

Born in 1947
Technical Industrial Engineer, MBA from Madrid Business School

He began his professional career at Cobra Instalaciones y Servicios, S.A. in 1973. After holding several management positions, in 1989 he was appointed Director of Zona Centro. He was later promoted to Managing Director in 1998 and to CEO in 2004. He is currently the Chairman and CEO of ACS Servicios, Comunicaciones y Energía.

1.3. MANAGEMENT TEAM*

ACS, ACTIVIDADES DE CONSTRUCTION Y SERVICES

Mr. Florentino Pérez Rodríguez
Executive Chairman

Mr. Marcelino Fernández Verdes
Chief Executive Officer

Mr. Antonio García Ferrer
Vice Chairman

Mr. Ángel García Altozano
Managing Director

Mr. José Luis del Valle Pérez
Secretary General

Mr. Ángel Muriel Bernal
Deputy General Manager
to the CEO

INFRASTRUCTURE

HOCHTIEF

Mr. Marcelino Fernández Verdes
Chairman of Vorstand[1] at Hochtief AG. Chief Executive Officer
Executive Chairman of CIMIC Group

Mr. Peter Sassenfeld
Member of Vorstand[1] at Hochtief AG. Chief Financial Officer

Mr. José Ignacio Legorburo Escobar
Member of Vorstand[1] at Hochtief AG. Chief Operating Officer

Mr. Nikolaus Graf von Matuschka
Member of Vorstand[1] at Hochtief AG. Chief Executive Officer of Hochtief Solutions

Mr. Peter Coenen
Managing Director of Hochtief PPP Solutions

Mr. Michael Wright
Chief Executive Officer of CIMIC Group

Mr. Ignacio Segura Suriñach
Deputy Chief Executive Officer of CIMIC Group

Mr. Diego Zumaquero García
Chief Operating Officer of CIMIC Group

Mr. Stefan Camphausen
Chief Financial Officer of CIMIC Group

Mr. Juan Santamaría Cases
General Director of CPB Contractors

Mr. Douglas Thompson
General Director of Thiess

Mr. Geoff Sewell
General Director of EIC Activities

Mr. Jason Spears
General Director of UGL

Mr. Emilio Grande
Chief Financial Officer of UGL

Mr. Peter Davoren
Chairman and CEO of Turner Construction

Mr. John DiCiurcio
Chairman and CEO of Flatiron

DRAGADOS

Mr. Adolfo Valderas
Chief Executive Officer and Director for the United States

Mr. Luis Nogueira Miguelsanz
Secretary General

Mr. Román Garrido
Canada Manager

Mr. Gonzalo Gómez Zamalloa
Latin America Manager

Mr. Santiago García Salvador
Europe Manager

IRIDIUM

Ms. Nuria Haltiwanger
Chief Executive Officer (CEO)

*At December 31, 2019.
1. Management Committee.

INDUSTRIAL SERVICES

Mr. Eugenio Llorente Gómez
Chairman and CEO

Mr. José María Castillo Lacabex
Chief Executive Officer (CEO) of Cobra

Mr. José Alfonso Nebrera García
General Manager

Mr. Epifanio Lozano Pueyo
Corporate General Manager

Mr. Cristóbal González Wiedmaier
Finance Manager

SERVICES

Mr. Cristóbal Valderas
Chief Executive Officer (CEO) of Clece

2. ACS GROUP

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2.1. A GLOBAL INFRASTRUCTURE COMPANY

ACS GROUP[2] IS A GLOBAL BENCHMARK IN CONSTRUCTION AND SERVICE ACTIVITIES

A group of leading companies involved in the development of key sectors for the world economy in an increasingly complex, competitive, demanding and global market. A multinational company committed to the economic and social progress of the countries where it has a presence.

ENR THE TOP 250 INTERNATIONAL CONTRACTORS

The Top 250 List

RANK 2019	RANK 2018	FIRM	2018 REVENUE $ MIL. INT'L	2018 REVENUE $ MIL. TOTAL	2018 NEW CONTRACTS $ MIL	GENERAL BUILDING	MANUFACTURING	POWER	WATER SUPPLY	SEWER / WASTE	INDUS. / PETROLEUM	TRANSPORTATION	HAZARDOUS WASTE	TELECOM
1	1	**ACS, ACTIVIDADES DE CONSTRUCCION Y SERVICIOS SA,** Madrid, Spain†	38,041.0	44,188.2	43,860.7	35	1	8	3	1	7	30	0	5
2	2	**HOCHTIEF AKTIENGESELLSCHAFT,** Essen, NRW, Germany†	27,797.0	29,121.0	31,660.0	44	1	2	1	1	5	25	0	6
3	3	**CHINA COMMUNICATIONS CONSTRUCTION GROUP LTD.,** Beijing, China†	22,727.4	83,278.3	35,968.3	7	10	0	2	0	0	80	0	0
4	4	**VINCI,** Rueil-Malmaison, Hauts-de-Seine, France†	22,207.0	52,139.0	24,049.6	6	0	19	2	0	6	41	1	12
5	5	**STRABAG SE,** Vienna, Austria†	15,779.0	18,689.0	15,852.0	35	0	0	3	2	7	52	0	0
6	7	**BOUYGUES,** Paris, France†	15,582.0	32,023.0	17,728.0	23	1	5	0	0	3	62	1	1
7	10	**POWER CONSTRUCTION CORP. OF CHINA,** Beijing, China†	13,775.4	52,982.8	32,993.1	9	0	65	5	1	0	18	0	0
8	9	**SKANSKA AB,** Stockholm, Sweden†	13,583.0	17,124.0	13,317.0	47	5	5	2	1	3	35	0	0
9	8	**CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD.,** Beijing, China†	12,812.5	170,435.3	23,114.0	55	0	1	2	1	0	39	0	0
10	11	**FERROVIAL,** Madrid, Spain†	11,892.0	15,288.0	17,684.4	20	0	10	5	10	0	50	0	0

Source: ENR The top 250 global contractors.

EBITDA 2019
3,148
MILLION EURO
8.1%
MARGIN

EBIT 2019
2,126
MILLION EURO
5.4%
MARGIN

NET PROFIT 2019
962
MILLION EURO
+5.1%
COMPARED TO 2018

EMPLOYEES
190,431

2. Its parent company is ACS, Actividades de Construcción y Servicios S.A., with registered offices in Madrid, Spain

A global company committed to the economic and social progress of the countries where it has a presence, with regard to the environment, combatting climate change, and the prevention of occupational risks, carrying out its activity under the fundamental principles of information transparency, ethics and integrity.

96.2% LOCAL EMPLOYEES	**78.5%** LOCAL SUPPLIERS	**13.1 MN €** **+7.1%** COMPARED TO 2018 INVESTMENT IN SOCIAL ACTION	**34.6 MN €** **+4.0%** COMPARED TO 2018 INVESTMENT IN TRAINING	**2,990,789** **+16.2%** COMPARED TO 2018 TOTAL TEACHING HOURS PROVIDED
67,260 **+26.1%** COMPARED TO 2018 NUMBER OF EMPLOYEES TRAINED IN ETHICS AND COMPLIANCE	**91.3%** EMPLOYEES COVERED BY THE OHSAS 18001 CERTIFICATION	**72.4%** OF EMPLOYEES WHO HAVE RECEIVED TRAINING IN HEALTH AND SAFETY DURING THE YEAR	**75.6%** REVENUES CERTIFIED BY ISO 14001	**58,399** **23,771** IN 2018 MWh FROM RENEWABLE SOURCES

2.1.2. A GROUP INVOLVED IN THE DEVELOPMENT OF KEY SECTORS FOR THE WORLD ECONOMY

ACS
ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

THE ACS GROUP ACTIVITIES

INFRASTRUCTURE

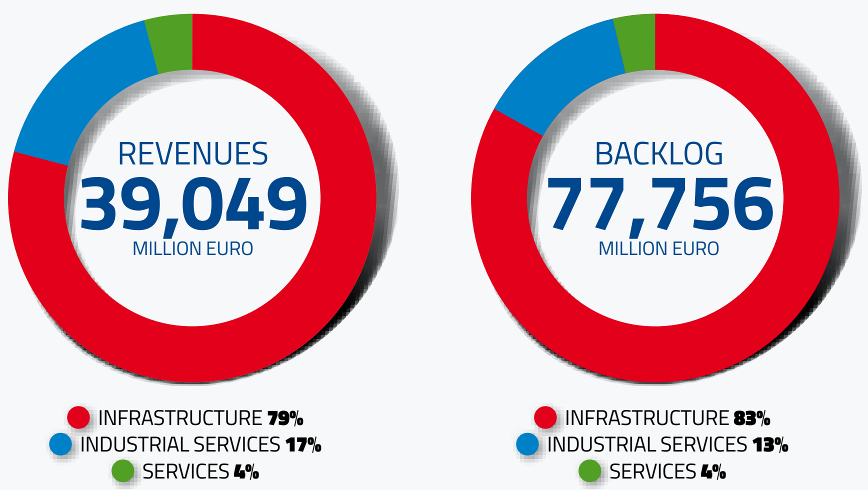
Civil engineering, construction, infrastructure and mining services, from the project design stage to financing, construction, commissioning and operation.

SERVICES INDUSTRIALES

For energy, industrial and mobility infrastructures, including the development, construction, maintenance and operation phases.

SERVICES

Focused on people, building maintenance, and the city and surroundings.



2.1.3. A GLOBAL GROUP COMMITTED TO THE ECONOMIC AND SOCIAL PROGRESS OF THE COUNTRIES WHERE IT CARRIES OUT ITS ACTIVITY

All the Group's activities are distinctly focused on the customer, in the spirit of service and acting as a guarantee for the future, developing a solid, long-term relationship of trust based on mutual understanding.

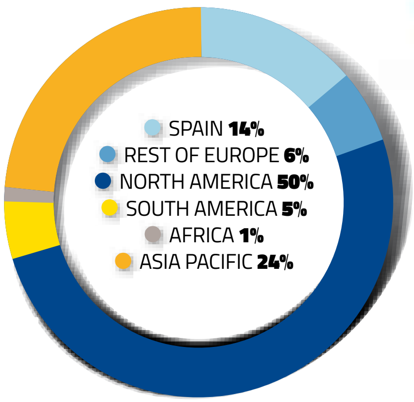
The Group's flexible and decentralized organization promotes employee responsibility and initiative, which is a basic tool to generate maximum **profitability** and promote the **excellence** needed to offer the best services and products to customers.

ACS upholds an undeniable commitment to **sustainable development**, through its Corporate Social Responsibility Policy and according principles showed throughout this report, serving society in an efficient and ethically responsible way through its ability to generate value for the company and all of its stakeholders, demanding the highest standards of **integrity** from its employees and collaborators.

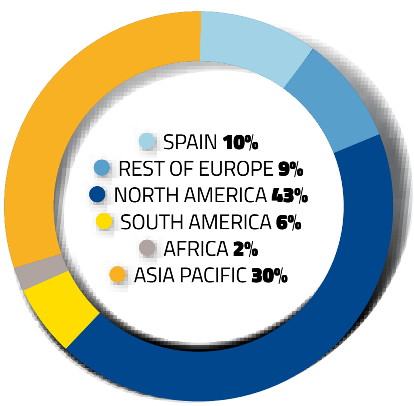
These values, which have been part of the Group's culture since its inception, have generated the main competitive advantages that are the basis of past and future growth.

MAIN MARKETS IN WHICH ACS GROUP OPERATES THROUGH THE FOLLOWING ACTIVITY AREAS

REVENUES
39,049
MILLION EURO



BACKLOG
77,756
MILLION EURO



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2.2. WITH A SUCCESS STORY

The Group's success story is based on efficient organization and dynamic and enterprising management, implemented through successive mergers, acquisitions and strategic plans committed to maximizing profitability for its shareholders. The ability to integrate, assimilate and develop a common culture has enabled the Group to consolidate its position as an international leader in infrastructure development.

1983	1986	1988	1989	1992	1996	1997	1997
Construcciones Padrós, S.A.	OCISA	SEMI	cobra grupo	OCP Construcciones	AUXINI construcción	Ginés Navarro Construcciones S.A.	VIAS
Founded in 1968	Founded in 1942	Founded in 1919	Founded in 1948	Founded in 1992	Founded in 1945	Founded in 1930	Founded in 1928
Construction company based in Badalona, Spain, which was restructured following its acquisition and relaunched. It is the seed from which ACS Group grew into what it is today.	Spanish construction company, the acquisition of which represented a large expansion for the Group in the 1980s.	Company specializing in power lines and the developer of the Spanish electricity grid; represented the first diversification in industrial services.	Industrial services company; a leader in Spain and Latin America, it was a stock exchange acquisition that lead the Group's expansion in this area.	Formed from the merger of Ocisa and Construcciones Padrós, it was one of the 10 largest companies in the country at that time.	A state-owned construction company, it increased the Group's national presence.	One of the most important construction companies in Spain, specializing in civil engineering projects.	One of the most experienced railway development companies in Spain, with more than 80 years of experience. It joined the ACS Group as a subsidiary of Ginés Navarro.

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1997	2003	2003	2011	2011	2011	2018
ACS	Grupo Dragados	Clece	HOCHTIEF	Turner	CIMIC	abertis
Founded in 1997	Founded in 1941	Founded in 1992	Founded in 1873	Founded in 1902	Founded in 1949	Founded in 2003
World leader in infrastructure development. It was the result of a merger between OCP and Ginés Navarro in 1997.	Leader in Spain and a very diversified company. By merging with ACS, it created one of the five largest companies in the world and laid the foundation for the Group's future growth.	Initially focused on providing cleaning services to public entities, it has become the benchmark multi-service company in Spain.	A leading company in Germany with a presence in over 50 countries, it is the ACS Group's international growth platform.	A HOCHTIEF subsidiary since 1999, America's leading "General Contractor" is present practically throughout the entire country, developing large, non-residential building projects.	A HOCHTIEF subsidiary acquired in 1983, as of 12/31/19 it holds 72.68% of the company's shares. It is Australia's leading construction company and a world leader in mining concessions.	Abertis is one of the leading operators in toll road management, with over 8,600 kilometers (5,300 miles) of roads in 15 countries, with the ACS Group having approximately a 50% stake.

2.3. BASED ON A CONSOLIDATED CORPORATE STRATEGY

The ACS Group operates in an increasingly complex and competitive environment, with numerous risks as well as opportunities for its businesses. To meet these challenges, the Group has developed a strategy that ensures sustainable profitability for its shareholders and the generation of value for all of its stakeholders.

The strategy of the ACS Group is focused on the various companies that it comprises and that individually contribute to the achievement of the Group's overall objectives.

The pillars that contribute to this sustainable and profitable growth are based on the constant reinforcement of global leadership in the infrastructure sector through diversification of geographical areas and activities, optimization of available resources and promoting trust relationship with the client and the different stakeholders.

GEOGRAPHICAL AND ACTIVITIES DIVERSIFICATION

- In stable environments and with potentialgrowth.
- Set of activities with a balanced risk profile.
- Selectively investing to increase the range of services and activities offered.

GLOBAL LEADERSHIP

- Positioning itself as leader in strategic markets.
- Sectorial reference in different segments of activity.
- Commitment to innovation and continuous improvement.

RESOURCES OPTIMIZATION

- Operational decentralisation.
- Exhaustive management control systems.
- Financial strength which allows obtaining low cost resources.

PROXIMITY TO THE CUSTOMER

- All of the Group's activities are distinctly customer oriented, with a spirit of service and an eye to the future.
- Solid long-term relationships based on trust and mutual knowledge and interests alignment.

SUSTAINABLE AND PROFITABLE GROWTH

CREATING SHARED VALUE

CONTRIBUTE TO THE DEVELOPMENT OF THE AREAS OF OPERATION

- Creating employment and welfare, acting as an economic engine for society
- Prioritization of local resources
- Knowledge exchange and technology transfer

RESPONSE TO GLOBAL CHALLENGES

- Of the different environments: economic and social, including those related to climate change
- Search for innovative and sustainable solutions

COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

2.4. HOW DOES IT RESPOND TO THE CHALLENGES AND OPPORTUNITIES IN THE SECTOR

THAT RESPONDS TO GLOBAL AND INTERRELATED CHALLENGES

URBAN GROWTH, CONCENTRATION AND INTERCONNECTION

- Crecimiento de la población a nivel mundial.
- Movimientos migratorios
- Desarrollo económico y social de regiones emergentes

DIGITAL TRANSFORMATION

- Irruption of new technological systems
- Social and demographic changes
- Disruptive impact on certain businesses, sectors and business organizations

CLIMATE CHANGE AND ENVIROMENTAL SUSTAINABILITY

- Scientific evidence on global warming and the effects of pollution
- Increased regulatory requirements and regulatory changes, mainly in terms of sustainability (energy model transition)
- Greater awareness of society about the need to respect the planet

GLOBALIZATION AND GREATER COMPETITIVENESS IN THE SECTOR

- Increasingly selective and sophisticated demand
- Concentration of supply and demolition of barriers to market entry

INVESTMENT NEEDS

- Budgetary austerity and limited public resources
- Tightening of financial conditions in bank financing and new requirements, particularly on sustainability area

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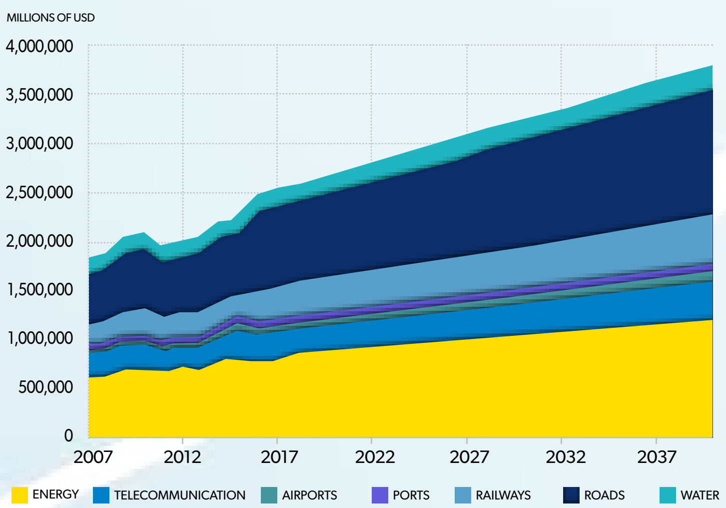
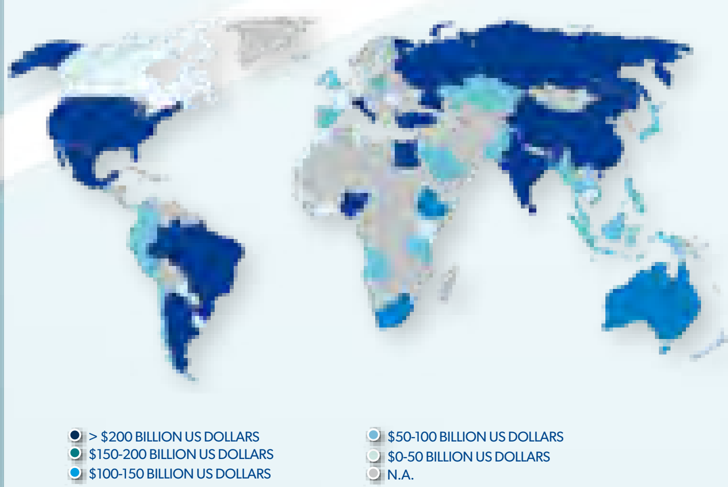
- Congestion of large cities and peripheral expansion
- New emerging cities without infrastructure network
- Obsolete and inadequate infrastructures to new technological advances
- Need for new innovative and sustainable solutions for infrastructures
- Shortage of natural resources and need for new sustainable materials
- Increase in extreme weather events caused by climate change
- Demand of more complex and leading edge projects
- More competitive margins in the sector
- Investment capacity shortage in the infrastructures sector
- Alignment of the financial sector with climate change and ESG criteria

CHALLENGES AND UNCERTAINTIES IN A GLOBAL CONTEXT

INFRASTRUCTURE INVESTMENT AT CURRENT TRENDS FOR EACH SECTOR



TOTAL FORECAST INFRASTRUCTURE INVESTMENT GAPS TO 2040



Source: Global Infrastructure Hub.

GENERATING BUSINESS OPPORTUNITIES AND PROVIDING INNOVATIVE AND SUSTAINABLE SOLUTIONS

Renewal and extension of the infrastructures' network in big cities with growing population

Improvement in interregional and interstate connection infrastructures

Development of social infrastructures with new technologies more effcient and advanced (ie; Smart-Green buildings; development systems and sustainable mobility management, Smart Cities)

Investment increase and development of renewable energy projects supporting the economy decarbonisation process, as well as R&D projects in order to improve green technologies efficiency

Adaptation of infrastructures to new sustainability regulations. Need for sustainable, efficient and resilient infrastructures against climate change

Growing use of PPP models for infrastructures project's development which mean and increase of the investment capacity together with a sustancial improvement of efficiency in the development of projects

Growing interest of private capital for socially responsible investment ("sustainable finance", "impact investing", "Green and social bonds")

ACS Group has a PPP projects backlog worth more than 230,000 million euro to develop in the next four years in the Group's strategic regions

ACS Group has a very positive outlook in the renewable energy field with an on-going pipeline of 6,200 MW. The Group has long experience in the development of PV, thermosolar and wind integrated projects

ACS Group holds the market leading position in the development of "Green Buildings" in the USA and sustainable infrastructures in Australia. In 2019 different projects were developed in this segment worth approximately 8,700 million euro

Business model integration in all the value chain, from design, construction, maintenance of new infrastructure projects to their operation

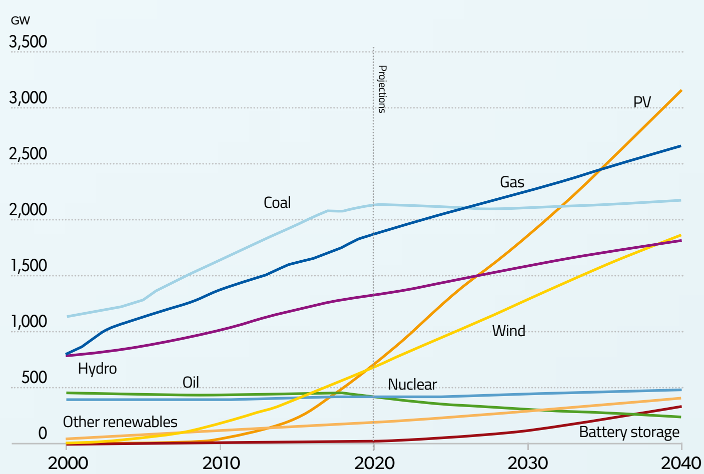
Evolution of our clients contractual models which allow defining the undertaken risks in the construction and development of new projects. The Group is world leader in building under the modality of "construction management"

Starting with green bonds issuing linked to the development of renewable energy projects. First Group's issuing in 2018 worth 750 million euro

HIGH DEMAND FOR INFRASTRUCTURE AND COMPETITIVE ADVANTAGES

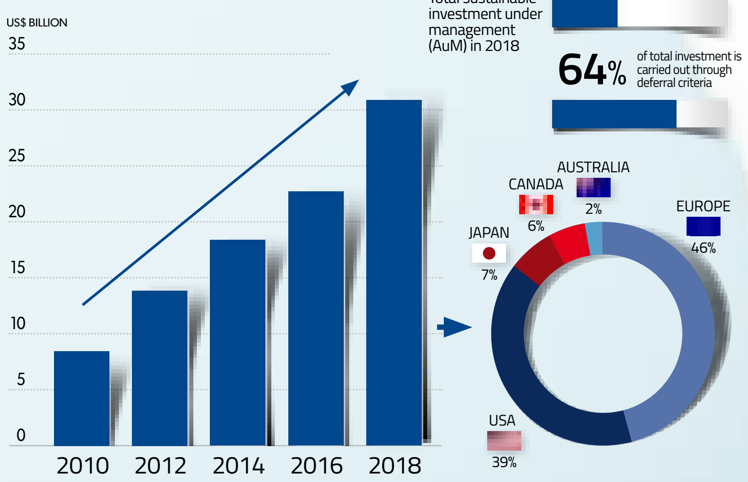
INSTALLED POWER GENERATION CAPACITY BY SOURCE IN THE STATED POLICIES SCENARIO, 2000 – 2040

UPDATED ON JANUARY 29, 2020



Source: International Energy Agency (IEA)

SUSTAINABLE FUNDS GROW YEAR AFTER YEAR...



Source: Global Sustainable Investment Alliance 2018

2.5. WITH EFFICIENT RISK MANAGEMENT

THE TWO-TIERED SYSTEM OF CONTROL AND MONITORING OF RISKS

The ACS Group conducts business activities in different sectors, countries and socio-economic and legal environments that involve exposure to different levels of risk inherent to the businesses in which it operates.

The ACS Group's risk control system is based on a range of strategic and operational actions to mitigate these risks and meet the objectives set by the Board of Directors. The Corporation is responsible for the definition of the basic guidelines, in order to homogenize the operating criteria in each of the divisions to ensure an adequate level of internal control. It is the societies and divisions that make up the Group that are responsible for developing the necessary and appropriate internal regulations so that, depending on the peculiarities of their activity, they implement internal control to guarantee their optimum level.

In order to respond to the need for comprehensive and uniform risk management, the Corporation has established a model that includes the identification, assessment, classification, estimation, management and monitoring of risks at the Group level and the operational divisions level. These identified risks are used to create a risk map that is regularly updated based on the different variables that comprise it and on the Group's activity areas.

The risk control systems adopt the characteristic decentralized model of the Group, which allows each business unit to exercise its risk control and evaluation policies under a few basic principles. These principles are the following:

- Definition of the maximum risk limits that can be assumed by each business according to its characteristics and expected profitability, with these being implemented at the time the contract is signed.

- Establishment of procedures for the identification, approval, analysis, control and information of the different risks for each business area.

- Coordination and communication to ensure that the risk policies and procedures for activity areas are consistent with the Group's global risk policy.

The systems provide the information required to monitor the risk exposures in each business area and for their estimation, as well as the creation of the corresponding management information for decision-making by monitoring the appropriate indicators.

GOVERNANCE OF THE RISK FUNCTION

BOARD OF DIRECTORS

Approves the global risk policy and its control and management system.

AUDIT COMMITTEE

Supervises compliance with risk procedures.

Controls the levels of risks relevant to each activity.

COMPLIANCE COMMITTEE

Development, implementation and monitorization of the efficiency of the Compliance Management System in all those non financial subjects and matters included within the compliance policy.

EXECUTIVE COMMITTEE

Defines and determines the global risk policy.

Establishes the control and management mechanisms.

CORPORATE INTERNAL AUDIT

Periodically evaluates and verifies the effectiveness of the implementation of the risk management policy and systems.

ACS GROUP LISTED COMPANIES

Develop internal regulation in function of the peculiarities of their activity, implement an appropriate internal control.

Manage the information systems that allow the elaboration of the map of corporate risks, the supervision and valuation of exposures to the risk of each business area.

Prepare management reports for decision-making with the monitoring of the appropriate indicators.

INTERNAL AUDIT OF COMPANIES

Periodically evaluates and verifies the effectiveness of the implementation of the risk management policy and systems.

©TWA Hotel_David Mitchell

The ACS Group's Risk Management System identifies and evaluates various risk scenarios grouped into two categories: business risks and corporate risks.

BUSINESS RISKS
are those that specifically affect each business and vary depending on the uniqueness of each activity, and may be financial or non-financial in nature. They are grouped into:

- **Operational risks**
which correspond to risks associated with the key business processes, including risks related to contracting and bidding on works and projects, planning and control of the execution of different works and projects, the relationship with the customer and credit with them, product quality, environmental and climate-change risks, and procurement and subcontracting.

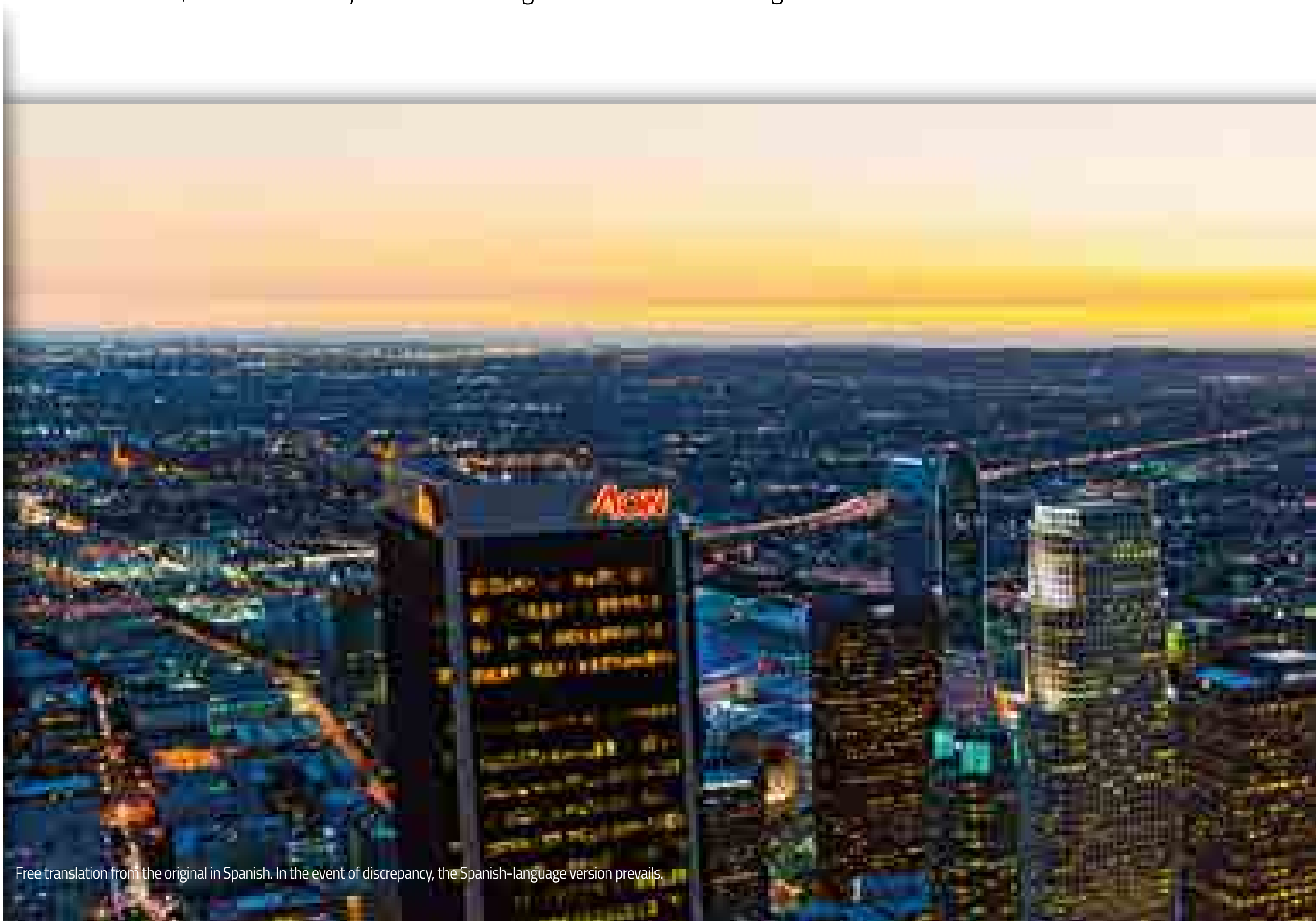
- **Non-operational risks**
which correspond to risks associated with business support processes, including risks related to prevention, health and safety at work, Human Resources, compliance with legislation and specific taxation applicable to businesses, the reliability of accounting and financial information, and the management of financial resources and indebtedness.

CORPORATE RISKS
affect the Group as a whole and the listed Company in particular, and are divided into:

- **Strategic risks**
which are risks that may arise as a result of choosing a particular strategy, which may significantly influence, directly or indirectly, the achievement of the ACS Group's long-term objectives.

- **Policy or regulatory or compliance risks**
which include those derived from Corporate Governance (including, but not limited to, those derived from the reliability of published Financial Information), Company litigation, securities market regulations, the Data Protection Act, possible changes in tax regulations (national and international), and civil liability for the integrity of assets. This risk includes tax-related risks (a Corporate Tax Policy has been approved), which can be one of two types:

  - On the one hand, there is the risk of changes in tax legislation which either could not be



foreseen at the time when investment decisions involving a relevant tax factor were taken, thus impacting the attainment of objectives, or which affect the effective application of tax credits carried forward, in turn affecting forecasts of future taxes payable.

- On the other hand, tax regulations are frequently subject to differing interpretations, which can result in additional adjustments by the tax authorities, even though the corporate tax policy established by ACS prioritizes prudence in the tax practices followed.

- **Financial risks**
  which include the level of indebtedness, liquidity risk, credit risks, risks resulting from fluctuations in exchange rates, risks deriving from the fluctuation of interest rates, risks from the use of derivative financial instruments, market risks from investments, and exposure to risk from variable yields from investments made in listed companies.

- **Reputational risks**
  which are risks with a potentially negative impact that may affect the image and reputation of the Group, as well as the transparency and relationship with analysts, investors and other stakeholders, with expectations about the conduct of the company and the Group. However, without prejudice to internal rules, procedures and investigations, or cooperation with authorities as required, it cannot be guaranteed that this will always be sufficient in preventing violations by people or entities who may be held liable, and although it may be deemed that the potential effects may not have a material impact on the Group's financial situation, they may eventually affect the Group's image and reputation and therefore its businesses.

Financial risks description, see:
4.4. Description of main financial risks and uncertainties

Non-financial risks description, see:
5. Consolidated Non-Financial Information Statement

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2.6. CREATING SHARED VALUE

The ACS Group has consolidated a business model that guarantees maximum profitability to its shareholders while generating value in the form of social and economic development in the environments where the Group's companies operate.

The ACS Group is characterized by a highly decentralized structure in its three areas: Infrastructures, Industrial Services and Services, which operate through dozens of specialized companies that ensure the Group's presence in the entire value chain of the infrastructure business. This complex yet highly efficient organization encourages the Group's companies to compete and carry out their work independently, while sharing common guidelines that provide value to their activity.

Each of the ACS Group's companies is managed and operated autonomously, with independent functional management and flexible and sovereign executive bodies with common values and culture. This allows each company to individually provide a multitude of valid and cost-effective management formulas thanks to the multiple factors involved in their decisions that generate independent knowledge and good practices.

INPUTS

GROSS OPERATIONAL INVESTMENTS
742 MN €

GROSS INVESTMENT IN PROJECTS AND FINANCIAL INVESTMENTS
1,043 MN €

EMPLOYEES
190,431

GRADUATES AND STUDENTS WITH DIPLOMAS
17.0%

INVESTMENT IN R&D
38 MN €

R&D PROJECTS IN PROGRESS
141

DIALOGUE WITH STAKEHOLDERS

NUMBER OF MATERIALITY ANALYSIS SURVEYS (2018/2019)
1.763

MEETINGS ORGANIZED BY INVESTOR RELATIONS
309

CALLS/EMAILS FROM SHAREHOLDERS ANSWERED
514

CONSUMPTION

WATER
26,537,292 m^3

TOTAL ENERGY CONSUMPTION (MWh)
12,112,391 MWh

TOTAL WOOD PURCHASED
2,177,575 m^3

TOTAL STEEL PURCHASED
610,057 t

TOTAL CONCRETE PURCHASED
6,107,430 m^3

...INTEGRATES LEADING COMPANIES...

DRAGADOS, HOCHTIEF, IRIDIUM, CIMIC, Turner, cobra GRUPO, Clece, Dragados Industrial, abertis

CONSTRUCTION/ ENGINEERING

PROJECT DEVELOPMENT

PROMOTION/ FINANCING

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

(201-1) GENERATED, DISTRIBUTED, AND WITHHELD ECONOMIC VALUE

MILLION EURO	2018	2019
Total production value	36,659	**39,049**
Financial income	155	**205**
Divestments*	3,264	**532**
(1) Economic value generated	**40,078**	**39,786**
Operating and purchasing expenses	26,435	**28,383**
Personnel expenses	7,910	**8,394**
Income Tax**	389	**-84**
Dividends	316	**486**
Financial expenses	451	**497**
Investment in Social Action	12	**13**
(2) Distributed economic value	**35,513**	**37,689**
Withheld economic value (1-2)	**4,564**	**2,097**

* Divestments in 2018 mainly corresponding to the sale of a minority stake in Hochtief included within the acquisition of Abertis, which increased the gross investments made.

** Fiscal credit derived from the provision of BICC is included in 2019. The corporate tax paid was 208 million euro.

SHAREHOLDER/INVESTOR

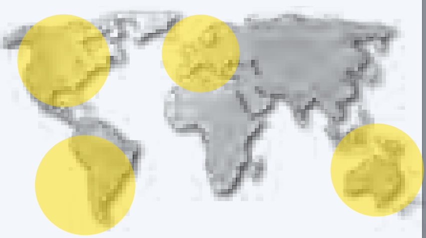
INVESTMENT DIVIDENDS

ACS

...THAT OPERATE UNDER A COMMON CULTURE...

Operational decentralisation
Proximity to the customer
Optimising returns on resources
Control management
Sustainable growth

...IN STABLE ENVIRONMENTS...



...DEVOTED TO THE INFRASTRUCTURE SECTOR...

INDUSTRIAL SERVICES

OTHER SERVICES

...AND WITH PRESENCE IN ALL THE CHAIN VALUE...

CONSTRUCTION

OPERATION/ MAINTENANCE

EXPLOITATION

OUTPUTS

REVENUES
39,049 MN €

NET PROFIT
962 MN €

DIVIDENDS PAID AND TREASURY SHARES
1,054 MN €

PERSONNEL EXPENSES
8,394 MN €

% LOCAL EMPLOYEES
96.2%

BACKLOG
77,756 MN €

COMMUNITY CONTRIBUTION

INVESTMENT IN SOCIAL ACTION
13.1 MN €

% PROCUREMENT FROM LOCAL SUPPLIERS
78.5%

CONSUMPTION

VARIATION IN THE INTENSITY OF SCOPE 1 EMISSIONS (VS 2018)
-9.3%

VARIATION IN THE INTENSITY OF SCOPE 2 EMISSIONS (VS 2018)
-2.3%

VARIATION IN THE INTENSITY OF SCOPE 3 EMISSIONS (VS 2018)
-17.3%

VARIATION IN INTENSITY OF EMISSIONS (TOTAL SCOPE 1+2+3 EMISSIONS/SALES)
-12.8%

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2.6.1. ACHIEVING STRONG FINANCIAL AND OPERATIONAL RESULTS FOR FINANCIAL YEAR 2019

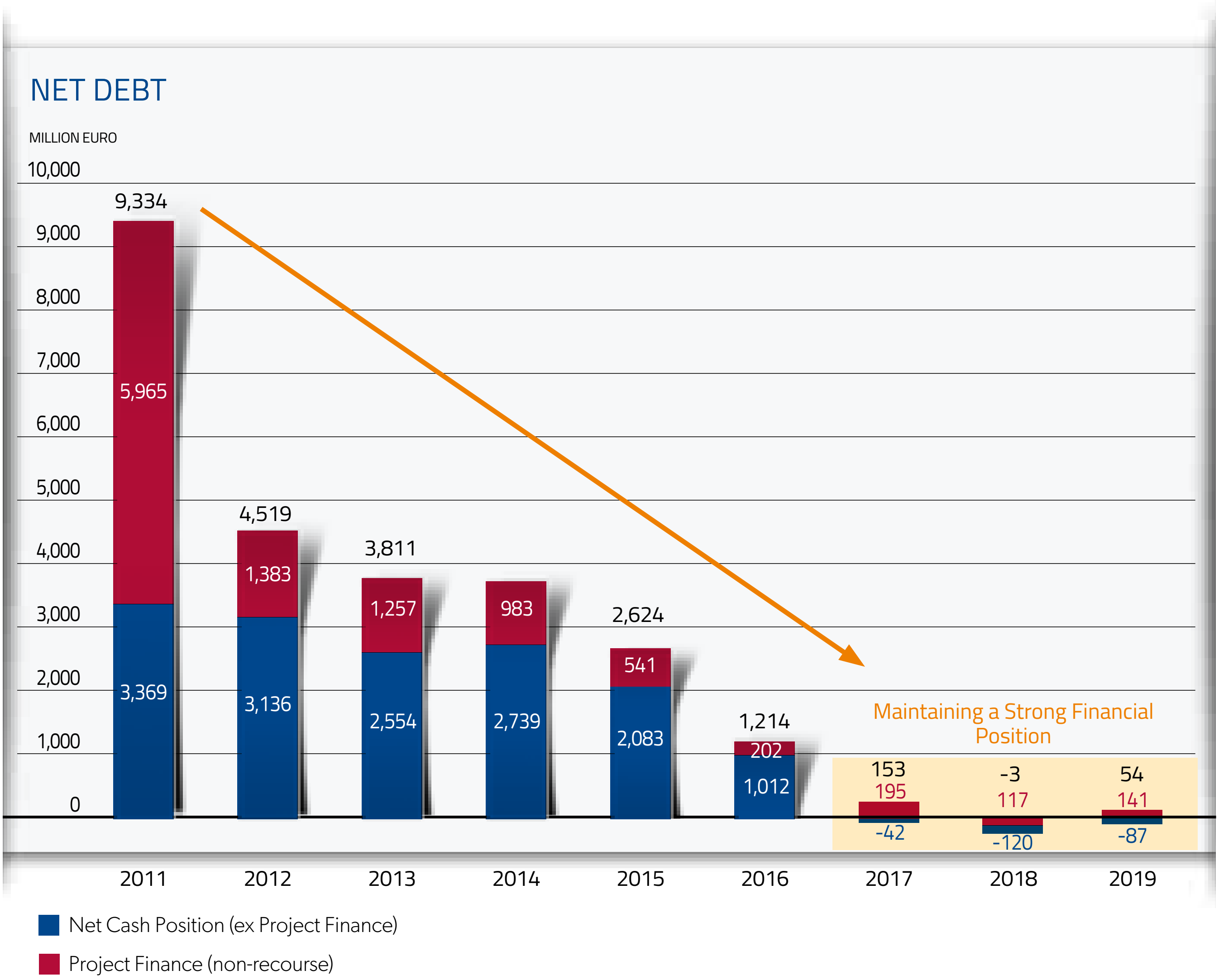
1. Solid Business Performance

The Group has shown good performance in all of its activity areas during financial year 2019.

- Sales were 39,049 million euro, 6.5% higher than the previous year.
- The Gross Operating Profit or EBITDA was 3,148 million euro, 7.0% higher than the previous year.
- EBIT reached 2,126 million euro, an increase of 3.7%.
- The attributable net profit in 2019 amounted to 962 million euro, 5.1% higher than in 2018.
- Finally, the Flow of Operating Funds before investment is approximately 2,400 million euro, 2.5% more than last year.

2. Maintaining a Strong Financial Position

The generation of cash flow in these most recent periods has largely compensated for the large investment effort in concession activity and the increase in remuneration to our shareholders, maintaining the credit rating in the "investment grade" category with a 'BBB' rating awarded by Standard & Poor's.



At the end of 2019, the ACS Group presented a net debt balance of 54 million euro, equivalent to 0.02x the EBITDA, maintaining a debt level similar to that of the previous two years, i.e. practically non-existent.

Without taking into account project financing, without recourse to the shareholder, the Group presented a net cash position in the last three years, closing 2019 with 87 million euro of net operating cash.

This strong financial position allows the Group to strengthen its strategic plan by investing in new concession projects as well as other growth opportunities, ensuring sustainable growth and continuing to drive the creation of value for its shareholders.

3. Sectorial Leadership With a Diversified Risk Profile and Good Growth Prospects

The ACS Group continues to demonstrate its overall leadership in the infrastructure sector, mainly in developed countries. This is demonstrated by the ACS Group being ranked as the top international contractor for yet another year in the ENR rankings, a position it has held since 2013.

TOP 1 DURING 7 CONSECUTIVE YEARS

ENR THE TOP 250 INTERNATIONAL CONTRACTORS

RANK 2019	2018	FIRM	2018 REVENUE $ MIL. INT'L	TOTAL
1	1	**ACS, ACTIVIDADES DE CONSTRUCCION Y SERVICIOS SA,** Madrid, Spain†	38,041.0	44,188.2
2	2	**HOCHTIEF AKTIENGESELLSCHAFT,** Essen, NRW, Germany†	27,797.0	29,121.0
3	3	**CHINA COMMUNICATIONS CONSTRUCTION GROUP LTD.,** Beijing, China†	22,727.4	83,278.3
4	4	**VINCI,** Rueil-Malmaison, Hauts-de-Seine, France†	22,207.0	52,139.0
5	5	**STRABAG SE,** Vienna, Austria†	15,779.0	18,689.0
6	7	**BOUYGUES,** Paris, France†	15,582.0	32,023.0
7	10	**POWER CONSTRUCTION CORP. OF CHINA,** Beijing, China†	13,775.4	52,982.8
8	9	**SKANSKA AB,** Stockholm, Sweden†	13,583.0	17,124.0
9	8	**CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD.,** Beijing, China†	12,812.5	170,435.3
10	11	**FERROVIAL,** Madrid, Spain†	11,892.0	15,288.0
11	6	**TECHNIPFMC,** London, U.K.†	11,149.9	11,643.6
12	13	**FLUOR CORP.,** Irving, Texas, U.S.A.†	8,844.9	15,593.5
13	12	**BECHTEL,** Reston, Va., U.S.A.†	7,260.0	16,837.0
14	14	**CHINA RAILWAY CONSTRUCTION CORP. LTD.,** Beijing, China†	6,695.0	111,656.0
15	16	**HYUNDAI ENGINEERING & CONSTRUCTION CO. LTD.,** Seoul, South Korea	6,638.0	15,731.8
16	15	**SALINI IMPREGILO SPA,** Milan, Italy†	6,462.8	7,044.3
17	18	**CONSOLIDATED CONTRACTORS GROUP,** Athens, Attica, Greece†	6,208.5	6,208.5
18	17	**CHINA RAILWAY GROUP LTD.,** Beijing, China†	6,181.9	140,090.0
19	25	**CHINA NATIONAL MACHINERY INDUSTRY CORP.,** Beijing, China†	5,449.3	7,186.8
20	24	**ROYAL BAM GROUP NV,** Bunnik, The Netherlands†	5,308.0	8,509.0

Sectorial leadership in infrastructure development

ENR The Top 10 by Market

1 TRANSPORTATION
Top 10 Revenue: $83,598.8 Mil.
Sector's Revenue: $152,188.9 Mil.

RANK 2019	2018	FIRM
1	1	CHINA COMMUNICATIONS CONSTRUCTION GROUP LTD.
2	2	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS SA
3	4	BOUYGUES
4	3	VINCI
5	5	STRABAG SE
6	6	HOCHTIEF AKTIENGESELLSCHAFT
7	8	FERROVIAL
8	7	CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD.
9	**	SKANSKA AB
10	10	CHINA RAILWAY CONSTRUCTION CORP. LTD.

2 BUILDINGS
Top 10 Revenue: $60,959.0 Mil.
Sector's Revenue: $114,564.4 Mil.

RANK 2019	2018	FIRM
1	1	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS SA
2	2	HOCHTIEF AKTIENGESELLSCHAFT
3	3	CHINA STATE CONSTRUCTION ENG'G CORP. LTD.
4	4	SKANSKA AB
5	5	STRABAG SE
6	6	LENDLEASE
7	7	BOUYGUES
8	9	ROYAL BAM GROUP NV
9	8	KAJIMA CORP.
10	10	PCL CONSTRUCTION ENTERPRISES INC.

4 POWER
Top 10 Revenue: $29,000.5 Mil.
Sector's Revenue: $50,703.7 Mil.

RANK 2019	2018	FIRM
1	1	POWER CONSTRUCTION CORP. OF CHINA
2	3	VINCI
3	2	CHINA ENERGY ENGINEERING CORP. LTD.
4	4	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS SA
5	5	CHINA NATIONAL MACHINERY INDUSTRY CORP.
6	9	LARSEN & TOUBRO LTD.
7	6	HYUNDAI ENGINEERING & CONSTRUCTION CO. LTD.
8	**	FERROVIAL
9	**	CHINA ZHONGYUAN ENGINEERING CORP.
10	**	EIFFAGE

5 INDUSTRIAL
Top 10 Revenue: $13,040.6 Mil.
Sector's Revenue: $21,684.5 Mil.

RANK 2019	2018	FIRM
1	4	FLUOR CORP.
2	1	DANIELI & C. O.M. SPA
3	3	CHINA METALLURGICAL GROUP CORP.
4	2	BECHTEL
5	5	CHINA NATIONAL CHEMICAL ENG'G GROUP CORP. LTD.
6	6	STRABAG SE
7	**	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS SA
8	**	HOCHTIEF AKTIENGESELLSCHAFT
9	**	SINOSTEEL EQUIPMENT & ENGINEERING CO. LTD.
10	8	VINCI

7 WATER
Top 10 Revenue: $6,988.2 Mil.
Sector's Revenue: $14,405.3 Mil.

RANK 2019	2018	FIRM
1	2	SALINI IMPREGILO SPA
2	1	OBAYASHI CORP.
3	3	ACS, ACTIVIDADES DE CONSTRUCCION Y SERVICIOS SA
4	4	POWER CONSTRUCTION CORP. OF CHINA
5	9	FERROVIAL
6	6	CHINA NATIONAL MACHINERY INDUSTRY CORP.
7	**	CHINA ENERGY ENGINEERING CORP. LTD.
8	8	STRABAG SE
9	7	CHINA COMMUNICATIONS CONSTR. GROUP LTD.
10	5	ACCIONA INFRASTRUCTURE

9 TELECOMMUNICATIONS
Top 10 Revenue: $6,652.0 Mil.
Sector's Revenue: $6,873.6 Mil.

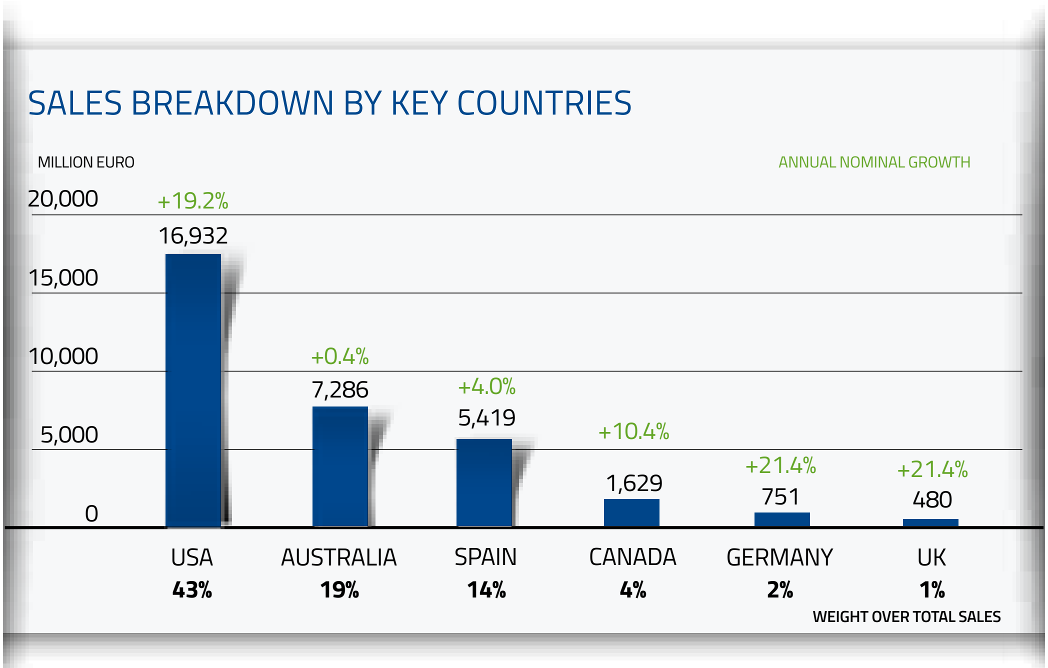
RANK 2019	2018	FIRM
1	1	VINCI
2	2	ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS SA
3	3	HOCHTIEF AKTIENGESELLSCHAFT
4	4	BOUYGUES
5	**	STO BUILDING GROUP INC.
6	**	CHINA GENERAL TECHNOLOGY (GROUP) HOLDING CO. LTD.
7	8	EIFFAGE
8	5	FLUOR CORP.
9	7	KINDEN CORP.
10	**	SKANSKA AB

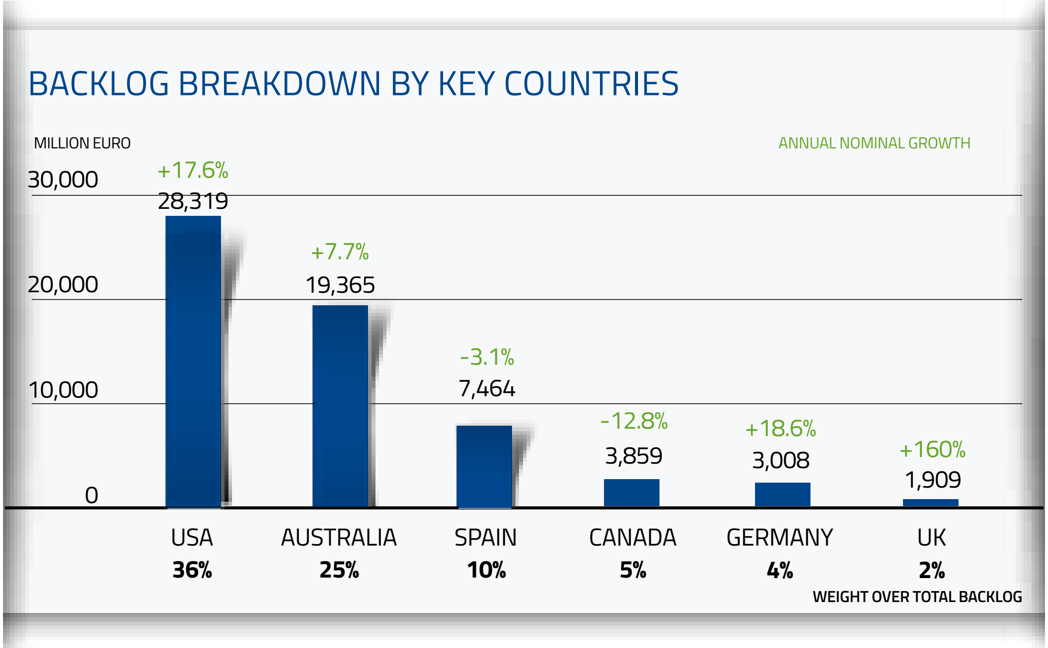
The current project portfolio totals 77,756 million euro, growing 7.7% year on year, with wide diversification across regions and activities, as well as focusing on regions with growth potential and safe environments.

The ACS Group's current geographical diversification facilitates mitigation of adversity in the macroeconomic environment and the cyclical nature of construction activity in small markets, thus taking advantage of growth opportunities in more favorable environments and consolidating its presence in countries with greater potential for stable growth.

In addition, the ACS Group's business model is increasingly integrated into the entire infrastructure value chain, which was strengthened with the acquisition of Abertis in 2018. In this regard, the ACS Group has identified a portfolio of more than 150 public-private participation (PPP) projects with a total value of 230 billion euro to be developed over the next four years and located in the Group's strategic regions, as demonstrated by the recent changes in our project portfolio.

Likewise, the ACS Group is in a very competitive position for the development of energy infrastructures. Currently, the project portfolio contains approximately fifty different energy assets; renewable energy totaling around 2,000 MW, 7,300 km (4,500 mi) of transmission lines, and desalination, irrigation and water purification projects, among others.





2019 RELEVANT FACTS

FEB

DIVIDENDS

Payment of interim dividend at 0.45 euro per share.

CORPORATE GOVERNANCE

Amendment of Articles 3, 24, 26 and 27 of the Regulations of the Board of Directors.

TRANSFERS AND ACQUISITIONS OF SHARES

Finalization of the purchase of 49% of Bow Power SL for 96.8 million US dollar, becoming the shareholder with a 100% stake the company and integrating its assets into Zero-E.

APR

OTHER

Presentation to investors and analysts on the Industrial Services division of ACS Group.

MAY

CORPORATE GOVERNANCE

Holding of the General Shareholders' Meeting.

JUL

DIVIDENDS

Payment of the final dividend at an amount of 1.44 euro per share.

TRANSFERS AND ACQUISITIONS OF SHARES

Sale of the 50% stake (25% via Iridium and 25% via Hochtief PPP) in the Canadian company Northeast Anthony Henday, the concession company for the Capital CityLink Bypass.

NOV

LOANS, CREDITS AND OTHER FINANCIAL TRANSACTIONS

Renewal of the financing contract for a total amount of 2,100 million euro which expires on October 13, 2024.

TRANSFERS AND ACQUISITIONS OF SHARES

Notification of the sale to the Hermes Fund of a 74% stake in six shadow toll road concessions from Iridium, which are: In Catalonia, Eix Diagonal and Reus-Alcover; in Castilla La Mancha, Autovía de la Mancha; in Castile and León, Autovía de los Pinares; in Navarra, Autovía del Pirineo; and in Galicia, Santiago-Brion.

CORPORATE GOVERNANCE

Mr. Manuel Delgado Solís resigned as advisor to ACS Actividades de Construcción y Servicios S.A.

DEC

TRANSFERS AND ACQUISITIONS OF SHARES

Sale of 75% of Iridium's 50% stake in the concession company I-595 Express, LLC in Florida, United States, to the owner of the other 50% stake.

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SUBSEQUENT EVENTS

Link to the relevant facts on the website

- On January 3, 2020, the ACS Group announced an initial agreement through its subsidiary ACS Servicios, Comunicaciones y Energía, S.L., for the partial sale of photovoltaic energy projects in Spain.
- On January 22, 2020, the ACS Group reached a definitive agreement with the Galp Energía Group, subject to the usual authorizations in this type of contract, for the sale of its participation in these photovoltaic energy projects located in Spain, along with those expected to be developed and operated in 2020–23, with a total installed power of 2,930 MW. The company is expected to achieve a total value of around 2,200 million euro, generating total net profit for the Group of approximately 330 million euro, of which 250 million euro corresponds to financial year 2019.
- On January 23, 2020, the ACS Group announced CIMIC's decision to cease operations in the Middle East through its holdings in BIC Contracting LLC (BICC). Consequently, CIMIC has withdrawn financial support to BICC, creating a provision for all risks incurred with the company, which amounted to 1,800 million Australian dollar net of taxes attributable to financial year 2019 and an expected cash outflow of 700 million Australian dollar during financial year 2020.

  The Group stated that the provision by CIMIC would have a single and isolated negative impact on the consolidated accounts of the ACS Group of approximately 420 million euro for financial year 2019, which would be offset mainly by improvements in operating results and by the gains obtained in 2019. Thus, the ACS Group would achieve a net profit of more than 950 million euro.

  Both ACS and HOCHTIEF maintain their dividend policy with a 65% payout, while CIMIC has suspended payment of the full 2019 dividend.
- On February 4, 2019, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second share capital increase from reserves approved by the Ordinary General Shareholders' Meeting held on May 10, 2019. The purpose of the transaction is to implement a flexible formula for remuneration to shareholders ("optional dividend"), so that shareholders can choose to continue to receive cash remuneration or to receive new shares from the Company.

  Also, the Company agreed to implement the second share capital reduction through redemption of own shares approved in the same General Meeting for a maximum amount equal to the amount by which the share capital is actually increased as a result of the second share capital increase referred to in the previous paragraph.

  - The maximum number of new shares to be issued in the second share capital increase from reserves agreed upon by the General Board on May 10, 2019 (through which an optional dividend in shares or cash is implemented) has been set at 4,696,486.
  - The price at which ACS, Actividades de Construcción y Servicios, S.A. has committed to buy from its shareholders the rights of free allocation corresponding to said second share capital increase has been set at a fixed gross amount of 0.449 euro for each right.
  - The second share capital reduction through the redemption of own shares, which was approved at the same General Meeting of May 10, 2019, has been fixed at the same amount as the second share capital increase and will occur at the same time. Therefore, it will also be for a maximum of 4,696,486 shares.
- On February 24, 2020, ACS Actividades de Construcción y Servicios S.A. agreed to launch a buyback program of own shares (the "buyback program") in accordance with the authorization granted by the General Shareholders' Meeting: The maximum number of shares to be acquired under the buyback program is fixed at 10,000,000 ACS shares, representing approximately 3.18% of ACS's share capital as of the date of this communication. For its part, the maximum investment will be 370 million euro. The Buyback Program begins on February 24, 2020, and will remain in effect until September 30, 2020.
- On March 18, 2020, ACS Actividades de Construcción y Servicios, S.A. (ACS) has signed a binding Term Sheet of derivatives on its own shares with a financial institution for a total maximum of 12,000,000 shares, with a Call Option in favor of ACS at a strike price per share of 14.00 euro and a Put Option in favor of the financial institution at a strike price per share of 10.00 euro, adjusted for future dividends and adjustable for the final execution price, with maturity from November 2, 2020 to March 31, 2021 at the rate of 115,385 shares each day.
- On March 11, 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 a pandemic, due to its rapid spread throughout the world, having affected more than 150 countries. Most governments are taking restrictive measures to contain the spread, including: isolation, confinement, quarantine, and restriction on the free movement of people, closure of public and private premises, except for basic necessities and sanitary facilities, closure of borders and reduction drastic air, sea, rail and land transport.

  This situation is significantly affecting the global economy, due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty, evidenced by an increase in the volatility of asset prices, exchange rates and a decrease of long-term interest rates.

  The consequences derived from COVID-19 are considered a subsequent event that does not require an adjustment in the annual accounts for the 2019 financial year, without prejudice that the same should be recognized in the annual accounts of the financial year 2020.

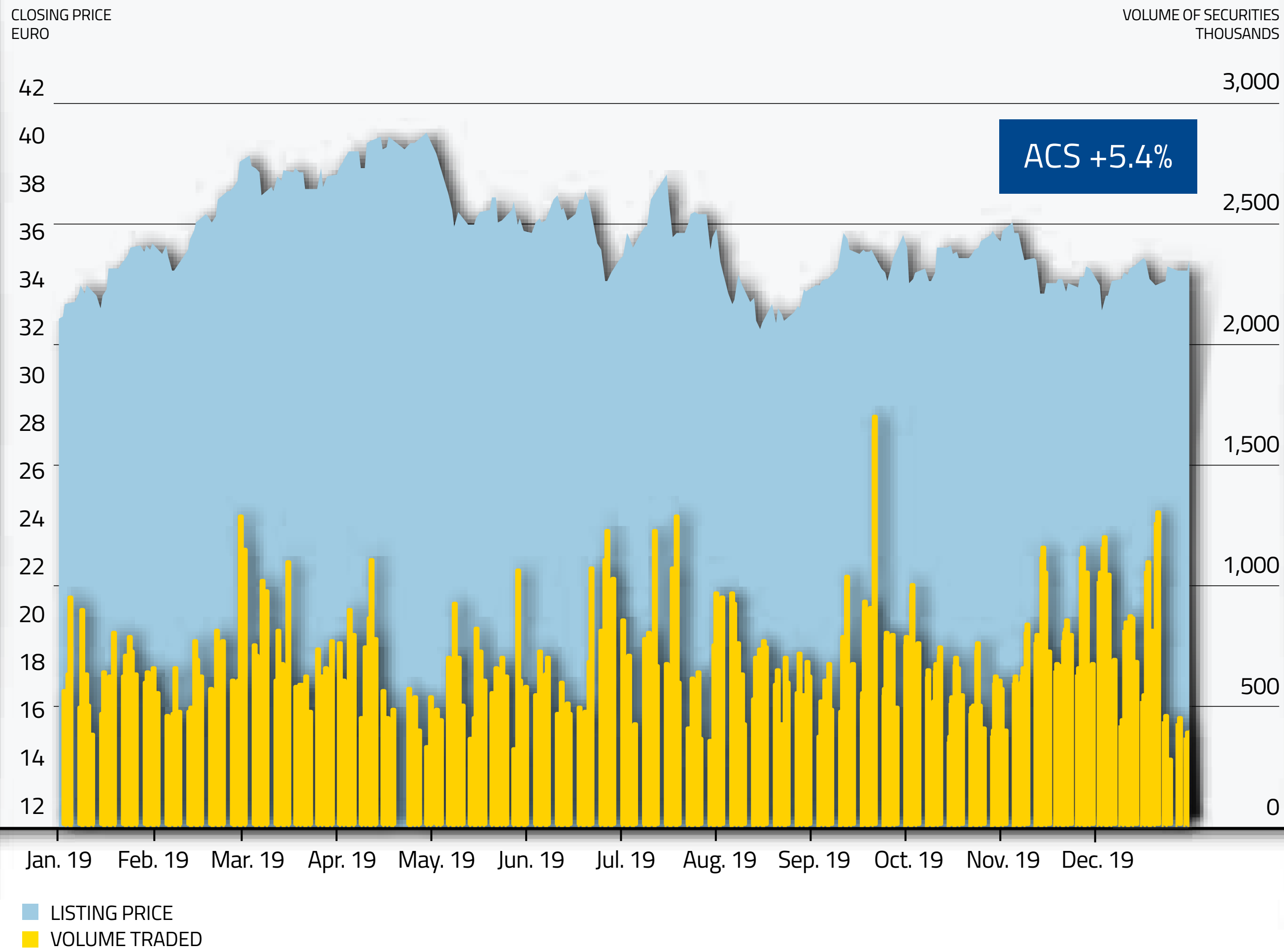
  Taking into account the complexity of the markets due to the globalization and the absence of an effective medical treatment against the virus, as of yet, it is premature to make a reliable estimate of the possible impacts at the date of formulation of these Annual Accounts. However, as far as it can be known, there have not been any consequences that could be considered significant, since these will depend to a large extent on the evolution and spread of the pandemic in the coming months, as well as the reaction and adaptation capacity of all the economic agents impacted, therefore it is not possible to make a reliable estimate. In any case, the Directors consider that the possible impact that this aspect might have for the Company could be mitigated, with the different contractual mechanisms available in each case.

  Lastly, it should be noted that the Company's Administrators and Management are constantly monitoring the evolution of the situation, in order to face with guarantees the possible financial and non-financial impacts that may occur.

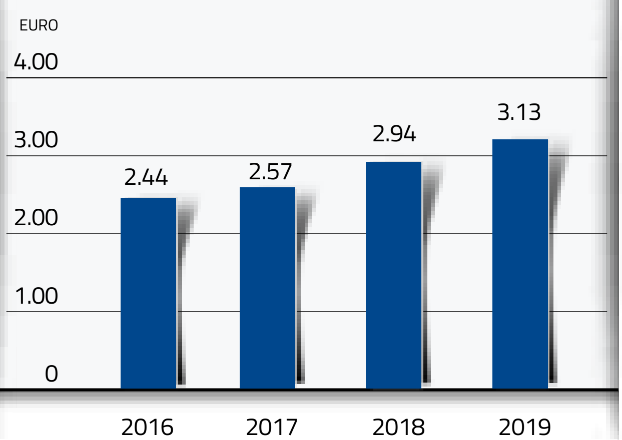
  The Company will assess the impact of these events on the equity and financial situation during the financial year 2020 and on the results of its operations and the cash flows corresponding thereto.

2.6.2. THROUGH CAPITAL MARKETS

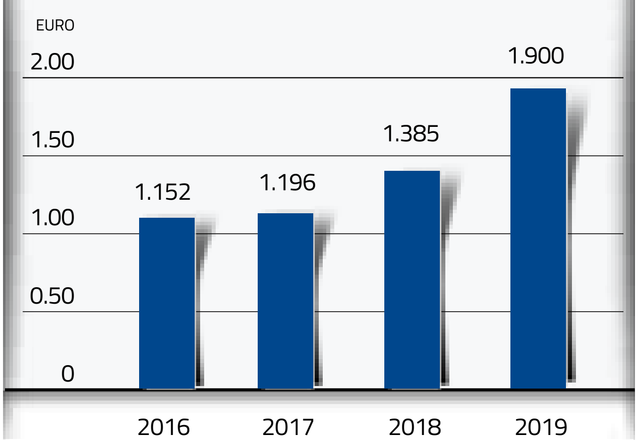
EVOLUTION OF ACS SHARES IN 2019



EARNINGS PER SHARE



DIVIDEND PAID PER SHARE

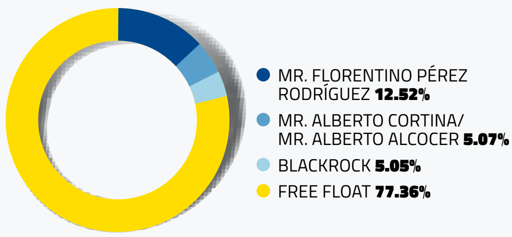


ACS SHARE DATA

	2016 Jan–Dec	2017 Jan–Dec	2018 Jan–Dec	**2019 31-dec**
Closing price at the end of the period	30.02 €	32.62 €	33.83 €	**35.65 €**
Revaluation of the period	11.12%	8.66%	3.71%	**5.38%**
Revaluation of the IBEX during the period	-2.01%	7.40%	-14.97%	**11.82%**
Revaluation of the period compared to the IBEX	13.41%	1.18%	21.97%	**-5.76%**
Period maximum	30.33 €	36.75 €	37.83 €	**40.93 €**
Maximum date of the period	Dec 20	Jun 19	Sep 21	**Apr 30**
Period minimum	19.31 €	28.34 €	27.10 €	**32.79 €**
Minimum date of the period	Feb 11	Jan 31	Mar 6	**Aug 15**
Average of the period	25.88 €	32.49 €	33.73 €	**36.51 €**
Total volume of traded securities (thousands)	220,750	189,001	175,727	**171,395**
Total capital turnover	70,27%	60.07%	55.85%	**54.47%**
Average daily volume of traded securities (thousands)	858.95	738.28	689.13	**672.14**
Average daily capital turnover	0.27%	0.23%	0.22%	**0.21%**
Total traded cash (million euro)	5,714	6,140	5,928	**6,258**
Average daily cash traded (million euro)	22.23	23.99	23.25	**24.54**

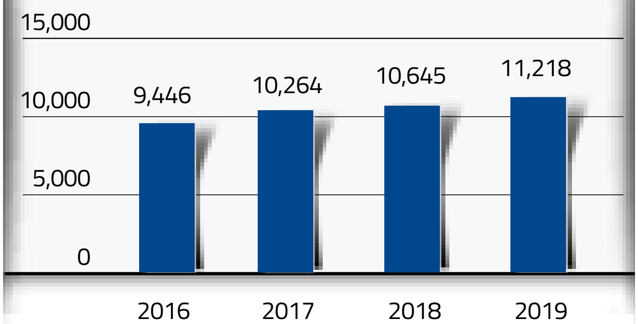
SHAREHOLDER STRUCTURE

Shareholder name or company name	%
Mr. Florentino Pérez Rodríguez	12.52%
Mr. Alberto Cortina/ Mr. Alberto Alcocer	5.07%
Blackrock	5.05%
Free Float	77.36%

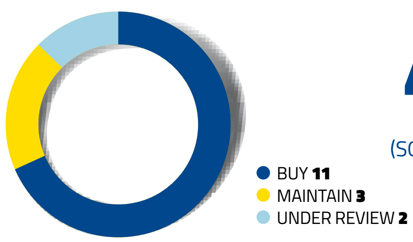


MARKET CAPITALIZATION

MILLION EURO



FINANCIAL ANALYST RECOMMENDATIONS



BLOOMBERG TARGET PRICE (12/31/2019)

41.60

EURO/SHARE (SOURTCE: BLOOMBERG)

2.6.3. IN A SUSTAINABLE AND RESPONSIBLE MANNER

The ACS Group's commitment to Corporate Social Responsibility (CSR) is summarized in four areas of action:

- Respect for ethics, integrity and professionalism in the Group's relationship with its stakeholders.
- Respect for the economic, social and environmental landscape.
- Promotion of innovation and research as these apply to infrastructure development.
- Creation of employment and well-being as an economic driver for society.

CRS Politic.

To meet the ACS Group's Corporate Social Responsibility challenge, given its characteristics of decentralized operations and extensive geographical spread, a functional, strategic and operational paradigm related to ACS Group's Sustainability has been developed called Project One.

Project One seeks to promote good management practices and evaluate the common principles and objectives defined in ACS Group's Corporate Social Responsibility Policy, and it falls under the scope of the Group's overall strategy, focused on strengthening its global leadership.

The promotion of good management practices focuses on the following main sections:

For further information: 5. Consolidated Non -Financial Information Statement.

THE GROUP'S POSITION IN TERMS OF ETHICS.

IN TERMS OF EFFICIENCY, INVOLVING CLIENT, QUALITY, SUPPLIER, ENVIRONMENTAL AND R&D+I POLICIES.

IN TERMS OF EMPLOYEES, PERSONNEL, HEALTH AND SAFETY AND SOCIAL ACTION POLICIES OF THE ACS GROUP.

Thus, ACS Group's Corporate Social Responsibility effort is a combination of contributions from various companies that define their policies of acting independently and that manage their resources in the most efficient way possible, always guided by the common principles and objectives defined in ACS Group's Corporate Social Responsibility Policy adopted on February 26, 2016. This Policy sets out the basic and specific principles of action in this area, as well as in the Group's relationship with its environment, while also pursuing the objectives defined in the Plan 20-20 for non-financial matters.

This Plan sets out the commitments and objectives for 2020 related to the relevant issues identified in the materiality analysis linked to the sustainable development area. Within the established commitments, each of the ACS Group's companies must independently define the most appropriate measures and courses of action according to their business characteristics, which will enable them to meet the commitments established by the Group.

Plan 20-20 is aligned with the main management and monitoring indicators related to the ACS Group's contribution to the Sustainable Development Goals (SDGs).

Currently, the ACS Group is working on creating and defining the objectives for a new strategic plan, thus reaffirming the Group's long-term commitment to creating shared value in a sustainable and responsible manner.

ACS GROUP'S 20-20 PLAN

COMMITMENTS	2020 Objective	Evolution	2019	SDG Related
Health and Safety				
Reduction of accident rates among its own employees	Increase employee certifications in Occupational Health and Safety	Percentage of total employees covered by OHSAS18001 certification (Occupational Health and Safety)	**91%** Base year 2015: 83%	SDG 8
	Increase employee training in health and safety matters and 100% of employees have attended at least one health and safety course in 2020.	Percentage of the total number of employees who have received at least one occupational health and safety course during their professional career	**99.2%** Base year 2015: 99.5%	SDG 8
		Investment in occupational health and safety per employee (euro/employee)	**778** Base year 2015: 754	SDG 8
HR, Ethics and Social Action				
Remain committed to advocacy, strengthening and control for issues related to ethics and integrity through measures to prevent, detect and eradicate bad practices.	All new Group companies must commit to the Code of Conduct	Companies committed to the Code of Conduct	**100%** Base year 2015: 98%	SDG 5 SDG 8 SDG 10
	Increased employee training in matters related to ethics and integrity	Percentage of employees trained during the year in Human Rights, Ethics, Integrity or Conduct	**37%** Base year 2015: 13%	SDG 5 SDG 8 SDG 10
Improving professional performance	Increase investment in employee training	Investment in training/employee (millions of euro/employee)	**185.4** Base year 2015: 170.9	SDG 8
Greater contribution to the development of society	Increase actions and funds that contribute to the generation of shared value for the company through its own business strategy	Funds allocated to Social Action (million euro)	**13.1** Base year 2015: 9.4	SDG 10
Environment				
Improved eco-efficiency and use of resources	Increase environmental certifications in sales	Percentage of its sales covered by the ISO 14001 Certification	**76%** Base year 2015: 71%	SDG 11 SDG 12
	Rationalise waste generation	Ratio of waste sent for management (hazardous and non-hazardous) over revenues (t/millions of euro)(1)	**332** Base year 2015: 152	SDG 11 SDG 12
	Decrease water consumption	Water over sales (m3/ millions of euro) (3)	**702** Base year 2015: 777	SDG 6 SDG 11 SDG 12
	Rationalisation and efficient use of energy products	Scope 1 emissions/millions of euro in revenues	**79.4** Base year 2015: 99.9	SDG 11 SDG 12 SDG 13
		Scope 2 emissions/millions of euro in revenues	**7.4** Base year 2015: 8.2	SDG 11 SDG 12 SDG 13
Suppliers				
Continue to work with qualified suppliers in CSR areas	Increase the inclusion of non-financial criteria in supplier approval and include the Code of Conduct in the supplier evaluation criteria in all instances.	Inclusion of compliance with the Code of Conduct in the evaluation criteria (% above total expenses)(3)	**100%** Base year 2015: 77%	SDG 8 SDG 12
Quality				
Improvement of the quality of the services offered	Obtain and extend the scope of certifications	Percentage of sales derived from ISO 9001 certified activities (%) (4)	**55%** Base year 2015: 61%	SDG 9
	Implement management improvement tools	Ratio of Investments and expenses of the Quality Department or those earmarked for improvements in quality management processes on sales (excluding personnel expenses, euro/ million euro in billing)	**63** Base year 2015: 180	SDG 9
	Increase the number and capacity of internal quality auditors	Number of quality audits performed for every million euro in billing	**0.32** Base year 2015: 0.06	SDG 9
Improvement of non-financial information reporting				
Improvement of quality, homogeneity and reporting of non-financial indicators.	Increase the scope of information on financial indicators through the implementation of management systems		See Annex 7.3.3	
Customers				
Continue to improve customer relationship management	Measuring customer satisfaction and establishing plans for its improvement	Percentage of "satisfied" or "very satisfied" customer responses	**94.56%** Base year 2015: 85.24%	SDG 9
		Ratio number of completed surveys received from customers/million euro in billing (5)	**0.031** Base year 2015: 0.026	SDG 9
Innovation				
It is committed to innovation and ongoing development	Increased investment and effort in R+D+i	R&D investment ratio (euro/million euro in billing) (6)	**3,946** Base year 2015: 2,392	SDG 9

(1) In 2019, 98.6% was non-hazardous waste (much of it from land extraction) of which 78.9% was recycled, reused or exploited.
(2) In 2018, the ACS Group approved a specific Code for Business Partners which is of mandatory compliance in the relationship with ACS, with which the current compliance is considered to be 100%
(3) In 2019, and with retroactive character, the detail of the data reported at both the scope level and the extraction/dumping level has been improved, making comparison between the 2015 and 2019 data difficult. To see the progress, see point 5.1. in the table.
(4) The decrease in the indicator is due to the increase in activity in North America where this type of certification is less used. A way to report the quality efforts of these areas of activity is being sought after.
(5) The ratio is changed to the number of surveys conducted to surveys received to better reflect the operational management of this indicator.
(6) Scope of data in 2019,30.5% of revenues.

2.6.4. CONTRIBUTING TO THE FULFILLMENT OF THE SUSTAINABLE DEVELOPMENT GOALS

In September 2016, the UN General Assembly adopted Agenda 2030 for Sustainable Development, an action plan for people, the planet and prosperity, with the additional intention of strengthening universal peace and access to justice.

The new strategy will govern development programs over the next few years. By adopting it, the States committed themselves to mobilizing the means necessary for its implementation through partnerships focused especially on the needs of the poorest and most vulnerable.

The ACS Group, through the development of its activity focused on the development of infrastructure, both transportation and energy, as well as the social dimension offered through the Services activity, contributes very significantly to achieving the objectives of the global agenda. This contribution is also reinforced by its dimension and international presence, both in developed and developing countries. The ACS Group contributes not only through its own activity, but through the initiatives carried out in the field of Social Action.

Given its activity, the ACS Group contributes to a large number of objectives and goals defined in the Global Agenda. However, some of these objectives have been identified as priorities given the particular relevance in both management and in the contribution the Group makes to them developed, as well as developing countries.

PRIMARY SUSTAINABLE DEVELOPMENT GOALS TO WHICH THE ACS GROUP CONTRIBUTES:

GOAL
5

ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

CONTRIBUTION OF THE ACS GROUP

The ACS Group rejects any type of discrimination, in particular that due to gender, as well as age, religion, race, sexual orientation, nationality or disability. This commitment extends to its hiring and promotion processes. In addition, the ACS Group develops policies that promote the development of women's professional careers and allow them to attain a work-life balance.

The ACS Group has a Policy of Diversity and a Code of Conduct which are the axes on which the other companies develop their contribution.

MANAGEMENT AND MONITORING INDICATORS

— Women in management positions: 2,322

— Approval by the Board of Directors in 2018 of a new version of the Diversity Policy of the ACS Group.

— Work- life balance measures: in companies representing 83.88% of the Group's employees

— 71.96% of the Group's employees are covered by Equality Plans and in companies that represent 99.69% of the Group's employees there are protocols against sexual harassment. In 2019, the Dragados´ Equality Plan has been updated and in early 2020 Clece´s new Equality Plan has been approved.

— In companies that represent 28.19% of the Group's employees, have implemented specific development programs to promote female talents (such as training for women as managerial programs of Etra or Cimic programs), with 2,112 participant of the Group during 2019.

— Social action projects have been developed to promote equality among young people like the Romperoles project developed by Clece.

— For more information see points 5.2. and 5.6. of this report.

GOAL
6

6 CLEAN WATER AND SANITATION

ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL

CONTRIBUTION OF THE ACS GROUP

The ACS Group through its Environmental Policy establishes the measures for the efficient and responsible use of water resources.

Furthermore through its Industrial Services business, which develops water desalination, purification and filtering infrastructure, the ACS Group contributes to guaranteeing access to potable water and improving waste water quality.

MANAGEMENT AND MONITORING INDICATORS

— During 2019 the ACS Group has improved the information report related to water extraction sources and water discharge, to improve management systems.
— Number of water treatment infrastructures in which the ACS Group participates at 31 December 2019.

Name	% shareholding of ACS	Location	Status
Desalination plants			
Benisaf Water Company	51%	Algeria	Exploitation
Hydromanagement	80%	Spain	Exploitation
Al-Hamra Water Co	40%	Dubai	Construccion
Caitan	50%	Chile	In development
Purification plants			
Purification plants of Lower Aragón	55%	Spain	Exploitation
SADEP	40%	Spain	Exploitation
SAPIR	50%	Spain	Exploitation
Taboada	100%	Peru	Exploitation
Provisur	100%	Peru	Under construction
Irrigation project			
Majes	100%	Peru	construction
WATER			

For more information see points 5.1. and 7.4.3 of this report.

GOAL
7

7 AFFORDABLE AND CLEAN ENERGY

ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

CONTRIBUTION OF THE ACS GROUP

The ACS Group, through its Industrial Services business, designs, constructs and manages various energy infrastructures that contribute to guaranteeing universal access to energy.

A portion of this activity focuses on renewable energy facilities (solar, wind and small hydro), certain of which are in developing countries. It also offers services to improve energy efficiency for its customers, thereby contributing through its activity to a more efficient use of energy and cleaner energy, in all areas.

MANAGEMENT AND MONITORING INDICATORS

— Development of energy infrastructure projects, especially renewable lines and transmission lines:
- o MW of renewable generation in investment projects as of December 31, 2019: 2,700 MW.
- o Kilometers of transmission lines as of December 31 2019: 5,526 km.
- o Pipeline of projects under development: 3,230 MW photovoltaic and 2,970 MW of wind

— R&D projects for the improvement of renewable technologies such as the Flotant project
— More information see points 3.2., 5.10 and 7.4.3. of this report.

GOAL
8

8 DECENT WORK AND ECONOMIC GROWTH

PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

CONTRIBUTION OF THE ACS GROUP

The ACS Group has 190,431 employees in more than 60 countries. The Group also understands the relevance of the local rooting and sensitivity towards particularitiesof each territory for the success of the company. The companies of the Group maintain a commitment of permanence in the majority of the territories where they operate, actively contributing to economic and social development of these environments and promoting hiring local employees and executives.

Among the Group's commitments to its employees are training and professionel development, as well as the commitment to the prevention of occupational risks with the target of achieving a zero accident environment.

Furthermore, the Group is an active defender of rights human and labor recognized by different international organizations . The company encourages, respects and protects the freedom of association and the right of association of their employees.

The ACS Group also generates value through its supply chain with more than 140,000 suppliers during the year 2019, of which 78.5% are local. These suppliers have to accept and adhere to the conditions include in the Code of Conduct for Business Partners.

INDICADORES DE GESTIÓN Y SEGUIMIENTO

— %Number of employees: 190,431.

— % of local employees: 96.2%.

— Personnel expenses: 8,394 million euro.

— Number of training hours:2,990,789.

— Employees who have received a safety and health course in the year: 72.4%.

— Local suppliers: 78.5%

— Approval of Corporate Due Diligence Protocol in Human Rights

— Increase of 26.1% of employees trained in Ethics and Compliance compared to 2018.

— For more information see points 5.2, 5.3, 5.4. and 5.7. of this report.

GOAL
9

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALISATION AND FOSTER INNOVATION

CONTRIBUTION OF THE ACS GROUP

Through its infrastructure and industry development activity, the ACS Group significantly contributes to the economic progress of societies and people's well-being.

Through its international business with a strong local focus, it contributes to developing the capabilities and the industry of the areas where it operates, where particular importance is placed on its commitment to remain.

The Group maintains a growing investment in R&D, which results in greater productivity, quality, occupational safety, as well as the development of new materials and products and the design of more effective production processes or systems.

MANAGEMENT AND MONITORING INDICATORS

— Revenue from infrastructure development in 2019 (civil works, building, mining and integrated projects): 33,738 million euro.

— Investment in R&D in Construction and Industrial Services in 2019: 36.8 million euro.

— For more information see points 3.1., 3.2. and 5.10. of this report.

GOAL 10

REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES

CONTRIBUTION OF THE ACS GROUP

The ACS Group, through its infrastructure construction activities in developing countries, contributes to the reduction of inequalities between countries generating a favorable economic and social environment for their development.

Furthermore Clece, the ACS company dedicated to, among other things, providing services to people, has a distinct social nature and is committed to including and integrating people, thereby contributing to a reduction in inequality. In addition to providing services to vulnerable people, it also hires staff in such circumstances.

On the other hand, the Social Action activities carried out by companies of the Group are fundamentally focused on reducing inequalities. Aditionally, the Foundation ACS has an Accessibility Programme for disabled persons, aimed at architects, engineers, urban developers and all professionals involved in design and universal accessibility.

MANAGEMENT AND MONITORING INDICATORS

— Clece, manages 212 centres for people with special needs.

— 11.8% of Clece employees (9,277) are from vulnerable groups.

— Investment in Social Action: 13.1 million euro.

— For more information see points 3.3. and 5.6. of this report.

4. Residences and day centres to care for the disabled, centres for minors at risk of exclusion, centres for the protection of women, occupational centres and other centres for the homeless.

GOAL 11

MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

CONTRIBUTION OF THE ACS GROUP

The ACS Group, through its various activities, provides services that contribute to creating more efficient and sustainable cities. Among these services, it is worth highlighting sustainable building, the construction of public transport systems, traffic management services, etc.

MANAGEMENT AND MONITORING INDICATORS

— Sustainable buildings built: 815 HOCHTIEF and 21 in Dragados portfolio.

— Group's portfolio of infrastructure concessions ACS: 94 concessions with 57,130 million euro of managed investment.

— R&D projects to improve resilience and efficiency of projects (Sogun project, Madame, BIM) and sustainable cities (Meister and Stardust).

— For more information see points 5.1.3, 5.10 and 7.4.2 of this report.

GOAL 12

ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

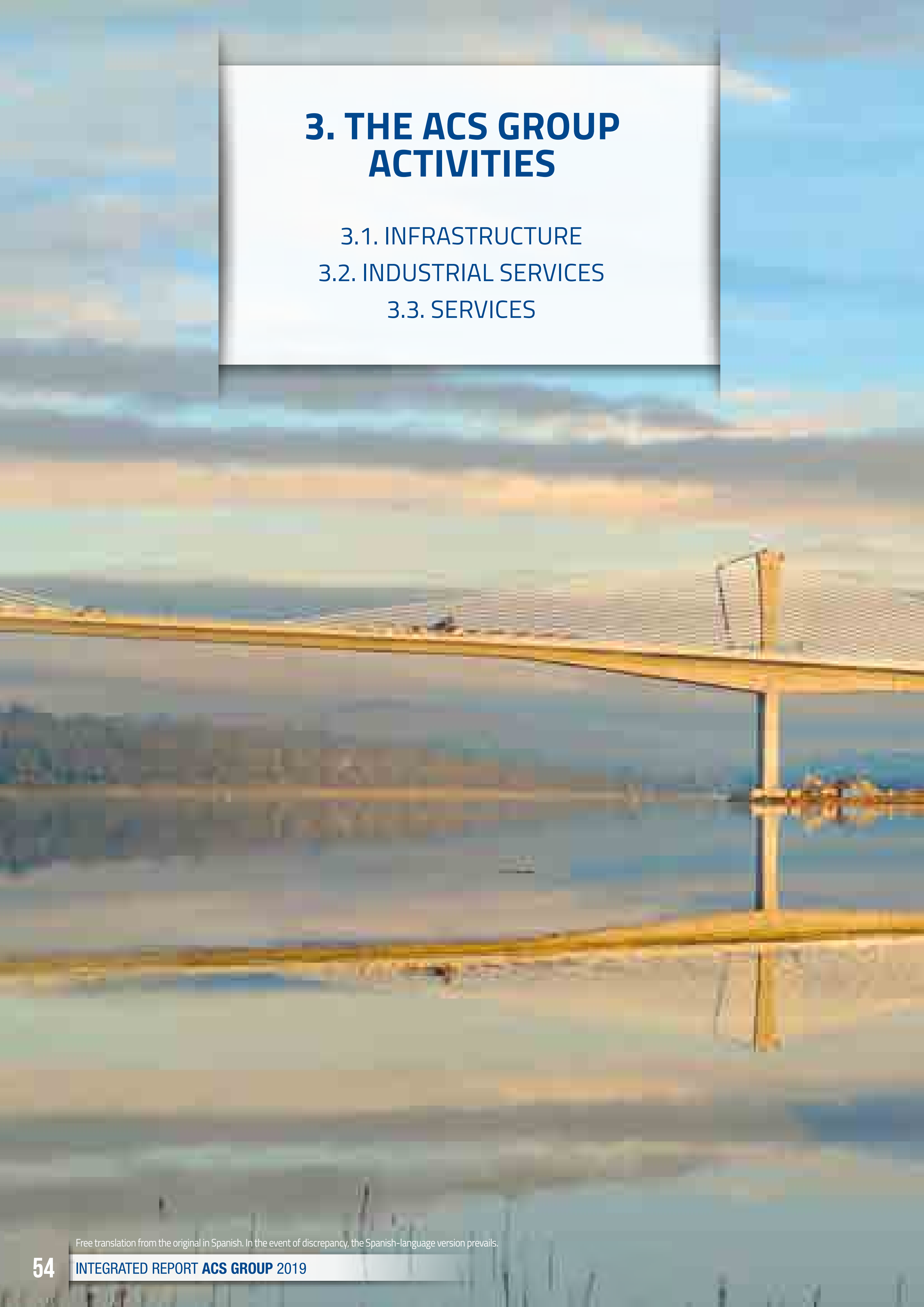
CONTRIBUTION OF THE ACS GROUP

The ACS Group promotes efficient use of natural resources in all its projects, from design to execution, streamlining water consumption and energy, promoting the use of materials sustainable and managing correctly waste generated.

MANAGEMENT AND MONITORING INDICATORS

— Scope 1 emission intensity variation (vs 2018) -9.3%
— Scope 2 emission intensity variation (vs 2018) -2.3%
— Scope3 emissions intensity variation (vs 2018) -17.3%
— MWh consumed from renewable energy:
58,399 (vs. 23,771 MWh in 2018)
— Reuse and recycling of non-hazardous waste: 78.5%
For more information see point 5.1.

3. THE ACS GROUP ACTIVITIES



Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

3.1. INFRASTRUCTURE

THIS AREA COMPRISES CONSTRUCTION, THROUGH DRAGADOS AND HOCHTIEF, AS WELL AS CONCESSIONS, MAINLY THROUGH IRIDIUM AND THE STAKE IN ABERTIS

INFRASTRUCTURE LEADERS

This area comprises Construction, through Dragados and HOCHTIEF, as well as Concessions, mainly through Iridium and the stake in Abertis. The Infrastructure area focuses on carrying out all types of Civil Works projects (activities related to the development of infrastructures such as motorway, railway, maritime and airport works), Building (residential buildings, social infrastructure and facilities), infrastructure services (railway, transport, communications and technology, energy, resources, water and defense sectors), as well as activities related to the mining sector (carried out by CIMIC, mainly in Asia Pacific) and the development and operation of transport concessions.

These projects are carried out either through direct construction models for customers, both public and private, or through a public-private partnership model, in which the ACS Group is involved in the entire value chain of the concession business, from the design of the project to its financing, construction, start-up, and operation. The geographic regions with the highest exposure in the Infrastructure area are North America, Asia Pacific and Europe, mainly operating in developed markets that are safe from a geopolitical, macroeconomic and legal perspective.

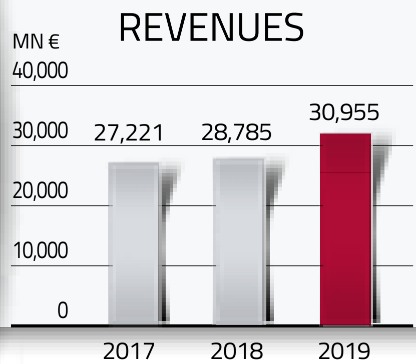
The development of this activity is based on the rigorous management of the risks associated with each project and the optimization of the company's financial resources. The decentralized structure of the Construction activity, together with the specialization of the different companies and the complementarity between them, allows the ACS Group to focus on larger and more complex projects in a more flexible and customer-centered way.

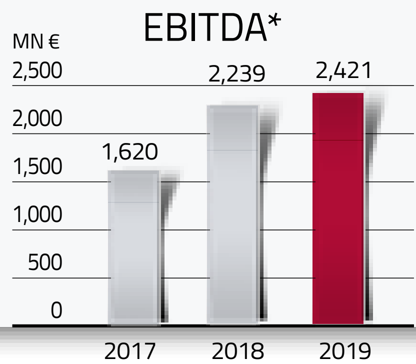
REVENUES
30,955
MILLION EURO

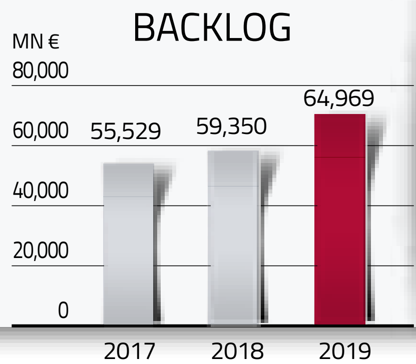
EBITDA
2,421
MILLION EURO

BACKLOG
64,969
MILLION EURO

NET PROFIT
193
MILLION EURO







*In 2018 and 2019, it includes "Results from Equity Method of operating activities": the result corresponds to associates (including Abertis' contribution to the Group) and Joint Ventures which belong to the ordinary activity.

88.94%
EMPLOYEES COVERED BY THE CERTIFICATION OHSAS18001

11,608,562
+3.8% COMPARED TO 2018
ENERGY CONSUMPTION (MWh)

5,815,314
-6.5% COMPARED TO 2018
TOTAL EMISSIONS (TCO_2)

94.6%
LOCAL EMPLOYEES

73.4%
LOCAL SUPPLIERS

5.7 MN €
SOCIAL ACTION INVESTMENT

DRAGADOS

Dragados is a leading construction company founded at the beginning of the twentieth century that carries out civil engineering infrastructure development projects (highway, railway, marine, water and airport works) and both residential and non-residential building projects. Dragados is a world leader in the construction sector having participated in the execution of more than 7,000 kilometers of highways, 3,500 kilometers of roads, 1,500 bridges, 1,380 kilometers of tunnels, 545 maritime works, 250 dams and hydroelectric power stations, 2,700 kilometers of railways, rail transport and numerous railway facilities, in addition to 70 million square meters of buildings of different types such as airports, hospitals, museums, high-rise buildings and residential buildings.

Dragados is thus the leading construction company in Spain through its domestic subsidiaries, being a global point of reference as well as one of the largest contractors of public/private partnerships (PPP) in the world, after having executed the design and the construction of more than 100 tender projects around the world. Dragados is also involved in major infrastructure projects in other European countries such as the United Kingdom, Ireland and Poland, where it has established itself through its subsidiary PolAqua. In recent years, the United States and Canada has become the main area of business concentration for Dragados, as it continues to strengthen its position thanks to the work of its North American subsidiaries Schiavone, Pulice, John p. Picone, Prince Contracting and J.F.White Contracting, and its lead companies in North America, Dragados USA and Dragados Canada. It also has over thirty-five years' experience in carrying out projects in Latin America, especially in Chile, as well as Argentina, where it develops its activity through Dycasa.

REVENUES	BACKLOG	NET PROFIT
5,015 MILLION EURO	13,607 MILLION EURO	117 MILLION EURO

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HOCHTIEF

HOCTIEF is a leading global infrastructure group, through its construction and services and concession/public-private partnership (PPP) activities, focusing primarily on the Australian, North American and European markets.

For 145 years, HOCHTIEF has carried out highly complex projects for its customers based on its main activity, namely construction. The Group has geographically diversified its activities and has increased its experience through engineering, mining and maintenance service projects, as well as public-private partnership and concession projects in both the development phase (greenfield) and the operation and maintenance phase (brownfield). Today, HOCHTIEF is a leader in infrastructures in the developed markets, involved in the entire value chain of the infrastructure sector. This diversification of both activities and markets gives HOCHTIEF a balanced business profile in terms of cash flow visibility, capital intensity and margins.

Hochtief's strategy is to further strengthen its position in its main geographic areas, focusing on the growth opportunities offered by the market, while maintaining profitability on the basis of a good cash position and a rigorous approach to risk management. Similarly, the company's flexibility allows it to adapt quickly to different market conditions, as well as invest in assets that offer strategic growth opportunities for the company, thus creating sustainable value for all stakeholders.

REVENUES
25,852
MILLION EURO

BACKLOG
51,362
MILLION EURO

NET PROFIT EX BICC
627
MILLION EURO

REPORTED NET PROFIT
(206)
MILLION EURO

NET PROFIT CONTRIBUTION TO ACS GROUP (EX BICC)
316
MILLION EURO

NET PROFIT CONTRIBUTION TO ACS GROUP
(104)
MILLION EURO

HOCHTIEF AMERICAS

The companies forming the divisions of Hochtief Americas are mainly focused on the areas of building and transport infrastructure development. Hochtief Americas' main companies are Turner, Clark Builders, Flatiron and EE Cruz.

Turner, a New York-based company, is a market leader with 117 years of experience in the development of building projects.

In 2019, Turner was once again named by Engineering News-Record (ENR) as the leading general builder in the USA and in Green Building, in addition to leading the ranking in other building segments, thanks to its focus on developing efficient, high-quality projects based on innovation and the implementation of new technologies such as Building Information Modeling (BIM).

Clark Builders is focused on building projects, primarily in western and northern Canada, often in collaboration with Turner, which include institutional, business and health care projects, along with sports facilities.

Colorado-based Flatiron specializes in transportation and infrastructure projects including bridges, roads, railways/transit, airports, and water storage and treatment facilities. In 2019, Flatiron was ranked fourth o the ENR list of bridge builders and is among the top ten highway builders.

E.E. Cruz is HOCHTIEF's subsidiary in the states of New York and New Jersey.

HOCHTIEF ASIA PACIFIC

The activities of the HOCHTIEF Asia Pacific division are carried out by the CIMIC Group (in which HOCHTIEF has a 72.8% stake as of December 2019). The CIMIC Group is a leader in construction engineering, mining, services, and public-private partnership contracts, with the expertise to deliver value throughout the entire life cycle of infrastructure and mining assets.

Cimic's main areas of operation are Australia and Asia,

but it also operates in countries in the Americas and Africa. In January 2020, Cimic announced its decision to abandon its 45% financial investment in BIC Contracting (BICC), a company operating in the Middle East region, as a result of an accelerated deterioration in local market conditions. This will enable CIMIC to focus its resources and capital allocation on growth opportunities in its core markets, covering all BICC-related risks.

In this way, the main companies through which CIMIC operates are: CPB Contractors, Thiess, Sedgman, UGL, Pacific Partnerships and EIC activities.

CPB Contractors, which also includes Leighton Asia and Broad Construction, is a leading international construction contractor that carries out projects covering all key sectors of the industry, such as roads, railways, tunnels, defense, construction and infrastructure.

Thiess offers its customers mining services for the development of projects, both underground and open pit, in Australia, Asia, Africa and America, with experience gained over more than 80 years in different segments of this activity.

Sedgman is one of the market leaders in the design, construction and operation of state-of-the-art mineral processing plants and in all the infrastructure associated with the world of mining.

UGL offers services for critical assets in energy, water, resources, transport, defense and security, and social infrastructure, providing value in the operation of these assets.

Pacific Partnerships develops, invests in, and manages infrastructure concession assets for the CIMIC Group, providing customers with end-to-end infrastructure development solutions through public-private partnership models, as well as infrastructure management.

EIC Actividades is the CIMIC Group's technical and engineering services business.

CIMIC also has a 47% stake in the Ventia service company.

HOCHTIEF EUROPE

HOCHTIEF Solutions AG is the managing company of the HOCHTIEF Europe division. Hochtief Europe is focused on construction activities and, in a complementary manner, on concessions, mainly in Germany, Poland, the Czech Republic, Austria, the Netherlands and the Scandinavian countries. In Europe, HOCHTIEF focuses on the transport infrastructure, energy, and social/urban infrastructure markets.

The companies operating in the HOCHTIEF Europe division offer a wide range of services through HOCHTIEF Infrastructure, responsible for the construction business, while HOCHTIEF PPP Solutions is involved in project development through public-private partnership (PPP) models in collaboration with other HOCHTIEF subsidiaries.

It also has HOCHTIEF Engineering, which is not only an engineering services provider, but through HOCHTIEF ViCon is also one of the leading providers of services in the field of virtual construction and Building Information Modeling (BIM). Finally, Synexs is actively involved in the management of facilities in the German market.

REVENUES
15,328
MILLION EURO

NET PROFIT
212
MILLION EURO

REVENUES
9,143
MILLION EURO

NET PROFIT EX BICC*
307
MILLION EURO

REVENUES
1,233
MILLION EURO

NET PROFIT
45
MILLONES DE EURO

* Excluding impact due to provisions related to BICC.

IRIDIUM

Iridium Concesiones de Infraestructuras is the ACS Group company that focuses its international activity on the infrastructure sector, mainly transport. As such, stakes in around 50 concession projects, representing an aggregate investment of more than 30,000 million euro, are managed through Iridium, mainly involving roads and highways (47% of the investment and more than 1,100 kilometers), and metros and railways (48% of this investment and about 300 kilometers of track under management). Geographically, 65% of this investment is located in the United States and Canada, focused on 16 projects (10 highways and 6 railway/metro projects); while Europe accounts for more than 20% of this investment, split between 14 road and highway projects, 3 railway and metro projects, and 12 projects involving public services and facilities, hospitals, parking lots, transport hubs, etc.

For Iridium, 2019 brought the great challenge of managing this portfolio since many projects were in the commissioning, refinancing or need for turnover stages, among others. This challenge has been overcome to the extent that:

- Up to six projects have been successfully commissioned: Champlain Bridge in Montreal (Canada); Portsmouth Bypass in Ohio, USA; M11 Motorway in Ireland; Ottawa Light Rail (Canada); Libertadores border crossing in Chile; and Toledo Hospital (Spain). In addition, the N25 motorway in Ireland joined this list in the first few days of January 2020.

- Four projects have been refinanced: Principe Pío transport hub and Line 9 section 2 of the Metro in Barcelona, Spain; Lima Metro in Peru and the Paso Libertadores in Chile; and

- It has completely divested from the Northeast Anthony Henday project in Alberta (Canada) and partially from the I595 project in Miami and the Eix Diagonal and Reus Alcover projects in Catalonia (Spain), implementing the company's asset turnover strategy.

REVENUES **88** MILLION EURO

NET PROFIT **10** MILLION EURO

More information in Annex 7.4.2. Iridium concessions portfolio

abertis

Abertis is one of the leading international operators in toll road management, with over 8,000 kilometers of high-capacity, high-quality roads in 15 countries in Europe, America and Asia. Abertis is the leading national highway operator in countries such as Spain, Chile, and Brazil, and also has an important presence in France, Italy and Puerto Rico. The company has a stake in the management of more than 700 kilometers in the United Kingdom, Argentina and Colombia.

Thanks to the internationalization strategy developed by the Group in recent years, more than 70% of Abertis' revenue now comes from outside Spain, with a particularly strong contribution from France, Brazil and Chile.

For Abertis, driver safety is the priority. The company continually invests in technology and intelligent engineering to ensure that its customers have a safe, comfortable, fast and easy journey when they choose the Group's highways.

REVENUES **5,361** MILLION EURO

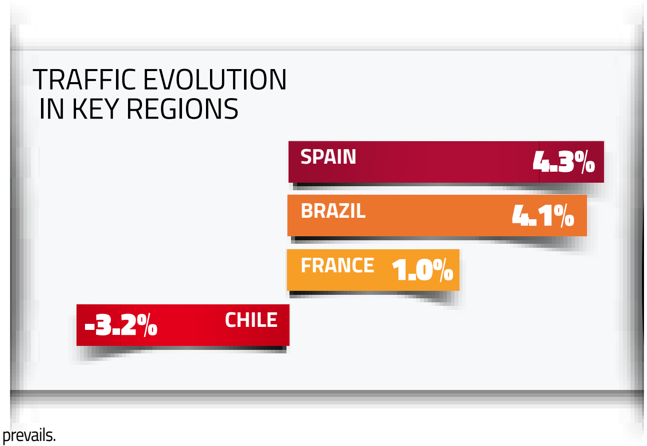
NET PROFIT **1,101** MILLION EURO

NET PROFIT CONTRIBUTION TO ACS GROUP **245** MILLION EURO

Committed to research and innovation, Abertis combines advances in high-capacity infrastructure with new technologies to drive innovative solutions to meet the challenges of the mobility of the future.

As of the end of the 2019 financial year, traffic on Abertis' highways is performing well thanks to the strong increases in traffic recorded in the main countries in which the Group operates.

In comparable terms: revenue during the period grew by around 4%, gross operating profit (EBITDA) grew by 7.6%, while net profit increased by 9%. Abertis' strategic plan envisages an improvement in efficiency, leading to a 150 million euro reduction in costs and investment in new assets to replace cash flows and diversify its geographical portfolio.



INFRASTRUCTURE

CONSTRUCTION

DRAGADOS

- 100% DRACE infraestructuras
- 100% VIAS
- 100% TECSA
- 100% GEOCISA
- 100% COGESA
- 100% DRAGADOS UK
- 100% POL-AQUA
- 66% DYCASA
- 100% DRAGADOS USA
- 100%
- 100% SCHIAVONE
- 100%
- 100%
- 100% PRINCE
- 100%

HOCHTIEF

HOCHTIEF Americas

- Turner 100%
- FLATIRON 100%
- CLARK BUILDERS: 51% (Turner), 40% (Flatiron)
- E.E. CRUZ CO. INC. CONTRACTORS / ENGINEERS: 60%

HOCHTIEF Europe

HOCHTIEF SOLUTIONS AG

- HOCHTIEF INFRASTRUCTURE 100%
- HOCHTIEF ENGINEERING 100%
- HOCHTIEF PPP SOLUTIONS 100%
- synexs facility works 100%

HOCHTIEF Asia Pacific

72.68% CIMIC

CONSTRUCTION	MINING	MINING PROCESSING	SERVICES	PUBLIC PRIVATE PARTNERSHIPS	ENGINEERING
CPB CONTRACTORS 100%	THIESS 100%	SEDGMAN 100%	UGL 100%	PACIFIC partnerships 100%	EIC ACTIVITIES 100%
LEIGHTON 100%					

OTHER INVESTMENTS

- LEIGHTON PROPERTIES 100%
- ventia 47%
- Devine GROUP 59%

CONCESSIONS

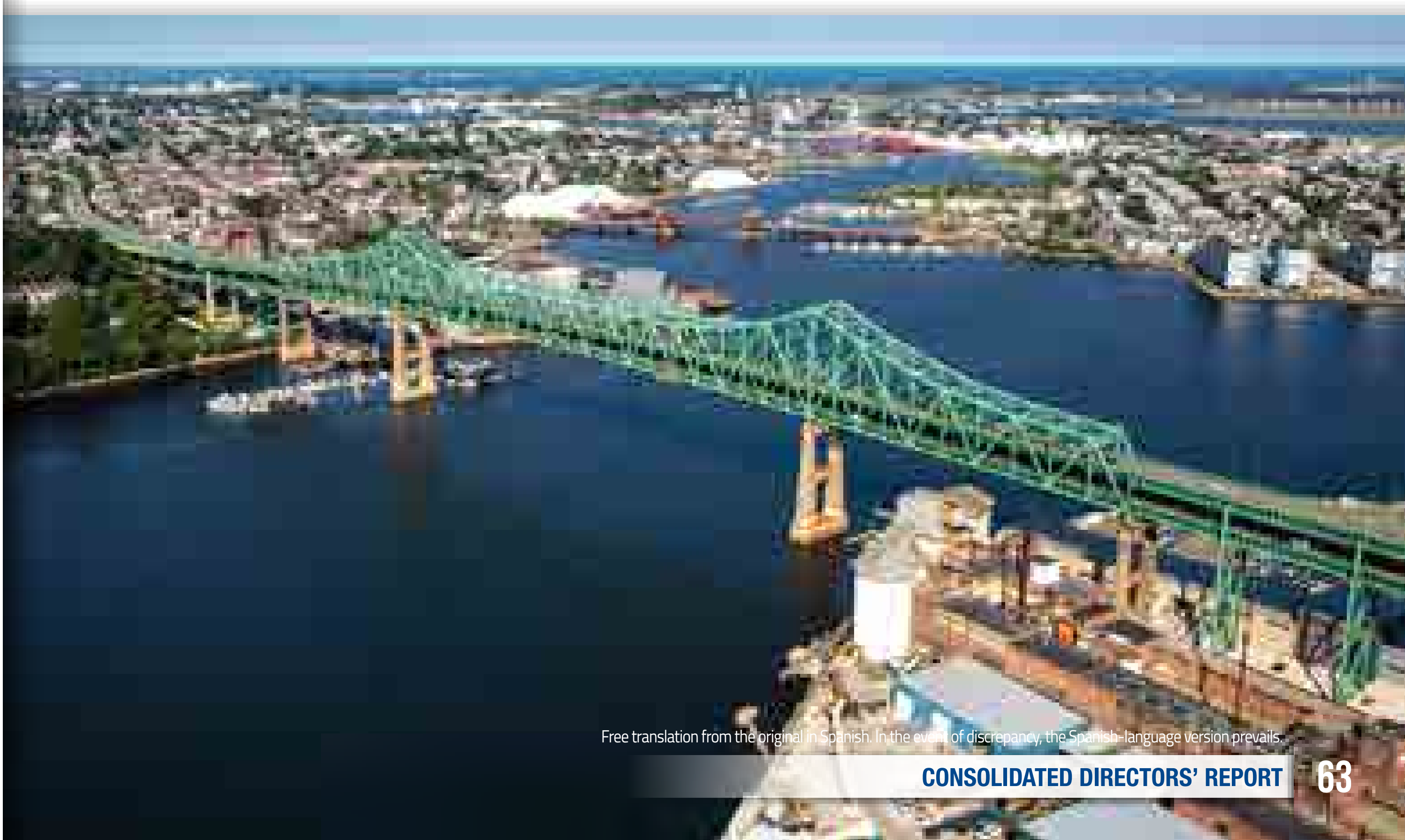
IRIDIUM

- 100% ACS INFRASTRUCTURE DEVELOPMENT
- 100% ACS INFRASTRUCTURE CANADA INC.

ACS 30% / HOCHTIEF 20%

abertis

Equity Method



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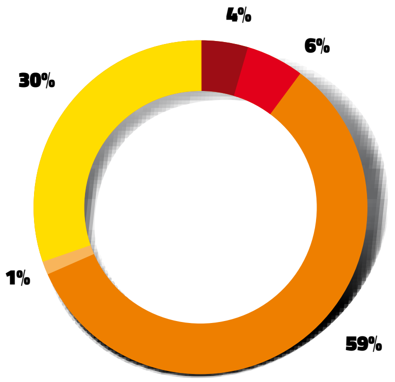
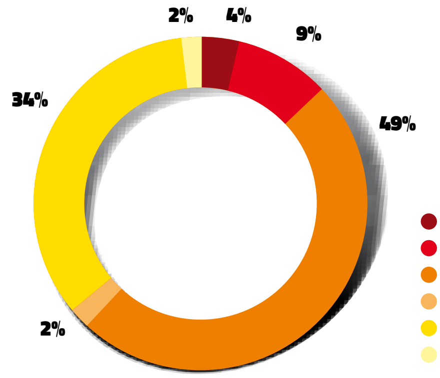
INFRASTRUCTURE ACTIVITY IN 2019

2019 REVENUES BREAKDOWN BY GEOGRAPHICAL AREAS



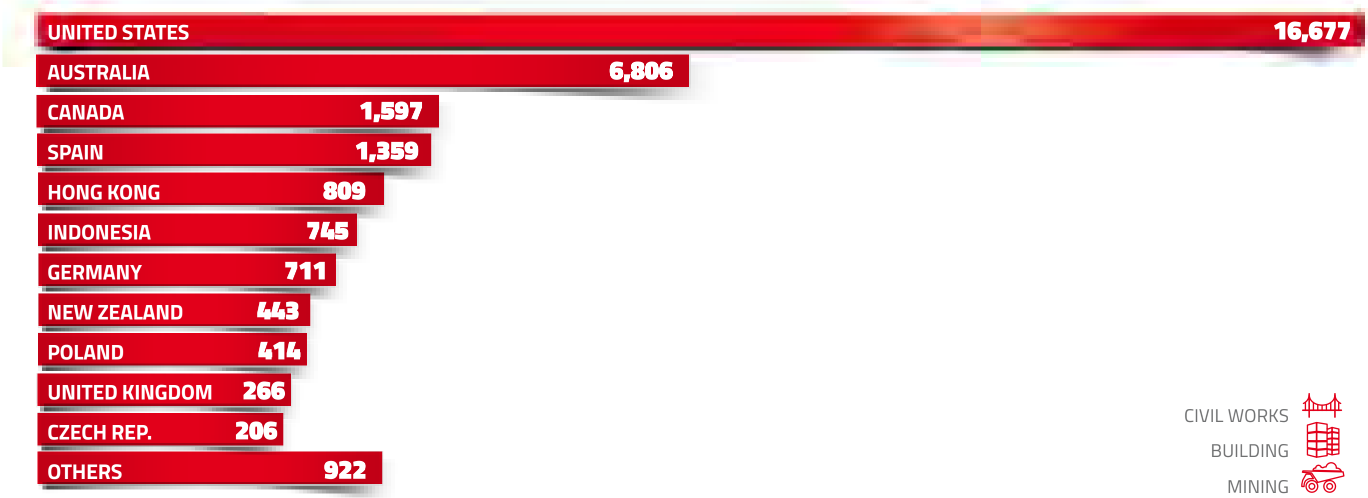
- SPAIN **1,359 MN €**
- REST OF EUROPE **1,690 MN €**
- NORTH AMERICA **18,276 MN €**
- SOUTH AMERICA **374 MN €**
- ASIA PACIFIC **9,200 MN €**
- AFRICA **56 MN €**

2019 BACKLOG BREAKDOWN BY GEOGRAPHICAL AREAS



- SPAIN **2,333 MN €**
- REST OF EUROPE **5,959 MN €**
- NORTH AMERICA **32,073 MN €**
- SOUTH AMERICA **1,272 MN €**
- ASIA PACIFIC **22,311 MN €**
- AFRICA **1,021 MN €**

2019REVENUES BREAKDOWN BY COUNTRY (MN EURO)



CIVIL WORKS
BUILDING
MINING
SERVICES

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MAIN COUNTRIES WHERE THE ACS GROUP IS DEVELOPING CONSTRUCTION ACTIVITY

MAIN WORKS AWARDED IN 2019

1 ASIA PACIFIC — VALUE 1,683 MILLION EURO
PPP Project for the financing, design, construction and operation of the Cross River Rail project, new 10-kilometer metro line in the capital Brisbane, in Queensland (Australia).

2 NORTH AMERICA — VALUE 1,236 MILLION EURO
Project for the expansion of the I-64 tunnel in the Hampton Roads region (Virginia). The expansion project consists of improvements to the I-64 corridor between I-664 in Hampton and I-564 in Norfolk to expand capacity to six lanes throughout the corridor (United States).

3 EUROPE — VALUE 1,054 MILLION EURO
Project for extending and upgrading Euston Station (London), as required for the new High Speed railway (London, United Kingdom).

4 AFRICA — VALUE 745 MILLION EURO
Mining contract at Debswana Diamond Company's Jwaneng Mine Cut 9 project in Botswana.

5 ASIA PACIFIC — VALUE 806 MILLION EURO
Six-year contract extension by Coronado Global Resources Inc to provide mining services at the Curragh Mine in Queensland (Australia).

6 ASIA PACIFIC — VALUE 584 MILLION EURO
Alliance Style Contract to deliver the Rail, Integration and Systems (RIS) package of the Cross River Rail project, new 10-kilometer metro line in the capital Brisbane, in Queensland (Australia).

7 NORTH AMERICA — VALUE 558 MILLION EURO
Construction of a plant and tunnel for the treatment of water contamination (Los Angeles, United States).

8 ASIA PACIFIC — VALUE 472 MILLION EURO
Contract to deliver Stage 2 of the Monash Freeway Upgrade , the project will upgrade the Monash and Princes Freeways between Warrigal Road, Chadstone and Cardinia Road in Pakenham (Victoria, Australia).

9 ASIA PACIFIC — VALUE 458 MILLION EURO
Project (PPP) for delivery and maintenance of a new regional rail fleet and construction of a new maintenance facility in Dubbo, New South Wales (Australia).

10 ASIA PACIFIC — VALUE 391 MILLION EURO
5 year contract for the maintenance and logistics services of the metropolitan trains of Sydney (Australia).

11 NORTH AMERICA — VALUE 377 MILLION EURO
Project for I-405 widening between Renton and Bellevue in Washington (United States).

12 EUROPE — VALUE 366 MILLION EURO
Contract to refurbish and modernize more than 50 police properties on two sites (in Mühlheim am Main and Kassel) over a period of five years with a total concession period of 30 years (Hesse, Germany).

13 NORTH AMERICA — VALUE 290 MILLION EURO
Design, construction and maintenance of approximately 7.8 miles of improvements along I-2 and I-69 including the full reconstruction of the I-2/I-69C interchange (Texas, United States).

14 ASIA PACIFIC — VALUE 287 MILLION EURO
Contract to build the new Sydney Metro City & Southwest Pitt Street Station (Australia).

15 ASIA PACIFIC — VALUE 260 MILLION EURO
Contract to deliver the Campbelltown Hospital Redevelopment Stage 2 project (New South Wales, Australia).

16 ASIA PACIFIC — VALUE 260 MILLION EURO
Contract to deliver the Yanchep Rail Extension and the Thornlie – Cockburn Link, as part of Perth's METRONET program (Australia).

17 ASIA PACIFIC — VALUE 232 MILLION EURO
Contract to deliver the Nepean Hospital Redevelopment Stage 1 project involving construction of a new 14-storey clinical building (New South Wales, Australia).

18 ASIA PACIFIC — VALUE 226 MILLION EURO
Extension to the existing NRT Public Private Partnership (PPP) contract on Sydney Metro (Australia).

19 EUROPE — VALUE 216 MILLION EURO
Contract to deliver the second phase of the London Power Tunnels (LPT2) project that construction of a 32.5 kilometres tunnel for the energy supply of London (United Kingdom).

20 ASIA PACIFIC — VALUE 204 MILLION EURO
Project for M80 ring roadupgrade in Melbourne (Australia).

21 ASIA PACIFIC — VALUE 198 MILLION EURO
Earthwork project for the construction of Western Sydney International (Nancy-Bird Walton) Airport (Australia).

22 NORTH AMERICA — VALUE 184 MILLION EURO
Works for the expansion from two to four lanes of different sections of the SH36 highway (Texas, United States).

23 NORTH AMERICA — VALUE 174 MILLION EURO
Project for the expansion of the Centerm terminal of the Port of Vancouver (Canada).

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ACTIVITY IN 2019

In construction and infrastructure development activity, the business model has continued to develop through an increasingly end-to-end model with a more controlled risk profile based on three key points:

1. Growth in strategic markets

The ACS Group's Construction area performs its different activities mainly in developed markets with the potential for growth and that offer a stable framework in operational, financial and legal terms and where the Group already has a consolidated leadership position.

Thus, infrastructure sales in 2019 stood at 30,955 million euro. North America (USA and Canada) and Australia together accounted for more than 81% of these, while Spain (4% of sales) and Germany (3% of sales) accounted for most of the sales in Europe.

In the United States and Canada, the ACS Group carries out its construction activities through Dragados, focused on developing civil works projects, and Hochtief Americas' subsidiaries: Turner, the market leader in Construction Management, and Flatiron, dedicated to civil works. Revenues in this region grew by 17.7% over the year to 18,276 million euro. The portfolio at the end of 2019 stood at around 32,073 million euro, growing 22% during the year thanks to winning large civil works contracts such as the widening of the tunnel on the I-64 in the Hampton Roads region (Virginia), the construction of a plant and tunnel for the treatment of contaminated waters in Los Angeles, and the expansion of the Centerm terminal in the Port of Vancouver.

In the Asia-Pacific region, the Group operates mainly through CIMIC, a subsidiary of HOCHTIEF that is listed in Australia. Sales in the region during 2019 amounted to 9,200 million euro, while the portfolio stood at 22,311 million euro at the end of the year, having won important contracts such as the PPP contract for the financing, design, construction and operation of the Cross River Rail project, a new 10-kilometer metro line in Brisbane, the capital of Queensland.

In Europe, the Group operates through Dragados and the HOCHTIEF Europe division, which carry out civil engineering and construction activities, as well as building activities. Sales stood at 3,049 million euro and the portfolio stood at 8,292 million euro, growing by more than 8% thanks to the major projects won during 2019, such as the expansion and improvement of Euston Station in the UK.

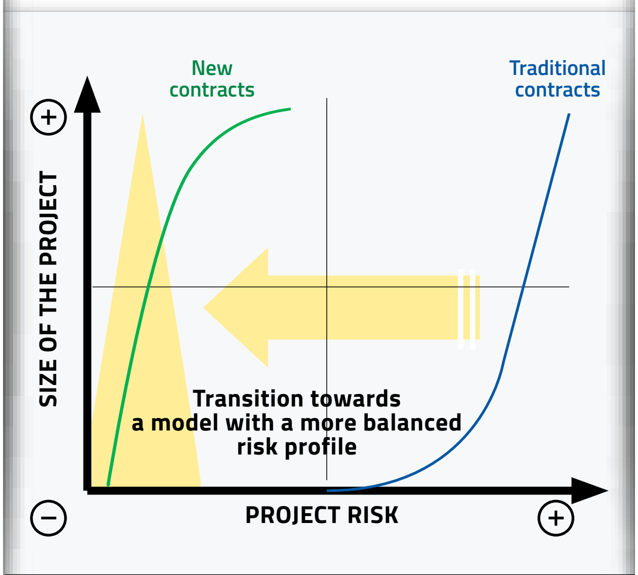
2. Contracting model with limited risks

During 2019, in the infrastructure activity, especially in Construction, the focus has been on finding a model based on taking on lower operational risks. To this end, Construction activities have focused on three key points during 2019:

a. Introducing contracts with lower development and implementation risks so that the risk profile is more balanced.

b. Reduction of expousure to large projects for third parties.

c. Promoting PPP and concession-based projects, where risk control is more limited when covering the entire value chain.



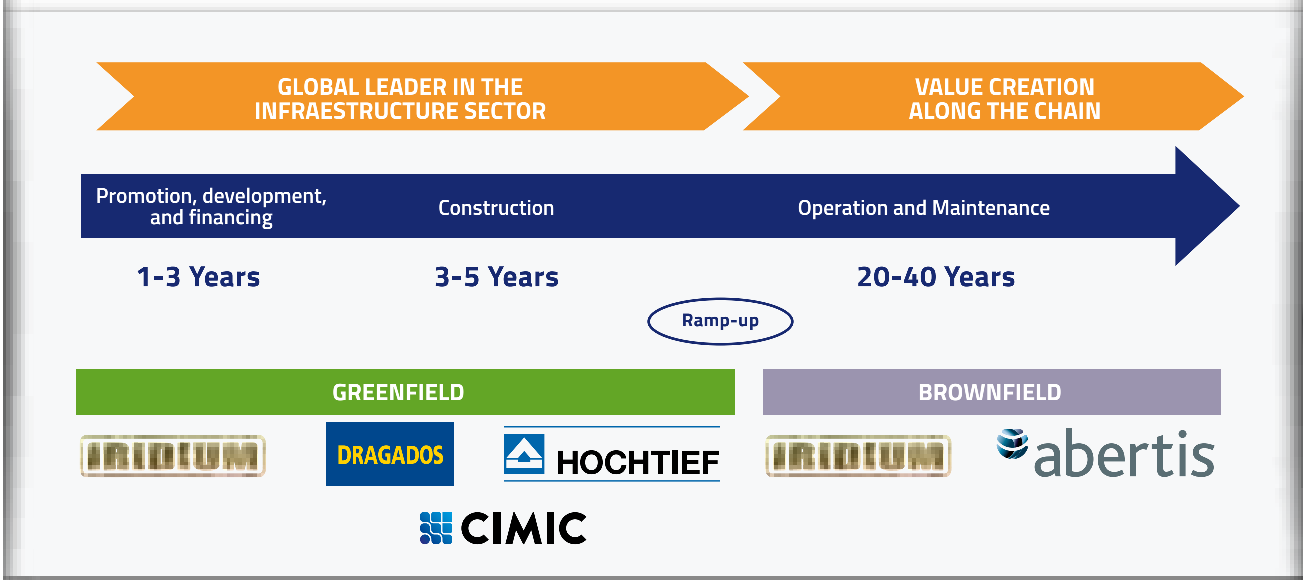
3. Value chain integration

The Group has been leading the infrastructure development sector for more than 10 years, with strong positioning throughout the entire value chain for the development and operation of infrastructures, especially transport.

The Group has three companies dedicated to the development of both transport and social infrastructure concession-based projects: Iridium, HOCHTIEF PPP and Pacific Partnership, a subsidiary of CIMIC. This positioning in the area of concessions was strengthened by the acquisition in 2018 of a significant stake in Abertis, which has enabled the ACS Group to increase its presence in the sector.

The "greenfield" infrastructure development companies, Iridium, HOCHITEF PPPs and Pacific Partners, have continued throughout 2019 to seek development opportunities in the more specialized markets, mainly North America, Northern Europe and Australia, where there is greater growth and more specialized projects. For example, Iridium has an aggregate investment of more than 19,000 million euro in North America and is on the shortlist for 6 projects in 2020 (5 of them in Canada and 1 in the USA). Among these, the modernization project for the Toronto suburban network (estimated at more than 9,000 million Canadian dollar) and the Honolulu light rail line in the United States stand out.

Abertis, supported by its strategic partners Atlantia, Hochtief and ACS, has recently acquired a controlling stake in Mexico's RCO and is exploring new opportunities in "brownfield" projects that will allow it to diversify its portfolio and source of profits.



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As of 2019, the Group has portfolio of 94 concession assets, of which around 70% are in operation.

These assets represent a total managed investment of 57,130 million euro, and the investment committed by the ACS Group in these projects amounts to 1,291 million euro, approximately two thirds of which has already been disbursed.

It should also be noted that the ACS Group has identified a portfolio of more than 150 PPP projects with a total value of 230,000 million euro to be developed over the next four years, located in the Group's strategic regions where the Group has a greater presence and that have a very positive growth outlook for the infrastructure sector.

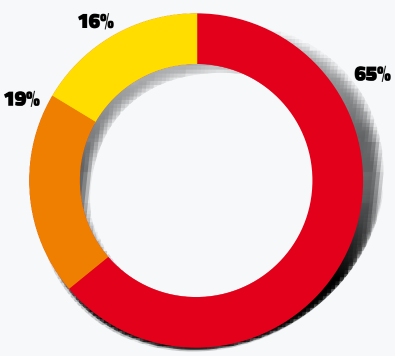
ACS GROUP INFRASTRUCTURE CONCESSION PORTFOLIO

CONCESSIONS
94
75% DEVELOPMENT / 25% CONSTRUCTION

TOTAL MANAGED INVESTMENT
57,130 MN €

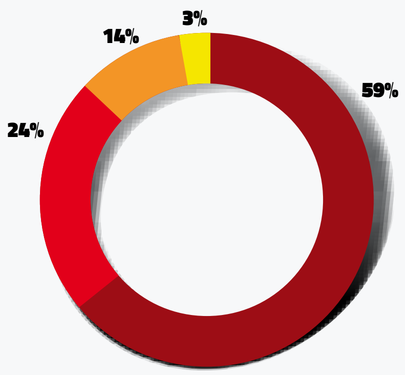
COMMITTED INVESTMENT
1,219 MN €

COMMITTED INVESTMENT BY TYPE OF CONCESSION
(NUMBER OF CONCESSIONS)



- ROADS **36**
- RAILWAY **16**
- SOCIAL /OTHERS **42**

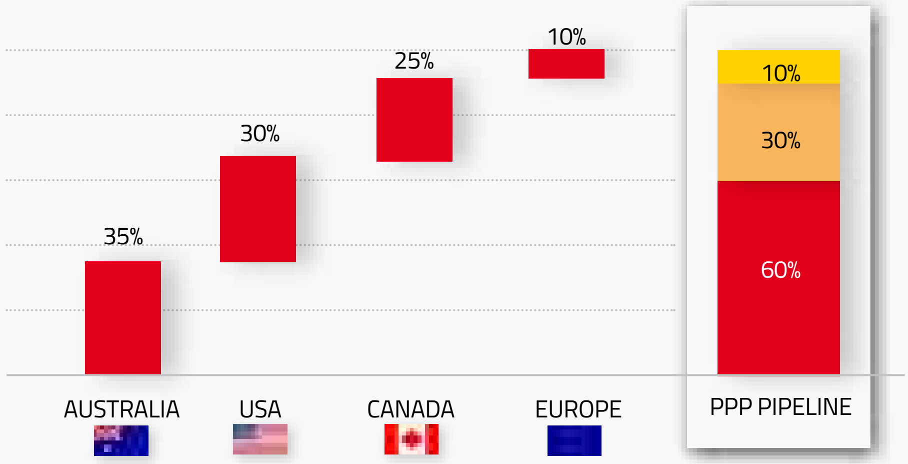
COMMITTED INVESTMENT BY GEOGRAPHY
(NUMBER OF CONCESSIONS)



- EUROP **63**
- NORTH AMERICA **20**
- AUSTRALIA **9**
- LATAM **2**

IRIDIUM
HOCHTIEF PPP SOLUTIONS
PACIFIC partnerships

2020 PPP PROJECTS PIPELINE BREAKDOWN



+150
IDENTIFIED INFRASTRUCTURE PPP PROJECTS

230,000 MN €

- Social
- Roads
- Railways

FEATURED PROJECTS

M11 MOTORWAY BETWEEN GOREY AND ENNISCORTHY (IRELAND)

CUSTOMER
Transport Infrastructure Ireland

PROJECT EXECUTION DATES
Construction: 2015-2019
Operation: 25 years

LOCATION
Wexford County (Ireland)

COMPANIES INVOLVED IN THE PROJECT
Iridium, Dragados, BAM PPP, BAM Civil

The M11 motorway between Gorey and Enniscorthy in County Wexford, Ireland, is a greenfield infrastructure, whose concession contract, signed in October 2015 between Transport Infrastructure Ireland (TII) and a consortium involving Iridium and BAM PPP, has a 25-year operating period. It includes the drafting of the project, financing, construction, conservation and partial operation of the new infrastructure in different sections of the M-11, N-80 and N-30. The work carried out by the Dragados and BAM Civil joint venture has required an investment of 282 million euro and 45 months of work.

Construction work on the 42 kilometers of new road and 7 new junctions has involved 6 million cubic meters of land movement, and the construction of 98 structures including bridges, underpasses and drainage works. The one that stands out is the bridge over the Slaney River, measuring at 158 meters long with a central span of 70 meters, whose metal beams, weighing more than 1,000 tons in steel, have been manufactured in Spain.

On July 18, 2019, 28 kilometers of the M-11 motorway were opened to traffic, having been constructed by Dragados between the towns of Gorey and Enniscorthy (Ireland). This marked the beginning of its operation.

The operation will be carried out entirely by a joint venture between Iridium and BAM Civil. The project has been selected as a finalist for the ICE Awards 2020 in the Civil Works category (still in the competition stage).

NEW CHAMPLAIN BRIDGE (CANADA)

CUSTOMER
Minister of Public Works and Government Services

PROJECT EXECUTION DATES
Construction: 2015-2019
Operation: 2019- 2049

LOCATION
Montreal, Quebec (Canada)

COMPANIES INVOLVED IN THE PROJECT
ACS Infrastructure (Iridium) 25%, HOCHTIEF 25%, SNC Lavalin 50%

The new bridge over the San Lorenzo River, also known as the Champlain Bridge, in Montreal, Canada, is one of the most important transport infrastructure projects in North America. It is expected to carry one of Canada's highest traffic volumes, with up to 60 million vehicles per year, constituting one of the major trade routes with the United States. The new bridge has a total length of 3.4 kilometers and a central cable-stayed span of 430 meters, replacing the old Champlain Bridge, an emblematic infrastructure built in 1962. The project also includes a second 0.5-kilometer bridge linking Ile des Soeurs on the San Lorenzo River to the Verdun neighborhood in Montreal, as well as improvements to the A15 freeway.

The total investment for the project is 2.5 billion canadian dollar (1.71 billion euro). It was awarded to the consortium including Grupo ACS in April 2015 for its design and construction, and for its financing, operation, maintenance and restoration during the 30-year concession period after the final commissioning of the work. After four years of construction, the project was opened to traffic on July 1, 2019. It is the first bridge in Canada to win the Platinum Sustainable Infrastructure Award from the Institute of Sustainable Infrastructure.

The new Champlain Bridge has also won the following awards:

- 2015: Gold Award in Effective Procurement (2015 Canadian Council for Public Private Partnerships) and North America PPP Deal of the Year (Infrastructure Investor Magazine).

- 2016: North American Roads Deal of the Year (2016 IJGlobal Awards) and Gold Award for Best Road/Bridge/ Tunnel Project (P3 Bulletin North American Awards).

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CROSS RIVER RAIL (AUSTRALIA)

CUSTOMER
Queensland Government

PROJECT EXECUTION DATES
Construction: 2019-2024
Operation: 24 years

LOCATION
Brisbane (Australia)

AMOUNT
Total Investment: 3,400 million euro
Amount allocated to Cimic companies: 1,683 million euro
Railway systems contract: 584 million euro

COMPANIES INVOLVED IN THE PROJECT
Construction/Concession: Pulse Consortium: Pacific Partnerships, CPB Contractors and UGL (along with DIF, BAM and Gella)
Railway systems: CPB Contractors and UGL

The ACS Group, through its subsidiary CIMIC, has won the contract for the Cross River Rail concession and partnership project in Brisbane for a total amount of 5,400 million dollar (3,400 million euro). It is the largest infrastructure investment in the history of Queensland (Australia) and both projects form the most important infrastructure plan for the next few years in that State.

Specifically, three companies belonging to the CIMIC Group – Pacific Partnerships, CPB Contractors, and UGL – as leaders of the Pulse Consortium, have been selected as preferred winners for the financing, design, construction and operation of the Cross River Rail project in Queensland.

In addition, CIMIC, through the same companies, namely CPB Contractors and UGL, has been selected as the winner by the Queensland Government to install the railway systems, including signaling and telecommunications along the full stretch.

After the construction phase, CIMIC will also maintain the line for a period of 24 years through its UGL service company.

Cross River Rail, a new 10 kilometer metro line in the state capital Brisbane, will thus be the largest transport infrastructure project in Queensland's history. The project involves 5.9 kilometers of tunnel, including the stretch under Brisbane River, four underground stations, and two surface stations. It passes through the city and runs between Dutton Park to the south of the financial center and Rome Station in the North.

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3.2. INDUSTRIAL SERVICES

ONE OF THE MAIN GLOBAL COMPETITORS IN APPLIED INDUSTRIAL ENGINEERING SECTOR

A REFERENCE IN THE INDUSTRY

The Industrial Services area of ACS is oriented to applied industrial engineering, through the development, construction, maintenance and operation of energy, industrial and mobility infrastructure, as well as water-related and environmental infrastructure. These projects are carried out for both public and private customers, and, in many cases, the Group's companies provide financing solutions, including shareholder participation in ownership of the constructed infrastructure.

Thus, thanks to the large group of companies through which it operates, the Industrial Services area is one of the world's leading competitors in the field of Applied Industrial Engineering, with projects in over 60 countries.

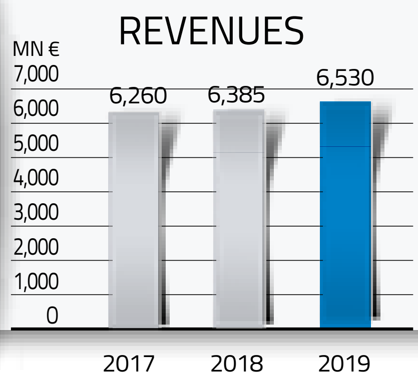
The vast majority of activities in the area of Industrial Services are directly or indirectly related to achieving the United Nations Sustainable Development Goals.

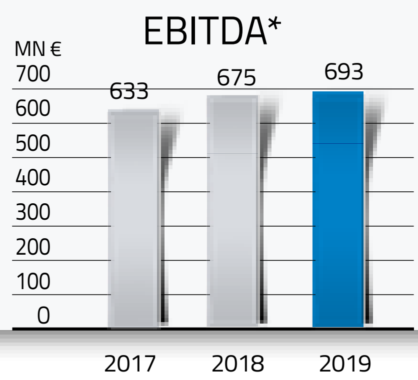
REVENUES
6,530
MILLION EURO

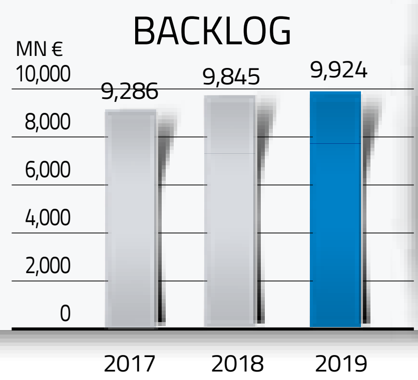
EBITDA
693
MILLION EURO

BACKLOG
9,924
MILLION EURO

NET PROFIT
600
MILLION EURO







*In 2018 and 2019, the EBITDA includes Results from Equity Method of operating activities.

5.74
-6.4% COMPARED TO 2018
FREQUENCY INDEX**

41.7 MN €
+26.8% COMPARED TO 2018
INVESTMENT IN HEALTH AND SAFETY

88.9%
% OF EMPLOYEES TRAINED IN HEALTH AND SAFETY DURING THE YEAR

2,277,314
+69.1% COMPARED TO 2018
NUMBER OF HOURS OF TRAINING IN HEALTH AND SAFETY

14.6 MN €
INVESTMENT IN R&D

79
NUMBER OF R&D PROJECTS

(1)Frequency index: Number of accidents during the working day per million hours worked.

Thus, companies in the Industrial Services area cover several types of infrastructure with a strong industrial engineering component:

Energy

Generation, transmission, storage, demand management, sale and distribution of electricity, in many cases as contractors for owners of projects or assets.

In terms of generation, the Industrial Services area is very focused on renewable energies, especially solar photovoltaic, solar thermal, on-land and offshore wind, hydroelectric, biomass, etc.

In addition, in the area of Industrial Services, it is among the leading companies in the transmission sector, developing line projects of all voltages, including 800 kV, in both AC and DC; in addition, in association with the first-level OEMs, AC/DC converter substations are being carried out.

The Group's companies work for power distributors in many countries, addressing the expansion, digitization and maintenance needs of their networks.

Other companies of the Group carry out high energy efficiency electromechanical installations in all types of buildings, industries and public spaces, as well as their maintenance and, where appropriate, rehabilitation and improvement.

Environment

The Industrial Services area has a growing activity in the Environment sector, especially in all aspects related to the water cycle, developing desalination plants, drinking water-producing plants, wastewater treatment and water regeneration for reuse.

The Group frequently participates in the financial structuring of projects and in the take-over of shareholdings in concessionaires, when this is the solution for executing a project.

In addition, harvesting, pumping and irrigation systems are carried out.

Companies of the Group undertake the dismantling of nuclear or radioactive plants or installations, as well as the recovery of contaminated land.

The Group operates state-of-the-art licenses and patents that allow it to transform municipal wastewater treatment plants into biofactories where solid and gaseous waste is used, transforming them into fertilizer or energy-efficient biogas.

Mobility and Urban Services

ACS Industrial is one of the world's major mobility leaders, with intense activity in facilities and traffic control centers, fleet control of public transport, recharging of electric vehicles, road signs, highway control, parking control, etc.

In urban services, a wide range of services is provided to municipalities, such as public lighting, outdoor parking control, accessibility systems and underground parking management. The Group's companies actively collaborate in the progressive development of Smart Cities with the application of digital technologies to optimize multiple services.

Multi-sectoral project development

The Group has activities in the world of Health and Education, through the construction of medium-sized hospitals and educational centers in emerging and developing countries.

The companies in the area work for Communications Operators in several countries, as well as in Security and Control Systems.

In addition, the group has a presence in the facilities and maintenance of manufacturing industries of all kinds, such as the automobile, petrochemical, pharmaceutical, and extractive sectors, such as mining and O&G.

The Group works as shipbuilding subcontractors and we make maritime devices for offshore plants of all kinds, as well as modular plants to be installed in inhospitable and remote locations.

These activities are distributed among the different companies that make up the parent companies of the industrial services activity: the Cobra Group and Dragados Industrial, two leading business groups in their sector with a proven experience of over 50 years. For example, 2019 marked one century since the creation of SEMI, and 75 years since the creation of Cobra.

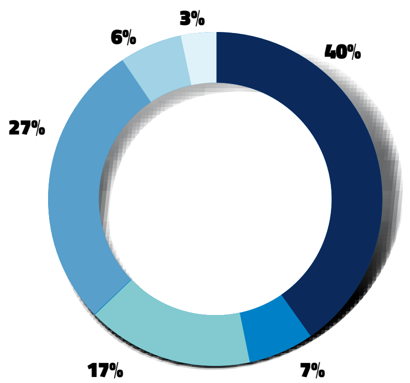
SERVICES INDUSTRIALES

- 100% **GRUPO COBRA**
  - 100% Cobra Grupo
  - 100% Enyse
  - 100% Grupo Etra
  - 100% SEMI
  - 100% Maetel
  - 100% imesAPI Servicios · Movilidad
- 100% **DRAGADOS INDUSTRIAL**
  - 100% **DRAGADOS INDUSTRIAL (ENGINEERING AND PLANTS)**
    - 100% INITEC Energía
    - 100% intecsa industrial
    - 100% makiber
  - 100% SICE
  - 100% CYMI
  - 100% MASA
  - 100% Dragados Offshore

For more information:
4.6. Evolution of the Industrial Services business area

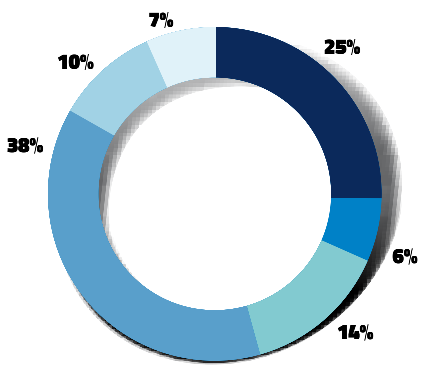
THE ACS GROUP'S INDUSTRIAL SERVICES ACTIVITY IN 2019

2019 REVENUES BREAKDOWN BY GEOGRAPHICAL AREAS



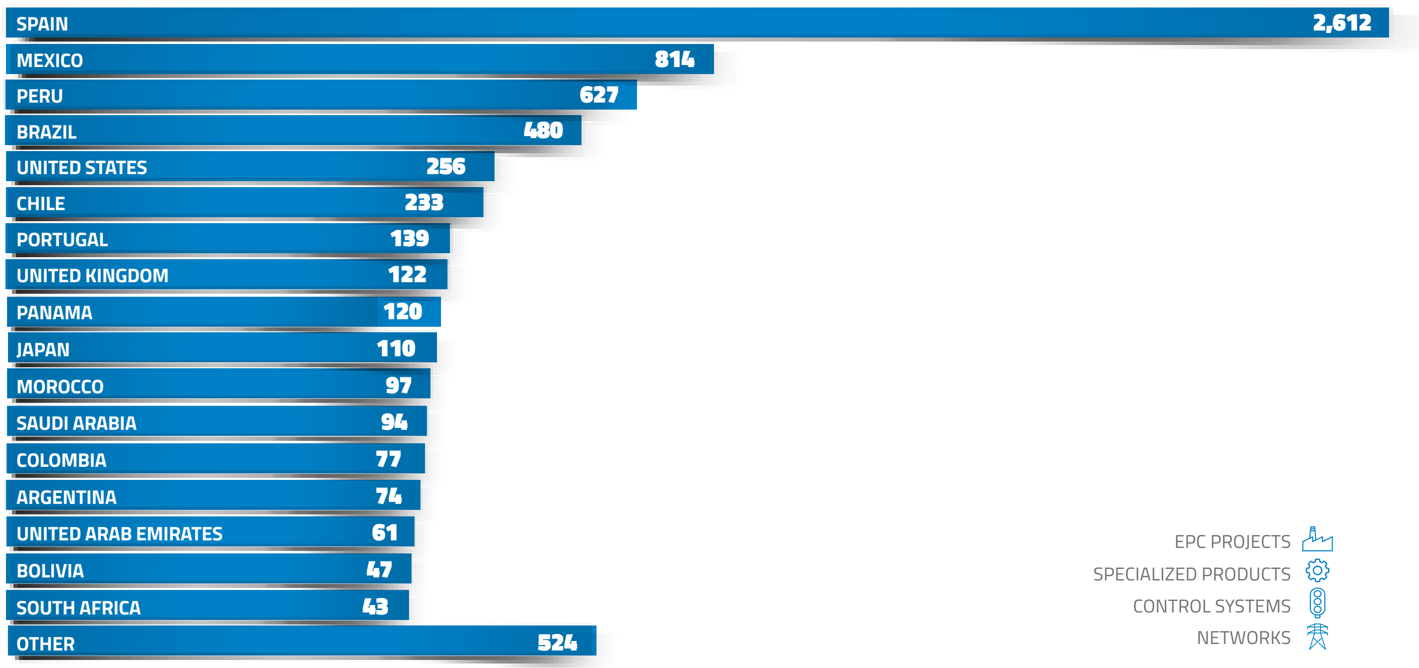
- SPAIN **2,612 MN €**
- REST OF EUROPE **430 MN €**
- NORTH AMERICA **1,102 MN €**
- SOUTH AMERICA **1,796 MN €**
- ASIA PACIFIC **368 MN €**
- AFRICA **222 MN €**

2019 BACKLOG BREAKDOWN BY GEOGRAPHICAL AREAS



- SPAIN **2,531 MN €**
- REST OF EUROPE **615 MN €**
- NORTH AMERICA **1,412 MN €**
- SOUTH AMERICA **3,729 MN €**
- ASIA PACIFIC **960 MN €**
- AFRICA **677 MN €**

BREAKDOWN OF SALES BY COUNTRY 2019 (MILLION EURO)



EPC PROJECTS
SPECIALIZED PRODUCTS
CONTROL SYSTEMS
NETWORKS

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

MAIN COUNTRIES WHERE THE ACS GROUP CARRIES OUT ITS ACTIVITY

2019 MAIN WORKS AWARDED

1 **EUROPE**

Engineering design, supply, construction and commissioning of the floating offshore wind farm Kincardine with a nominal capacity of 50 MW (Aberdeen, United Kingdom).

VALUE **363** MILLION EURO

2 **AFRICA**

Works for basic engineering, detailed engineering, equipment and material supply, construction and implementation of two 5,000 tons-per-day sulphuric acid plants in Jorf Lasfar industrial site (Morocco).

VALUE **253** MILLION EURO

3 **AFRICA**

Project fo Azito´s combined cycle power plant extension to 280 MW in Ivory Coast.

VALUE **202** MILLION EURO

4 **ASIA PACIFIC**

EPC contract for the construction of two photovoltaic plants in Takasaki of 11.6 MW and 53.7 MW of installed power (Japan).

VALUE **76** MILLION EURO

5 **AMERICA**

Design, construction and maintenance of the new Óscar Danilo Rosales School Hospital in León (Nicaragua).

VALUE **76** MILLION EURO

6 **AMERICA**

Design, construction and maintenance of the new Nuevo Amanecer Hospital (Nicaragua).

VALUE **64** MILLION EURO

7 **SPAIN**

Maintenance contract of networks and distribution of medium voltage anfor Endesa (Spain).

VALUE **56** MILLION EURO

8 **SPAIN**

Facility management contracts for two Cepsa refineries in Huelva and Cádiz (Spain).

VALUE **49** MILLION EURO

9 **AMERICA**

Contract fot the delivery of the Communication Systems for the Finch West Light Rail Transit Project in Toronto (Canada).

VALUE **32** MILLION EURO

10 **ASIA PACIFIC**

Delivery of the OMCS head-end system for the M4-M5 Link Tunnels (Stage 3A) and the Integrated OMCS for the entire WestConnex project (Australia).

VALUE **29** MILLION EURO

11 **AMERICA**

Design, construction and maintenance of the Huanta Regional Hospital (Peru).

VALUE **27** MILLION EURO

ACTIVITY IN 2019

The strategy of the Industrial Services area is based on three fundamental key points that in 2019 have continued to contribute to the advancement and consolidation of the leadership of these companies in their sectors. These key points are:

TERRITORIAL DIVERSIFICATION

Territorial diversification is one of the great assets of the Industrial Services area.

Consolidation in today's geographic markets and penetration into new markets are essential for medium- and long-term growth and stability.

Thus, in addition to having a strong presence in the Iberian Peninsula, the group is beginning to develop in countries of the rest of Europe, both in unique projects and in recurrent activities, especially the United Kingdom, Italy, Romania and other Eastern European countries.

In America, it maintains a high level of activity in Mexico, and continues its consolidation in the Andean Zone, Brazil and the Southern Cone, Central America and the Caribbean.

In Asia Pacific, major projects are being worked on, especially in Japan. It continues to have a significant presence in the Middle East. In Central Asia, some important specific projects are being developed. Similarly, there is a continuing presence in Australia and New Zealand, especially in urban mobility activities.

In recent years, significant penetration is taking place in Africa, especially through the permanent office in South Africa, but with work in many African countries, both in Morocco and in Sub-Saharan Africa.

PERMANENT ADAPTATION TO THE ACCELERATED EVOLUTION OF TECHNOLOGY AND THE MARKETS

One of the main drivers of activity in the world of industrial engineering is energy and environmental sustainability, which is notable for the accelerated development of renewable energy, energy efficiency services and flexibility services for the balance of electrical systems and the security of the electricity supply. In this respect, the Industrial Services area of the ACS Group occupies a privileged strategic position. Given that it is a reference company in the implementation of integrated onshore and offshore wind energy projects, it has a growing presence in large solar thermal and photovoltaic projects around the world. It is also one of the leading regional hydroelectric companies in Latin America.

In addition, in the coming years, the sector will benefit from the evolution and implementation of new technologies. The Industrial Services area has a good starting position thanks to several of its business units, whose activity is closer to ICTs, Big Data, Artificial Intelligence, advanced communications, etc. The monitoring and implementation of these technological advances, both for internal process improvement and for delivering greater value to customers, are the main challenges we are working on. Our companies are creating Innovation and Technology groups, and even specialized subsidiaries, and are participating in dozens of Innovation Projects, in many cases with financial support from the European Commission or from national or regional programs in the territories where we operate.

CONCESSIONAL ACTIVITIES

Finally, an important factor in the area of Industrial Services is the coexistence of strong investment demand in energy and environmental infrastructures.

ACS's reliability, experience and reputation as guarantors of technical success in terms of time, price and performance compliance, makes the Group's companies a partner of reference for many of the major international investors and allows them to consolidate as developers and integrators of concessional projects in both energy (renewable generation, electricity transport, sustainable transport) and environmental activities (desalination plants, drinking water-production plants, purification plants).

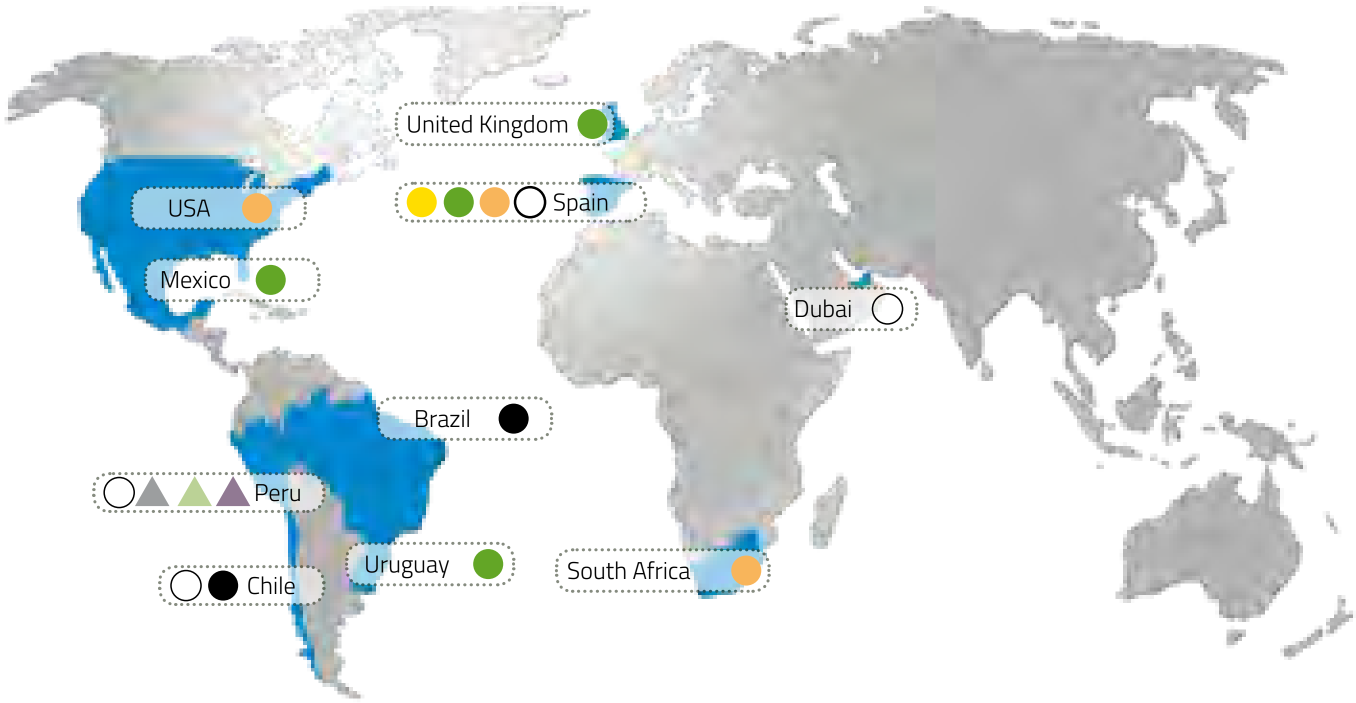
Currently, the ACS Group has an important portfolio of renewable generation projects, some of which are already committed for sale upon their completion. As well as concessions of transmission lines, desalination, irrigation and water purification projects, and other energy and environmental assets.

The group's policy is very flexible in terms of earmarking these assets, always aimed at maximizing shareholder value. Concessional assets are partly integrated into Zero-e, a subsidiary incorporated for this purpose, from where they can be placed on the market at one time or another.

As at December 31, 2019, the ACS Group had a portfolio of about 70 renewable energy assets, transmission lines, desalination, irrigation and water purification projects, and other energy assets. The renewable energy assets in operation or development amount to about 2,700 MW in which photovoltaic plants are most notable, including those for which a sales agreement has been reached but were still in the portfolio as at December 2019. ACS's dedicated contribution to these projects exceeds 5,700 million euro, of which 1,000 million euro has already been invested.

...AND IN ENERGY ASSETS...

TOTAL INVESTMENT 5,724 MN €	ACS CONTRIBUTION 1,000 MN €



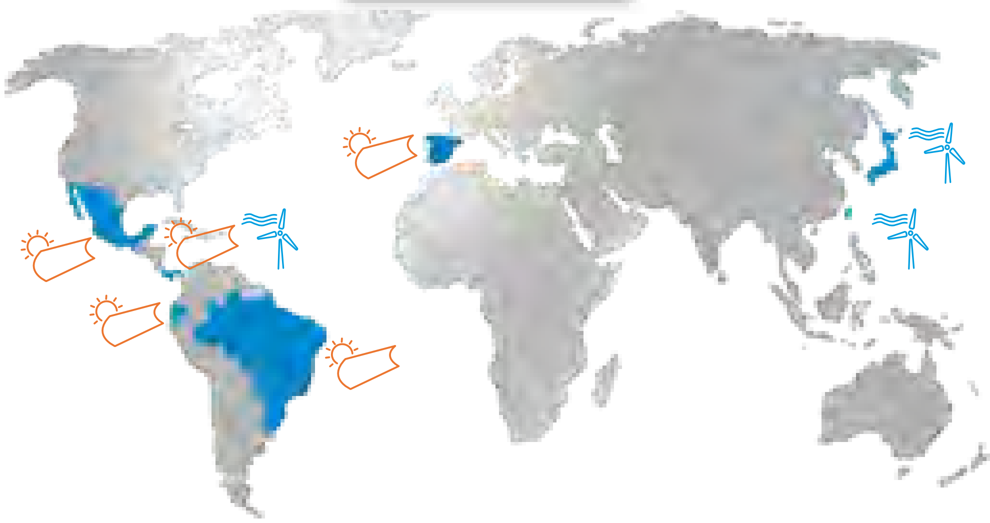
RENEWABLE ENERGY	2,700 MW*
45 PV PLANTS	2,010 MW
9 WIND FARMS	410 MW
3 THERMOSOLAR PLANTS	260 MW
1 HYDROELECTRIC PLANT	20 MW

TRANSMISSION LINES	5,526 KM
10 DESALINATION/ PURIFIERS	1,687 KM³/DAY
1 COMBINED CYCLE	230 MW
1 IRRIGATION PROJECT	52.5 K HA

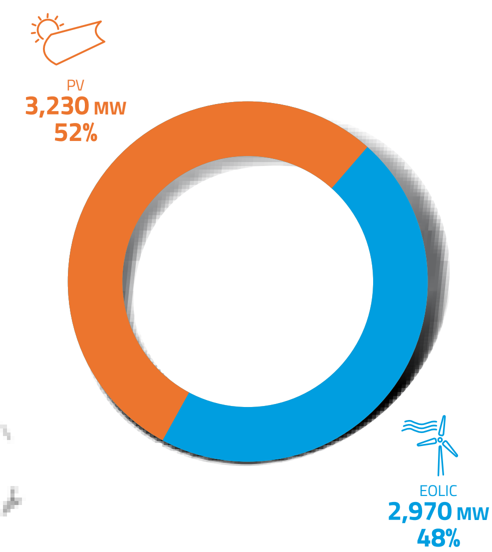
* Includes assets sold to Galp in January 2020.

...AND GROWING AREAS: "PIPELINE" IN THE RENEWABLE ENERGY MARKET*

6,200 MW
PROJECTS UNDER PROMOTION



PROJECTS UNDER PROMOTION



* After renewable's sale operation.

DEVELOPMENT OF WIND FARM IN MEXICO

CUSTOMER
Energía Renovable de la Península, S.A.P.I. de C.V.

PROJECT EXECUTION DATES
January 2019/April 2020

LOCATION
Puerto Progreso, Estado de Yucatán, Mexico

CONTRACT TYPE
EPC projects

AMOUNT
125.6 Million euro

COMPANIES INVOLVED IN THE PROJECT
Avanzia Instalaciones, S.A. de C.V.

FULL DESCRIPTION OF THE PROJECT
The scope of this project called "Peninsula Wind Farm" consists of the design, supply, construction, assembly, installation, termination, tests and the start-up of a 90 MW wind farm consisting of thirty-six 2.5 MW wind turbines located in Puerto Progreso Mérida in the state of Yucatán. The works being carried out are civil works, medium-voltage networks, maneuver and step-up substations. The wind farm has a guaranteed net capacity of 855 MW, using wind technology. Within the scope of this project, social actions have been carried out for the community. Currently, fencing is being installed on the ground at Matú, and the Social Bonding House is being built, among others.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

For further information:
Website (www.grupoacs.com)
Industrial Service Projects
Industrial Service Awards

MULA PHOTOVOLTAIC PLANT (SPAIN)

CUSTOMER
NORTHLEAF

PROJECT EXECUTION DATES
2018-2019

LOCATION
Mula (Murcia, Spain)

CONTRACT TYPE
EPC projects

AMOUNT
255.8 Million euro

COMPANIES INVOLVED IN THE PROJECT
COBRA

DESCRIPTION
Engineering, supply and construction of a 493.74 MW peak power photovoltaic project covering an area of land of approximately 1,000 ha belonging to the municipal district of Mula in the province of Murcia.

The main characteristics of the Solar Power Plant are:

- Photovoltaic installation on the ground in a 3V fixed metallic structure.
- Polycrystalline photovoltaic modules.
- 30 kV medium voltage internal distribution network.
- Two electrical substations, each located at the same site and interconnected by a 132 kV high voltage underground line.
- 400 kV high voltage grid of approximately 20 km for the evacuation of the energy generated in the solar power plant up to the node of the Transport Grid corresponding.

AIN SOHKNA FERTILIZER COMPLEX WORKS (EGYPT)

CUSTOMER
NCIC

PROJECT EXECUTION DATES
2016 - 2020

LOCATION
Ain Sohkna, Egypt

CONTRACT TYPE
EPC projects

AMOUNT
314.5 Million euro

COMPANIES INVOLVED IN THE PROJECT
Intecsa Ingeniería Industrial S.A.

DESCRIPTION
Turnkey contract for the development of a sulfuric acid plant, consisting of two 1,900 t/h trains and one DAP (diammonium phosphate) and TSP (Triple superphosphate) plant with capacities of 1,200 t/h and 750 t/h, respectively. The construction of these plants is being carried out in Ain Sohkna, a town located in the Gulf of Suez in the northeast of the country.

Work for the project includes basic and detailed engineering, supply of equipment and materials and construction, including assembly, commissioning and start-up of both plants.

The contract represents half of the total fertilizer complex under construction in Ain Sohkna and, once completed, will be the largest ever built in Egypt in the fertilizer sector.

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3.3. SERVICES

A STRONG AND SUSTAINABLE MODEL OF PROVIDING SERVICES

PROFESSIONALISM, COMMITMENT AND INNOVATION

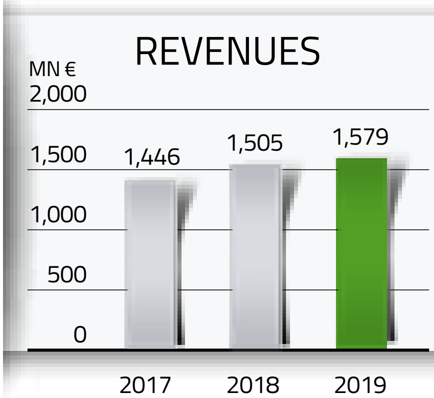
Clece is Spain's leading multi-services company with over 27 years of experience. The company has a portfolio of services with over 30 different activities, grouped into three large blocks: services to buildings, services to the environment and services to people, and has also consolidated its activity in countries such as Portugal and the United Kingdom. Clece's success is based on a diversified and constantly growing business model, which is linked to its ability to respond to the new needs of citizens and organizations.

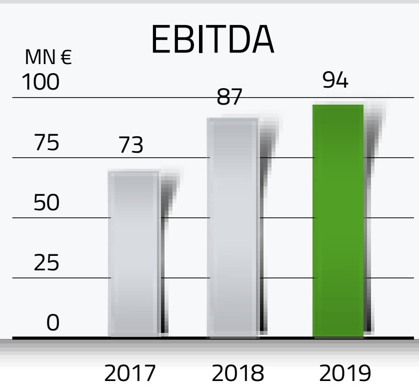
REVENUES
1,579
MILLION EURO

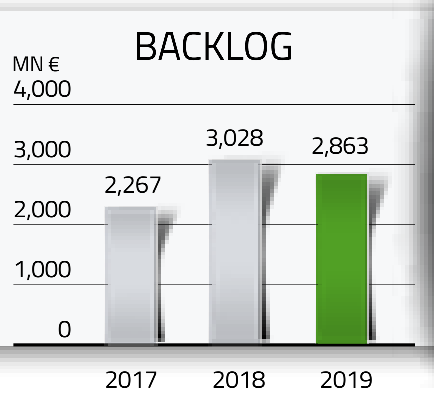
EBITDA
94
MILLION EURO

BACKLOG
2,863
MILLION EURO

NET PROFIT
38
MILLION EURO







11.8%
OF EMPLOYEES BELONG TO VULNERABLE GROUPS

>1.4
MILLION PEOPLE SERVED

212
CENTERS FOR PEOPLE WITH SPECIAL NEEDS

226
RESIDENCES AND CENTERS FOR THE ELDERLY

226
SCHOOLS FOR CHILDREN

6,900
PROPERTIES UNDER MAINTENANCE

350
PARTNERSHIP AGREEMENTS WITH NON-PROFIT INSTITUTIONS AND ORGANIZATIONS

SERVICES TO PEOPLE	SERVICES TO BUILDINGS	SERVICES TO THE CITY AND SURROUNDING AREA
They cover the needs and resources for assisting certain groups, such as the elderly, dependents, persons with disabilities or children aged 0 to 3 years, including services such as care for the elderly; management of schools for children and restoration in communities.	They include the services that are necessary for the optimum operation of any property, such as maintenance, energy efficiency, cleaning, security, logistics and ancillary services.	These include activities aimed at the conservation and care of public spaces such as the management of public lighting, including investment in replacing lights, environmental services and airport services.

People are at the center of Clece's activity, a differential value that was reaffirmed in 2019 by the growth of the workforce to 78,899 employees, of whom 9,277 come from vulnerable groups (people with functional diversity, victims of gender violence, people at risk of social exclusion or unemployed youth), and the fact that the services they provide are directed to the care of people and their environment, improving the quality of life of users, helping when and where they need it most.

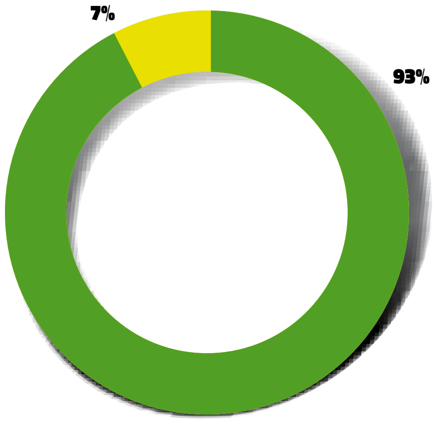
During 2019, in addition to the growth being experienced in the company's activities, Clece's momentum has started a number of initiatives to reduce the carbon footprint derived from its activity and improve the energy efficiency of its facilities. One of the first points of its sustainability strategy for the coming years is to continue its strong commitment to renewable energy. To date, this has materialized into actions, such as the insertion of several photovoltaic plants in the roofs of their buildings and in the investment in solar and thermal energy in services certified under the ISO 50001 standard of energy efficiency. In addition, 100% certified renewable energy has been purchased for the offices and services of Clece and its subsidiaries, reaffirming the company's commitment to sustainable development.

In addition, the company will progressively replace tourism vehicles and small vans with ECO-labeled vehicles. The new ecological fleet already has 209 vehicles and a plan of potential improvement actions has been established that has allowed Clece to obtain the Ecological Fleet badge awarded by the Spanish Association of Fleet Managers along with IDAE (Institute for Diversification and Saving of Energy).

In short, Clece is a key part of the ACS Group's overall strategy and commitment to the local environments where it carries out its activities. Its infrastructure management and maintenance activity assures that the ACS Group is present throughout the entire value chain of the infrastructure business. In addition, its strong social character helps the Group to understand society's real needs, enabling opportunities to be identified in the Group's various activities.

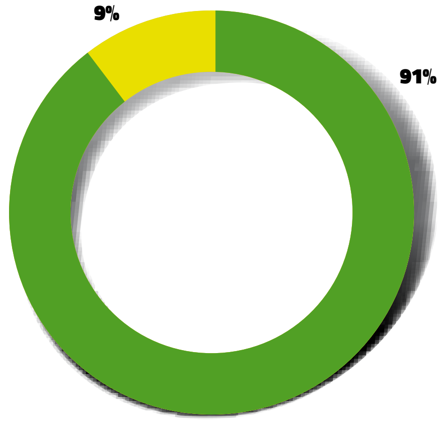
SERVICE ACTIVITY OF THE ACS GROUP IN 2019

2019 REVENUES BREAKDOWN BY GEOGRAPHICAL AREAS



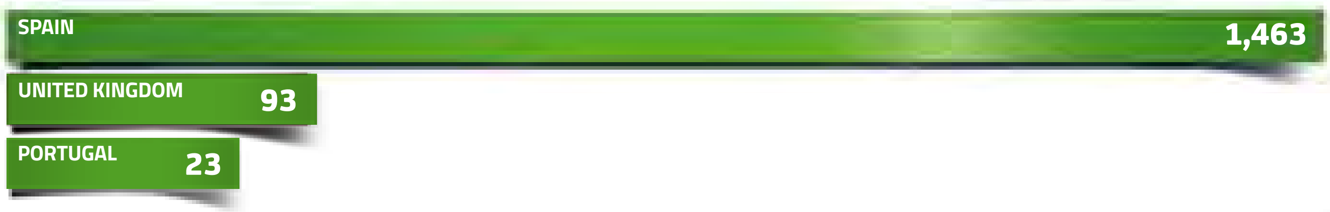
- SPAIN **1,463 MN €**
- REST OF EUROPE **116 MN €**

2019 BACKLOG BREAKDOWN BY GEOGRAPHICAL AREAS



- SPAIN **2,600 MN €**
- REST OF EUROPE **263 MN €**

2019 REVENUES BREAKDOWN BY COUNTRY (MILLION EURO)



MAIN COUNTRIES WHERE THE ACS GROUP DEVELOPS ITS SERVICES ACTIVITY

SERVICES FOR PEOPLE
SERVICES FOR BUILDINGS
SERVICES FOR THE CITY AND THE ENVIRONMENT

MAIN WORKS AWARDED IN 2019

No.	Country	Description	Value (MILLION EURO)
1	SPAIN	Extension of the Home Assistance Service for the Madrid City Council (Spain).	71
2	SPAIN	Extension of IBERIA aircraft cleaning service throughout the national territory (Spain).	56
3	SPAIN	Hiring of different security services in the Department of Health (Valencia, Spain).	42
4	SPAIN	Renovation of the cleaning service at the Hospital Universitario de Bellvitge, Hospital de Viladecans and the Instituto Diagnóstico de la Imagen (Barcelona, Spain).	36
5	UNITED KINGDOM	Renewal of the Home Assistance Service in the Durham County Council (United Kingdom).	29
6	SPAIN	New contract for the Logistics Service for Cat España (Spain).	26
7	SPAIN	Renewal of the Vueling aircraft cleaning service in the AENA airport network (Spain).	24
8	SPAIN	Extension of the Home Assistance Service for the Jaén Provincial Council (Spain).	21
9	SPAIN	Renovation of the restoration and management service of vending machines in the Hospital de Bellvitge and the Hospital de Viladecans (Barcelona, Spain).	21
10	SPAIN	Renovation of the cleaning service in the PSA-CITROEN factory in Vigo (Spain).	19
11	UNITED KINGDOM	Extension of Home Assistance Service in the Edinburgh City Council (Scotland).	18
12	SPAIN	Extension of the hospital cleaning service at the Plataforma Hospitalaria (hospital platform) in Granada (Spain).	18
13	SPAIN	Extension of the Home Assistance Service of Barcelona (Spain).	18
14	SPAIN	New cleaning service contract at the Hospital Son Llátzer and Joan March Hospital (Palma de Mallorca, Spain).	17
15	SPAIN	New award of the cleaning service of the Cádiz hospital platform for the Andalusian Health Service (Spain).	16
16	SPAIN	Extension of the contract for the interior cleaning service of military barracks and bases (Spain).	15

ACTIVITY IN 2019

In 2019, Clece has performed strongly globally, with a 5% increase over last year's business figure, thanks to the positive evolution of all activities, highlighted by growth in the areas of social services and cleaning.

By area of activity, people-centered services increased by 4.3% during 2019, driven mainly by international markets growing above 20%. In this area, it is worth noting that during 2019, Clece continued its private residence management project in both Spain and Portugal, integrated under the brand Clece Vitam, started in 2017. At the end of 2019, Clece had a total of 18 centers of this type and continues to work on the implementation of another 27 new Clece Vitam residences in different autonomous communities up until 2022. In building services, revenue was 6% higher than the previous year, representing 55% of the company's turnover. Finally, the services to the city and its surrounding area are that of the lowest volume, representing 8% of Clece's revenue.

By type of customer, in Spain, Clece's customer portfolio continues with 80% of its activity in the public sector and 20% with private customers. In 2019, the highest growth was due to public contracts growing 6%, compared to a 0.9% increase in contracts with private customers. One of the sectors with the highest sales and growth in 2019 was the health sector. It represents just over 30% of sales and is growing at 5%. In addition, the education sector accounts for 8% of turnover. Strong growth in the industrial sector is also notable, above 30%, which puts it at 3% of the company's activity.

By geographic area, the turnover in Spain grew 4% in 2019 compared to the previous year, while in international markets, sales increased by 17.9%.

In this respect, the growth strategy in the United Kingdom was notable (+21.9% increase in sales in 2019). This has resulted in Clece being one of the leading companies in providing services to the elderly. The strategy followed by Clece Care Services (a Clece subsidiary in the UK) is based on the acquisition, integration and development of companies with an excellent reputation and important regional presence, serving as a platform for the organic development of services in the different areas.

During 2019, the evolution of the UK contract portfolio has been very positive, reaching 162.4 million pound sterling, an increase of 33% over 2018 in the local currency. In line with this growth, it is important to highlight the significant increase in the number of contracts awarded in the United Kingdom—42% more than in 2018. This improvement is driven by the growth in success rates, which are now 100% for renewal of existing contracts and 50% for new contracts. In addition, priority continues to be given to contracts where the valuation of the proposal is mainly based on the technical offer.

In addition, Clece Care Services continues to work on the organic development of different types of higher value-added services, aimed at improving the quality of life of the elderly, regardless of their degree of care. During 2019, new contracts for the provision of services have been introduced in Extra Care (assisted living) and in the area of complex care (services for persons with clinical assistance needs), where significant organic growth has been experienced, earning revenues 55% higher than the previous year. In addition, a new line of activity has been incorporated, focusing on the provision of specialized services for the rehabilitation of people who have suffered a brain injury. These services are provided from a dedicated facility that has all the necessary equipment to carry out the comprehensive rehabilitation programs. Geographically, Clece Care Services continues to expand by already serving in the western part of Scotland, Yorkshire and Berkshire.

For more information:
4.7. Evolution of the Services Business Area

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HIGHLIGHTED PROJECT

For more information:
www.grupoacs.com/
/activities/services/

AUTOMOTIVE BUSINESS SECTOR

CUSTOMER
PSA, GKN, Driveline, Renault, Michelin, CAT, etc.

PROJECT/ CONTRACT TYPE
Cleaning, maintenance, auxiliary services, fire protection and logistics

LOCATION
Spain

AMOUNT
151.5 million euro (amount accumulated since 2013)

COMPANIES INVOLVED IN THE PROJECT
CLECE

Thirteen years have passed since Clece began operating in the automotive sector to now being undeniably established as a company of reference, thanks to a successful combination of factors, including the versatility of the services it offers (cleaning, logistics, auxiliary services, gardening, maintenance), the flexibility of contracts, the design of customized solutions through its subsidiaries and the constant search for productivity improvement, in perfect alignment with the needs and objectives of the customers that we currently work with, such as PSA, GKN, Driveline, Renault, Michelin, CAT and BASF.

Clece has performed the integral cleaning service of the PSA Peugeot Citroën production plant in Vigo since 2014. It is one of the largest automobile plants in Spain, with an area of over 663,000 m2 and an average production of 400,000 vehicles per year. The team of operators performs the technical and general cleaning service of all factory installations, as well as the logistical management of containers and supply of the assembly chain. The company has provided a service of maximum flexibility to adjust to the different levels of plant production, which can vary from week-to-week and even from day-to-day. As a result of the trust built through the services provided, the PSA Group did not hesitate to turn to Clece when it acquired Opel in 2017.

IN SHORT, THE AMOUNT AWARDED SINCE 2013 IN THIS SECTOR IS APPROXIMATELY 151.5 MILLION EURO, WITH A WORKFORCE OF 1,200 IN THIS SECTOR

In addition, Clece has served CAT GROUP since 2006 and has been present in various CAT ESPAÑA contracts offering logistics management services and automotive auxiliary functions. In 2019, these services were provided in 17 execution centers distributed in 9 Autonomous Communities of Spain.

Finally, it is worth noting that Clece carries out the cleaning, general maintenance and fire protection of the three Renault plants in Valladolid as well as the cleaning of the Nissan plant in Barcelona.

4. THE FINANCIAL MANAGEMENT IN 2019


80
O PEDROUZO
200
m

4.1. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT

MILLION EURO	2018(1)	2019	Var.
Net Revenues	**36,659**	**39,049**	**+6.5%**
Other operating income	246	323	+31.6%
Total Income	**36,904**	**39,372**	**+6.7%**
Operating expenses	(26,435)	(28,383)	+7.4%
Personnel expenses	(7,910)	(8,394)	+6.1%
Operating Results from Equity Method (2)	382	553	+44.9%
Operating Cash Flow (EBITDA)	**2,941**	**3,148**	**+7.0%**
Depreciation and amortisation	(818)	(970)	+18.6%
Current assets provisions	(74)	(53)	-28.3%
Ordinary Operating Profit (EBIT)	**2,050**	**2,126**	**+3.7%**
Impairment & gains on fixed assets	(27)	290	n.a
Other operating results (3)	(138)	(1,533)	n.a
Operating Profit	**1,885**	**882**	**-53.2%**
Financial income	155	205	+32.5%
Financial expenses	(451)	(497)	+10.1%
Ordinary Financial Result	**(297)**	**(292)**	**-1.5%**
Exchange differences	(11)	4	n.a
Changes in the fair value of financial instruments	66	30	-54.6%
Impairment and gains or losses on the disposal of financial instruments	3	3	+21.4%
Net Financial Result	**(239)**	**(255)**	**+6.6%**
Non-ordinary results of companies accounted for using the equity method (2)	4	5	+7.8%
PBT of continued operations	**1,650**	**632**	**-61.7%**
Income tax	(389)	(466)	+19.8%
Tax credit (BICC) (3)	0	550	
Net profit of continued operations	**1,261**	**716**	**-43.3%**
Profit after taxes of the discontinued operations	0	0	n.a
Consolidated Result	**1,261**	**716**	**-43.3%**
Profit attributed to non-controlling interests (ex BICC)	(346)	(478)	+38.4%
Profit attributed to non-controlling interests (BICC)	0	725	
Net Profit Attributable to the Parent Company	**916**	**962**	**+5.1%**

Data presented according to ACS Group management criteria.

(1) The comparable period 2018 has been restated by the application of IFRS 16 (Operating leases), which has led to an increase in EBITDA of 284 million euro, a greater amount of amortization of 244 million euro and a higher financial expense 40 million euro.

(2) The result corresponding to associates and JV members of the ordinary activity has been reclassified into the item "Operating Results from Equity Method", included within EBITDA, which were previously recorded as a Result from Equity Method outside the Ordinary Operating Profit, leaving under the heading "Non-operating results from Equity Method" the result corresponding to the rest of associates and joint ventures, outside the Operating Profit.

(3) It includes the provision related to the cessation of operations of CIMIC in the Middle East (BICC) whose amount before taxes amounts to 1,695 million euro, and the application of the provision for international risks in Corporation (230 million euro). The impact on the Group's consolidated net profit is 420 million euro, after deducting minority interests.

REVENUES AND BACKLOG

Revenues during the period rose up to 39,049 million euro, increasing by 6.5%, 4.5% currency effects adjusted. All areas of activity showed a good general trend.

Revenues breakdown by geographical areas showed the diversification of the Group's revenue sources, where North America represented 49.6% of total revenues, Asia Pacific 24.5%, Europe 19.6%, from which Spain represented 13.9%, and the remaining regions 6.3%.

REVENUES PER GEOGRAPHICAL AREAS

MILLION EURO	2018		2019		Var,
Europe	7,651	20.9 %	7,655	19.6%	+0.0%
North America	16,654	45.4 %	19,377	49.6%	+16.4%
South America	1,926	5.3 %	2,171	5.6%	+12.7%
Asia Pacific	10,083	27.5 %	9,569	24.5%	-5.1%
Africa	345	0.9 %	278	0.7%	-19.4%
TOTAL	**36,659**		**39,049**		**+6.5%**

REVENUES PER COUNTRIES

MILLION EURO	2018		2019		Var,
United States	14,200	38.7 %	16,932	43.4%	+19.2%
Australia	7,257	19.8 %	7,286	18.7%	+0.4%
Spain	5,213	14.2 %	5,419	13.9%	+4.0%
Canada	1,475	4.0 %	1,629	4.2%	+10.4%
Germany	956	2.6 %	751	1.9%	-21.4%
RoW	7,557	20.6 %	7,032	18.0%	-7.0%
TOTAL	**36,659**		**39,049**		**+6.5%**

To highlight the solid growth of the North American markets in the construction area, namely USA which grew 19.2%, 13.2% when adjusted to the currency impacts, whilst Canada grew by a nominal 10.4%, 6.7% currency adjusted.

Likewise, activity in Spain remained stable at 4.0%, due to the boost of the renewable energy business in the Industrial Service's area.

Sales in Australia accounted for 7,286 million euro, with an adjusted growth due to the exchange rate variation of 2.0%.

BACKLOG PER GEOGRAPHICAL AREAS

MILLION EURO	Dec-18		Dec-19		Var,
Europe	13,162	18.2 %	14,300	18.4%	+8.6%
North America	29,947	41.5 %	33,485	43.1%	+11.8%
South America	5,445	7.5 %	5,001	6.4%	-8.2%
Asia Pacific	23,333	32.3 %	23,271	29.9%	-0.3%
Africa	335	0.5 %	1,698	2.2%	+406.8%
TOTAL	**72,222**		**77,756**		**+7.7%**

The Group's total Backlog stood at 77,756 million euro, growing by 7.7%. Adjusted to currency effects, the backlog grew by 6.0%.

REVENUES PER COUNTRIES

MILLION EURO	Dec-18		Dec-19		Var,
United States	24,082	33.3 %	28,319	36.4%	+17.6%
Australia	17,973	24.9 %	19,365	24.9%	+7.7%
Spain	7,704	10.7 %	7,464	9.6%	-3.1%
Canada	4,425	6.1 %	3,859	5.0%	-12.8%
Germany	2,537	3.5 %	3,008	3.9%	+18.6%
RoW	15,503	21.5 %	15,740	20.2%	+1.5%
TOTAL	**72,222**		**77,756**		**+7.7%**

United States' backlog rose to 28,319 million euro, of which two thirds correspond to Turner, growing by 17.6%, +15.4% adjusted by exchange rate variations.

Likewise, Australia's backlog had a positive growth of 7.7%, 6.3% when adjusted to exchange rate impact, mainly thanks to services awards.

The remaining countries in Europe grew by 25.2%, supported by the award of singular projects in the UK (construction of Euston high-speed train station in London) and Germany. On its side, Spain's Backlog decreased by 3.1% due to the advance in the projects awarded last year in the construction area.

OPERATING RESULTS

The Group's EBITDA accounted for 3,148 million euro, showing an increase of 7.0%, mainly due to Abertis' greater contribution during this period, compared to the prior one where it only contributed since June.

Specifically, Abertis contributed with 306 million euro to the Group's 2019.

EBIT reached 2,126 million euro, growing by 3.7% in relation to the prior year. Margin over revenues decreased in 15 b.p. compared to the prior period due to the evolution of the business mix, with more relevance given to low-risk activities such as Construction Management, Alliance type contracts, and services.

OPERATING RESULTS

MILLION EURO	2018	2019	Var.
EBITDA	**2,941**	**3,148**	**+7.0%**
EBITDA Margin	*8.0%*	*8.1%*	
Depreciation and amortisation	(818)	(970)	+18.6%
Infrastructure	*(708)*	*(843)*	
Industrial Services	*(79)*	*(88)*	
Services	*(30)*	*(37)*	
Corporation	*(1)*	*(1)*	
Current assets provisions	(74)	(53)	-28.3%
EBIT	**2,050**	**2,126**	**+3.7%**
EBIT Margin	*5.6%*	*5.4%*	

NET OPERATING PROFITS

Profits from the sale of assets under operation are booked as Impairment & gains on fixed assets, and it includes, among others, the sale of renewable energy assets worth 250 million euro.

Other results included CIMIC's provisions related to BICC which rose up to 1,695 million euro, as well as the application of the existing provisions related to international risks in Corporation worth 230 million euro.

NET OPERATING RESULTS

MILLION EURO	2018	2019	Var.
Ordinary Operating Profit (EBIT)	**2,050**	**2,126**	**+3.7%**
Impairment & gains on fixed assets	(27)	290	n.a
Other operating results	(138)	(1,533)	n.a
Impairment of financial instruments (BICC)	0	(1,695)	
Provisions from to international risks (BICC)	0	230	
Others	(138)	(69)	
Net operating results	**1,885**	**882**	**-53.2%**

Data presented according to ACS Group management criteria.

FINANCIAL RESULTS

Ordinary financial result increased by 1.5%. Financial expenses increased 10.1% as a result of a higher gross average debt related to Abertis' investments and renewable assets. This increase was compensated by higher financial revenues compared to the previous term.

Regarding non-ordinary net financial result, in 2018 the revaluation of the MásMóvil share options was included, whereas 2019 included financial instruments and derivatives results from the Group's companies.

FINANCIAL RESULTS

MILLION EURO	2018	2019	Var.
Financial income	155	205	+32.5%
Financial expenses	(451)	(497)	+10.1%
Ordinary Financial Result	**(297)**	**(292)**	**-1.5%**
Infrastructure	(186)	(196)	+5.1%
Industrial Services	(72)	(71)	-2.6%
Services	(5)	(7)	+25.5%
Corporation	(32)	(19)	-41.7%

MILLION EURO	2018	2019	Var.
Ordinary Financial Result	**(297)**	**(292)**	**-1.5%**
Exchange differences	(11)	4	n.a
Changes in the fair value of financial instruments	66	30	-54.6%
Impairment and gains or losses on the disposal of financial instruments	3	3	+21.4%
Net Financial Result	**(239)**	**(255)**	**+6.6%**

RESULTS FROM ASSOCIATES

The majority of the Equity Method's results have been re-classified as *Operating Results on Equity Method*, also within EBITDA, which corresponds to results from associates and joint ventures from ordinary activities. Consequently leaving this item as *Non-ordinary results of companies accounted for using the equity method*, corresponding to the remaining associates, which amounted to 5 million euro during the period.

NET PROFIT ATTRIBUTABLE

ACS Group reported a Net Profit during 2019 of 962 million euro, 5.1% higher in comparable terms. The isolated impact in ACS Group Net Profit due to provisions related to BICC in CIMIC accounted for 420 million euro, which has been totally compensated thanks to the profits obtained from the sale of renewable energy assets and the implementation of provisions linked to international risks in Corporation.

The effective corporate tax rate stood at 26.4% against 30.8% from the last comparable term, excluding BICC, due to Profits before taxes evolution related to the geographical mix.

NET PROFIT BREAKDOWN

MILLION EURO	2018	2019			
		Recurrent	Var.	One-off (*)	Total
Infrastructure	586	613	+4.6%	(420)	193
Construction (1)	401	358	-10.9%	(420)	(62)
Concessions	184	255	+38.3%		255
Industrial Services (2)	325	350	+7.8%	250	600
Services	37	38	+3.3%		38
Net profit from activities	**948**	**1,001**	**+5.7%**	**(170)**	**831**
Corporation (3)	(32)	(39)	+22.7%	170	131
TOTAL Net Profit	**916**	**962**	**+5.1%**	**0**	**962**

(*) Non-recurrent results net impact:
(1) CIMIC's provision after closing its operations in BICC.
(2(Profits derived from renewable energy asssets sale.
(3) International risk provision application linked to Middle East.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

4.2. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET

MILLION EURO	Dec-2018		Dec-2019		Var.
NON-CURRENT ASSETS	**14,216**	**39.8%**	**14,349**	**37.2 %**	**+0.9%**
Intangible Assets	4,164		4,169		+0.1%
Tangible Assets	2,524		2,739		+8.5%
Investments accounted for using the equity method	4,709		4,411		-6.3%
Non-current financial assets	1,244		915		-26.4%
Derivative financial instruments	63		7		-88.3%
Deferred Tax Assets	1,511		2,106		+39.4%
CURRENT ASSETS	**21,485**	**60.2%**	**24,243**	**62.8 %**	**+13.7%**
Non-current assets held for sale and discontinued operations	1,034		2,111		n.a
Inventories	867		911		+5.1%
Trade and other receivables	10,891		11,552		+7.8%
Other current financial assets	1,464		1,339		-8.5%
Derivative financial instruments	53		11		-78.8%
Other Current Assets	210		229		+8.9%
Cash and cash equivalents	6,966		8,089		+16.1%
TOTAL ASSETS	**35,701**	**100.0 %**	**38,592**	**100.0 %**	**+8.6%**
NET WORTH	**5,991**	**16.8%**	**5,496**	**14.2 %**	**-8.3%**
Equity	4,647		4,778		+2.8%
Adjustments for changes in value	(292)		(361)		+23.8%
Non-controlling interests	1,636		1,080		-34.0%
NON-CURRENT LIABILITIES	**9,142**	**25.6%**	**9,041**	**23.4 %**	**-1.1%**
Grants	3		3		-16.4%
Non-current Provisions	1,683		1,362		-19.1%
Non-current Financial Liabilities	6,252		6,434		+2.9%
Bank borrowings, debt instruments and other marketable securities	6,016		6,151		+2.2%
Project finance with limited recourse	101		122		+21.7%
Other financial liabilities	135		161		+18.6%
Long term lease liabilities	695		687		-1.1%
Derivative financial instruments	45		72		+60.3%
Deferred tax liabilities	380		383		+0.7%
Other non-current Liabilities	84		100		+19.0%
CURRENT LIABILITIES	**20,568**	**57.6%**	**24,055**	**62.3 %**	**+17.9%**
Liabilities relating to non-current assets held for sale and discontinued operations	537		1,187		n.a
Current Provisions	1,044		1,235		+18.3%
Current Financial Liabilities	2,175		3,048		+40.1%
Bank borrowings, debt instruments and other marketable securities	2,092		2,868		+37.1%
Project finance with limited recourse	16		19		+15.1%
Other financial liabilities	67		162		n.a
Short term lease liabilities	307		321		+4.8%
Derivative Financial Instruments	82		28		-65.4%
Trade and other payables	15,966		16,756		+6.1%
Other current liabilities	458		551		+20.3%
Financial Liabilities related to BICC	0		927		n.a
TOTAL EQUITY & LIABILITIES	**35,701**	**100.0%**	**38,592**	**100.0 %**	**+8.6%**

NOTE: December 2018 closing has been restated in compliance with IFRS 16 including operational leases in "Operating Lease Liabilities" item, both in the long and in the short term.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

NON-CURRENT ASSETS

Intangible assets, which amounted to 4,169 million euro, included goodwill from past strategic transactions amounting to 3,122 million euro, from which 743 million euro came from ACS and Dragados Group merger in 2003, and 1,389 million euro came from HOCHTIEF's acquisition in 2011. The rest corresponded to the integration of various companies in the Group, mainly in HOCHTIEF.

Investment balance held by the Equity Method included the stake in Abertis, holdings from HOCHTIEF's associated companies, certain energy assets from Industrial Services and concessions from Iridium, as the Zero-E assets are booked as Assets Held for Sale.

ACS and HOCHTIEF stakes in Abertis are recorded as Investment in Associates (Equity Method) in their respective balance sheets. ACS stake (30%) accounted for 2,045 million euro, while HOCHTIEF's (20% minus one share) amounted to 1,370 million euro. Therefore, total impact on ACS Group balance sheet stood at 3,415 million euro.

WORKING CAPITAL

WORKING CAPITAL EVOLUTION

MILLION EURO	dec.-18	mar.-19	jun.-19	sep.-19	dec.-19
Infrastructure	(4,828)	(4,110)	(4,190)	(3,575)	(5,862)
Industrial Services	(1,221)	(1,123)	(1,429)	(1,346)	(1,350)
Services	(51)	(31)	(120)	(46)	(31)
Corporation	265	177	178	186	128
TOTAL	**(5,835)**	**(5,088)**	**(5,560)**	**(4,782)**	**(7,116)**

During the last 12 months, net working capital increased its debit balance by 1,280 million euro, mainly due to CIMIC's provision impact in relation to BICC (927 million euro) recorded in the balance sheet.

The commercial discount and securitization outstanding balance (factoring) amounted to 2,205 million euro by 2019 year-end, with a proportion over annual revenues of less than 6%. This represented 25 million euro less than last year's closing.

Confirming and Supply Chain Financing at 2019 year-end amounted to 1,484 million euro, roughly 200 million euro more than last year's in comparable terms. The use of these financial instruments on the part of suppliers does not mean a change in the contractual conditions and maintains the original liability that, therefore, is still booked under the commercial creditors' accounts.

NET WORTH

ACS Group Net worth accounted for 5,496 million euro at 2019 year-end.

NET WORTH

MILLION EURO	2018	2019	Var.
Shareholders' Equity	4,647	4,778	+2.8%
Adjustment s for changes in value	(292)	(361)	+23.8%
Non-controlling interests	1,636	1,080	-34.0%
Net Worth	**5,991**	**5,496**	**-8.3%**

NOTE: IFRS 16 (Operating Leases) has been applied since January 2019 with restatement of the comparable periods.

NET DEBT

The Group maintained a Net Debt position of 54 million euro, maintaining a similar debt level to the last two periods, almost non-existent. The strong operating cash flow generation during these two last periods widely compensated the strong effort in the concessional activity.

In fact, not considering project finance debt, without recourse to shareholders, the Group presented a net cash position during the last three terms, closing 2019 with 87 million euro of operating net cash.

NET DEBT 31 DECEMBER 2019

Net Debt (million euro)	Infrastructure	Industrial Services	Services	Corporation	Adjust.	ACS Group
LT bank borrowings	1,675	80	227	1,638	0	3,620
ST bank borrowings	460	240	94	1	0	795
bank borrowings	**2,135**	**320**	**321**	**1,639**	**0**	**4,414**
Bonds	2,501	799	0	1,304	0	4,604
Non Recourse Financing	93	48	0	0	0	141
Other financial liabilities	166	65	1	0	0	232
Total External Gross Debt	**4,894**	**1,233**	**322**	**2,943**	**0**	**9,392**
Net debt with Group's companies & Affiliates	92	70	0	0	(72)	90
Total Gross Financial Debt	**4,986**	**1,303**	**322**	**2,943**	**(72)**	**9,482**
ST & other financial investments	999	261	78	74	(72)	1,339
Cash and cash equivalents	6,142	1,746	91	110	0	8,089
TOTAL CASH AND EQUIVALENTS	**7,140**	**2,007**	**170**	**184**	**(72)**	**9,429**
(NET FINANCIAL DEBT) / NET CASH POSITION	**2,154**	**704**	**(152)**	**(2,759)**	**(0)**	**(54)**
NET FINANCIAL DEBT 2018	**2,286**	**736**	**(75)**	**(2,944)**	**0**	**3**

4.3. NET CASH FLOWS

NET CASH FLOWS

MILLION EURO	2018			2019		
	Total	HOT	ACS exHOT	Total	HOT	ACS exHOT
Cash Flow from Operating Activities before Working Capital	**2,204**	**1,373**	**830**	**2,596**	**1,503**	**1,093**
Operating working capital variation	118	199	(81)	(217)	99	(316)
Net CAPEX	(497)	(344)	(153)	(659)	(518)	(141)
Net Operating Cash Flow from continuing activities	**1,825**	**1,228**	**596**	**1,720**	**1,084**	**636**
Financial Investments/Disposals	(936)	(1,467)	531	(690)	(221)	(468)
Operating Leases (IFRS16)	(271)	(198)	(73)	(387)	(301)	(86)
Other Financial Sources	13	(0)	13	(279)	(246)	(33)
Free Cash Flow	**630**	**(436)**	**1,066**	**364**	**315**	**49**
Dividends paid	(316)	(162)	(154)	(486)	(285)	(201)
Intra group Dividends	0	(156)	156	0	(177)	177
Treasury Stock	(365)	909	(1,274)	(568)	0	(568)
Total Cash Flow Generated / (Consumed)	**(50)**	**155**	**(206)**	**(689)**	**(147)**	**(542)**
Perimeter change (Increase)/decrease	66	59	8	567	78	488
Exchange rate (Increase)/decrease	141	82	58	66	35	30
Total Net Debt variation in the Balance Sheet	156	296	(140)	(57)	(33)	(24)

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities before working capital amounted to 2,596 million euro, improving by 17.8% versus last year's. The positive performance of the operating activities together with Abertis' dividend inflow, which amounted to 432 million euro, broadly compensated a higher tax disbursement during the current term, approximately 100 million euro more than in 2018 period.

The operating working capital variation resulted in a 217 million euro cash outflow, after the improvement of around 1,200 million euro in the last quarter due to the business seasonality. The higher contribution from low-risk activities and with a different fund-flow profile (Alliance-style or contract mining) together with a lower factoring balance explained the variation in the working capital when compared to the last year.

Meanwhile, CAPEX rose to 659 million euro, 162 million euro more than last year. Additionally, operating lease payment accounted for 387 million euro, meaning a total operating capital investment of more than 1,000 million euro, 36% more than last year. This increase is based on the strong growth of higher capital intensive activities such as contract mining, whose activity has been gathering an annual average growth of 20% for the last three years.

Accordingly, Operating Free Cash Flow, calculated as Net Operating Cash Flow from Continuous Activities minus payments made for Operating Leases, reached 1,333 million euro in 2019, equivalent to a conversion rate on Consolidated Net Profit (before minorities) of 95%.

CASH FLOW FROM INVESTMENTS

ACS Group total net investments during 2019 amounted to 1,254 million euro.

Net CAPEX amounted to 659 million euro and mainly corresponded to machinery acquisition for the Group's mining, civil work, and industrial facilities projects. Particularly, CIMIC strongly invested in renewing its equipment intended for contract mining activities and TBMs for construction projects.

INVESTMENTS BREAKDOWN

MILLION EURO	Operating Investments	Operating divestments	NET Operating CAPEX	Project / Financial Investments	Financial Divestments	Net Project / Financial invesments	Total Net Investments
Infrastructure	**615**	**(76)**	**539**	**347**	**(109)**	**239**	**778**
Dragados	73	(51)	21	(0)	(1)	(1)	21
Hochtief	542	(24)	518	256	(43)	213	731
Iridium	0	0	0	91	(65)	26	26
Industrial Services	**105**	**(4)**	**101**	**674**	**(340)**	**334**	**435**
Services	**22**	**(3)**	**19**	**6**	**0**	**6**	**25**
Corporation	**1**	**0**	**1**	**16**	**0**	**16**	**17**
TOTAL	**742**	**(83)**	**659**	**1,043**	**(449)**	**595**	**1,254**

Financial and Project net investment reached 595 million euro and are detailed as follows:

▪ Infrastructures mainly invested 300 million euro in highway and railway concessions in USA, Canada and Europe, as well as in the creation Joint Ventures to develop projects in America and Australia. Likewise, Hochtief allocated more than 45 million euro in the construction of their new HQ in Essen.

▪ On its side, divestments over 100 million euro included the sale of different stakes in USA, Canada and Spain.

▪ Industrial Services invested 674 million euro mainly in the development of different types of renewable assets (PV plants, wind farms, transmission lines, etc.) and location (Spain, UK, Mexico, and Brazil).

▪ It also divested 340 million euro of different energy assets such as PV plants, wind farms and transmission lines.

▪ This figure included the partial sale at December-end of already built PV Plants in Spain (914 MW), worth 170 million euro, not cashed during the period. This transaction was completed in 2020 with the total sale of already built assets and the development of 2,000 additional MW until 2023

Furthermore, 85 million euro pending from Urbaser's sale were cashed and reflected in the cash flow statement as financial divestments. This quantity was booked when the transaction was closed, in December 2016.

OTHER CASH FLOWS

Dividends paid in cash by the Group amounted to 486 million euro, of which 195 million euro corresponded to ACS Group scrip dividends paid in cash in February and July 2019 and the remaining to the remuneration of minorities in HOCHTIEF and CIMIC. Likewise, during this year, treasury shares were acquired, worth 568 million euro to serve scrip dividends from July 2019 and February 2020. Therefore, the Group devoted 1,054 million euro to its shareholders and minorities' remuneration.

On the other side, the cash outflow in the item Other Financing Resources mainly corresponded to CIMIC's financial support to BICC during 2019 (248 million euro).

4.4. DESCRIPTION OF MAIN FINANCIAL RISKS AND UNCERTAINTIES

ACS Group develops its activities in different sectors, countries and socioeconomic and legal environments involving risk exposure, inherent to the businesses it operates in.

ACS Group monitors and controls these risks in order to avoid a decline in the profitability of its shareholders, a danger to its employees or its corporate reputation, a problem for its customers or a negative impact on the Group as a whole. For risk-control, ACS Group has instruments to identify and manage them properly with sufficient time, either by preventing its materialization or by minimizing impacts.

In addition to those inherent risks to the different businesses in which it operates, ACS Group is exposed to various financial risks, either by changes in interest or exchange rates, liquidity risks or credit risks.

a) Risks arising from changes in the cash flow interest rates are mitigated by ensuring rates through financial instruments which may cushion its fluctuation.

b) Risk management related to exchange rates is carried out by taking debt in the same functional currency as that of the assets that the Group finances overseas. To cover net positions in currencies other than the euro, the Group arranges various financial instruments in order to reduce such exposure to exchange rate risks.

c) The most important aspects impacting the financial risks of ACS during 2019 and detailed in 2018 annual statements are:

- ACS, Actividades de Construcción y Servicios, SA, has renewed the Euro Commercial Paper (ECP) program for a maximum amount of 750 million euro, the Negotiable European Commercial Paper program (NEU CP) for a maximum amount of 300 million euro, and the debt issuance program called Euro Medium Term Note Program (EMTN Program). From this last one, two issuance have been made for a total amount of 170 million euro during 2019 first half.

- The rating agency Standard and Poor's (S&P) has maintained the long-term BBB and A-2 short-term corporate credit rating ("investment grade"), with stable outlook, for ACS, Actividades de Construcción y Servicios, S.A. Likewise, HOCHTIEF and CIMIC have maintained the same credit rating. Standard

and Poor´s has mantained the credit rating for ACS, HOCHTIEF and CIMIC, even after the announcement of the strategic termination of CIMIC in Middle East in January 2020.

- ACS, Actividades de Construcción y Servicios, S.A., has novated the syndicated loan worth 2,100 million euro until 2024 subject to two-year extension.

- Hochtief has released several bonds worth 943 million euro during 2019.

- On September 30 2019, CIMIC refinanced and extended the expiration date of a tranche of its syndicated bank financing from 2,600 million Australian dollar to 3,200 million Australian dollar until 2024.

- On August 2019, Flatiron and some of its participated companies signed with an international bank union a new syndicated credit and guarantee worth 300 million US dollar until 2024, replacing the former syndicated credit and guarantee worth 350 million Canadian dollar.

The Integrated Annual Report, which includes Non-Financial Information, Corporate Governance Reports, and ACS Group Annual Accounts (www.grupoacs.com), discusses more in detail the risks and the tools for its control. Likewise, HOCHTIEF's Consolidated Annual Accounts (www.hochtief.com) details the risks inherent to the German company and its control mechanisms.

For the next six months, from the closing date of the accounts referred to in this document, ACS Group, based on information currently available, expect to deal not only with situations of risk and uncertainty similar to 2019, but also with the situation derived from the appearance of the Coronavirus COVID-19 in China in January 2020 and its recent global expansion to a large number of countries. In this sense, the Group's Directors and Management are constantly monitoring the evolution of the situation, in order to face with guarantees the possible impacts, both financial and non-financial, that may occur.

4.5. EVOLUTION OF INFRASTRUCTURE AREA

INFRASTRUCTURE

MILLION EURO	2018	2019	Var.
Revenues	**28,785**	**30,955**	**+7.5%**
EBITDA	**2,239**	**2,421**	**+8.1%**
Margin	*7.8%*	*7.8%*	
EBIT	**1,465**	**1,538**	**+5.0%**
Margin	*5.1%*	*5.0%*	
Net Profit	**586**	**193**	**-67.1%**
Margin	*2.0%*	*0.6%*	
Backlog	**59,350**	**64,969**	**+9.5%**
Months	*24*	*24*	

NOTE: Infrastructure includes Construction activity – Dragados and HOCHTIEF (ex Abertis), and Concessions activity – Iridium and Abertis (both directly and indirectly through HOCHTIEF).

Revenues in Infrastructure reached 30,955 million euro, representing a 7.5% growth, 5.1%, adjusted by currency effects. This growth is mainly backed by North American revenues and Australian market's contribution, despite the exchange rate impact.

Revenues evolution is shifting towards a business mix with a lower risk profile thanks to a greater contribution from Construction Management activities, contract mining and infrastructures services, Alliance-type contracts and P3 projects, which represented around 70% of the activity.

EBITDA accounted for 2,421 million euro and EBIT rose to 1,538 million euro. Not considering the "Operating Equity Method", which included JV's net result and Abertis' contribution, operating margins in comparable terms remained stable.

Net Profit reached over 193 million euro. Excluding non-recurrent impact from BICC in CIMIC's accounts, Infrastructures' Net Profit rose up to 613 million euro, 4.6% more compared to last year, of which 358 million euro came from the Construction activity while 255 million euro related to Concessions.

	REVENUES PER GEOGRAPHICAL AREAS					BACKLOG PER GEOGRAPHICAL AREAS				
MILLION EURO	2018	% weight	2019	% weight	Var.	dec-18	% weight	dec-19	% weight	Var.
Spain	1,453	5.0%	1,359	4.4%	-6.5%	2,386	4.0%	2,333	3.6%	-2.2%
Rest of Europe	1,958	6.8%	1,690	5.5%	-13.7%	4,616	7.8%	5,959	9.2%	+29.1%
North America	15,530	54.0%	18,276	59.0%	+17.7%	28,346	47.8%	32,073	49.4%	+13.2%
South America	401	1.4%	374	1.2%	-6.6%	1,407	2.4%	1,272	2.0%	-9.6%
Asia Pacific	9,443	32.8%	9,200	29.7%	-2.6%	22,594	38.1%	22,311	34.3%	-1.3%
Africa	0	0%	56	0%	n.a.	0	0.0%	1,021	1.6%	n.a
TOTAL	**28,785**	**100%**	**30,955**	**100%**	**+7.5%**	**59,350**	**100%**	**64,969**	**100%**	**+9.5%**

Adjusted to exchange rate effects, revenues in Australia grew by 2.0% and 13.2% in USA.

Backlog at the end of the period stood at 64,969 million euro, 9.5% higher compared to last year's same period. Adjusted by the currency exchange effect, backlog grew by 7.5%. This good performance is partly a consequence of the significant projects awarded during this period which grew by 7.8% year on year, mainly in the UK, USA and Australia. CIMIC's backlog grew by 2.2% in local currency.

	DRAGADOS			HOCHTIEF (ACS contr.)			ADJUSTMENTS		TOTAL		
MILLION EURO	2018	2019	% Var.	2018	2019	Var.	2018	2019	2018	2019	Var.
Revenues	4,792	5,015	4.7%	23,882	25,852	8.2%	0	0	28,674	30,867	7.6%
EBITDA	367	293	-20.0%	1,686	1,893	12.3%	-85	-123	1,968	2,063	4.8%
Margin	7.60%	5.80%		7.10%	7.30%		n.a	n.a	6.90%	6.70%	
EBIT	251	200	-20.2%	1,095	1,165	6.4%	-138	-168	1,208	1,196	-1.0%
Margin	5.20%	4.00%		4.60%	4.50%		0.00%	0.00%	4.20%	3.90%	
Net Financial Results	-60	-63		-91	-114		-3	0	-155	-177	
Equity Method	0	0		0	0		0	0	0	0	
Other Results & Fixed Assets	-36	7		-25	16		0	0	-61	24	
EBT (ex BICC)	155	144	-6.6%	979	1,067	9.0%	-141	-168	993	1,043	5.1%
Taxes	-40	-28		-259	-258		17	14	-282	-271	
Minorities	-4	0		-350	-493		45	80	-309	-414	
Net Profit (ex BICC)	111	117	4.9%	370	316	-14.6%	-79	-75	401	358	-10.9%
Non recurrent net impact (BICC)	-	-		-	-420		-	-	-	-420	
Reported Net Profit	111	117	4.9%	370	-104	n.a	-79	-75	401	-62	
Backlog	12,083	13,607	12.6%	47,267	51,362	8.7%	n.a	n.a	59,350	64,969	9.5%
Months	30	33		22	23				24	24	

Note: The column "Adjustments" includes the removal of Abertis' contribution through HOCHTIEF,PPA adjustments, PPA depreciation, and consequently the impact on tax and minorities.

Construction's contribution, excluding the extraordinary impact in CIMIC after ceasing its activity in BICC, grew in comparable terms by 10.1% (that is, maintaining the same stake in HOCHTIEF in both periods, which was reduced to 50.4% from 71.8% after the sale of its stake to Atlantia as part of Abertis' operation).

Dragados increased its revenues by 4.7%. Operating margins converged reflecting a more conservative risk profile in the construction activities together with the remarkable growth in the North American markets where margins are more competitive. Likewise, the current period collected additional costs from some projects in USA pending resolution. Nonetheless, Dragados Net Profit increased by 4.9% up to 117 million euro endured by a lower tax rate.

HOCHTIEF showed a solid growth across all of its operating figures. Excluding non-recurrent impact from CIMIC's provisions linked to BICC, HOCHTIEF's net profit reached 627 million euro, and its contribution to ACS net profit, reached 316 million euro.

This contribution is proportional to the current 50.4% stake in contrast to the 71.8% of the comparable term. The construction activity (excluding the impact on minorities after Abertis' transaction) grew by 10.1% in a like-to-like basis.

HOCHTIEF AG

MILLION EURO	AMERICA 2018	AMERICA 2019	AMERICA VAR.	ASIA PACIFIC 2018	ASIA PACIFIC 2019	ASIA PACIFIC VAR.	EUROPE 2018	EUROPE 2019	EUROPE VAR.	HOLDING 2018	HOLDING 2019	TOTAL 2018	TOTAL 2019	TOTAL VAR.
Revenues	**13,069**	**15,328**	**+17.3%**	**9,266**	**9,143**	**-1.3%**	**1,423**	**1,233**	**-13.3%**	**125**	**148**	**23,882**	**25,852**	**+8.2%**
EBITDA	**375**	**398**	**+6.2%**	**1,209**	**1,334**	**+10.3%**	**116**	**97**	**-16.5%**	**(14)**	**64**	**1,686**	**1,893**	**+12.3%**
Margin	2.9%	2.6%		13.1%	14.6%		8.2%	7.9%	+0.0%			7.1%	7.3%	
EBIT	**317**	**318**	**+0.3%**	**735**	**755**	**+2.7%**	**60**	**32**	**-47.5%**	**(17)**	**61**	**1,095**	**1,165**	**+6.4%**
Margin	2.4%	2.1%		7.9%	8.3%		4.2%	2.6%				4.6%	4.5%	
Net Financial Results	(20)	(8)		(116)	(132)		(14)	10		59	16	(91)	(114)	
Equity Method	0	0		0	0		0	0		0	0	0	0	
Other Results & Fixed Assets	0	(0)		(1)	6		6	12		(30)	(2)	(25)	16	
EBT (ex BICC)	**297**	**310**	**+4.2%**	**618**	**629**	**+1.8%**	**52**	**54**	**+3.8%**	**12**	**75**	**979**	**1.067**	**+9.0%**
Taxes	(60)	(51)		(189)	(185)		(13)	(9)		4	(13)	(259)	(258)	
Minorities	(48)	(46)		(130)	(137)		0	1		0	0	(177)	(182)	
Net Profit (ex BICC)	**190**	**212**	**+12.1%**	**299**	**307**	**+2.9%**	**39**	**45**	**+15.3%**	**15**	**62**	**543**	**627**	**+15.5%**
Non recurrent net impact (BICC)	-	-		-	(833)		-	-		-	-	-	(833)	
Reported Net Profit	**190**	**212**		**299**	**(526)**	**n.a**	**39**	**45**	**+15.3%**	**15**	**62**	**543**	**(206)**	**n.a**

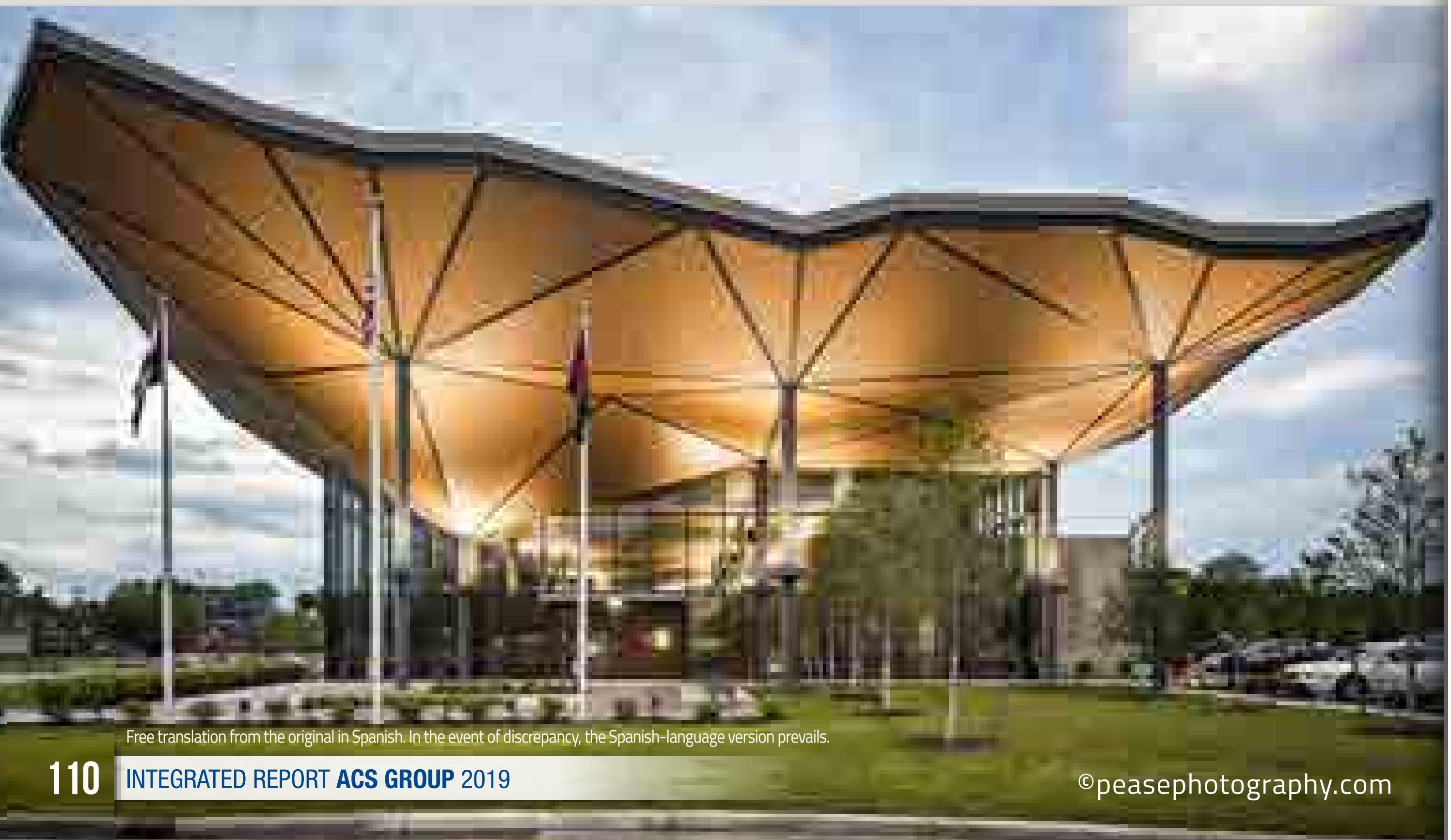
Amongst HOCHTIEF's different areas of activity, it is worth highlighting:

- The growth in America where revenues went up by 17.3%, and a 10% currency adjusted. Operating margin evolution reflected the greater contribution from the Construction Management business. Net profit rose by 12.1%.

- In Europe, the positive revenues trend is a consequence of a selective policy in the new tender bids. Net Profit continued its good performance shown during the last periods.

- Revenues in Asia Pacific (CIMIC) remained stable in local currency. Net profit, excluding the impact from BICC's provisions, increased by 307 million euro, growing by 2.9%.

- Corporation Net Profit included Abertis' net contribution in the period from HOCHTIEF's stake, amounting to 122 million euro. Once minority interests were deducted, its net contribution to ACS stood at 62 million euro profit.



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BICC IMPACT ON ACS GROUP ACCOUNTS

On January 23 2020 ACS Group, through its listed companies, announced that it had completed an extensive strategic review of CIMIC's 45% financial investment in BIC Contracting (BICC), a company that operates in Middle East.

After thorough evaluation of all available options, CIMIC decided to exit the region and to focus its resources and capital allocation on growth opportunities in its main core markets, provisioning all risks related to BICC.

The impact on CIMIC, HOCHTIEF and ACS Group consolidated balance sheets, respectively, are highlighted in the following chart:

NON RECURRENT IMPACT IN 2019 ACCOUNTS FROM STRATEGIC REVISION OF BICC IN CIMIC

MILLIONS OF LOCAL CURRENCY	CIMIC (A$)	HOCHTIEF (€)	ACS Group (€)
Profit before tax (PBT)	(2,725)	(1,695)	(1,695)
Taxes	885	550	550
Profit after tax (PAT)	(1,840)	(1,145)	(1,145)
Minorities	0	(311)	(725)
Net Profit	**(1,840)**	**(833)**	**(420)**

Likewise, the impact on CIMIC's cash during 2019 amounted to 248 million euro and it is expected a net outflow of approximately 430 million euro during 2020.

CONCESSIONS

CONCESSIONS

MILLION EURO	2018	2019	Var.
Revenues	**111**	**88**	**-20.9%**
Iridium	111	88	
Abertis	-	-	
EBITDA	**272**	**358**	**+31.8%**
Iridium	61	52	
Abertis	211	306	
EBIT	**257**	**341**	**+33.1%**
Iridium	46	36	
Abertis	211	306	
Net Profit	**184**	**255**	**+38.3%**
Iridium	10	10	
Abertis	175	245	

Note: Concessions includes Iridium and Abertis' activity.

IRIDIUM

Canadian company Northeast Anthony Henday, the concessionary company of the Edmonton city ring road (Capital City link) in Alberta, Canada.

During the last quarter, ACS Group agreed on the sale of 74% of its capital which will have the totality of the stakes in six shadow-toll concessions which are: Cataluña. Eix Diagonal and Reus-Alcover; in Castilla La Mancha, Autovía de la Mancha; in Castilla y León, Autovía de los Pinares; in Navarra, Autovía del Pirineo; and in Galicia, Santiago-Brion.

Moreover, it sold 75% of its 50% stake in the concessionary company I-595 Express, LLC in Florida (USA) I 595 Toll Road, LLC, to the owner of the remaining 50%.

Iridium, apart from having a stake in these concessions, it continuous with the management and operation of assets, through operational, maintenance, and services contracts, with a significant presence in the administrative boards and in the daily management of concessions.

Meanwhile, during the period Iridium invested 91 million euro in highway concessions (SH288 in Texas and M11 in Ireland) as well as railway concessions (Otawa light train).

ABERTIS

Abertis' contribution to ACS Group profit is recorded using the Equity Method and it is included as an operating item in EBITDA, with an impact at 2019 year-end of 306 million euro. During 2019 Abertis' contribution to the Group's Net profit amounted to 245 million euro, from which 184 million euro corresponded to ACS direct stake, and the remaining 62 million euro to the indirect stake through HOCHTIEF, once minority interests were deducted.

Abertis' highways performance in 2019 was positive due to the solid growth of traffic rates registered in Spain (+4.3%), France (1.0%).

On a like for like basis: revenues during the period increased 4%, EBITDA grew 7.6%, and Net Profit rose 9%.

- Abertis' strategic plan considers efficiency improvements which will lead to a 150 million euro cost reduction and investment in new assets in order to replace cash flows and diversify its geographical portfolio.

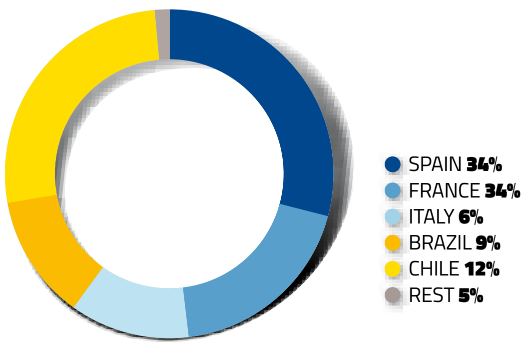
- In October, Abertis and GIC reached an agreement for the acquisition of the Red de Carreteras de Occidente (RCO) in Mexico, one of the largest highway operators in the country. It manages 5 concessions, with a total of 876 kilometres, located in the central-western Mexican region. Abertis' estimated investment for the acquisition of its 50.1% stake is approximately 1,500 million euro.

ABERTIS

MILLION EURO	2019	Var. LFL*
Revenues	5,631	+4.2%
EBITDA	3,737	+7.6%
Net Profit	1,101	+9.0%
Net Debt	**21,017**	**n.a.**

*Like for like variation adjusted by FX and extraordinary results.

EBITDA BY COUNTRIES 2019



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4.6. EVOLUTION OF INDUSTRIAL SERVICES AREA

Revenues in Industrial Services accounted for 6,530 million euro, increasing by 2.3%.

Operating results grew in line with revenues, resulting in stable margins based on business diversification, considering both geography and area of activity.

Net profit accounted for 600 million euro, 84.8% higher versus the prior year thanks to capital gains derived from the sale of PV plants to Galp in Spain, which increased up to 250 million euro. Not considering this non-recurrent impact, Industrial Services Net Profit grew 7.8% in comparable terms.

This growth is backed by the boost in the renewable energy business, namely in Spain, which offset the termination of several projects in the Middle East and the decline of the Mexican activity.

INDUSTRIAL SERVICES

MILLION EURO	2018	2019	Var.
Revenues	**6,385**	**6,530**	**+2,3%**
EBITDA	**675**	**693**	**+2,7%**
Margin	*10.6%*	*10.6%*	
EBIT	**593**	**594**	**+0,2%**
Margin	*9.3%*	*9.1%*	
Net Profit	**325**	**600**	**+84,8%**
Margin	*5.1%*	*9.2%*	
Backlog	**9,845**	**9,924**	**+0,8%**
Months	*19*	*18*	

MILLION EURO	REVENUES PER GEOGRAPHICAL AREAS 2018	% weight	2019	% weight	Var.	REVENUES PER GEOGRAPHICAL AREAS dec-18	% weight	dec.-19	% weight	Var.
Spain	2,369	37.1%	2,612	40.0%	+10.2%	2,513	25.5%	2,531	25.5%	+0.7%
Rest of Europe	383	6.0%	430	6.6%	+12.3%	618	6.3%	615	6.2%	-0.6%
North America	1,124	17.6%	1,102	16.9%	-1.9%	1,602	16.3%	1,412	14.2%	-11.9%
South America	1,525	23.9%	1,796	27.5%	+17.8%	4,038	41.0%	3,729	37.6%	-7.6%
Asia Pacific	640	10.0%	368	5.6%	-42.4%	739	7.5%	960	9.7%	+30.0%
Africa	345	5.4%	222	3.4%	-35.5%	335	3.4%	677	6.8%	+102.0%
TOTAL	**6,385**	**100%**	**6,530**	**100%**	**+2.3%**	**9,845**	**100%**	**9,924**	**100%**	**+0.8%**

REVENUES BREAKDOWN BY ACTIVITY

MILLION EURO	dec.-18	dec.-19	Var.
Support Services	3,794	3,714	-2.1%
Networks	661	680	+2.8%
Specialized Products	2,211	2,125	-3.9%
Control Systems	921	909	-1.3%
EPC Projects	2,573	2,783	+8.1%
Renewable Energy: Generation	23	42	n.s
Consolidation Adjustments	(5)	(9)	
TOTAL	**6,385**	**6,530**	**+2.3%**
International	4,016	3,919	-2.4%
% over total revenues	62.9%	60.0%	

BACKLOG PER ACTIVITY

MILLION EURO	dec.-18	dec.-19	Var.
Support Services	5,165	5,339	+3.4%
Networks	528	628	+18.8%
Specialized Products	3,261	3,323	+1.9%
Control Systems	1,376	1,388	+0.9%
EPC Projects	4,638	4,534	-2.3%
Renewable Energy: Generation	41	51	n.a
TOTAL BACKLOG	**9,845**	**9,924**	**+0.8%**
International	7,331	7,393	+0.8%
% over total backlog	74.5%	74.5%	

Backlog grew by 0.8% up to 9,924 million euro. International Backlog represented 74.5% of the total.

Backlog in Africa grew due to power and industrial plants as well as in Asia Pacific underpinned by the award of new PV plants in Japan, offsetting Mexico's backlog. On its side, contracting activities in Mexico during the last months have evolved positively showing a real increase (adjusted by exchange rate) of 31.4%.

4.7. EVOLUTION OF SERVICES AREA

Revenues in Services increased by 5.0%, growing both in the domestic and international markets.

EBITDA accounted for 94 million euro, growing by 7.7%. EBIT increased by 1.4% up to 57 million euro.

Services Backlog reached 2,863 million euro, decreasing 5.5% equivalent to over 22 months of production. This is due to strong awards obtained in 2018 in the local market.

SERVICES

MILLION EURO	2018	2019	Var.
Revenues	**1,505**	**1,579**	**+5.0%**
EBITDA	**87**	**94**	**+7.7%**
Margin	*5.8%*	*5.9%*	
EBIT	**56**	**57**	**+1.4%**
Margin	*3.7%*	*3.6%*	
Net Profit	**37**	**38**	**+3.3%**
Margin	*2.5%*	*2.4%*	
Backlog	**3,028**	**2,863**	**-5.5%**
Months	*24*	*22*	

REVENUES PER GEOGRAPHICAL AREAS

MILLION EURO	2018	2019	Var.
Spain	1,406	1,463	+4.1%
United Kingdom	76	92	+21.9%
Portugal	22	23	+4.5%
TOTAL	**1,505**	**1,579**	**+5.0%**

BACKLOG PER GEOGRAPHICAL AREAS

MILLION EURO	dec.-18	dec.-19	Var.
Spain	2,805	2,600	-7.3%
United Kingdom	137	186	+35.9%
Portugal	87	77	-11.4%
TOTAL	**3,028**	**2,863**	**-5.5%**

5. CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

5.0. ACS GROUP BUSINESS MODEL

The ACS Group is a reference in the global infrastructure construction sector. This sector contributes greatly to the economic and social development of the various regions of the world in an increasingly competitive, demanding and global market.

The main areas of the Group are divided into the following:

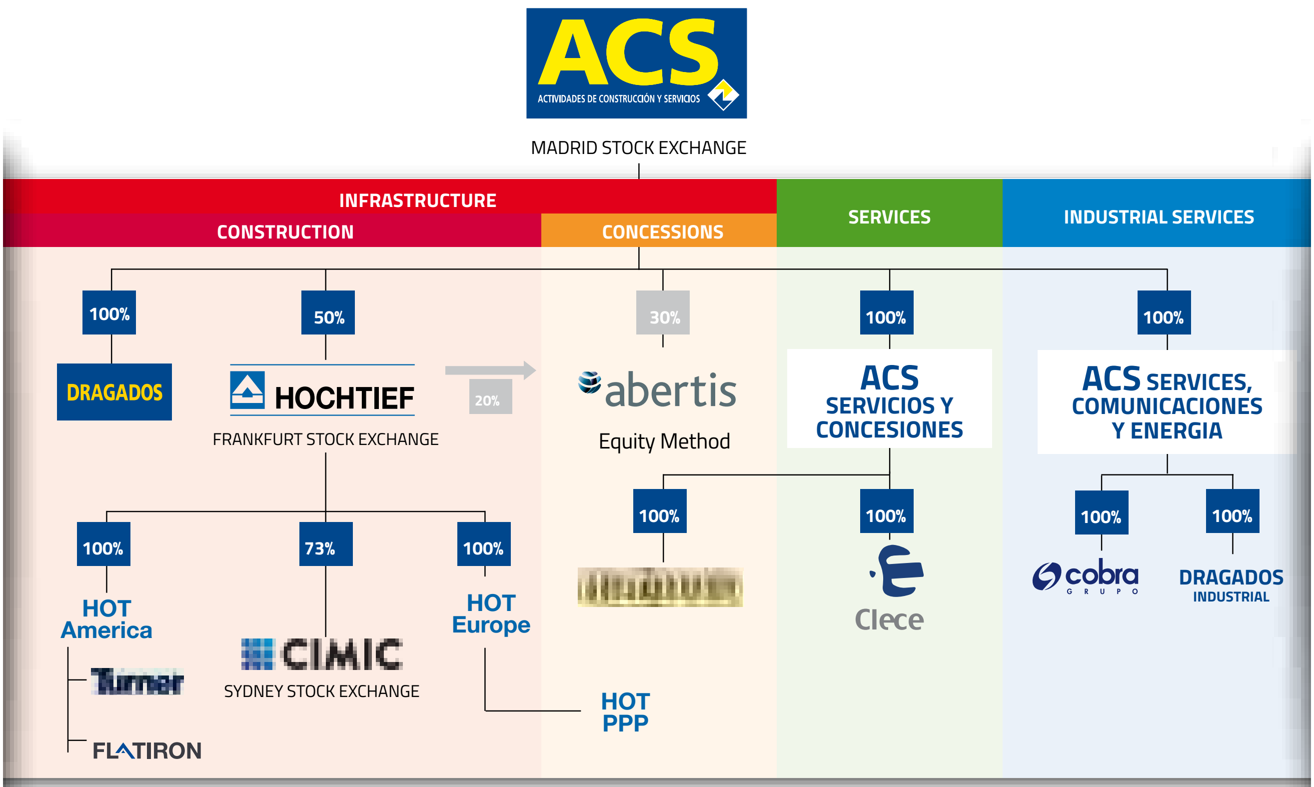
a) Infrastructure
This area includes Construction and Concessions activities through the companies Dragados, HOCHTIEF (including CIMIC), Iridium and participation in Abertis and is oriented to the realization of all kinds of civil works and construction projects as well as activities related to the mining sector (carried out by CIMIC, mainly in Asia Pacific), and the development and operation of transportation concessions. The geographical regions with the greatest exposure in this area are North America, Asia Pacific and Europe, mainly operating in developed and secure markets at the geopolitical, macroeconomic and legal levels.

b) Industrial Services
The area is dedicated to applied industrial engineering, developing construction, maintenance and operation activities of energy, industrial and mobility infrastructures through a large group of companies headed by the Cobra Group and Dragados Industrial. This area is present in over 50 countries, with a predominant position in the Mexican and Spanish markets although with growth in new Asian and Latin American countries.

c) Services
This area only comprises the activity of Clece, which offers comprehensive maintenance services for buildings, public places and organizations, as well as assistance to individuals. This area is mainly based in Spain, although it has early growth in the European market as well.

2.1.3. A global Group committed to the economic and social progress of the countries where it carries out its activity

3. The ACS Group's activities



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5.0.1. STRATEGY AND TRENDS

In this context of operational decentralization, the Group's strategy focuses on the shared values and culture of the Group by all companies. Each operates autonomously, individually providing a multitude of valid and cost-effective management formulas thanks to the multiple factors involved in their decisions that generate independent knowledge and best practices.

In particular, ACS Group's Corporate Social Responsibility effort brings together the contributions of many companies that define their policies independently and manage their resources as efficiently as possible, always guided by the common principles and objectives defined in ACS Group's Corporate Social Responsibility Policy, adopted on February 26, 2016, which sets out the basic and specific principles of action in this area, as well as in the Group's relationship with its environment, while also pursuing non-financial matters in the objectives defined in Plan 20-20.

Within the Group's commitment to transparency, throughout this point in the Consolidated Non-Financial Information Statement, the description of the group's policies on non-financial issues as well as the results of those policies, including key indicators, will be presented. In order to maintain maximum rigor and transparency, this document has been prepared in accordance with the requirements of the international reporting standards, as well as the new Global Reporting Initiative (GRI) standards. The associated content have been verified by an independent third party under ISAE 3000.

Thus, the contents of the report have been selected on the basis of a previous analysis in which the most relevant issues have been identified for the company and its main stakeholders. This analysis has also identified the main factors and trends that may affect the evolution of the Group's activity, as well as the main associated risks.

The detailed findings of this analysis can be found in point 7.2. In summary, according to this analysis, the scenario for the future in which ACS will carry out its activity in the coming years will be marked by the following factors:

- Increasing demand for infrastructure.
- Digitization and data management.
- Geopolitical changes.
- Circular economy.
- Population growth and urbanization.
- New financing models.
- Digitization and data management.
- Increased size and complexity of projects.
- Climate change and decarbonization.
- New financing models.

2.4. How does it respond to the challenges and opportuni-ties in the sector.

7.2. Identification of relevant issues

5.0.2. RISKS

In terms of risk management, ACS Group is active in different sectors, countries and socio-economic and legal environments that present exposure to different levels of risk inherent to the businesses in which it operates. The ACS Group's risk control system is based on a range of strategic and operational actions to mitigate these risks and meet the objectives set by the Board of Directors. The Corporation is responsible for the definition of the basic guidelines, in order to homogenize the operating criteria in each of the divisions to ensure an adequate level of internal control. It is the societies and divisions that make up the Group that are responsible for developing the necessary and appropriate internal regulations so that, depending on the peculiarities of their activity, they implement internal control to guarantee their optimum level.

In this regard, the Board of Directors of the Group's parent company has established a set of appropriate policies and controls to prevent corruption and other irregular practices, as well as for the identification, evaluation, management and control of risks and potential associated impacts, with the highest involvement of the Audit Committee, responsible for monitoring both the effectiveness of internal control and internal audit, and for ensuring the rigorous implementation of established policies and controls.

Without prejudice to the responsibility of the Board of Directors, the Audit Committee ensures compliance with the company's transparency obligations and especially so that the information included in this Non-Financial Information Statement (NFIS) and Corporate Governance Annual Report (CGAR), is sufficient for the market and investors to understand the scope and importance of the corresponding facts and risks in the matter of Non-Financial Information.

2.5. With efficient risk management

Specifically in relation to non-financial risks, according to the materiality analysis carried out, risks have been detected according to the relevance that they may have for carrying out their company's activity.

[102-44], [102-47]

RELEVANCE (+ / −)

MATERIAL ASPECT	RISKS RELATED
Development and talent of diversity	Risks related to talent management (turnover, low employee satisfaction, etc.) and diversity (inequality, discrimination, wage gap, etc.)
Zero accidents objective	Risks related to the safety and health of employees (accidents, occupational diseases, etc.)
Ethical and responsible companies	Risks related to ethics and integrity (corruption, money laundering, lack of transparency, questionable lobbying activities, etc.)
Responsible supply chain	Risks related to the supply chain (for example, due to not having sufficient control over suppliers in social and environmental matters).
Tools and new financing models	Risks derived from adapting to new financing models (new regulatory contexts, new sustainable financing frameworks, etc.)
The climate: a global concern	Climatic risks (physical, regulatory, market)
Responsibility with local communities	Risks related to local communities (opposition of the communities to the development of projects, negative perception of the management carried out by the company)
Efficient management of resources	Shortage of natural resources and need to adapt to a circular economy
Resilient and socially responsible infrastructures	Derived risks related to the adaptation of infrastructures to extreme climatic events and / or to social changes
Protection of Human Rights	Risks related to human rights

7.2. Identification of relevant issues

5.0.3 EVOLUTION OF INDICATORS RELEVANT TO THE NON-FINANCIAL MANAGEMENT OF THE ACS GROUP

In accordance with Act 11/2018, this Non-Financial Information Statement contains the information necessary to understand the evolution, results and situation of the group, and the impact of its activity on at least environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as those related to personnel, including measures which, where appropriate, have been taken to promote the principle of equal treatment and equal opportunities for women and men, non-discrimination and inclusion of persons with disabilities and universal accessibility. The following is a summary table of the evolution of some indicators relevant to the management of the ACS Group presented throughout this report:

EVOLUTION OF RELEVANT INDICATORS OF THE NFIS

ENVIRONMENTAL ISSUES	**2018**	**2019**
Percentage of its sales covered by the ISO 14001 Certification	76%	76%
Hazardous waste (tn)	42,717	130,279
Non-hazardous waste (tn)	17,310,934	12,403,694
Scope 1 emissions (tCO^2)	3,073,384	3,002,654
Scope 2 emissions (tCO^2)	265,501	279,435
Scope 3 emissions (tCO^2)	3,029,134	2,700,413
Total energy consumption (MWh)	11,610,126	12,111,859
Consumption of electricity from renewable sources	23,771	58,399
SOCIAL AND PERSONNEL ISSUES		
December 31 workforce	195,461	190,431
% of male staff	61.2%	58.5%
% of female staff	38.8%	41.5%
% of graduates and students with diplomas	18.0%	17.0%
% of non-graduate line personnel and administrators	17.4%	19.7%
% of other staff	64.6%	63.3%
% of fixed contracts	57.1%	65.4%
% of temporary contracts	42.9%	34.6%
Number of women in management positions	10,203	10,903
% of employees in centers covered by equality plans	74.1%	89.2%
% of employees in centers with Universal Accessibility	78.0%	85.4%
Employees belonging to vulnerable groups	9,422	10,013
Teaching hours provided	2,573,804	2,990,789
Employees participating in training activities	95,800	111,383
Investment in training per employee (over total trained employees) (euro)	347.9	311.1
Percentage of total employees covered by OHSAS18001 certification (Occupational Health and Safety)	90.1%	91.3%
Percentage of the total number of employees who have received at least one occupational health and safety course during their professional career	99.7%	99.2%
Investment in occupational health and safety per employee (euro/employee)	795.5	778.1
Frequency Index	11.12	10.46
Severity Rate	0.30	0.33
Incidence Rate	20.98	20.84

EVOLUTION OF RELEVANT INDICATORS OF THE NFIS

ETHICAL, HUMAN RIGHTS, SOCIAL CONTRIBUTION ISSUES		
Number of employees trained in Human Rights, Ethics, Integrity or Conduct during the year or other Compliance policies and procedures	53,340	67,260
Number of courses delivered in Human Rights, Ethics, Integrity or Conduct during the year or other Compliance policies and procedures	896	1,833
Funds earmarked for Social Action (million euro)	12.2	13.1
OTHER INFORMATION ON THE COMPANY		
Companies with formal supplier/sub-contractor approval systems	98%	99%
Average weighted percentage of expenses of sustainability-related factors (environmental, ethical and social criteria) above the total factors used in approval systems	19%	33%
Frequency Index (contractors)	3.01	2.91
Severity Rate (contractors)	0.10	0.10
Percentage of sales derived from ISO 9001 certified activities (%)	58.4%	55.0%
Investments and expenses of the Quality Department or those earmarked for improvements in quality management processes on sales (excluding personnel expenses, euro/million euro in billing)	2.2	2.4
Number of quality audits performed for every million euro in billing	0.03	0.32
R&D investment (euro/million euro of revenue) (1)	30.8	37.8

(1) Scope of 30.5% of revenues.

The scope of the information included in this NFIS is shown specifically for each indicator in point 7.3.3. Given the Group's size and diversification (both geographical and sectoral), there may be changes in the information reported from the previous year resulting from changes in scope or perimeter (see Annex 7.3.3.) or changes in the reporting form to suit both national and international requirements. To the extent possible, the information reflected in this Non-Financial Information Statement has been organized in such a way that stakeholders can interpret the changes made by the ACS Group with respect to previous financial years. For the sake of comparability of data, where possible, certain data from 2018 has been recalculated with the same scope as the one reported in 2019. In indicators where it has not been possible to recalculate the data retroactively, the data historically reported have been presented for information purposes.

5.1. ENVIRONMENT

Degree of implementation of environmental management systems in ACS Group companies (expressed in % of revenues)	2018	2019
Implementation of ISO 14001 certification	76.40%	75.55%
Implementation of other environmental certifications	19.86%	22.40%

The ACS Group combines its business objectives with the protection of the environment and the proper management of its stakeholders' expectations in this area according to the company's strategic lines.

The ACS Group continuously monitors environmental developments that may be of relevance to the company, so that the internal frameworks for action are up to date and based on an analysis of the latest internationally recognized agreements and standards for integration when they are relevant and acceptable to the Group. Thus, the environmental actions of the ACS Group and the principles of the ACS Environmental Policy are aligned with and inspired by the best practices and sources, such as:

– Resolutions and agreements on climate change such as the Paris Agreement, reached at the 21st Climate Conference (COP21) establishing the global plan of action to limit global warming to under 2ºC.

– The Sustainable Development Goals (SDGs), which were adopted in 2015 and which frame the Agenda 2030 in the adoption of measures to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

– The United Nations Global Compact, which embodies corporate commitment in ten principles relating to human rights, labor, the environment and corruption.

– Elements of environmental strategy, management, and performance evaluated by initiatives driven by the investment community, such as the Carbon Disclosure Project and the Dow Jones Sustainability Index.

– Natural Capital Protocol, a reference framework for organizations in the identification, measurement and valuation of impacts and dependencies with natural capital.

ACS's Environmental Policy defines the general principles to follow, which are flexible enough to accommodate the policy and planning elements developed by companies in the different business areas, and comply with the requirements of the latest version of ISO 14001, as well as other commitments made by companies with other environmental regulations such as EMAS, or those relating to the carbon and water footprint. Within this Policy, the following commitments are established:

1. Compliance with applicable laws and regulations in general, as well as other commitments voluntarily entered into in each of the Offices, Delegations, Projects, Works and Services developed by the ACS Group.

2. Pollution prevention, based on the assessment of potential risks to the environment at each stage of the project, work or service, with the aim of designing processes to minimize the environmental impact as much as possible.

3. Continuous improvement in the management of their environmental performance, through the establishment and monitoring of environmental objectives.

4. Transparency in external communication, through the periodic publication of environmental performance information to all stakeholders, meeting their demands and expectations, either by regulatory compliance or on a voluntary basis.

5. Training and awareness-raising through teaching and education activities for employees, suppliers, customers and other stakeholders.

In order to articulate and implement a policy on these environmental commitments, an identification and evaluation of the most significant environmental impacts is carried out and contrasted with each company's management systems and environmental priorities for each business. For each of these priorities, key objectives and indicators are set for monitoring environmental performance, as well as improvement programs and action plans by the company or group of companies.

During 2019, 75.6% of ACS Group revenues were certified according to ISO 14001, while 22.4% were certified through other systems. All of these certifications are based on the precautionary principle. Environmental management systems are also verified by an external third party in companies representing 99.17% of the Group's revenues and 2,090 environmental audits were carried out in 2019.

Taking into account the environmental impacts identified, the main environmental measures of ACS Group companies will focus in a concrete and operational manner on four areas of action.

1. Energy and emissions (including climate change issues).

2. Circular economy.

3. Efficient and responsible use of water resources.

4. Biodiversity.

The following points will cover in detail the impacts of ACS' activity in these four areas of action, the main management indicators and measures for the prevention and mitigation of these effects.

Environmental Policy of the ACS

5.1.1. EMISSIONS: POLLUTION AND CLIMATE CHANGE

CO_2 emissions by areas of activity (TCO_2eq)	2016	2017	2018	2019
ACS GROUP TOTAL	**7,019,256**	**5,933,726**	**6,368,019**	**5,982,501**
Scope 1	2,104,164	2,436,364	3,073,384	3,002,654
Scope 2	242,506	371,274	265,501	279,435
Scope 3**	4,672,586	3,126,088	3,029,134	2,700,413
Emissions intensity (total emissions/revenues)	240	179	182	158
INFRASTRUCTURE: TOTAL EMISSIONS	**6,910,850**	**5,817,105**	**6,217,424**	**5,815,314**
Scope 1	2,045,914	2,374,760	2,976,395	2,892,764
Scope 2	219,263	339,916	232,939	236,521
Scope 3**	4,645,673	3,102,429	3,008,090	2,686,028
Emissions intensity (total emissions/revenues)	313.6	226.5	224.9	194.9
INDUSTRIAL SERVICES: TOTAL EMISSIONS	**85,583**	**92,842**	**124,777**	**149,095**
Scope 1	44,326	47,766	80,574	95,467
Scope 2	16,430	24,807	27,249	42,238
Scope 3**	24,827	20,269	16,954	11,391
Emissions intensity (total emissions/revenues)	14.8	15.4	20.9	23.2
SERVICES: TOTAL EMISSIONS	**20,737**	**23,779**	**25,819**	**18,093**
Scope 1	13,924	13,838	16,416	14,423
Scope 2	6,813	6,551	5,313	676
Scope 3**	nd	3,390	4,090	2,994
Emissions intensity (total emissions/revenues)	14.7	16.4	17.9	11.7

* 2017 Data Scope 2 recalculated according to the 2018/2019 criteria

** Scope 3 emissions include those calculated by employee travel. Also, HOCHTIEF and CIMIC include the emissions calculated for the supply chain (cement, wood, waste and steel). In 2017-2019, Scope 3 emissions included Clece's travel data.

*** In Infrastructure, the scope has increased, including in 2018-2019 the data from Dragados USA and Dragados Canada.

**** In Industrial Services, the increase in 2018 is due to the fact that Scope 1 emissions included for the first time data from Cobra companies in Colombia, and Scope 2 includes for the first time the electricity consumption of Cobra's division in Peru.

***** The reduction of Scope 2 emissions in Clece is due to the purchase of guaranteed renewable energy sources.

The conversion factors provided by Defra (Department for Environment, Food & Rural Affairs) for the different types of fuels included in the report have been taken as a general reference for the calculation of Scope 1 emissions. For Scope 2, the conversion factors provided by the International Energy Agency for the different geographical areas are taken as a general reference. In Scope 3, the conversion of employee travel is calculated using Defra conversion factors for each type of transport as a reference.

Climate change implies the need to change production and consumption patterns in order to mitigate the physical and transition risks arising from the same. This requires the involvement of States and enterprises, which must work together and in a harmonized manner. In this regard, the ACS Group aims to contribute to the transition to a low-carbon economy including the promotion of climate change adaptation and mitigation measures in the context of its various business activities. In 2019, the ACS Group reduced its emissions in the 2016-2019 period, both in absolute and relative terms (based on sales). ACS Group companies have undertaken initiatives in 2019 to reduce CO_2 emissions, with an estimated emissions savings of 25,419.61 tCO_2 in initiatives such as the supply of electricity through renewable energies with guarantee of origin or the substitution and replacement of vehicles.

On the other hand, pollution control at the local level is particularly relevant to ensuring the well-being of the communities in which the Group operates. To this end, ACS is committed to minimizing emissions beyond greenhouse gas emissions, taking into account other polluting gases (NOx, SOx, substances that affect the Ozone Layer), noise emissions and other possible disturbances resulting from the activity, such as light pollution.

In short, the activity of the ACS Group in this area is governed by the following basic principles of action:

- Considering and evaluating the impacts on climate change from its activities, products and services.

- Avoiding or minimizing energy consumption and the emission of greenhouse gases generated by its activities.

- Setting greenhouse gas emission reduction targets aligned with the latest trends and standards.

- Avoiding or minimizing the pollution generated by its activities, through atmospheric and noise emissions as well as vibrations and light pollution.

- Establishing mechanisms for managing energy use and emissions to objectively measure performance and decision-making.

- Identifying opportunities for the promotion of environmentally friendly products and services, adapted to the potential impacts of climate change and contributing to the transition to a low-carbon economy.

REAL-TIME MONITORING OF NOISE POLLUTION AT THE MT. PLEASANT (THIESS) MINE

The Mount Pleasant mine is located near Muswellbrook in New South Wales, Australia. The site has strict operating conditions for noise management due to the proximity of the mine to the local community.

To manage these challenges, Thiess, who has the operation contract for the mine, uses on-board fleet management technology and noise pollution monitoring devices to identify in real time the main sources of noise. The weather forecast is also used to predict adverse weather conditions that may affect noise levels. This type of noise monitoring allows Thiess to respond quickly to high noise levels, minimizing community impacts and maintaining productivity and compliance.

The overall responsibility for the climate change strategy in the Group rests with the ACS Board of Directors, which approves and monitors policy development to minimize the impact in this area, which each of the companies of the ACS Group will prepare and develop according to their type of activity and geographical area, but always following the basic principles defined in the Group's Environmental Policy.

In particular, the Audit Committee of the ACS Group is responsible for the follow-up of internal regulations, which includes the Corporate Social Responsibility Policy and Environmental Policy, as well as risk management, which is therefore responsible for monitoring aspects related to climate change.

During 2019, the Group has begun the adaptation to report on climate change risk and opportunity information in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) as well as to establish quantitative reduction targets for future reports. Currently, the reduction targets are those set out in the Plan 20-20 which define the reduction in intensity of Scope 1 and Scope 2 emissions below those obtained in 2015, objective which is currently in progress.

INITIATIVES AT CLECE FOR THE USE OF RENEWABLE ENERGIES

Within the sustainability strategy developed by the Clece Group, one of the strategic pillars is the commitment to renewable energies. Thus, in 2019, the Clece Group has proceeded to purchase energy with 100% renewable guarantees, and photovoltaic plants have also been developed on the roofs of buildings managed by the Group. In this way, in 2019, Clece has reduced Scope 2 emissions by over 80%, through the purchase of more than 90% of its electricity with 100% guarantees. By 2020, the target is 100% of renewable energy.

In the following strategic plan, the Group is working on the definition of consolidated quantitative reduction targets in this area. However, at the individual level, different companies in the Group already have defined quantitative targets. For example, this year Turner has set the target of reducing its greenhouse gas emissions in operations by 50% by 2030, and Clece, which has set a 20% green fleet target and a 100% target for 2020 to purchase renewable energy with a guarantee of origin.

The main risks of climate change identified, along with management systems, are detailed in point 5.1.5.

As for opportunities, the ACS Group has consolidated experience in the promotion of environmentally friendly products and services, adapted to the potential impacts of climate change and contributing to the transition to a low-carbon economy. Thus, during 2019, through Hochtief, the projects managed in Green Building and Green Infrastructure reached approximately 8,000 million euro in 2019 (compared to 8,200 million in 2018). While at Dragados, sales of sustainable-certified construction projects have risen from 13% in 2018 to 15% in 2019. The construction of Green Building buildings helps to reduce emissions, both in the implementation phase of the project (which is carried out with sustainable materials, works contracts at the regional level, etc.) and during its subsequent operation, since, according to a study by the U.S. Department of Energy[3], LEED-certified buildings consume 25% less energy and 11% less water than conventional buildings. The Green Building Council of Australia indicated in a study[4] that Green Star-certified buildings decrease greenhouse gas emissions by 62% and water consumption by 51%. Moreover, the ACS Group has a consolidated position in the area of renewable energy. In 2019, the Group had a portfolio of energy promotion projects of over 6,200 MW, of which 3,200 MW correspond to photovoltaic plants and 3,000 MW to wind farms. In addition, the ACS Group is developing energy efficiency services and other related services that allow reducing emissions for both the Group and customers, as well as the development of innovation projects focused on emission reduction.

3 Source: "Re-assessing GreenBuilding Performance," September 2011.
4 Source: "The Value of Green Star," 2013.

COMPENSATION OF A PART OF THE CARBON FOOTPRINT THROUGH REFORESTATION PROJECTS IN SPAIN (VÍAS)

For its commitment to the environment, and in particular in the fight against Climate Change, VIAS has renewed its registration in the National Carbon Footprint, Offsetting and CO_2 Absorption Projects Registry promoted by the Spanish Office of Climate Change (OECC), an agency under the Ministry for Ecological Transition (MITECO).

In addition this year, it is contributing to Sustainable Development Goal (SDG) No. 13: "CLIMATE ACTION," promoted by the United Nations (UN). VIAS has offset part of its greenhouse gas (GHG) emissions through the REFO-RESTA PHASE V absorption project, registered in "Section b" of the Carbon Footprint, Offsetting and CO_2 Absorption Projects Registry, based on the creation of a forest, through the reforestation of an area devoid of trees (12.77 ha), with native species (Quercus ilex, Quercus faginea, Pinus nigra, Pinus pinea, Prunus amygdalus, Crataegus monogyna) that act as a CO_2 sink in the Municipal Region of Santa María del Campo (Burgos).

5.1.2. CIRCULAR ECONOMY AND WASTE PREVENTION AND MANAGEMENT

ACS Group	2016	2017	2018*	2019
Non-hazardous waste (t)	2,877,029	9,345,697	17,310,934	12,403,694
Hazardous waste (t)	50,888	130,882	42,717	130,279
Infrastructure				
Non-hazardous waste (t)	2,826,402	9,254,776	17,246,428	12,197,573
Hazardous waste (t)	49,255	130,052	39,172	96,456
Industrial Services				
Non-hazardous waste (t)	50,599	90,821	53,749	188,139
Hazardous waste (t)**	1,618	766	3,473	33,604
Services				
Non-hazardous waste (t)	28	99	10,757	17,982
Hazardous waste (t)	15	63	72	220

* In 2018, Hochtief's non-hazardous waste increased from 8,806,189 tons to 14,538,068 tons, mainly due to the increase in large tunnel projects in HOCHTIEF Asia Pacific that produce large quantities of extracted material. Much of this material is used for purposes such as filling in other construction projects. This ratio decreased again in 2019 to 9,995,340 tons as it is an indicator closely linked to the type of projects and phases of those developed. In any case, Hochtief always maintains a reuse and recycling approach with 81.3% of the waste recycled in 2019.

** In 2019, the increase in non-hazardous waste comes mainly from 29,730 tons resulting from the start of operations, drilling and construction of different oil projects in Ecuador.

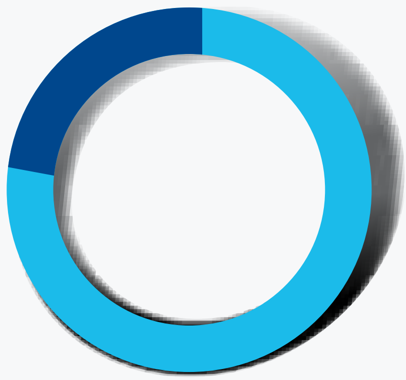
Through its activities, the ACS Group intends to collaborate in implementing a new non-linear economy, based on the principle of Life Cycle Analysis (LCA) of products, services, waste, materials, water and energy. For this purpose, it will always take into account solutions already consolidated over the last decades such as ecodesign and waste prevention, management and recycling, as well as new solutions that are being developed.

Waste management in the ACS Group is always aimed at minimizing the waste generated, both in quantity and in terms of hazardousness, giving priority to recycling and reuse over other management options, and for energy recovery as a preferred choice against landfills.

Waste is managed according to the regulations in force in each country. The facilities have the corresponding authorizations of producers of hazardous waste, which allow its registration, inventory, storage and management. The non-hazardous waste generated is reused at the place of production or collected by a manager authorized for treatment, recycling or recovery, or, failing that, for disposal in controlled deposits.

Therefore, of all the non-hazardous solid waste managed by the Group only 2,616,894 tons[5] are deposited in landfills, accounting for only 21.1% of total non-hazardous waste.

BREAKDOWN OF NON-HAZARDOUS WASTE BY DISPOSAL METHOD (2019)



5 Data scope: 97.08% of 2019 sales.

LIFE REPOLYUSE PROJECT (TECSA)

TECSA has participated since November 2017 in the LIFE REPOLYUSE – "REcovery of POLYurethane for reUSE in eco-efficient materials" (LIFE16 ENV/ES/000254) project, funded by the European Commission and coordinated by the University of Burgos (UBU) together with the companies Yesiforma Europa S.L. and Exergy Ltd., work that has continued during 2019.

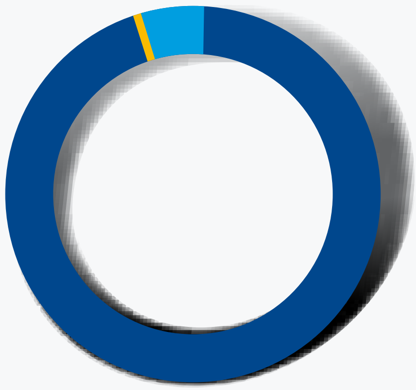
The main objective of the LIFE REPOLYUSE project is to increase the reuse of polyurethane waste currently managed as inert waste or recovered by techniques that are not environmentally sustainable. In particular, more than 3.5 million tons of polyurethane are used in Europe each year, generating about 675,000 tons/year of polyurethane waste. The vast majority (68%) of this waste material goes to landfill.

The product has been developed and is currently implemented in both the TECSA work in Miñano (Álava) and Coventry to assess its characteristics and the energy and environmental improvements obtained from it.

The ACS Group also generates other hazardous or regulated waste to be treated respectively by an authorized hazardous waste manager or by an Integrated Management System (IMS). Hazardous waste is generally delivered to authorized managers, in accordance with the legislation in force, 6.2% of which is recycled or reused[6]. During 2019, ACS Group companies have transported 0.00% of total hazardous waste internationally.

6 Data scope: 97.12% of 2019 sales.

BREAKDOWN OF HAZARDOUS WASTE BY DISPOSAL METHOD (2019)



- LANDFILL **93%**
- REUSE AND RECYCLING **6%**
- INCINERATION **1%**
- RECOVERY **0%**
- COMPOSTING **0%**

5.1.3. SUSTAINABLE USE OF RESOURCES

The ACS Group considers resource consumption efficiency to be a priority, since an effective strategy implies two-fold benefits. On the one hand, the environmental impact is reduced, and, on the other, the cost required for the purchase or treatment of the same is reduced.

Energy consumption

Energy is one of the main resources used by ACS Group companies. The Group's energy consumption is influenced by the weight of the works carried out during the year, because given the Group's strong diversification, there are activities with greater energy intensity. The different companies of the ACS Group are undertaking different initiatives in favor of conservation and efficiency, as well as the use of renewable energy sources. In this way, during 2019, electricity from renewable energy within the Group amounted to 58,398,873 kWh.

Energy consumption (kWh)	2016	2017	2018	2019
ACS Group total	**8,870,912,749**	**10,004,884,493**	**11,610,279,907**	**12,112,391,096**
Infrastructure	8,550,026,489	9,640,622,364	11,182,742,491	11,608,561,851
Industrial Services	235,766,578	280,709,711	357,895,503	395,390,917
Services	85,119,682	83,552,418	69,641,912	62,394,922
Energy Intensity of the ACS Group (kWh/million euro from Sales)	**303,700**	**301,914**	**331,062**	**320,473**

* In Infrastructure, the scope has increased, including in 2018-2019 the data from Dragados USA and Dragados Canada. In Industrial Services, the increase in 2018 is due to the fact that Scope 1 emissions included for the first time data from Cobra companies in Colombia, and Scope 2 includes for the first time the electricity consumption of Cobra's division in Peru.

ECOLOGICAL FLEET (CLECE)

During 2019, Clece has proceeded to replace its fleet with ECO-labeled vehicles (electric-, hybrid- and natural gas-driven), obtaining the recognition of an Ecological Fleet granted by the Spanish Association of Fleet Managers along with IDEA. In 2019, this fleet of ECO vehicles was 209, which represents 6% of the total. Clece's goal for 2020 is to increase its ecological fleet to 20%.

GREEN ZONE PROJECT (TURNER)

During the last nine years, Turner has analyzed the environmental and health and safety situation in its offices internally. In this way, it presents projects to reduce the environmental impact of its operations, minimizing operational costs through energy and water efficiency and reducing material consumption, and providing a healthier and more productive work environment for Turner staff. Examples of initiatives developed include the use of recycled paper, automatic light control systems and encouraging car sharing. In 2019, 258 projects (195 in 2018) were submitted to this initiative, of which 142 obtained the Greenzone certificate (140 in 2018).

Efficient use of water resources

Efficient use of water resources	2016	2017	2018	**2019**
ACS GROUP TOTAL				
Total water extraction (m^3)	8,422,032.3	11,335,050.8	12,733,662.7	26,537,292.2
Wastewater discharges (m^3)	15,340,485.1	23,662,287.1	25,519,321.3	26,680,060.0
Volume of reused or recycled water (m^3)	5,428,101.7	4,055,132.3	2,413,263.5	5,900,503.2
Ratio: m^3 of water/revenues (million euro)	460.1	532.2	359.5	702.1
INFRASTRUCTURE				
Total water extraction (m^3)	8,206,803.0	10,491,793.6	11,866,714.8	21,180,411.1
Wastewater discharges (m^3)	808,495.5	635,925.3	255,359.2	855,571.3
Volume of reused or recycled water (m^3)	5,427,801.7	4,055,132.3	2,413,263.5	5,459,465.2
Ratio: m^3 of water/revenues (million euro)	737.2	757.9	424.2	709.9
INDUSTRIAL SERVICES				
Total water extraction (m^3)*	215,229.3	198,207.2	235,219.5	4,594,989.4
Wastewater discharges (m^3)	14,531,989.6	23,026,361.8	25,263,962.1	25,824,488.7
Volume of reused or recycled water (m^3)	300.0	0.0	0.0	441,038.0
Ratio: m^3 of water/revenues (million euro)	37.3	33.0	39.2	716.5
SERVICES				
Total water extraction (m^3)	0.0	645,050.0	631,750.6	761,891.7
Wastewater discharges (m^3)	0.0	0.0	0.0	0.0
Volume of reused or recycled water (m^3)	0.0	0.0	0.0	11,825.0
Ratio: m^3 of water/revenues (million euro)	0.0	446.2	437.8	492.2

*Water extraction is shown excluding water collected by Tedagua for desalination and purification processes, since this water is a collection of seawater or wastewater, which is returned to the environment in better condition. Thus, in 2016, the water treated by Tedagua was 31,638,607 m^3; in 2017, it included 48,895,516 m^3; in 2018, it was 44,768,989 m^3; and in 2019, it was 415,050,343 m^3 since it includes the treatment plant in Taboada. For wastewater discharges, it includes the part of Tedagua which corresponds to the discharge process derived from the desalination process. In the companies of the Dragados Group and Industrial Services in the 2016-2017 period, the discharged water is excluded.

**In 2019, the increase in water catchment from Construction is mainly due to HOCHTIEF Asia Pacific, which went from 8,886,852 m^3 to 17,791,227 m3 in 2019. This was because of the drought in Australia, which led to an increase in water use for dust suppression in the mining business of Australia. In Industrial Services, the increase in water catchment in 2019 comes from Mexico. On the one hand, this was from the business of oil activities by increasing consumption, mainly from renewable energy projects that had hydrostatic and leak tests typical of the phase started during 2019, this required an increase in water consumption volumes.

The activities carried out by the ACS Group are associated with significant water consumption, especially in the area of construction. In this regard, the company recognizes the need to reduce the consumption of this natural resource, especially in areas of high water stress.

The ACS Group has adequate measurement systems (at the project, company and corporate level), which provide a detailed knowledge of the main sources of consumption, information that allows development of the most appropriate efficiency measures in each case. Therefore, in 2019, the origin of the catchment and discharge was identified, which amounted to 97.12% of the total water consumption of the ACS Group, broken down as follows:

ACS Group water breakdown (extraction/discharge)	2019
Total water extracted (m^3)	**26,537,292**
Volume of extracted surface water (rivers, wetlands, lakes) (m^3)	12,392,434
Volume of water collected from wells and groundwater (m^3)	7,519,736
Volume of water collected from rainwater (m^3)	49,268
Volume of collected water corresponding to third-party wastewater or external sources (m^3)	1,056,978
Volume of water extracted from the municipal network or other private or public sources (m^3).	5,511,009
Volume of water extracted corresponding to seawater (m^3)	7,867
Total water discharged by the company during the year (m^3)	**17,398,593**
Volume of water discharged above ground (m^3)	16,219,452
Volume of water discharged into groundwater sources (m^3)	213,007
Discharged water leading to marine water sources (m^3)	4,003
Water discharged to municipal networks, treatment plants or public and private services (m^3)	963,051
Consumption (m^3)	**9,138,699**

* Excluding the water collected / discharged by Tedagua for the desalination and purification processes, since this water is a collection of seawater or wastewater, which is returned to the environment in better condition.

It should be noted that the Group also carries out comprehensive control of the quality of the waters that pour into the natural environment, to ensure that discharges do not produce significant problems, always complying with the provisions of the law.

In addition to responsibly managing the water resources, the ACS Group, through its Industrial Services activity, develops projects that contribute to improving water quality and ensuring access to drinking water, such as drinking water-producing plants, desalination plants and water treatment plants.

WATER TREATMENT (COBRA)

In addition to responsibly managing the water resources, the ACS Group, through its Industrial Services activity, fundamentally through the Tedagua affiliate of Cobra, develops projects that contribute to improving water quality and ensuring access to drinking water, such as drinking water-producing plants, desalination plants and water treatment plants.

Name	% shareholding of ACS	Location	Status	m^3
Desalination plants				
Benisaf Water Company	51%	Algeria	Exploitation	200,000
Hydromanagement	80%	Spain	Exploitation	72,000
TAIF	50%	Saudi Arabia	In development	160,000
Al Hamra Water company	40%	United Arab Emirates	Construction	100,000
Caitan	50%	Chile	In development	86,400
Purification plants				
Purification plants of Lower Aragón	55%	Spain	Exploitation	7,325
SADEP	40%	Spain	Exploitation	10,030
SAPIR	50%	Spain	Exploitation	3,360
Taboada	100%	Peru	Exploitation	1,012,068
Provisur	100%	Peru	Under construction	35,610
WATER				**1,686,793**

TREATMENT OF WORK WASTE WITH TECHNOSOLS (DRAGADOS)

At Dragados España (Spain), the waste treatment of the materials from the excavation of the work with Technosols is carried out in order to avoid the hyperacidification of the runoff waters with possible mobilization of heavy metals, affecting the aquatic organisms, as well as the quality of the waters. Rather than the usual lime treatment, the materials are treated with Technosols 'a la carte' with the intention of preventing or mitigating the negative effects that oxidation of sulphides causes on the environment. Technosols have been distributed at the base, in layers interspersed during the filling process, and in the coverage, to seal and facilitate the development of plants and organisms.

The function of the Technosols is as:

- Reducers.
- Acidity neutralizers, with high buffer capacity and low solubility.
- Absorbents of specific adsorption anions (mainly arsenates, phosphates, sulphates, fluorides, etc.) and heavy metals.
- Eutrophying capability (in the upper layers) to favor plant growth if deemed necessary.

Material consumption: Sustainable construction

The ACS Group specifically encourages the use of recycled and/or certified construction materials, providing the customer with these options at the time of deciding the materials to be used.

In order to encourage the use of sustainable materials among the Group's companies, it has a Construction Materials Policy that frames the guidelines and best practices in this area.

Materials Policy

MATERIALS POLICY

The ACS group seeks to develop the following best practices in the process of recommending construction materials to customers in the tenders where they apply:

1. Propose a traceability analysis of 100% of the products used.
2. Have a record of suppliers offering recycled/certified products.
3. Reaffirm the importance of aspects such as durability and maintenance in selecting construction materials.
4. Inform about the characteristics of products that emit gases or contain harmful substances and about the life cycle of the products.
5. Always incorporate in the bid or tender the option of choosing certified wood, reporting on the environmental benefits of its use.
6. Always incorporate in the bid or tender the option to use concrete comprised of recycled aggregates, reporting on the environmental benefits of its use.
7. Detail the environmental characteristics of the proposed construction materials, such as the energy consumed by the machinery in its extraction or treatment, greenhouse gas emissions, etc.
8. Report on corporate waste management policy.
9. Report on waste management plans in projects, including the design phase.
10. Report on the specific targets for waste reduction, recycling and reuse. Construction Materials Policy
11. Report on the ongoing procedures for the recovery and recycling of construction materials by subcontractors.
12. Detail the training processes for staff and subcontractors in waste management techniques.
13. Detail the waste separation processes in the project facilities and works.
14. Active promotion of the sale of recycled by-products.

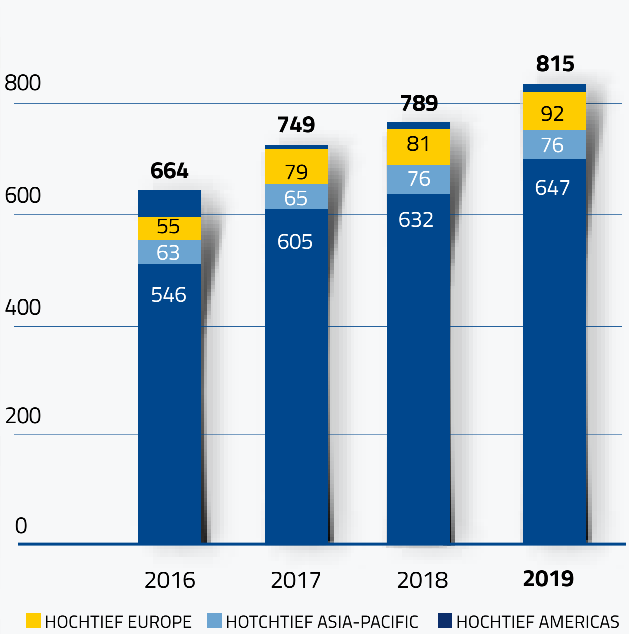
(301-1) Total materials used	2018	2019
Total wood purchased (m3)	3,791,276	**2,177,575**
Total steel purchased (t)	724,758	**610,057**
Total concrete purchased (m3)	5,252,592	**6,107,430**
Total glass purchased (m2)	96,500	**208,283**

The building activity of the ACS Group, carried out mainly by HOCHTIEF and its subsidiaries, is carried out according to sustainable construction standards in its main operating environments.

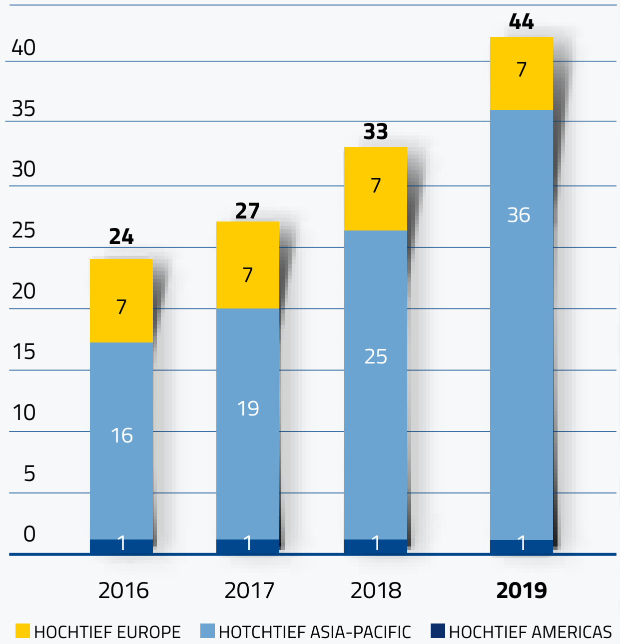
Since 2000, 815 Hochtief projects have been registered and certified according to different certifications in terms of efficient building.

At Turner, they mainly follow the LEED standard, while CIMIC uses the Australian Green Star Methodology of the GBCA (Green Building Council of Australia) as does LEED in its building activities. HOCHTIEF in Europe mainly follows the DGNB, LEED and BREEAM certifications. Since 2013, four projects have been certified in terms of efficient infrastructure (CEEQUAL, ISCA and Greenroads).

GREEN BUILDINGS EN HOCHTIEF*



GREEN INFRASTRUCTURE EN HOCHTIEF**



* Cumulative number (since 2000) of green buildings certified built by HOCHTIEF.
** Certified and registered green infrastructure (since 2013) number built by HOCHTIEF.

Likewise, In 2017, Dragados began to obtain certification for different LEED and BREEAM certified building projects. During the last two years, the objective has continued to be extended to infrastructure projects.

Additionally, in ACS Group companies, one of the fundamental pillars of the R&D area of construction companies is the development of new projects using materials that help with the resilience of infrastructure and that allow coping with the increase in extreme weather changes resulting from change climate, as well as the reduction of these construction materials, along with their reuse and exploitation.

SOGUN PROJECT (DRAGADOS)

The R&D SOGUN project consists of the development of a geometric control system for the thickness of projecting concrete in tunnels. Shotcrete (concrete projection) in tunnels usually requires physical elements of reference, such as nails or pins and frames, whose use does not always follow structural requirements. This allows finding out the thickness of the shotcrete (projected concrete) in order to guarantee the necessary support in the tunnel.

SOGUN allows you to avoid the use of these elements of reference when your task is not structural and introduces the following advantages:

- Increased safety of site personnel by not having to place frames or pins in areas with material that is settling or does not have support.

- Saving the material of the frames or pins.

- This saves on the time needed to place the frames or pins, and allows the work cycle to be significantly accelerated.

- In addition, the system allows controlling any possible over-excavation enabling optimal use of the projected concrete (shotcrete).

The SOGUN system incorporates into a single piece of equipment a series of devices that allow scanning (measuring) the actual surface of the tunnel in a three-dimensional way, capturing hundreds of thousands of points from the tunnel surface per second, detecting deviations from the theoretical planes of the tunnel and showing or projecting the results of such comparison directly onto the tunnel surface with the necessary precision to facilitate the shotcreting. All of these tasks are performed in less than one minute, replacing the use of frames or pins when used for these purposes. This allows the operator of the shotcrete gun to know almost instantaneously the thicknesses necessary to reach a theoretical geometric section at each point in the tunnel.

The validation of the SOGUN system has been carried out in different work environments and it is currently being used in the Crosslinx work in Toronto. It is expected to be incorporated into other works and to launch another continuation project throughout 2020 to improve and enhance the capabilities of the current system.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

SUSTAINABLE CONSTRUCTION AT DRAGADOS

The number of projects, both building and civil works, with some kind of sustainable certification is increasing year to year. Dragados' sales from sustainable-certified construction projects have risen from 13% in 2018 to 15% in 2019.

In addition to this increase was the award in 2019 of the contract for the new Euston high-speed subway station in London for High Speed Two Limited (HS2 Ltd.) to Dragados in a joint venture with the local company Mace. The contract consists of the design, construction, start-up and completion of the new Euston station in the heart of the English capital. The project is expected to obtain the BREEAM certificate in the Excellent category.

During 2019, Dragados had a total of 21 works under execution with the LEED, BREEAM, ENVISION or CEEQUAL certification, with a budget of over 5,700 million euro.

5.1.4. PROTECTION OF BIODIVERSITY

The activities of the ACS Group have impacts on the natural environment where the works are carried out. However, the company always tries to minimize the impact of its activities on biodiversity, especially when they take place in protected areas or places of high ecological value.

The Group therefore seeks in its operations to achieve a balance between development and conservation, in accordance with the following basic principles of action:

- Consider the initial value of ecosystems that may be significantly affected by activities, products and services.

- Assess the impact of activities, products and services on ecosystems.

- Apply the hierarchy of the mitigation of impacts on ecosystems through prevention, reduction, restoration and offsetting actions.

- Implementation of management plans in order to preserve or restore biodiversity in those activities or services that result in a significant impact on ecosystems.

- Establish non-performance criteria to avoid the development of activities or services in certain areas following criteria based on their intrinsic value or vulnerability. During 2019, the Group carried out activities on 169 hectares[7] considered to be of high biological value, activities that have specific plans and objectives for specific minimization.

Thus, the implementation of measures for the conservation of flora and fauna is one of the environmental principles applied in the planning of operations. These measures are based on physical protection, transplanting or transferring, as well as respect for the life cycles of the plant and animal species affected. For example, in the work carried out by Dragados to extend the Rande Bridge (Galicia), after adult salamander specimens and many young animals were observed in the ditch of the North section, on the right side, it was decided to make ramps every 25-50 m to facilitate their passage through this ditch. Another example is in the activity carried out by Cobra in Mexico where, among other actions, five species of fauna (rattlesnake, milksnake, coypu, pond slider, armadillo) were rescued and relocated as well as an individual species of the Mammillaria mathildae plant and 134 individual species of the Manfreda plant.

The ACS Group carries out environmental impact studies, which seek to minimize the projects' potential adverse effects on the natural environment. Public participation in the approval procedures for these projects is guaranteed by the national and regional legislation of each country in which they are carried out. The company also has monitoring plans, which ensure compliance with preventive measures and reduce the impact of projects and processes that are not subject to environmental impact assessments. In addition, the Group also undertakes offsetting activities. During 2019, the ACS Group has carried out restoration, recovery and reforestation work on 977 hectares[8].

7 Data scope: 81.58% of ACS Group sales.
8 Data scope: 91.60% of ACS Group sales.

REHABILITATION OF CIMIC MINING AREAS

The rehabilitation of affected areas is a key element of the treatment of biodiversity in the area of construction, infrastructure services and especially in mining activities. In this area, the rehabilitation and progressive recovery of affected areas is of particular importance, establishing erosion control, soil recovery and replanting structures. CIMIC seeks to ensure that all affected areas are rehabilitated in a manner that is safe, stable and suitable for the subsequent uses agreed upon, such as agriculture, grazing or natural habitats.

Rehabilitation of CIMIC mining areas (hectares)	Erosion repair	Soil recovery	Replanting
Australia/Pacific	183.9	96	62.5
Asia/Africa/America	340.2	223.6	0
Total	**524.1**	**319.6**	**62.5**

5.1.5. RISK MANAGEMENT FOR ENVIRONMENTAL ISSUES

Among the functions assigned to the Audit Committee of the Group's Board of Directors are the review, follow-up and evaluation of the Company's Corporate Social Responsibility Policy and its practices, and is therefore responsible for overseeing the Group's Environmental Policy, which will be developed according to the characteristics and needs of each of the Group's companies. Thus, in the second instance, the responsibility to monitor the environmental performance of the ACS Group and to carry out the action plans and improvement programs is the responsibility of the Environment Division of each group of companies, as well as the adoption of the necessary measures to reduce and mitigate the environmental impacts related to the Group's activities, always following the principles established in the Group's Environmental Policy.

In addition, according to the internal materiality analysis carried out, the risks have been prioritized according to the relevance that they can have for carrying out the company's activities, according to the type of activity, areas of action, policies and management approaches. The results obtained from this prioritization of potential risks for the development of environmental activity and the management measures taken by the ACS Group are shown in the table below:

SUBJECT	POTENTIAL RISKS	DETECTION, PREVENTION, MANAGEMENT AND MITIGATION MEASURES	ASSOCIATED MANAGEMENT INDICATORS	APPLICABLE ACS GROUP POLICIES
Responsibility to local communities	The company's activities can result in risks from the opposition of communities to the development of projects or from the negative perception of the management carried out. This may jeopardize the Group's reputation and business license to operate	▪ Promote proactive dialog with the community through the managers of the specific companies and projects. ▪ Develop all activities of the ACS Group in accordance with existing environmental legislation.	During 2019, there had been a significant violation of environmental legislation and regulations, considering significant those resulting in a fine of over 10,000 euro. Thus, CPB Contractor paid 184,434 euro (295,000 Australian dollars) in 2019 in compensation to the customer, Environmental Trust, for the WestConnex M5 project (more information on page 122 of the CIMIC annual report) Similarly, according to note 37 on the Environmental Information of the ACS Group's Annual Accounts for ACS Group companies, the environmental costs incurred in 2010 amounted to 1,904 thousand euro (1,970 thousand euro in 2018); and, according to note 20, within the provisions for responsibilities are provisions environmental, in which the provisions to cover the probable risks of environmental character that may occur, not having counted in 2019 any provision of this nature.Group companies manage environmental risk coverage through different systems depending of its activity and geographic area and according to its own environmental management systems.	▪ Environmental Policy. ▪ Corporate Social Responsibility Policy. ▪ Risk Control Policy.
Responsible supply chain	The bad practices of a company's suppliers pose a potential risk that, if they occur, can diminish its ability to do business. It is necessary to assess the counterparty risks to which it is exposed and engage in constant improvement of its performance.	▪ Promote and encourage suppliers, contractors and collaborating companies to have their own Policy. In the event that they do not have their own policy on the matter, they must subscribe to the ACS Group's Environmental Policy. ▪ Encourage the implementation of non-financial criteria, including environmental criteria, in the approval of suppliers and the evaluation and establishment of mechanisms to detect bad practices in this field. ▪ Consider, in the hiring processes with third parties, the valuation criteria that take into account environmental performance as well as the implementation of contractual clauses where necessary. ▪ There are specific rules and a system for the management, classification, approval and risk control of suppliers and subcontractors. ▪ Existence of a Code of Conduct for Business Partners to which they must adhere and which specifically establishes the commitment of business partners to the environment. They are expected to have organizational and management models aligned with international best practices and standards, such as ISO 14001 on Environmental Management Systems.	Thus, in 2019, of the 140,242 direct suppliers the Group works with, 91.64% of them have accepted the ACS Group Code of Conduct by signature or a similar method. In these formal supplier approval systems, the weight of sustainability-related factors (environmental, ethical and social criteria) out of the total factors used for approval varies according to the activities and areas of action of the companies, but the weighted average percentage of these factors exceeded 30% in 2019.	▪ Environmental Policy. ▪ Code of Conduct for Business Partners.

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SUBJECT	POTENTIAL RISKS	DETECTION, PREVENTION, MANAGEMENT AND MITIGATION MEASURES	ASSOCIATED MANAGEMENT INDICATORS	APPLICABLE ACS GROUP POLICIES
Efficient resource management	Inefficient resource management can result in a significant increase in construction and management costs, negatively affecting agreements established with the customer. Similarly, the improper management of natural capital, in addition to having a direct impact on the ecosystems where it develops its activity, can cause reputational damage to the Group. On the contrary, responsible and sustainable resource management leads to cost savings for the company and an improved perception and legitimacy of the company.	▪ Pursue continuous improvement in environmental matters, implementing an environmental management system that ensures policy compliance, goal setting and monitoring. ▪ Assessment of the potential risks to the environment at each stage of the project, work or service, with the aim of designing processes to minimize the environmental impact as much as possible. ▪ Increase the training and awareness of employees in environmental aspects. ▪ Promote actions aimed at raising awareness among customers and society as a whole.	During 2019, 75.55% of the ACS Group's revenues were certified through ISO 14001, while 22.4% were certified through other systems. Environmental management systems are verified by an external third party in companies representing 99.17% of the Group's revenues and 2,090 environmental audits were carried out in 2019.	▪ Environmental Policy. ▪ Corporate Social Responsibility Policy. ▪ Construction Materials Policy.
Climate: global concern	The ACS Group faces physical risks arising from climate change (e.g. natural disasters), as well as transitional risks arising from regulatory changes (demanding green energy objectives, efficiency and emission reduction by governments), technological changes and new market preferences. In this regard, it is worth emphasizing the growing importance that stakeholders such as the investment community present in managing these risks and opportunities, due to their potential impact on the balance sheet.	▪ The Group's Environmental Policy and Plan 20-20 define the commitment and objectives of improving eco-efficiency and use of resources. ▪ The overall responsibility for the climate change strategy belongs to the Board of Directors through the Audit Committee responsible for tracking ACS Group's CSR Policy. Each company is responsible for carrying out an emissions inventory, identifying focal points and developing initiatives to reduce them. The Group offers its customers construction products and services that contribute to the development of a low-carbon economy.	Renewable energy consumption: 58,399. Total emissions decrease: -6.1% Total emissions decrease/ revenues: -12.8%. Development of business opportunities such as renewable and Green Building projects. During 2019, the ACS Group has begun the adaptation to report on risk and opportunity information in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) as well as to establish quantitative reduction targets for future reports.	▪ Environmental Policy. ▪ Corporate Social Responsibility Policy.
Resilient and socially responsible infrastructure	The increasing occurrence of extreme climate events, the scarcity of natural resources, the state and the social context of the territory are conditioning factors for the Group's activities. ACS must work on the design and implementation of resilient, sustainable and environmentally friendly infrastructure. It must develop projects that involve sustainable management of resources for the customer, responding to the growing demand.	▪ The ACS Group, through its various activities, provides services that contribute to creating more efficient and sustainable infrastructures and cities – sustainable building, construction of public transportation systems, traffic management services, etc. ▪ ACS offers customers the use of recycled and/or certified construction materials. Hochtief, Turner, CIMIC and Dragados' projects comply with different sustainable building certifications, as well as CEEQUAL, ISCA and Greenroads in terms of efficient infrastructure. ▪ Additionally, in ACS Group companies, one of the fundamental pillars of the R&D area of construction companies is the development of new projects using materials that help with the resilience of infrastructure and that allow coping with the increase in extreme weather changes resulting from change climate, as well as the reduction of these construction materials, along with their reuse and exploitation. ▪ Development of biodiversity policies and environmental studies to minimize impacts on areas of activity.	Development of Green Building projects: 815 projects completed at Hochtief and 21 ongoing projects for Dragados in 2019. Innovation projects aimed at improving the resilience of the infrastructure and materials used (e.g., the Madame project by Dragados - chapter 5.10). Biodiversity: Recovery works on 977 hectares.	▪ Environmental Policy ▪ Corporate Social Responsibility Policy ▪ Construction Materials Policy.

5.2. PEOPLE IN THE ACS GROUP

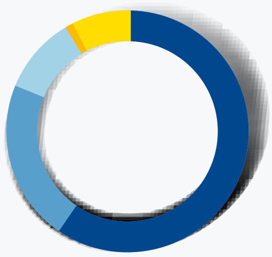
The ACS Group's business success lies in the talent of its teams. Therefore, the company remains committed to continuously improving its skills, abilities and degree of responsibility and motivation, while at the same time taking care, with the utmost dedication, for working conditions and safety.

The ACS Group applies modern and efficient human resources management techniques with the aim of retaining the best professionals. The ACS Group has different corporate policies to managing the people detailed to what throughout this chapter 5.2., also the management ofpersonnel risks are discussed in the point 5.2.4. of this chapter. Although each company of the Group develops its own policies corporate human resources depending on their areas of activity and specific needs, some of the fundamental principles governing the corporate human resources policies of the Group companies are based on the following common actions:

- Recruiting, preserving, and motivating talented people.
- Promoting teamwork and quality control as tools to drive excellence in well-executed work.
- Acting quickly, encouraging the assumption of responsibilities and minimizing bureaucracy as much as possible.
- Supporting and increasing training and learning.
- Innovating to improve processes, products and services.

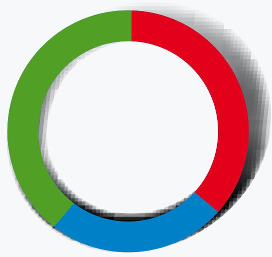
The ACS Group is an active advocate of human and labor rights recognized by various international bodies.

DISTRIBUTION OF STAFF BY GEOGRAPHICAL AREA



- EUROPE **60.6%**
- AMERICA **20.4%**
- ASIA **9.2%**
- AFRICA **0.4%**
- OCEANIA **9.4%**

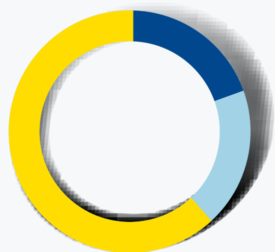
STAFF DISTRIBUTION BY BUSINESS SEGMENTS*



- INFRASTRUCTURE **34%**
- INDUSTRIAL SERVICES **34%**
- SERVICES **42%**

* Does not include the 53 employees of Corporation.

BREAKDOWN OF STAFF BY PROFESSIONAL CATEGORY



- GRADUATES AND PERSONNEL WITH DIPLOMAS **17%**
- NON-QUALIFIED TECHNICIANS AND ADMINISTRATION STAFF **20%**
- OTHER STAFF **63%**

ACS GROUP STAFF AT THE END OF THE PERIOD

190,431

WOMEN

41.5%
THE ACS GROUP OVERALL

9,454
GRADUATES AND PERSONNEL WITH DIPLOMAS

2,322
EMPLOYEES WITH A MANAGEMENT POSITION
(MANAGER OF A PROJECT/WORK OR SIMILAR TITLE AND HIGHER)

13,237
NON-QUALIFIED TECHNICIANS AND ADMINISTRATION STAFF

146
SENIOR MANAGEMENT POSITIONS

11.5%
TOTAL TURNOVER

8.6%
VOLUNTARY TURNOVER

56,432
OTHER STAFF

BREAKDOWN OF STAFF BY AGE

DISTRIBUTION OF ACS GROUP EMPLOYEES BY COUNTRY

MEN

58.5%
THE ACS GROUP OVERALL

22,986
GRADUATES AND PERSONNEL WITH DIPLOMAS

10,903
EMPLOYEES WITH A MANAGEMENT POSITION
(MANAGER OF A PROJECT/WORK OR SIMILAR TITLE AND HIGHER)

24,210
NON-QUALIFIED TECHNICIANS AND ADMINISTRATION STAFF

1,061
SENIOR MANAGEMENT POSITIONS

27.2%
TOTAL TURNOVER

12.4%
VOLUNTARY TURNOVER

64,112
OTHER STAFF

During 2019, the total turnover in the ACS Group was 20.8% (vs. 18.5% in 2018) and the voluntary turnover was 10.8% in 2019 (vs. 11.2% in 2018). The number of dismissals reported was 17,264 people, including those resulting from project terminations.

	2019		
	Men	Women	Total
Dismissals	15,715	1,549	**17,264**

	2019			
	Age <35 years	Age between 35-50 years	Age >50 years	Total
Dismissals	7,574	6,946	2,744	**17,264**

	2019			
	University graduates and personnel with diplomas	Non-qualified technicians and administration staff	Other staff	Total
Dismissals	1,654	3,907	11,703	**17,264**

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5.2.1. DIVERSITY AND EQUALITY

Within the basic principles contained in the Group's Code of Conduct, equal opportunities, non-discrimination and respect for human and labor rights are most notable. They are also crucial in promoting the professional and personal development of all ACS Group employees. The ACS Group also rejects discrimination on any grounds, and, in particular, on the basis of age, sex, religion, race, sexual orientation, nationality or disability.

In addition, during 2019, the ACS Group has continued to take different actions in line with its Diversity Policy, the purpose of which is to state, implement and develop the commitment of ACS and its Group to the diversity and inclusion of all kinds of groups and sensitivities in the different areas and levels of the Group, and to establish the guidelines and objectives that should preside over the Group's performance in matters of diversity.

Since the territorial implementation of the ACS Group is configured as a diverse and multicultural group, the incorporation of professionals of diverse profiles, including of different races, ethnicities, ages, nationalities, languages, education, abilities, religions and gender, will be maintained and promoted, all of which is a constant in the Group's everyday life. This Policy applies both to members of the administrative bodies and all other jobs. Within this Policy, it is stated that the companies of the ACS Group must take measures that, in accordance with their specific characteristics and circumstances, allow achieving the diversity objectives specified therein, generating a diverse and inclusive working environment. The Appointments Committee of ACS shall be responsible for monitoring and evaluating the implementation of this Diversity Policy. The breakdown of the different types of contract by gender, age and professional classification is shown below.

31-Dec-2019	Men	Women	Total
Fixed contracts	73,456	51,068	**124,524**
Temporary contracts	37,852	28,055	**65,907**

31-Dec-2019	Age <35 years	Age between 35-50 years	Age >50 years	Total
Fixed contracts	27,457	52,101	44,965	**124,524**
Temporary contracts	19,909	30,245	15,754	**65,907**

31-Dec-2019	University graduates and personnel with diplomas	Non-qualified technicians and administration staff	Other staff	Total
Fixed contracts	26,289	24,035	74,200	**124,524**
Temporary contracts	6,151	13,412	46,344	**65,907**

31-Dec-2019	Men	Women	Total
Full-time contracts	100,759	35,750	**136,509**
Part-time contracts	10,644	43,278	**53,922**

31-Dec-2019	Age <35 years	Age between 35-50 years	Age >50 years	Total
Full-time contracts	36,957	61,678	37,874	**136,509**
Part-time contracts	10,406	20,687	22,829	**53,922**

31-Dec-2019	University graduates and personnel with diplomas	Non-qualified technicians and administration staff	Other staff	Total
Full-time contracts	29,062	30,707	76,740	**136,509**
Part-time contracts	3,406	6,729	43,787	**53,922**

Specifically, the Appointments Committee will ensure that the procedures for the selection of Board Members favor diversity in respect of the above-mentioned issues and, in particular, that they facilitate the selection of directors in a number that allows a balanced presence of women and men to be achieved. The total remuneration of the Board is shown in the table below.

Thousands of euro	2019 Number of Directors	Total remuneration for the 2018 financial year (*)	Total remuneration for the 2019 financial year	Variation
EXECUTIVE DIRECTORS (1)	**5**	**4,962**	**3,422**	**-31.0%**
Fixed remuneration		1,472	1,494	1.5%
Variable remuneration (2)		1,736	1,065	-38.7%
Contributions to long-term savings systems		1,748	857	-51.0%
Other items		6	7	n.a.
NON-EXECUTIVE DIRECTORS	**12**	**244**	**244**	**0.1%**
Women	3	185	185	0.0%
Men (3)	9	264	264	0.1%

(1) The Executive Directors of the ACS Group are men.
(2) Includes short-term annual variable remuneration and long-term plans
(3) Excludes the remuneration of Mr. Manuel Delgado Solís in 2018 and 2019 due to his resignation in November 2019
* The amounts for the 2018 financial year correspond to the remuneration collected in that year.

The ACS Group Management Committee consists of 6 directors (all men) who in 2019 had an average annual remuneration of 2,880 thousand euro (vs. 3,855 thousand euro in 2018), including fixed and variable pay, and an average annual contribution to pension plans of 970 thousand euro (vs. 989 thousand euro in 2019).

The Group's commitment to diversity and equal opportunities is reflected in all areas of the enterprise. In terms of gender, companies representing 96.96% of the Group's employees have taken measures to promote equal treatment and equal opportunities for men and women, including 71.96% of the Group's employees who are covered by Equality Plans and in companies representing 99.69% of the Group's employees, there are protocols against sexual harassment.

Similarly, in Group companies representing 99.73% of the Group's employees, measures have been taken to ensure equal opportunities and to avoid discrimination in the selection processes of any job. In this respect, it should be noted that, over the past few years, the ACS Group has committed to the presence of women in the workplace and their professional development. Since 2012, the number of women in managerial positions has increased by 134%. Likewise, in companies representing 28.19% of the Group's employees, specific development programs have been implemented for the promotion of female talent, in which 2,112 employees of the Group participated during 2019.

GENDER EQUALITY PROGRAMS (CPB CONTRACTORS)

By creating a more diverse and inclusive workplace, CPB Contractors hopes to take advantage of a greater diversity of vision and experience that will ultimately generate better business outcomes. CPB Contractors is committed to meeting its goal in a meaningful way, increasing the number of women in its business and by 2020, it wants women to represent 30 percent of its workforce. To achieve this goal, CPB Contractors has revised its recruitment practices to encourage women to apply for selection processes.

Other initiatives include regular reviews of equality measures, as well as the implementation of training and mentoring programs specific to women to encourage and support women for promotion within the company. Important training programs are also being conducted to encourage equality, such as "Equal Employment Opportunity" and "Unconscious Bias".

MANAGEMENT SKILLS TRAINING PLAN (ETRA) PENDING

A Management Skills Training Plan, primarily aimed at women in the organization, has been developed with the following content:

1. Teamwork
2. Communication
3. Leadership
4. Negotiation
5. People Management
6. Planning
7. Emotional Intelligence

The ACS Group promotes equal opportunities and diversity policies of all its companies, encouraging the participation of its employees in initiatives and proposals in this direction. The Group also ensures that remuneration and retention policies are in accordance with these basic principles. In this regard, the ACS Group is conducting a preliminary study on wage equalization among all the companies in the Group. This has enabled an assessment of the average remuneration of over 190,000 employees within the ACS Group. As average remuneration, the average annual remuneration of ACS Group employees has been considered in terms of their base salary and other cash incentives. The consolidated data shows the weighted average broken down by gender, professional classification and age.

The wage differences detected are mainly due to the greater presence in activities such as Construction in countries with a higher per capita income, as well as typology, specialization, working time, seniority, risk factors and the location of the Group's different activities, ranging from high-altitude operators in the United States or mining in Australia, with high levels of danger and higher per capita incomes, to the Services activity, whose staff is mainly located in Spain and whose activity is concentrated in cleaning services, home assistance and caring for the elderly with salaries regulated by the collective agreements of each activity.

This diversification of activities and distribution of employees in countries with different income levels is what justifies the differences found in the breakdown of the average remuneration table. Also in the evolution of wages, it is important to note that given the high geographical diversification of activities and types of contracts, it is very difficult to show a homogeneous evolution of wages and salaries in different years, given the changes in the weight that different countries/activities represent in the total, substantially modifying the composition of the total payroll year to year.

Thus, the ACS Group is undertaking a more detailed study on remuneration by contract types, country, gender, category, in order to study the possible wage gap in the various countries of the Group. In addition, it is deepening the commitment to equality which one of the ACS Group's basic principles of action.

Annual average remuneration (Euro)	2018			2019		
	Men	Women	% difference of average salary for men/average salary for women	Men	Women	% difference of average salary for men/average salary for women
Senior management and university graduates	79,326.2	63,156.3	-20.4%	80,583.6	67,031.1	-16.8%
Non-qualified technicians,similar positions and administration staff	40,921.3	33,407.0	-18.4%	49,268.6	34,678.5	-29.6%
Operators and other staff						
Infrastructure and Industrial Services	30,916.2	30,193.5	-2.3%	30,198.7	26,861.3	-11.1%
Services	14,261.0	13,486.5	-5.4%	14,583.9	13,717.6	-5.9%

* For the calculation of the average remuneration for both 2018 and 2019, the data for the year includes both the fixed and variable remuneration . In 2018 and 2019, the data coverage is approximately 95% of the Group's employees.

** In 2019, the integrated projects of Industrial Services in Spain increased significantly (47.2%), especially those related to photovoltaic project, with which the number of non-qualified technicians in projects of this type in Spain, a position carried out mainly by men and with salaries by specialization higher than those of administrative positions, has increased compared to 2018.

Annual average remuneration (Euro)	2018	2019
Age <35 years	25,606.7	27,912.5
Age between 35-50 years	32,451.1	33,873.3
Age >50 years	42,821.6	43,604.6

The ACS Group also understands the relevance of local roots and sensitivity toward the particularities of each territory for the success of the company. For this reason, it promotes the direct hiring of local employees and managers. The ACS Group is also strongly committed to the labor integration of disabled persons and other vulnerable groups. To be specific, in 2019, the ACS Group employed 7,944 disabled people. In companies representing 85.40% of employees, there were systems to ensure universal accessibility for their employees asarchitectural.

LABOR INTEGRATION OF VULNERABLE GROUPS IN CLECE

Clece Social is the social project of the Clece Group. The expression of its commitment to people. A commitment understood not as a duty of the company or a strategy designed for social responsibility, but as something inherent to its origin and development: a company of people for people. Its objectives include promoting equal opportunities through the integration of people from disadvantaged groups, mainly people with disabilities, people at risk of social exclusion, women suffering from gender-based violence, victims of terrorism and long-term unemployed young people.

Thus, in 2019, 9,277 people, or 11.8% of the staff of the Clece Group, belong to one of these groups. This figure has increased by 5.5% compared to the previous year.

To achieve this goal, during this year, Clece has continued to work through collaboration agreements with over 350 non-profit institutions and organizations, as well as their own initiatives. In addition, from the support units, promoted by Clece's HR department and which are cross-disciplinary departments, they ensure the welfare of especially vulnerable workers, employees with disabilities, victims of gender-based violence or people from situations of social exclusion. These units collaborate and liaise with these types of workers and the departments in which they work to achieve optimal adaptation of the person to their job position and to help resolve any situation that they can. There are currently support units in Madrid, Barcelona and Seville that have made interventions with 358 workers.

LaboralMAD, an event organized by Clece in Madrid aimed at selecting people from vulnerable groups to work in the various services the company provides in the Community of Madrid, was held once again in June 2019. This event gave rise to hundreds of personal interviews with candidates interested in occupying one of the more than 1,500 posts offered in home help, residences and centers for the elderly, real estate cleaning services, maintenance, gardening, information and access control. Once again this year, the collaboration of about 40 public and private business entities in the project was notable. Its main work was the dissemination of the project among its affiliates and the prior labor intermediation with the candidates. Its involvement and work were key to LaboralMAD's success.

This year, the new concept "me lo llevo puesto" (took the job) was introduced. This made it possible that if a candidate was eligible for any of the positions on offer, they would be offered a pre-contract signed after the interview.

More than 15 selection technicians worked at the event that remained open for 10 hours per day for 3 days. Interviews (of about 15 min.) were covered at twelve tables that remained open constantly. 4 technicians specialized in disability supported the selection process.

The result was more than 1,500 interviews conducted over three days, with an average wait time of less than 5 minutes. 295 people "took the job" and signed a pre-contract on the spot.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

5.2.2. ORGANIZATION OF WORK AND SOCIAL RELATIONS

At the ACS Group, a work-family balance is encouraged. Thus, in companies representing 84.37% of the Group's employees, measures such as time flexibility, remote working, and a higher number of vacation days than those legally established have been introduced, as well as more days of paternity/maternity leave than those legally established, improved reduced hours according to the law, and time for breastfeeding, among others. In 2019, this has allowed for the reinstatement of 85.88% of women after maternity leave and 97.03% of men.

This improvement in the organization of work and also the improvements related to safety and health, both mandatory and voluntary programs carried out by the company, have reduced the rate of absenteeism in recent years.

	2016	2017	2018	2019
Total number of days lost (due to absenteeism)	1,046,251	765,812	700,019	694,806
Percentage of days lost due to absenteeism	2.3%	1.5%	1.3%	1.3%

	2018	2019
Total number of hours lost (due to absenteeism)	4,201,618	5,001,540

[102-41]

The company also encourages, respects and promotes the free exercise of freedom of association and the right of association of its workers. Thus in 2019, 10.1% of ACS Group employees were affiliated with trade union organizations and 70.9% were covered by collective bargaining agreements or by an independent union. By country, in companies whose head office is in Spain 91.6% are covered by collective bargaining agreements or by an independent union. 77.7% of employees have their parent company located in Germany, 22.6% of employees have their parent company located in Australia, and 19.8% of employees have their parent company in the United States and Canada. As regards collective bargaining agreements with health and safety, in 2019, 80.84% of ACS Group workers are represented on formal joint health and safety committees for management and employees, and these cover 99.59% of health and safety issues.

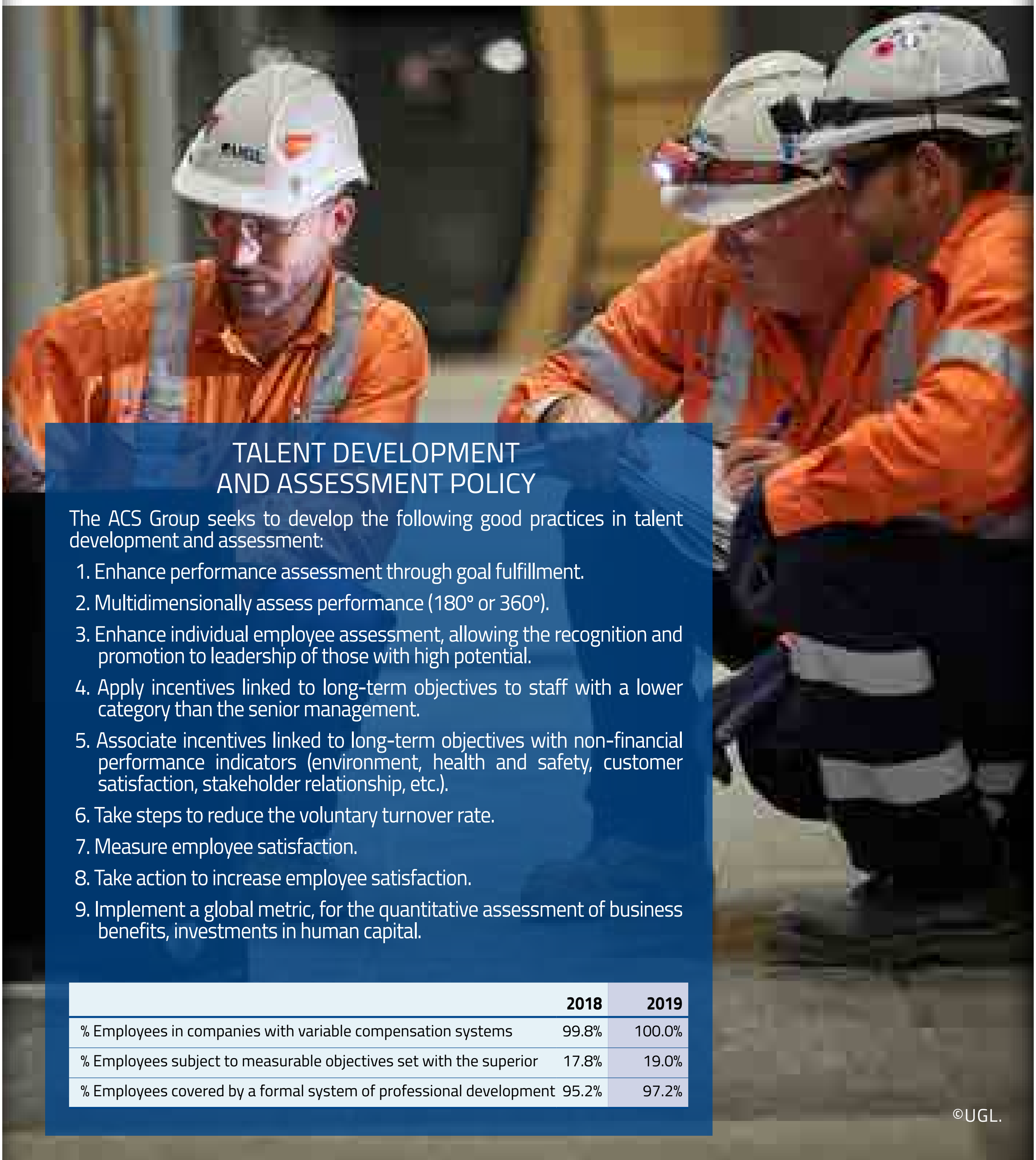
Furthermore, in addition to the relationship of the unions, the ACS Group offers formal channels of dialog for the relationship with workers, such as ethics channels. In most of the Group, there are minimum periods of notice for significant operational changes.

5.2.3. TALENT DEVELOPMENT

TRAINING: COMMITMENT TO PROFESSIONAL DEVELOPMENT

The ACS Group promotes the professional development of its workers. To this end, it has an employment policy that generates wealth in the areas where it operates.

Each company of the ACS Group manages the development of its professionals independently, adapting its needs to the specific characteristics of its activity, although they all serve the elements defined in the Talent Development and Assessment Policy:



TALENT DEVELOPMENT AND ASSESSMENT POLICY

The ACS Group seeks to develop the following good practices in talent development and assessment:

1. Enhance performance assessment through goal fulfillment.
2. Multidimensionally assess performance (180° or 360°).
3. Enhance individual employee assessment, allowing the recognition and promotion to leadership of those with high potential.
4. Apply incentives linked to long-term objectives to staff with a lower category than the senior management.
5. Associate incentives linked to long-term objectives with non-financial performance indicators (environment, health and safety, customer satisfaction, stakeholder relationship, etc.).
6. Take steps to reduce the voluntary turnover rate.
7. Measure employee satisfaction.
8. Take action to increase employee satisfaction.
9. Implement a global metric, for the quantitative assessment of business benefits, investments in human capital.

	2018	2019
% Employees in companies with variable compensation systems	99.8%	100.0%
% Employees subject to measurable objectives set with the superior	17.8%	19.0%
% Employees covered by a formal system of professional development	95.2%	97.2%

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DRAGADOS YOUNG TALENT PROGRAM

In an increasingly competitive international market in which talent search and retention is essential for business development, Dragados has once again this year committed to the incorporation of recently graduated young talent into its main construction projects, offering them the opportunity to learn and develop in this sector.

This program aims to guide these young people in their learning and development through experience in construction, training, mentoring and evaluation work aimed at obtaining information to identify and retain their talent based on their concerns.

For this reason, in 2019, 39 recent Civil Engineering (roads, canals and ports) graduates, and graduates in Business Administration and Industrial Engineering were incorporated into national projects with the aim of training them in the main areas and systems of the company. This training will enable them to acquire a global and comprehensive vision that is fundamental to their further development in Dragados' major national and international projects.

2014-2019 YOUNG TALENT PROMOTIONS

	National	International
Civil Engineers	69	27
Industrial Engineers	17	5
Business Administration	29	6
Architect	1	
Total	**116**	**38**

These technicians join the nearly 100 young participants in the program from previous editions who develop their career with us.

Since 2017, a coordinated project between the Human Resources Division of Dragados Spain, USA and Canada has been carried out to provide continuity at the international level to the young talent incorporation development program. The success achieved in this program in Spain since 2014 led to its rollout at the international level.

This has resulted in the involvement of the group's different American construction companies in this Plan. It is intended to encourage and promote young talent and offer them their first experience in the workplace.

The program called the "Engineering & Finance Development Program" now has more than 100 Engineers and 19 financiers, incorporated into North American construction companies. In 2019, 39 Engineers and 9 financiers have been incorporated. The plan consists of 3 years of training and monitoring where they receive courses from different areas and have a tutor who assesses and guides their performance. Practical training is obtained in the incorporation of the company's most significant works.

The company's interest in incorporating young graduates continues to be evident, providing them with projection and continuous development opportunities.

DRAGADOS EVALUATION AND TALENT PLAN

Dragados considers it essential to obtain information for the development and retention of domestic talent. For this reason, the project to evaluate incorporating young talent into the company, through the Dragados Young Talent Program, has continued during 2019.

The required profile is as follows: qualification in Civil Engineering (roads, canals and ports), graduates in Business Administration and Industrial Engineering, recently employable and with up to 4 years' experience, high level of English, learning potential and motivation to develop a career in the field of construction.

Currently, around 150 young talents are incorporated into large construction projects in Spain as well as in the rest of Europe, USA, Canada and South America. They are starting out or establishing themselves as great professionals in our company at the national and international levels, acquiring increasing responsibilities.

The aim of the evaluation is, on the one hand, to understand the professional situation of these workers in order to be able to respond to their professional concerns and expectations and, on the other hand, to identify the internal talent that, based on their attitudes and skills, will allow an employee to adjust to the internal needs of the company.

After conducting evaluations consisting of a questionnaire and individual interview with the worker and their professional manager/ mentor, competency-level assessments and information have been obtained, as well as the worker's previous experience and professional expectations, which enable us to make decisions about possible internal transfers, promotions and professional development in the company.

COMPETENCY DEVELOPMENT PROGRAMS (CLECE)

The Higher Development Program for Heads of Service aims to enhance the competencies that ensure efficient management of the Services within the company's strategy. The contents of the Program have been developed by professionals within our organization, responsible for the different areas and activities, as well as external experts in the different subjects covered. The program has a duration of 300 hours that is developed through case studies, online content and hands-on classroom training. Through this training, technical, commercial, economic-financial, people management and management skills are developed. In 2019, 46 participants went through this program, bringing the total number of participants to 412 Clece employees.

In addition, the Advanced Management Program in the United Kingdom was launched in 2019 to develop management skills for potential expatriation candidates, with the aim of reducing and improving the period of assimilation and adaptation in service management in the United Kingdom, and to enhance professional development within Clece through international experiences. The program takes place in five face-to-face modules, with a total of 35 hours of instruction, and a practical visit to a service in the UK. The main differential issues that need to be taken into account in the management of services in the United Kingdom are analyzed, investigating the economic and financial processes and industrial relations in the United Kingdom, knowing the technical regulations, and working on the skills to develop communication styles, effective negotiation and leadership in such an environment. In 2019, 9 employees participated in this program.

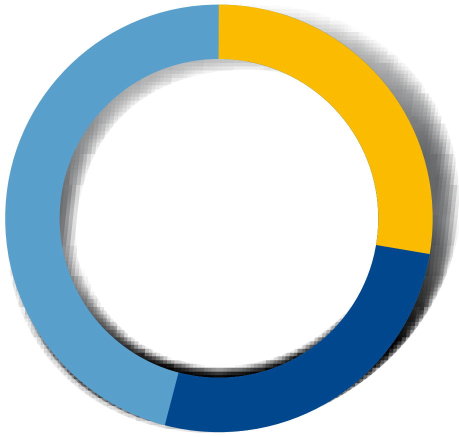
TRAINING PLANS

The ACS Group has ongoing training and skills development programs aimed at meeting the training needs and gaps of employees, which are identified during the year and are in line with the competencies established in the management models. Training plans are also highly oriented toward the professional and personal development of employees.

The training plans of the different companies are regularly updated to suit the needs of each business, and ultimately, each person.

To determine the effectiveness of the training programs, the group companies evaluate the courses offered at different levels: participant satisfaction, knowledge acquired by them, and impact on the performance of the participants in the area that they have been trained in.

BREAKDOWN OF CLASS HOURS OF TRAINING BY PROFESSIONAL CATEGORY



GRADUATES AND PERSONNEL WITH DIPLOMAS **867,445 hours**
NON-QUALIFIED TECHNICIANS AND ADMINISTRATION STAFF **866,127 hours**
OTHER STAFF **1,257,216 hours**

	2018	**2019**
Total teaching hours provided	2,573,804	2,990,789
Teaching hours per employee (of total employees)	13.8	16.0
Employees participating in training activities	95,800	111,383
Teaching hours per employee (of total employees trained)	26.9	26.9
Investment in training (million euro)	33.3	34.6
Investment per employee in training (of total employees) (euro)	179.1	185.4
Investment per employee in training (of total employees trained) (euro)	347.9	311.1

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5.2.4. RISK MANAGEMENT FOR STAFF ISSUES

Among the functions assigned to the Audit Committee of the Group's Board of Directors are the review, follow-up and evaluation of the Company's Corporate Social Responsibility Policy and its practices, as well as the rest of the associated internal standards, which includes the Code of Conduct, Diversity Policy and Human Resources Policy, which will be developed according to the characteristics and needs of each of the Group companies.

In addition, according to the internal materiality analysis carried out, the risks have been prioritized according to the relevance that they can have for carrying out the company's activities, according to the type of activity, areas of action, policies and management approaches. The results obtained from this prioritization of potential risks for the development of environmental activity and the management measures taken by the ACS Group are shown in the table below:

Subject	Potential risks	Detection, prevention, management and mitigation measures	Associated management indicators	Applicable ACS Group policies
Responsibility to local communities	The company's activities can result in risks from the opposition of communities to the development of projects or from the negative perception of the management carried out. This may jeopardize the Group's reputation and business license to operate.	Promote proactive dialog with the community through the managers of the specific companies and projects. Personnel management measures, in accordance with the general principles established in the Group's policies, adapting to the specific characteristics of each of the Group's companies.	Indicators presented in this chapter 5.2.	▪ Code of Conduct. ▪ Human Rights Policy. ▪ Diversity Policy. ▪ Talent Development and Evaluation Policy. ▪ Corporate Social Responsibility Policy.
Responsible supply chain	The bad practices of a company's suppliers pose a potential risk that, if they occur, can diminish its ability to do business. It is necessary to assess the counterparty risks to which it is exposed and engage in constant improvement of its performance.	The mandatory Code of Conduct for Business Partners establishes, among other basic principles of action, that: It is imperative that Business Partners, regardless of the country in which they operate, respect the internationally recognized fundamental human and labor rights Business Partners are committed to maintaining a training policy for the personal and professional development and learning of their members in order to achieve the highest performance, quality and satisfaction in the fulfillment of their functions, as well as compliance with the provisions of this Code. In particular, Business Partners undertake to train their members in the ethical values and respect for the Law set forth in this Code.	Thus, in 2019, of the 140,242 direct suppliers the Group works with, 91.64% of them have accepted the ACS Group Code of Conduct by signature or a similar method. In these formal supplier approval systems, the weight of sustainability-related factors (environmental, ethical and social criteria) out of the total factors used for approval varies according to the activities and areas of action of the companies, but the weighted average percentage of these factors exceeded 30% in 2019.	▪ Code of Conduct for Business Partners.
Development of talent and diversity	Having a pluralistic environment, where diversity and equal opportunities take precedence, offers companies competitive advantages such as employee loyalty and productivity. In addition, increasing project complexity and new industry requirements –for example, energy efficiency and sustainability standards and certifications in construction– require greater knowledge and specialization. If these are not acquired quickly, they will become a disadvantage for the company against competitors, to the detriment of the business. However, efforts in attracting and retaining talent, and the commitment to training, help ACS keep one step ahead.	Plan 20-20 includes a commitment to improving professional performance by increasing investment in training. The Code of Conduct, the Diversity Policy and other developments in this area also define the framework for action. Within this common framework, each company manages the development of its professionals according to their specific needs, in accordance with the Group Policy. They define vocational and personal training and development programs and assess their impact on participants.	Indicators presented throughout this chapter 5.2., such as: ▪ Remuneration, type of employment contract and distribution in the workforce. ▪ Talent attraction, development and retention strategies. Training hours, investment in training, trained employees Measures of social dialog, organization, flexibility and work-life balance. ▪ Policies, plans and measures for diversity and equality between men, women and people with disabilities.	▪ Code of Conduct. ▪ Human Rights Policy. ▪ Diversity Policy. ▪ Talent Development and Evaluation Policy. ▪ Corporate Social Responsibility Policy.

5.3. OCCUPATIONAL HEALTH AND SAFETY

8 DECENT WORK AND ECONOMIC GROWTH

Occupational risk prevention is one of the strategic pillars of all ACS Group companies. Each of these companies and the Group in general remain committed to achieving the highest standards in the field, and thus become a benchmark in the protection of health and safety, not only of their employees, but also of those of their suppliers, contractors and collaborating companies.

The ultimate goal of the ACS Group is to implement a culture of prevention that allows zero accidents. Compliance with this objective is increasingly being achieved through the work of prevention services, and the commitment of workers, suppliers, contractors and collaborating companies.

Although each company in the group is managed independently, the vast majority of them have common principles for the management of the health and safety of their workers:

- Compliance with the current regulations on the prevention of occupational risks and other voluntary requirements.

- Integration of preventive action into all activities and hierarchical levels, through proper planning and implementation.

- Take measures beyond regulation to ensure the protection and well-being of employees.

- Application of the principle of continuous improvement of the system. The extension of their principles and the participation of workers through training and information.

- Investment in staff qualification and application of technological innovations for accident prevention.

- Development of measures for the protection of the safety of third parties in the companies' facilities.

The vast majority of the companies have a specific role and a health and safety management system to comply with previous action plans and priorities.

Companies with this type of system carry out the following activities:

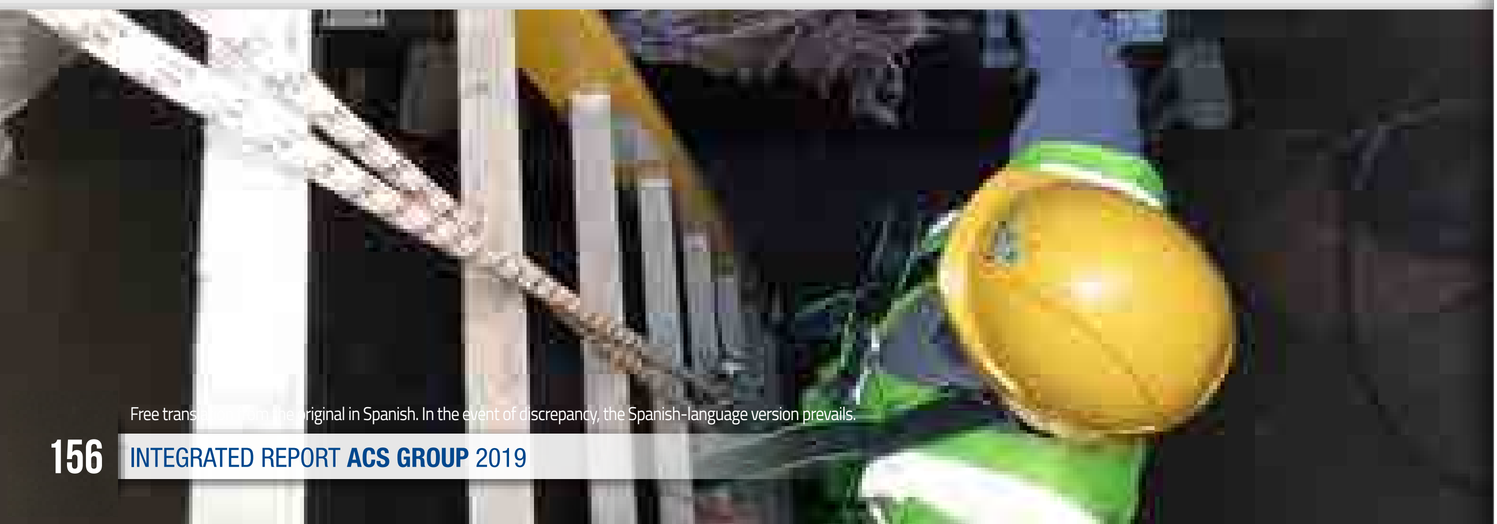
- Periodic assessment of the risks to which workers are exposed.

- Definition of prevention plans with formal objectives incorporating the improvements identified in the evaluation processes.

- Identification and recording of situations that could have resulted in an incident (near-misses).

- Linking the remuneration of workers and managers to the fulfillment of formal health and safety objectives.

Oversight and optimization of these systems involves the establishment and monitoring of generally annual objectives approved by senior management. The Prevention Plans carried out in the Group companies reflect the findings of the periodic risk assessments carried out, and establish the guidelines for achieving the objectives set.



5.3.1. TRAINING

Training and information are the most effective means of raising awareness and involving people in the company to meet health and safety objectives.

The ACS Group also collaborates with organizations specializing in safety, health and risk prevention issues, and actively participates in the main conferences, seminars and forums that are organized, both at the national and international levels.

	2018	2019
Employees who have been trained in health and safety over the year (%)	58.1%	72.4%
Employees who have received training in health and safety throughout their career at the company (%)	99.7%	99.2%

5.3.2. SECURITY STATISTICS

The continuous effort that all ACS Group companies make in the area of Health and Safety is reflected year to year in the improvement of accident rates that have fallen in both infrastructures and Services. However, in Industrial Services, the increase in projects in Latin American countries in the construction phase has led to a rise in these indicators.

The Services activity has, by its nature of business, a higher incidence and frequency. Given the weight of Services activity, it impacts all consolidated indicators, especially the gender breakdown as the Services activity is that with the highest concentration of women in the ACS Group.

	2016	2017	2018	2019
Percentage of total employees covered by OHSAS18001 certification	85.4%	88.0%	89.9%	91.3%
Investment in Health and Safety (millions of euro)	142	143	160	155
Expense per employee on Safety (euro)	838.0	783.5	795.5	778.1

Accident rates. Employees	2016	2017	2018	**2019**
Frequency	**13.73**	**12.25**	**11.12**	**10.46**
Infrastructure	3.02	2.72	2.40	2.14
Industrial services	6.81	6.33	6.13	5.74
Services	32.74	31.46	28.92	24.99
Severity	**0.38**	**0.34**	**0.30**	**0.33**
Infrastructure	0.11	0.08	0.08	0.08
Industrial services	0.17	0.17	0.15	0.35
Services	0.87	0.88	0.78	0.62
Incidence	**25.85**	**23.14**	**20.98**	**20.84**
Infrastructure	7.01	6.04	5.24	4.61
Industrial services	14.25	13.60	12.98	13.19
Services	46.79	44.95	41.86	41.24

Accident rates. Employees	2018		2019	
	Men	Women	Men	Women
Frequency	**5.92**	**21.90**	**5.50**	**19.99**
Infrastructure	2.70	0.64	2.47	0.27
Industrial services	6.66	1.54	6.84	1.64
Services	24.46	29.98	17.14	26.91
Severity	**0.16**	**0.59**	**0.25**	**0.46**
Infrastructure	0.08	0.03	0.09	0.01
Industrial services	0.17	0.04	0.39	0.04
Services	0.67	0.80	0.62	0.62
Incidence	**12.23**	**34.65**	**12.03**	**35.03**
Infrastructure	5.84	1.32	5.39	0.56
Industrial services	14.13	3.27	16.46	3.62
Services	35.43	43.39	28.31	44.38

	2018	2019
Total number of occupational disease cases (employees)	**104**	**150**
Total number of occupational disease cases (male employees)	74	107
Total number of occupational disease cases (female employees)	30	44
Frequency Index of Occupational Disease (employees)	**0.278**	**0.371**
Frequency Index of Occupational Disease (male employees)	0.293	0.408
Frequency Index of Occupational Disease (female employees)	0.246	0.309

Health and Safety Glossary
Frequency Rate: Number of accidents during the working day per million hours worked
Severity Rate: Number of days lost per accident per thousand hours worked
Incidence rate: Number of accidents with time off from work per thousand workers
Occupational Frequency Rate: Number of occupational diseases per million hours worked

CULTURE OF PREVENTION OF OCCUPATIONAL RISKS (COBRA)

In May 2019, the Cobra Group updated its Occupational Health and Safety Policy, which is binding for all employees and subcontractors of the Group.

One of the key objectives of the Cobra Group's Health and Safety at work policy, integrated into its general policy, is to provide safe and healthy working conditions, with maximum levels of protection for its workers, fully in accordance and alignment in preventive terms with the provisions of the legislation in force and with the commitments of its clients in this area.

This policy, the main objective of which is to ensure the protection of the Health and Safety of the employees, must be transmitted to the entire Organization and be assumed individually by each and every employee, as part of the process of continuous improvement that includes the following COMMITMENTS to Occupational Safety and Health:

- Commitment to providing safe and healthy working conditions for the prevention of work-related injuries and health deterioration: The most important thing is safety and health. There is no greater value than that of people's lives.

- Commitment to complying with legal requirements: The applicable law and other requirements, both our own and of our clients in the field of occupational health and safety, must be complied with and enforced.

- Commitment to eliminate hazards and reduce risks: All work must be executed in a 100% safe way. In case of doubt or discrepancy, work must be stopped.

- Commitment to continuous improvement of the Occupational Health and Safety Management System.

- Commitment to consultation and participation of workers and their representatives: In addition to the channels established in this regard, encourage reporting of incidents, actions and conditions considered unsafe and safety improvement measures, since it is an instrument of active worker participation.

- Commitment to training, education and information: The Cobra Group is committed to training its workers so that they can carry out their work safely, as well as informing them of all aspects that may compromise the safety and health of people as a result of their business.

- Commitment to contractor companies: The level of protection of workers in contractor companies will be equivalent to that provided by the Cobra Group to its workers, through effective coordination of business activities.

The Occupational Safety and Health objectives are established on the basis of the fulfillment of these commitments, with which the Cobra Group Management is fully identified. The Cobra Group's Occupational Risk Prevention Plan, which contains these commitments and the procedures that implement it, is imperative and binding.

The Cobra Group's commitment to occupational safety and health is demonstrated by the fact that in 2019, in more than 70% of delegations there have been zero accidents with time off from work. In addition, on October 10, 2019, the Second Prevention Forum organized by Telefónica was held, in which at the end of the event the "Hacia la excelencia preventiva" (Preventive excellence) award for the trajectory, commitment and results obtained in the field of occupational safety and health, was awarded to Cobra.

Frequency and severity rate targets have been set for 2020, combining own and subcontractor personnel. This is the first time in the history of the Cobra Group that common objectives have been set. This has been approved by the Cobra Group's Health and Safety Committee because of the absolute commitment to improving OSH management with collaborating companies.

STAND 4 SAFETY: OCCUPATIONAL RISK PREVENTION STRATEGY (DRAGADOS)

In order to promote and strengthen our preventive culture and encourage the fulfillment of our health and safety objectives, the Dragados construction group has established and implemented the "Stand4Safety" (S4S) initiative in its entire field of action. It has been implemented in all the countries in which we carry out our work.

S4S is designed to achieve the goal set forth in our Occupational Risk Prevention Policy: To create a safe and healthy working environment, eliminating or minimizing any impacts of our activities on people's health and safety.

S4S relies on sound management systems that are certified by international standards, but it is more than just compliance, it is the core of a markedly positive preventive culture.

S4S is based on a global preventive perspective that not only recognizes, but also uses, the advantage of diversity through a flexible application that promotes local initiatives. It is about improving the sharing of values, experiences and innovative initiatives.

Human Commitment

Our most important value is people and their right to work in a safe and healthy environment.

S4S is intended to ensure that everyone returns home every day in the same condition as when they arrived at work. All of us have only one life and that is why Dragados understands that being well is not just about avoiding injury. A positive, better and safer work environment will positively influence people's daily lives, creating a safer, healthier and more incident-free team of people.

Teamwork

Dragados promotes the integration of a safety culture at all levels and in all the activities carried out by the Company. Dragados creates an environment of collaboration between our employees, our customers and our subcontractors so that, working as a team, we are committed to working in a safe environment.

S4S also requires clear preventive leadership at all levels, as well as a commitment to speaking and acting when a team member is failing to adopt an attitude of personal responsibility toward safety.

Responsibility

At Dragados, we strive to achieve common goals, including creating and maintaining a safe and healthy working atmosphere in which our team can do its job without being hurt or injured. S4S means having responsibility for a safe outcome and helping others achieve their goal safely.

Having common goals also means communication, information and mutual support to achieve a safe environment. Since we all have common goals, we at Dragados take care of each other and want to work in a safe and healthy way.

Accident rates. Subcontractors

The dissemination of a preventive culture among suppliers, contractors and collaborating companies is another of the Group's main lines of action in this area.

CONTRACTORS	2016	2017	2018	2019
Frequency	**3.16**	**3.44**	**3.01**	**2.91**
Infrastructure	4.46	4.75	3.85	3.43
Industrial services	1.36	1.60	1.78	1.48
Services	0.00	0.00	0.00	0.00
Severity	**0.09**	**0.11**	**0.10**	**0.10**
Infrastructure	0.13	0.09	0.10	0.12
Industrial services	0.04	0.13	0.09	0.04
Services	0.00	0.00	0.00	0.00

* Since Clece does not work with subcontractors, the indicators of the Services activity are reduced to 0.

5.3.3. RISK MANAGEMENT FOR STAFF ISSUES (HEALTH AND SAFETY)

Among the functions assigned to the Audit Committee of the Group's Board of Directors are the review, follow-up and evaluation of the Company's Corporate Social Responsibility Policy and its practices, as well as the rest of the associated internal standards, which includes the Code of Conduct, and Code of Conduct for Business Partners. The companies of the ACS Group will develop these policies, which will be developed according to their characteristics and the needs of each of the Group companies, but always maintaining the common management principles described in section 5.3.1. and focusing on the fundamental goal of the entire company: to achieve zero accidents.

In addition, according to the internal materiality analysis carried out, the risks have been prioritized according to the relevance that they can have for carrying out the company's activities, according to the type of activity, areas of action, policies and management approaches. The results obtained from this prioritization of potential risks for the development of health and safety activity and the management measures taken by the ACS Group are shown in the table below:

Subject	Potential risks	Detection, prevention, management and mitigation measures	Associated management indicators	Applicable ACS Group policies
Responsible supply chain	The bad practices of a company's suppliers pose a potential risk that, if they occur, can diminish its ability to do business. It is necessary to assess the counterparty risks to which it is exposed and engage in constant improvement of its performance.	The mandatory Code of Conduct for Business Partners establishes, among other basic principles of action, that: ▪ It is imperative that Business Partners, regardless of the country in which they operate, respect the internationally recognized fundamental human and labor rights ▪ Respect for the health and safety of people is a primary objective for ACS. Therefore, your Business Partners must be committed to ensuring a safe and healthy work environment for their members as well as greater respect for occupational safety and health regulations, in compliance with applicable occupational risk prevention regulations.	Thus, in 2019, of the 140,242 direct suppliers the Group works with, 91.64% of them have accepted the ACS Group Code of Conduct by signature or a similar method. In these formal supplier approval systems, the weight of sustainability-related factors (environmental, ethical and social criteria) out of the total factors used for approval varies according to the activities and areas of action of the companies, but the weighted average percentage of these factors exceeded 30% in 2019.	▪ Code of Conduct for Business Partners
Goal: Zero accidents	Despite advances in the infrastructure and services sector, the frequency indices in accident rates remain higher than in other sectors, negatively affecting stakeholders' perceptions. This, together with the costs associated with employee accidents and low productivity, negatively affects companies. To avoid this, it is key to have proper health and safety management, improving metrics, reducing operational costs and driving reputation building.	Plan 20-20 is committed to reducing accident rates for its own employees. In order to achieve this global commitment, each company manages safety and health independently, planning and implementing activities and measures such as periodic risk assessments and the definition of prevention plans with annual objectives. Most have a management system to comply with action plans that are approved by senior management. The Group collaborates with specialized organizations and participates in conferences on this subject	Indicators presented throughout this point 5.3. concerning: ▪ Health and safety standards, also required by the supply chain. ▪ Zero accident policies: mitigation plans and reduction goals. ▪ Health and safety awareness-raising and training. ▪ Monitoring of accident, frequency and severity indicators.	▪ Code of Conduct ▪ Corporate Social Responsibility Policy.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

5.4. REGULATORY COMPLIANCE

The ACS Group and its constituent companies are firmly committed to complying with the law and the ethical principles contained in its compliance policies and procedures. Through the ACS Group Compliance Management System, members of the organization, their business partners and stakeholders are guaranteed transparent management in which financial and non-financial information is made available to their shareholders, analysts and investors, for risk assessment, both in the short and long term. This seeks to generate value in the Group and to strengthen investor confidence.

The parent company of the ACS Group, approved its compliance management model on July 25, 2018, giving the Compliance Committee, under the Audit Committee of the Board of Directors, the necessary powers in the areas of criminal compliance, anti-bribery, market abuse, competition, privacy and data and tax protection, which were extended in May 2019 to all matters covered by the ACS Group's consolidated non-financial information statement, and in general, any other matters that may be considered included within the compliance policy.

In this way, the Board of Directors, through the Audit Committee, has focused its compliance efforts in the past year on evolving from an eminently financial approach to a broader approach, emphasizing everything related to the environment, talent, diversity, social responsibility, good governance and sustainability.

Thus, a set of appropriate policies and controls has been established to prevent corruption and other irregular practices, as well as for the identification, evaluation, management and control of risks and potential associated impacts, with the highest involvement of the Audit Committee, responsible for monitoring both the effectiveness of internal control and internal audit, and for ensuring the rigorous implementation of established policies and controls.

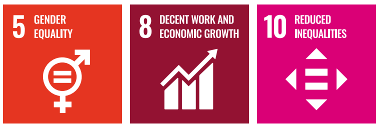
The main organizational compliance policies and procedures are available to all stakeholders and business partners on the corporate website www.grupoacs.com. The Board of Directors ensures the ongoing review of these policies and procedures to try to ensure their adequacy and their actual application, avoiding, in any case, situations that may affect the credit and reputation of society.

Without prejudice to the responsibility of the Board of Directors, the Audit Committee ensures compliance with the company's transparency obligations and especially because the information included in the Non-Financial Information Statement and Corporate Governance Annual Report, it is sufficient for the market and investors to understand the scope and importance of the corresponding facts and risks in the field of Non-Financial Information.

Among these obligations is the ongoing review of the implementation and development of the Group's Environmental Policy, through action plans, procedures and improvement programs implemented by the Environment Department of each of the Group's divisions, particularly affecting issues related to climate change.

In the area of risk management in personnel matters, the Audit Committee is also responsible for the ongoing review of the implementation and development of the Corporate Social Responsibility Policy and the Diversity Policy. They are developed according to the characteristics and needs of each of the Group companies.

5.4.1. RESPECT FOR HUMAN RIGHTS: ACS GROUP CODE OF CONDUCT AND HUMAN RIGHTS POLICY



For the ACS Group, the business commitment to respect for human rights, in accordance with the ethical principles and corporate culture that guide the conduct of its activities and the achievement of its aims, is a key aspect. The main commitments in this area are contained in the ACS Group Code of Conduct, Human Rights Policy, and the Corporate Due Diligence Protocol on Human Rights.

CODE OF CONDUCT

The Code of Conduct summarizes the ACS Group's basic principles of action and provides a guide for all ACS Group employees and managers regarding their daily professional performance, resources used and the business environment in which they carry it out.

The basic principles of action of the Code of Conduct are:

- **Integrity:** The ACS Group promotes among its employees the recognition of behaviors consistent with the fulfillment of this concept of: company loyalty, law enforcement, honest governance, fair competition, fiscal responsibility, and confidentiality.

- **Professionalism:** ACS Group employees and managers must stand out for their high professionalism. In this sense, their behavior must be based on the following principles: quality and innovation, customer focus, use and protection of business assets, impartiality and objectivity in relations with third parties and transparency.

- **Respect for people and the environment:** ACS is committed to acting at all times in accordance with the United Nations Global Compact, which it has ascribed to since its inception. Likewise, ACS Group companies undertake to proceed in a responsible and diligent manner, in order to identify, prevent, mitigate and respond to the negative consequences that their activities may entail. The Code also includes the company's adaptation to the framework of the United Nations Ruggie Report on Human Rights and Business.

Any action by the ACS Group and its employees shall be scrupulously respected in the Human Rights and Civil Liberties contained in the Universal Declaration of Human Rights and, specifically, in the United Nations Ruggie Report on the question of Human Rights and Business. Therefore, the relationship of the Group with its employees, such as those of each other, will be based on the following commitments:

- Equal opportunities
- Non-discrimination
- Training
- Occupational safety and health
- Eradication of child labor
- Eradication of forced labor
- Respect for minority rights
- Respect for the environment

Code of Conduct

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

HUMAN RIGHTS POLICY

The ACS Group, in accordance with its Human Rights Policy, undertakes to assume its responsibility to respect human rights. This includes a process of due diligence to identify, prevent, mitigate and account for how it addresses the impact of its activity on human rights, as a process that allows it to remedy all the negative human rights consequences it has caused or contributed to.

The systems established by the company for managing its compliance systems include regulatory aspects related to human rights, such as workers' rights, terrorist financing, hate crimes, juvenile corruption, public health, etc. In fact, the company includes issues relating to the existence of a formal and documented commitment to the Universal Declaration of Human Rights in the principles of action of the Group's Code of Conduct.

The regulations state that organizations should, for example, identify and assess their risks, take disciplinary action, monitor the compliance system, and create a culture in which the company's compliance management system and policy are integrated.

It should be noted that in the 2019 financial year, the Board of Directors, through the Audit Committee and the Compliance Committee, has approved and developed a Human Rights Risk Prevention System, consisting of the following policies and procedures, as a supplement to the Human Rights Policy, adopted by the Board on July 29, 2016:

- **Corporate Human Rights Due Diligence Protocol:** The Protocol defines the conduct to prevent and arbitrate specific measures for such prevention. In this way, the management and mitigation of effects are facilitated, and complaints or claims are addressed that may be made by anyone who has been the subject of the aforementioned conduct. Its implementation ensures that all ACS Group Companies have a mechanism to identify, prevent, mitigate and respond to the possible negative consequences of their activities on human rights.

The document sets out:

1. The basis for practical compliance with the company's commitment to Human Rights.
2. Mechanisms for the identification of impacts on human rights, their integration and management in the societies where the company operates.
3. Monitoring of the established prevention and management mechanisms.
4. Redress and mitigation mechanisms to cover violations caused directly and indirectly.
5. Guidelines for adapting measures to the size, scope and context of each risk.
6. Guidelines for the communication and accountability of the company's performance in the field of human rights and implementation of the Protocol.

- **Corporate Guide to the Protection of Human Rights:** The document provides the keys to facilitate and optimize the in-depth understanding and application (at all levels of the ACS Group) of the Risk Analysis for human rights and the ACS Group's Corporate Due Diligence Protocol in human rights.

- **ACS Group Human Rights Positioning Framework:** The document deals in depth with the relationships and main areas of interconnection between the effective development of ACS Group activities and the respect for and guarantee of human rights, taking as its main reference the United Nations Guiding Principles on Business and Human Rights, and the rights contained in the United Nations Universal Declaration of Human Rights.

- **Human Rights Risk Analysis in terms of the Potential to be Violated:** The document develops a corporate tool to facilitate a consistent understanding that ensures understanding of the risks of human rights violations that the ACS Group may be subjected to, based on their activities, and the relationships they establish with people from all levels of the organization. It establishes an overview and allows a deeper understanding of what these global risks are, which the ACS Group can be involved in through the implementation of three phases of analysis:

- Phase A: Identification of human rights and composition of the risk matrix in human rights.
- Phase B: Global map based on the level of protection of human rights by country and business area.
- Phase C: Classification of potentially vulnerable human rights by country and business area based on potential risk of human rights violations.

These documents form the basis for the due diligence procedure for the detection of human rights risks within the ACS Group and during 2019, the various companies of the Group have begun to develop and implement these procedures, both in their own operations and in the analysis of their supply chain, according to their own characteristics and areas of action. During the second half of 2020, after the first 12 months of approval of this risk prevention system in the field of human rights, the Group Compliance Committee is expected to conduct a detailed study of the initiatives undertaken by the different companies in implementing these procedures.

It should be noted that during 2019, there have been no legal complaints about human rights violations in ACS Group companies.

5.4.2. FIGHT AGAINST CORRUPTION AND BRIBERY: CRIMINAL COMPLIANCE MANAGEMENT SYSTEMS (UNE 19601) AND ANTI-BRIBERY MANAGEMENT SYSTEMS (UNE-ISO 37001)

In the field of criminal risk control and management, the adequacy and effectiveness of the Group's parent company model were recognized on December 11, 2018 by obtaining the following certifications:

- ASO-2018/0018, as recognition and evidence of the conformity of its management system with the UNE ISO 37001:2017 standard.

- GCP-2018/0044, as recognition and evidence of the conformity of its management system with the UNE 19601:2017 standard.

In October 2019, both the internal audit and external audit monitoring processes of both criminal compliance and anti-bribery management systems were successfully conducted.

Throughout the 2019 financial year, ACS Group companies have advanced in the design and implementation of criminal compliance management systems in the various jurisdictions in which they are present, focusing their efforts on verifying their effectiveness through annual internal and external audit processes. Thus, the ACS Group has a criminal compliance and anti-bribery management system to structure an environment of prevention, early detection and management of criminal compliance and anti-bribery risks. With this system, the aim is to reduce the unwanted effects of risk, in the event that they materialize, contributing to the generation of an ethical culture and respect for the Law among all ACS members. The key document of this system is the Criminal Compliance and Anti-Bribery Policy.

During 2019, the ACS Group has not made any financial or in-kind contributions to political parties and the value of contributions made to trade, business and other associations is as follows:

Criminal Compliance and Anti-Bribery Policy

	2018	2019
Value of financial and in-kind contributions made by the organization to associations (trade associations, business associations, etc.)* (Euro)	1,739,114	**1,424,977**

*This includes contributions made by ACS, Actividades de Construcción y Servicios.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

5.4.3. CONTROL AND MONITORING MEASURES

CODE OF CONDUCT MONITORING COMMITTEE AND COMPLIANCE COMMITTEE

The implementation of compliance management systems has resulted in the creation of a new Compliance Committee that has criminal prevention functions and will ensure the effectiveness of the Criminal Compliance and Anti-Bribery Policy. The ACS Governing Body has appointed the Compliance Committee, providing it with autonomous powers of initiative and control, as well as the maximum possible independence to carry out its tasks, so that it is free from any business conditions that could impair its performance. The independence of the Compliance Committee ensures neutrality in decision-making. This independence is supported by its functional relationship and direct access to the Governing Body through its Audit Committee and, therefore, by distancing itself from the management team and interim managers in charge of operational management. In addition, the Compliance Committee's performance assessment is ultimately the responsibility of the Governing Body.

The Criminal Compliance and Anti-Bribery Policy groups together, in a structured manner, the main tasks of the Compliance Committee.

The Code of Conduct Monitoring Committee, in accordance with its Rules of Procedure, is entrusted, among other things, with the function of maintaining two-way communication with the Compliance Committee, especially with regard to consultations or complaints received through the Ethics Channel.

THE COMPLIANCE CHANNEL AND THE ETHICS CHANNEL

To ensure maximum flexibility and enhance the effectiveness of the Compliance Committee, complaints or observations in criminal matters may be made through the different channels available to the organization, ranging from simple reporting to the line manager to verbal or written communication (by mail, for example) addressed to any of the members of the Compliance Committee, as well as through the ACS Ethics Channel (which is managed by the Code of Conduct Monitoring Committee).

The following can be used to contact the ACS Compliance Committee:

Compliance Committee
Grupo ACS
Avda. Pío XII 102, 28036 Madrid, España.
+34 913439200
cumplimiento@grupoacs.com

Moreover, the following address can be used to access the ACS Ethics Channel:

Ethics Channel
Grupo ACS
Avda. Pío XII 102, 28036 Madrid, España.
canaletico@grupoacs.com

Without prejudice to the existence of different avenues for communicating compliance risk observations or complaints, any criminal prevention complaints received by the Compliance Committee, that translate into the existence of actions that might violate the basic principles of action of the ACS Group Code of Conduct should be transferred to the Code of Conduct Monitoring Committee to assess the opening of an investigation file. In the event that the parent company of the ACS Group receives complaints relating to the actions of member companies of the Hochtief Group, or its CIMIC subgroup, which, as they are listed, have their own systems, the Monitoring Committee shall inform the complainant of the corresponding internal complaint mechanisms to enable them to address the respective channel in each instance.

In 2019, 25 communications have been received in the ACS Ethics Channel, leading to the opening of eleven files, all of which were received digitally. Of the files, 3 were from Spain, 4 from Mexico, 1 from South Africa and the remaining 4 were from different Latin American countries. These 4 files were opened for complaints by third parties, 4 suppliers/contractors, 2 employees/former employees and 1 shareholder. Of these 11 files, after being studied, 7 of them were found not to be the competence of the Committee (falsifying the identify of the ACS Group on the Internet for fraudulent purposes, incorrect use of the communication channel and claim of non-payment not subject to arbitration). The other 3 were related to possible breaches of the Code of Conduct and conflicts of interest in the selection of suppliers who have been dismissed following an internal investigation process and 1 was related to a labor issue that has been referred to the competent body of the related division in order to resolve it. The average resolution time for these files was 15 days or less for 6 of them, and the remaining 5 were resolved in more than 30 days.

In addition, an effort has been made during 2018 and 2019 to strengthen the ethical channels of the different parent companies of the ACS Group. The following is a summary by Division of communications received:

- **Dragados Group:** It has received, through its different ethical channels, 14 communications from different users (22 total communications), 8 of them digitally, 4 by telephone and 2 via the website. The origin of these communications was 7 from Spain, 4 from the United States and 3 from Argentina, and 9 of them were from employees, 3 from former employees and the rest from others. The reason for the communications received was: two to process modifications and the liquidation of works, 3 for alleged cases of discrimination, 3 for labor relations and the rest for miscellaneous reasons. Six of the communications were resolved in less than 15 days and the remaining eight in more than 30 days. Eleven communications, after investigation, were filed, one was filed with corrective actions, and another is in process.

- **Iridium:** It has received, through its Ethics Channel, 2 communications in Spain, all digitally, regarding concerns about the internal policies that have been answered in less than 15 days.

- **Clece:** It has received 66 communications through its Ethics Channel, all of them from Spain and via email. Of these, 14 were for harassment, 21 for quality of service, 13 for labor relations, 11 for irregular behavior and 7 information inquiries. 56 of the communications received were resolved in an average period of less than 15 days and the rest were resolved in less than 90 days.

- **ACS Industrial:** It has received 33 communications from different users (38 total communications) through its Ethics Channels, 27 of them by email, 5 by postal mail and 1 at a meeting. Of these communications the breakdown by country of origin is: 7 from Spain, 11 from Mexico, 4 from Peru, 3 from South Africa and the rest from various origins (mainly Latin America). Of these communications, 13 of them were relevant, 9 were related to breaches of the Code of Conduct, 4 to payments and the rest for miscellaneous reasons. Of these 33 communications, in 24 of the cases it is concluded that no evidence of non-compliance has been observed, 3 reviews of carrying out procedures to avoid future situations, 2 of them were admonitions, 1 of them involved the dismissal of the employees involved, 1 denunciation of the competent authorities and 1 agreement with the subcontractor. Of the 33 communications, 19 of them were resolved in 30 days or less and the rest between 60 and 120 days.

TRAINING

In order to ensure compliance with all internal commitments and regulations, the ACS Group promotes the knowledge of these by all its employees, through dissemination campaigns and training courses that are developed in all the companies of the group.

	2018	2019
Scope of the training plans related to Human Rights, Ethics, Integrity, Conduct or other Compliance policies and procedures (% employees)	98.9%	**100.0%**
Number of courses delivered in Human Rights, Ethics, Integrity or Conduct during the year or other Compliance policies and procedures	896	**1,833**
Number of employees trained in Human Rights, Ethics, Integrity or Conduct during the year or other Compliance policies and procedures	53,340	**67,260**
Training hours per trained employee	2.9	**2.0**

5.4.4. RISK MANAGEMENT ON COMPLIANCE ISSUES

The ACS Group's risk control system is based on a range of strategic and operational actions to mitigate these risks and meet the objectives set by the Board of Directors. The diversity and complexity of the sectors in which the Group operates involve a variety of risks. The Corporation is responsible for the definition of the basic guidelines, in order to homogenize the operating criteria in each of the divisions to ensure an adequate level of internal control. The General Risk Management and Control Policy, adopted on July 29, 2016 and amended by the Group's Board of Directors on July 25, 2018 to adapt it to the Compliance Management System, aims to:

a. achieve the strategic objectives determined by the Group with controlled volatility;

b. provide the highest level of guarantees to shareholders;

c. protect the results and reputation of the Group by trying to prevent or minimize the likelihood of irregular practices and, if they occur, to stop them and demand accountability.

d. defend the interests of shareholders, clients, and other groups interested in the running of the Company and society in general; and

e. ensure business stability and financial soundness on a sustained basis over time.

It is the societies and divisions that make up the Group that are responsible for developing the necessary and appropriate internal regulations so that, depending on the peculiarities of their activity, they implement effective internal control systems.

The parent company of the ACS Group, approved its compliance management model on July 25, 2018, giving the Compliance Committee, under the Audit Committee of the Board of Directors, the necessary powers in the areas of criminal compliance, anti-bribery, market abuse, competition, privacy and data and tax protection, which were extended in May 2019 to all matters covered by the ACS Group's consolidated non-financial information statement, and in general, any other matters that may be considered included within the compliance policy.

The Board of Directors of the Company has a permanent commitment to ensure that the risk control and management model, in particular with respect to crime prevention, eliminates or minimizes the likelihood of irregular behavioral practices as far as possible and to ensure, when detected, that they are stopped, and the corresponding accountability is demanded, seeking a policy of utmost rigor in this respect. In this regard, the Audit Committee takes into account the above in its role of monitoring the efficiency of internal control and internal audit, in accordance with the criteria of the supervisory bodies, without due regard, in any case, to the perceptive information to the markets through the Consolidated Annual Accounts, the Non-Financial Information Statement (NFIS) and the Annual Corporate Governance Report.

In 2019, the response and monitoring plans have extended their focus to non-financial information, and especially irregular practices, which include corruption, but are not limited to it.

ACS Group companies are parties in litigation, competition proceedings and other judicial proceedings, in the ordinary course of their business. Details of this can be found in Note 36 to the Consolidated Annual Accounts.

Consolidated Annual Accounts

Annual Corporate Governance Report

5.5. MANAGEMENT OF THE RELATIONSHIP WITH STAKEHOLDERS

[102-42]

The ACS Group defines stakeholders as those groups that have the capacity to influence the achievement of the organization's objectives or that may be impacted by its activities. The basic principles of action of the ACS Group in relation to its interest groups and the environment are based on compliance with existing national and international legislation, as well as with commitments to corporate social responsibility, which are made voluntarily by the ACS Group.

This figure identifies the main stakeholders that it has relations with:

[102-40]; [102-43]

Also, in order to build trust and maintain a good relationship with its stakeholders, the ACS Group and its various companies have for years been providing different channels and departments with the specific function of maintaining an honest, pluralistic and transparent dialog with them:

[102-40]; [102-42]; [102-43]

Stakeholder	Relevant areas for the stakeholders	Related mechanisms and agencies
Customers	▪ Quality and innovation of the products and services offered ▪ Risk management	▪ Recruitment management ▪ Customer Satisfaction Survey ▪ Complaint/claim channels ▪ Ethics channel/Compliance Committee
Employees	▪ People ▪ Health and Safety Management ▪ Transparency, ethics and integrity ▪ Contribution to society	▪ HR Department of the companies ▪ Employee Satisfaction Survey ▪ Performance evaluation ▪ Ethics channel/Compliance Committee ▪ Prevention Committee
Shareholders	▪ Economic/financial results ▪ Risk management ▪ Transparency, ethics and integrity ▪ Corporate Governance	▪ Investor Relations Department ▪ Shareholders' Meeting ▪ Electronic forum and shareholder services office. ▪ Section on the website for shareholders and investors ▪ Ethics channel/Compliance Committee
Investors, Analysts and Rating Agencies	▪ Economic/financial results ▪ Risk management ▪ Transparency, ethics and integrity ▪ Corporate Governance	▪ Investor Relations Department. ▪ Section on the website for shareholders and investors.
Financial institutions	▪ Financial strength	▪ Financial directors
Partners	▪ Contracting with ACS Group ▪ Health and Safety Management ▪ Transparency, ethics and integrity	▪ At the Group level, Chair of the ACS Group. ▪ At the local level, those responsible for specific companies and projects.
Suppliers and Contractors	▪ Contracting with ACS Group ▪ Ability to pay ▪ Health and Safety Management ▪ Transparency, ethics and integrity	▪ Purchase Department of the companies ▪ Supplier approval and management process ▪ Ethics channel/Compliance Committee
Supranational Bodies, Public Administration and Regulators[1]	▪ Contribution to society ▪ People ▪ Health and Safety Management ▪ Transparency, ethics and integrity ▪ Management of the Environment ▪ Economic/financial results	▪ At the Group level, Chair of the ACS Group. ▪ At the local level, those responsible for specific companies and projects.
Local Community, Society and NGOs	▪ Contribution to society ▪ Transparency, ethics and integrity ▪ People ▪ Health and Safety Management ▪ Management of the Environment	▪ Regular ACS Foundation meetings with civil society organizations ▪ Environmental impact assessments. ▪ Ethics channel/Compliance Committee
Sectoral associations	▪ All matters mentioned above	▪ Participation in partnerships, working groups and discussion forums [2]
Media	▪ All matters mentioned above	▪ Communication departments of the companies and the ACS Group

1 During 2019, the ACS Group has not made any financial or in-kind contributions to political parties.

The accumulated subsidies recorded in 2019, as reflected in the consolidated balance sheet of the Group, included in the Financial Economic Report published together with this Report, amount to 2.7 million euro. For more information, see point 5.9 of this report.

2 Some sectoral associations in which ACS participates are CNC, AESPLA, SEOPAN, PESI, IEFP, Labor Inspectorate, ENCORD, Australian Contractors Association, Safety Institute of Australia, National Safety Council of Australia, Federal Safety Commission Accreditation, Associated General Contractors, Infrastructure Health & Safety Association, among others.

It should be noted that, within the framework of the definition of material matters for the report, the ACS Group consults the stakeholders to identify the areas of the company management that they consider most relevant. The results of this consultation can be found in point 7.2. Identification of relevant issues. In addition, during 2018, the main subsidiaries of the various Infrastructures, Services and Concessions and Industrial Services divisions underwent independent external audit procedures in order to obtain certificates for criminal compliance management systems (UNE 19601) and anti-bribery management systems (UNE-ISO 37001), the latter of which especially had procedures relating to certain stakeholders. In October 2019, both the internal audit and external audit monitoring processes of both criminal compliance and anti-bribery management systems were successfully conducted.

COMMITMENT TO INFORMATION TRANSPARENCY

An essential requirement for the ACS Group to fulfill its mission of generating profitability for the shareholders and the society in which it is integrated is information transparency. This strategy aims to give its activity as much clarity as possible, always respectful of the interests of the customers and the rest of the company's social partners.

The ACS Group remains fully committed to the information it transmits, especially as regards the media.

Transparency indicators	2018	**2019**
Website		
Visits to the website	351,510	392,991
Pages viewed	1,059,045	1,063,937
% of new visitors	13%	12%
Shareholders and investors		
Meetings organized by Investor Relations	167	309
Calls/emails from shareholders answered	524	514

This general objective of transparency is articulated through the following guidelines:

- Transmit corporate and specific strategies to each business area of the company abroad.
- Project the business reality, so that the different audiences of the Group recognize it as a solid and well managed group within Spain and abroad.
- Contribute to shaping a positive corporate image, helping to achieve business goals and business action.
- Maintain a smooth relationship with the environment, especially with media representatives.
- All of the above is in order to increase the value of the ACS brand and its different companies and businesses.

The ACS Group manages its commitment to transparency toward its stakeholders through three main ways:

- The ACS Group's address for communication.
- The ACS Group's website.
- Activities to inform shareholders and investors.

5.6. CONTRIBUTION TO SOCIETY

One of the Group's main objectives is to create value in the environments in which it operates, acting as an driving force for economic and social development that can generate new opportunities for infrastructure development.

The joint commitment to permanence and growth combined with the open dialog with its stakeholders gives the Group companies a clear competitive advantage in forging relationships of trust in the operating environments.

(201-1) Generated, distributed, and withheld economic value (millions of euro)	2018	2019
Total production value	36,659	39,049
Financial income	155	205
Divestments*	3,264	532
(1) Economic value generated	**40,078**	**39,786**
Operating and purchasing expenses	26,435	28,383
Personnel expenses	7,910	8,394
Income Tax**	389	-84
Dividends	316	486
Financial expenses	451	497
Investment in Social Action	12	13
(2) Distributed economic value	**35,513**	**37,689**
Withheld economic value (1-2)	**4,564**	**2,097**

* Divestments in 2018 mainly corresponding to the sale of a minority stake in Hochtief included within the acquisition of Abertis, which increased the gross investments made.
** Fiscal credit derived from the provision of BICC is included in 2019. The corporate tax paid was 208 million euro.

THE ACS GROUP'S SOCIAL ACTION POLICY

RESPONSIBLE PARTIES
- GROUP COMPANIES
- ACS FOUNDATION

FORMS OF CONTRIBUTIONS
- INVESTMENTS IN THE COMMUNITY
- TRADE INITIATIVES
- PHILANTHROPIC DONATIONS

TYPES OF CONTRIBUTIONS
- IN KIND
- CASH

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

To maximize value creation, ACS prioritizes the use of local resources, which favors the exchange of knowledge, the transfer of technology and the growth of an industrial fabric that fosters economic growth and contributes to social welfare. Thus, the Group contributes to social improvement from two perspectives:

1. Contributing to the development of society through value creation, local development and the fulfillment of the Sustainable Development Goals
2. Through its social action that is articulated following the Group's business strategy and the SDGs to which the company contributes, both through the Group's companies and through the Foundation which has autonomous management.

Contribution of ACS's activity to complying with the SDGs.
2.6.4 Contributing to the fulfillment of the Sustainable Development Goals.

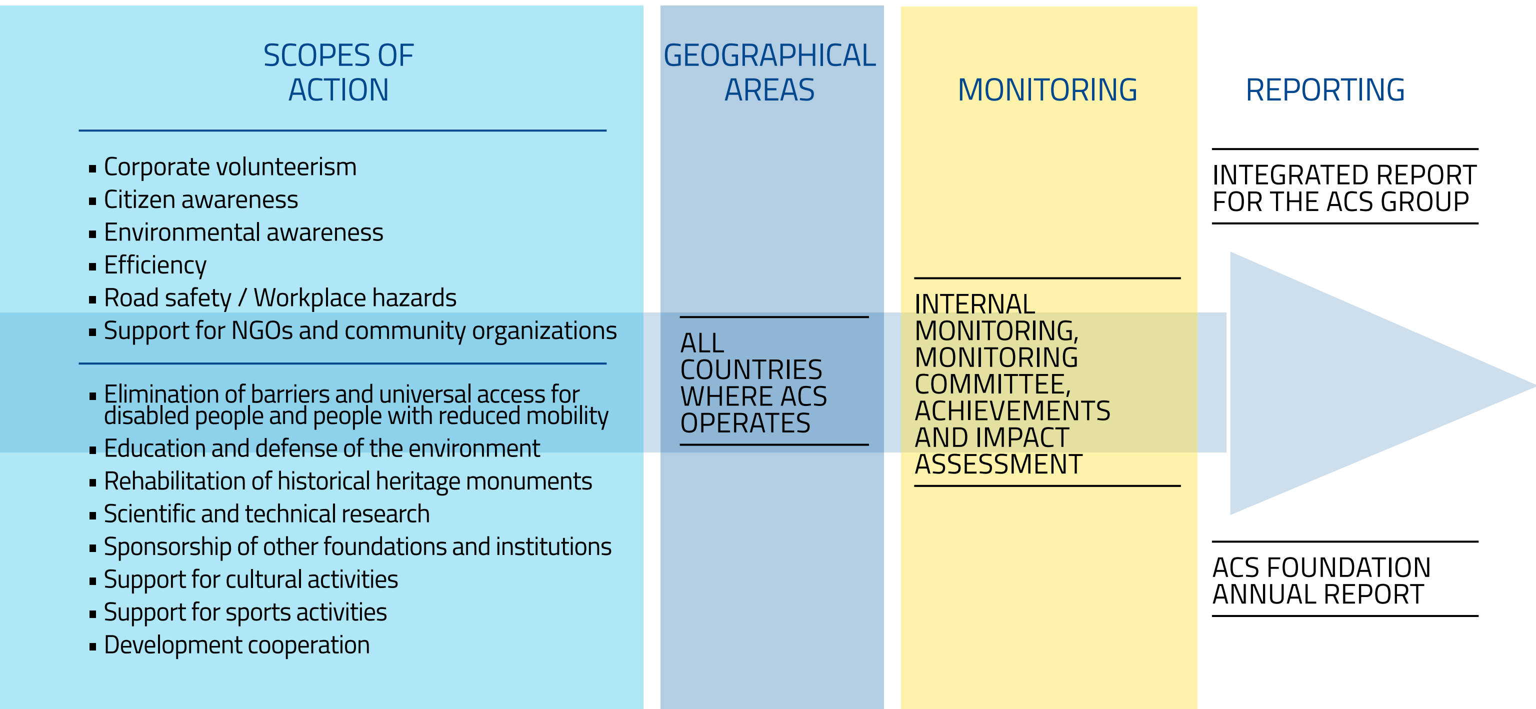
SOCIAL ACTION

To articulate this commitment, the ACS Group has defined a Social Action Policy, with the following main objectives:

- Promote business momentum and sustainability.
- Improve the company's recognition and reputation.
- Increase employee and collaborator satisfaction.
- Contribute to the improvement of the society in which the ACS Group operates.

The policy is governed by an Action Plan, which defines the application procedures in its different business areas. It has been drafted in accordance with the guidelines and recommendations of the London Benchmarking Group (LBG), incorporating the experience accumulated over the years by the ACS Foundation, and serves the current actions of ACS Group companies.

It defines the allocation of responsibilities for social action, the categories and areas of action providing a framework for projects, the types of contributions that can be made, the geographical areas of action, the follow-up model for the initiatives and the communication of the results obtained:

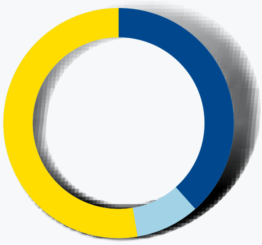


5.6.1. SOCIAL ACTION OF THE ACS GROUP COMPANIES

Main Indicators of Social Action of Group Companies	2018	2019
Cash Funds for Social Action (million euro)	6.0	6.4
Monetary estimate of in-kind contributions to Social Action (million euro)*	1.7	1.7
Estimate of the number of people benefiting from social action	148,786	137,878
Number of courses or citizen awareness-raising activities conducted (road safety, environment, efficiency, social integration, etc.)	153	179
Number of volunteers (employees) who have participated in these awareness-raising activities	2,405	2,219
Number of foundations or NGOs that received aid/support during the year	409	424
Number of events (conferences, exhibitions, sporting events, etc.) sponsored during the year.	76	108
Time employees spent this year volunteering during working hours (h)	14,190	11,501

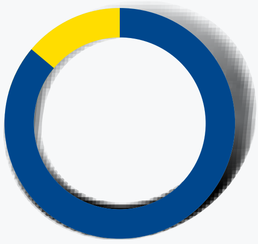
*Includes administrative costs in 2018 and 2019 of 0.83 million euro and 0.97 million euro, respectively.

BY TYPE OF ACTION



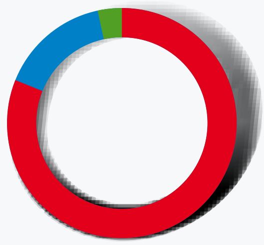
INVESTMENTS IN THE COMMUNITY **33%**
SALES INITIATIVES **10%**
PHILANTHROPIC DONATIONS **57%**

BY TYPE OF CONTRIBUTION



FINANCIAL CONTRIBUTION **89%**
IN-KIND COSTS **11%**

BY BUSINESS AREA*



INFRASTRUCTURE **81%**
INDUSTRIAL SERVICES **16%**
SERVICES **3%**

*Excludes 0.97 million in administrative expenses. Including them by business areas, the distribution would be as follows: 71% Infrastructure; 14% Industrial Services and 14% Services.

Each company of the Group has the freedom to select its own activities in the field of social action, provided that they are linked to the experience gained in its business and contribute to the objectives of this policy. The company's own employees can then be linked to these activities through corporate volunteering. However, the main lines of action of ACS Group companies in terms of Social Action are linked to the following SDGs to which the Group also contributes through its activity:

These social action activities can be carried out directly by the companies of the Group or through alliances with other associations to achieve these objectives (SDG 17). During 2019, ACS Group companies collaborated with 424 foundations and/or NGOs.

BRIDGES TO PROSPERITY (B2P) DE HOCHTIEF

As part of the "Creating and maintaining living spaces" sponsorship program, HOCHTIEF supports projects executed by the NGO Bridges to Prosperity (B2P). This collaboration revolves around the construction of pedestrian bridges in remote regions. Bridges provide local residents with a safe way to access education, health facilities and markets, especially during the rainy season, when rivers often flow so dramatically that crossing them represents a serious danger. HOCHTIEF and its Group companies have been working with B2P since 2010.

As for the B2P projects, HOCHTIEF is involved in regions where it is not active.

By helping to improve people's connections with other areas, they are allowed to participate in economic development at both the national and local levels. Better access to educational institutions is especially important for increasing the potential for economic success and translates into better prospects for young people. According to B2P estimates, pedestrian bridges built by HOCHTIEF have contributed to 59% more women finding work, and increased agricultural productivity by 75%. Increased household income in areas with regular access to commercial areas is on average 30% higher. Projects benefit not only local communities, but also HOCHTIEF, CIMIC and ACS employees involved in teams traveling to the region to build bridges along with locals. This creates a network within the Group team and strengthens loyalty to the company. More than 270 people in the Group have participated in B2P projects to date. Their reactions have been decidedly positive.

In order to ensure that bridges are maintained over the long-term, local assistants are recruited in each region. Their assistance and training provide them with good knowledge to maintain and repair the bridges later. In addition, the B2P project has multiple benefits, such as the fact that subcontractors and suppliers are usually local teams, which benefit from a fair wage. Last but not least, our employees are also involved in the social communities, for example, visiting schools and sharing sports activities. This helps to contribute to long-term growth and knowledge transfer.

In the year of the report, a 34-meter bridge was built in Rwanda, which is estimated to benefit more than 1,000 people. So far, 26 pedestrian bridges have been built through B2P in Rwanda and Latin American countries.

HEART AND HANDS PROJECT (CLECE)

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

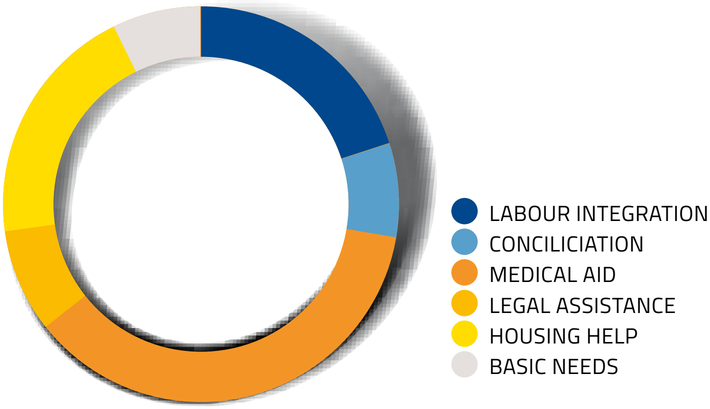
The Heart and Hands Project (Proyecto Corazón y Manos) is a non-profit association created in 2017 that was founded based on the social commitment of the Clece employees. Through solidarity projects, it contributes to the welfare and social stability of Clece employees who need it. They also collaborate with Third Sector associations in caring for socially vulnerable groups, such as people at risk of social exclusion or victims of gender-based violence.

The association has 3 founding partners, 86 associates, 40 collaborators and 29 collaborating entities (Red Cross, Fundación La Caixa, Real Madrid, Garrigues, Cepsa, etc.). Over 53 actions have been carried out throughout the past two years in Spain.

In Clece, there are numerous cases of workers in social emergency situations. This assistance helps many employees get out of this situation. Assistance has been provided to 1,199 workers in the Clece Group in a situation of social emergency.

The project has different phases:

1. Database of workers eligible for assistance.
2. Detailed study of these people's situation.
3. Solutions/assistance.



Some projects carried out by Heart and Hands in 2018/2019:

▪ **Balancing work and family life** Some workers leave their jobs in the summer months because they do not have sufficient social coverage to care for their children during holiday periods. To enable these workers to continue with a job that is very necessary to them, Hearts and Hands has funded several weeks of summer camps. The camps have been held during the weeks of school holidays where mothers had the most difficulty caring for their children. The help of Heart and Hands has allowed these mothers to continue to work with the assurance that their children were well cared for in a safe environment.

▪ **Montse Project:** Montse is a colleague who works in a cleaning service in an outpatient clinic in Barcelona. She suffered abuse from her son and was forced to leave her home. The situation was too much for her and she ended up secretly sleeping in her workplace. Upon discovering the situation, Heart and Hands put her up in a hotel and helped her find a new home. At Clece, a new contract was secured for Montse in a work center where her son cannot find her, and allowed her to start over.

▪ **Change cannot be achieved alone:** Okechukwu Anaso is a Nigerian national who entered Spain on a boat at the age of 17. After passing through reception centers and a multitude of jobs and cities, he started working for a cleaning service managed by Clece. Having achieved a stable job, Anaso began to try to reunite his family in Spain. Heart and Hands worked with him to help him through the difficult procedures and, after the arrival of his family, supported them in everything that came up when they first arrived. In the end, we were successful in regrouping his family in Spain.

▪ **Yeneira Project:** Due to the loss of one leg by a colleague from Las Palmas, a joint initiative was launched in order to raise money and support Yeneira for the purchase of a new orthopedic prosthesis. To do this, actions such as paddle tournaments were organized, bottle caps were collected, raffles and beneficial events were held, etc. After this, we began to work on the design of a totally personalized prosthesis equipped with the latest technology. In July 2018, the whole process came to an end and Yeneira started a new phase in her life thanks to her new prosthesis. The project required 10,000 euro to cover the expenses and thanks to the collections from tournaments and events held, the donations received amounted to almost 12,000 euro.

▪ **Training to make a new start:** M. is a female victim of gender-based violence who fled her abuser, and ended up living on the other side of Spain. The lack of support and a degree of disability of more than 33% led to social exclusion. She wanted to work as a Home Help, but for this she had to have professional training that she did not have and her lack of means did not allow her to pay for the necessary training. Heart and Hands granted her a scholarship to train in a course that allowed her to obtain the official title of Home Help. Clece managed a work contract for her with a schedule that allowed her to work and study simultaneously. Today M., at age 50, has completed her training and has a job that has finally enabled her to stabilize her life.

▪ **Three Wise Men at the Refugee Center:** The Three Wise Men of the Orient visited the children of the Seville Refugee Center (CAR). In collaboration with the PRODEAM Foundation, Heart and Hands carried out this initiative to bring a day of excitement to children of all kinds of nationalities, cultures and religions who are forced to live through a difficult process of change and adaptation. This action was repeated elsewhere in Spain with other associations,

▪ **We are with Ardales:** The torrential rains in October 2018 in the mountains around Málaga flooded and damaged the infrastructures of several towns. The town of Ardales was one of the most affected.

Just 48 hours after the downpour, Heart and Hands mobilized its own resources and Clece's neighbors and workers as volunteers to collect more than 4,000 liters of bottled water, over 1,000 cleaning utensils, 300 liters of cleaning products, large quantities of clothing, non-perishable foods, cribs, carts, diapers, etc.

BREAKING THE GAP

During 2019, the Clece Group held Equality Workshops at Institutes for teenage students between 14 and 16 years of age. The project, driven by the Human Resources Division and coordinated by the Equality Area, consists of a series of lectures at institutes throughout Spain, which aim to mitigate the impact of gender stereotypes and roles when choosing a profession.

The workshops have two parts:

- The first part deals with equality and warns about possible involuntary chauvinist attitudes and role stereotypes. It begins with a theatrical reading of the comic "The Story of Juan and Laura" by the students as a conversation starter.
- In the second part, Clece staff who hold jobs traditionally occupied by people of the other gender, explain their experiences to the students in an interview-discussion format. Women who work in security, maintenance or technical management positions and men who work as home helps or educators in children's schools were asked to share their career experiences. The aim of this workshop is to emphasize that gender should not be a condition for choosing a career and to offer students examples and references when it comes to starting to consider the direction their career will take.

The workshops were held at institutes in Madrid, Valencia, Seville, Málaga and Valladolid and were very successful, as expressed both by the students who attended and the teaching staff. Graphic material, t-shirts and the solidarity game "Role breakers" were also distributed.

EDUCATE TO TRANSFORM, IHSA

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

Iberoamericana de Hidrocarburos S.A (IHSA), is a consortium formed by Cobra with Monclova Pirineos Gas, the winner of the Nejo development block in the Mexican state of Tamaulipas. During its work in the area, it has implemented the social action program “Committed to San Fernando” to promote local development.

This program has focused on students in the surrounding area and their families, with actions in the field of education, health and values. The initiative which was the result of this program is the “Educate to Transform” project, launched in 2012, focused on selecting the most prominent students of the municipality and those with scarce resources, providing them with support for their professional studies and offering them job opportunities in the company.

To do this, IHSA periodically opens an application submission and receipt stage, a selection process and a monitoring phase.

The students selected studied in the degree program and university of their choice. Support from IHSA included the payment of all costs for the studies, from the start of their career until completion, including diploma and title, language courses, and a monthly stipend for their entire degree program.

Generation	Grant period	Students
1st	2012-2017	8 graduates
2nd	2013-2018	10 graduates
3rd	2014-2019	11 graduates
4th	2017-2021	10 active students
5th	2018-2023	11 active students
6th	2019-2024	13 active students

Iberoamericana de Hidrocarburos also held a series of conferences with high school students from San Fernando (about 300 participants) in order to make young students aware of the activities that the company carries out in the community and to share professional experiences to motivate them.

5.6.2. SOCIAL ACTION OF THE ACS FOUNDATION

The objective of the Foundation is to integrate and manage the ACS Group's efforts in the area of cultural, institutional, sporting and environmental sponsorship and patronage, granting awards and scholarships, training and research, and charitable and similar activities, at the national and international levels, by dedicating its greatest social efforts to the cause.

The Social Action of the Foundation allows part of the ACS Group's profits to be diverted to society, to assist in improving the quality of life of citizens and contributing to the Sustainable Development Goals that cannot be achieved through the conduct of business activity. Thus, the ACS Foundation carries out different programs aimed at this objective as outlined below, along with the SDGs and goals contributed to, all of which are carried out by contributing to SDG 17 on partnerships to achieve objectives:

- Improving the quality of life of people with physical or sensory disabilities, or in a situation of dependency, through three subprograms, all of which contribute to SDG 10 and in particular to goal 10.2 on promoting social, economic and political inclusion, in addition to contributing to specific SDGs:

  o Universal Accessibility:

  o Professional and social training and integration:

  o Integration for sport.

- Advocacy and support for good environmental practices:

- Collaborations with institutions in the field of innovation, engineering, science, economics and law:

- Contribution to the dissemination, rehabilitation and maintenance of buildings of Spanish Artistic Heritage.

- Support to culture through contribution to the dissemination, rehabilitation and maintenance of buildings of Spanish Artistic Heritage, as well as support to entities that improve people's level of culture.

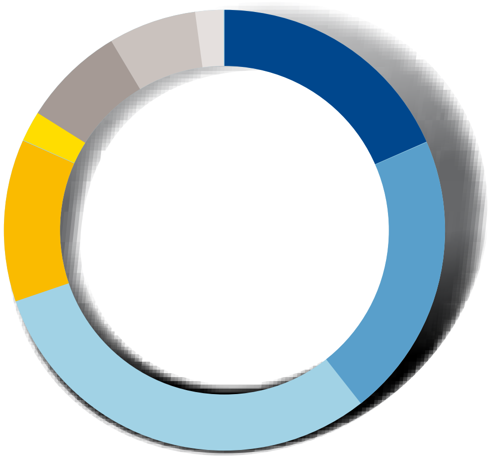
- Research support, mainly for medical research, including rare diseases.

- Development cooperation and technical assistance. In order to support development objectives and respect for human rights, through collaboration with competent entities.

- Social collaborations and collaborations with entities of general interest.

During 2019, the ACS Foundation spent 4.90 million euro, equivalent to 94% of its budget.

BREAKDOWN OF THE BUDGET EARMARKED BY THE FOUNDATION ACCORDING TO PROJECT CATEGORY (IN MILLION EURO)



- GENERAL INTEREST **22%**
- DISABILITY **19%**
- CULTURE **27%**
- ENVIRONMENT **11%**
- MEDICAL RESEARCH **3%**
- INNOVATION, ENGINEERING, SCIENCE, ECONOMY AND LAW **7%**
- COUNTRIES IN DEVELOPMENT **8%**
- SOCIAL CONTRIBUTION **3%**

PARISH OF SANTA EULALIA

The collaboration agreement between the Foundation and the Parish of Santa Eulalia de Toledo was signed on March 4, 2019, in order to assist in the restoration of the aforementioned church, under the direction of the Chief Architect of the Cathedral of Toledo, Mr. Jaime Castañón and its Restorer, Mr. Antonio Sánchez Barriga.

The Mozarabic Church of Santa Eulalia is a Site of Cultural Interest, and was declared a Historical-Artistic Monument by the Decree of the Ministry of Public Instruction and Fine Arts.

The building we admire today dates back to the 13th Century, although it has remains of other previous buildings used in its decoration and construction, including Roman marble columns with Visigoth capitals. The oldest documented reference we are aware of, dates back to 675. Prior to that, the references are uncertain. It wasn't until the reconquest of Toledo in 1085 and the subsequent orders given by Alfonso VI that the Church of Santa Eulalia was to be authorized, along with five others, so that they could continue to celebrate the Spanish liturgy. Therefore, it was a building in use and well recognized at the end of the 11th century. After drafting a project to eliminate dampness and adapt the liturgical spaces of the Church of Santa Eulalia of the Spanish-Mozarabic rite, the corresponding permits from City Council and Department of Culture of Castilla la Mancha Council were requested. The permits were subsequently granted and the works began in May 2019.

After raising the floor for the execution of the works, we began to find references from previous times. First, there were burials found in different layers. Those closest to the surface date back to the 18th and 17th centuries, and subsequent excavations found burials from the 15th and 16th centuries.

This Church of Santa Eulalia is the only parish in Spain that has continued the Mozarabic or Spanish cult without interruption since its foundation back in the 7th century, that is, before the Muslim invasion. The current construction, the subject of the restoration, is a gem of the horseshoe arch style.

The collaboration of the ACS Foundation in this restoration has been spread over two years, 2019 and 2020, with completion planned for the end of 2020.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

5.7. SUPPLIERS AND CONTRACTORS

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Code of Conduct for Business Partners.

The management of suppliers and contractors is an important aspect for the Group, as their work has a direct influence on the quality of the final outcome of the projects carried out by the Group.

In ACS Group companies, procurement departments are responsible for managing the relationship with suppliers and contractors through specific management, classification, certification and risk control systems.

As a distinguishing feature of the Group from other competitors, it is important to note in this area the strong decentralization of procurement and supplier management departments. This feature provides group companies with a competitive advantage, because of the agility, flexibility and autonomy that this model provides.

At ACS, there are several schemes in this regard, which vary according to the needs of the operating companies. It starts with a central corporate reference department, which defines policies and prices, and goes to a higher level of autonomy, always using a common and generalized policy. In this respect, it is worth noting that in 2018, the ACS Group Board of Directors approved the ACS Partner Code of Conduct which sets out the principles of action based on the Group's Code of Conduct that Business Partners must comply with in their relationship with ACS.

Business Partners must expressly accept (by signature and commitment to compliance) the content of this Code, however, in the event that Business Partners certify—and the Organization accepts it—the existence of a Code of Conduct or other internal rules with content similar to those required by the above standards, they will be exempted from the explicit signature of this Code. Thus, in 2019, of the 140,242 direct suppliers the Group works with, 91.64% of them have accepted the ACS Group Code of Conduct by signature or a similar method, and 22.23% of the suppliers have received training in this regard.

The Group's companies work with three distinct types of suppliers or subcontractors:

- Suppliers of materials and/or services defined by the client.

- Service providers or subcontractors contracted by the ACS Group.

- Suppliers of materials contracted by the ACS Group.

In the first case, the customer contractually defines the type of suppliers, as well as the amount and characteristics of the materials to be used, and the companies of the Group, in general, adapt to these requirements. However, the ACS Group's purchasing and supplier departments have established a control procedure to confirm the efficiency of the supplier designated by the client, and can report setbacks and promote corrective measures for other jobs.

In the case of direct contracting of service and material suppliers by the ACS Group, either through a central purchasing department or decentralized through the managers, detailed management and control processes are defined. They present the following common points in all companies of the Group:

- There are specific rules and a system for the management, classification, approval and risk control of suppliers and subcontractors.

- The level of compliance with these systems is analyzed.

- Collaboration with suppliers and transparency in contractual relations is promoted.

- There is a policy of comparative breadth that favors the participation of various suppliers in the selection processes. In order to objectify decisions and facilitate access to new suppliers in different parts of the world, a study of regular suppliers has been launched.

- Visible purchasing portals are developed for all services, which offer a wide range of products from different suppliers. This helps in real cost savings (because the most competitive prices are identified), and it favors control of material consumption by employees or managers. In Spain, this portal helps local suppliers sell their products at the national level, promoting their development and growth.

5.7.1. SUPPLIER APPROVAL SYSTEMS

Companies representing 97.52% of the ACS Group's procurement costs present a formal system for the approval of suppliers and subcontractors, according to a set of clearly established criteria. It is then used by project managers and provides them with information on the suitability or unsuitability of the supplier to perform the intended task. The main concepts used for supplier approval are:

- Cost, payment and collection period, experience, professional prestige and technical capacity.

- History of compliance with contractual clauses in their previous relationship with ACS.

- Additional non-financial criteria, related to compliance with the Code of Conduct for Business Partners. In these formal supplier approval systems, the weight of sustainability-related factors (environmental, ethical and social criteria) out of the total factors used for approval varies according to the activities and areas of action of the companies, but the weighted average percentage of these factors exceeded 30% in 2019. In the areas of evaluation, aspects such as certification in environmental aspects (ISO14001, EMAS or similar), and certification in quality aspects (ISO 9001 and similar) are considered, as well as adherence to international standards on human rights and labor rights and analysis of labor standards and practices of suppliers and subcontractors, among others. Thus, in 2019, 47.0% of suppliers with whom the Group has worked have adhered to ethical, social and environmental commitment standards or have certifications in this field.

The ACS Group's supplier approval system provides for a post-analysis phase of contracted suppliers, a process that provides feedback to the system. This process, which seeks to ensure compliance with contractual clauses and agreements and includes the identification of economic, environmental and social risks, is based primarily on the detection of non-compliance and the corrective or management measures to be applied.

In the case of detection and control initiatives, they are based on periodic audits, both internal and independent.

Once breaches or risks are detected, appropriate corrective measures are implemented, which are adapted taking into account the following circumstances:

- If it is a critical supplier to the company, the reasons for the negative assessment are analyzed and initiatives are proposed to enhance identified areas of improvement including, but not limited to, training and collaboration activities.

- If the supplier is not critical to the company, it is cataloged as not approved in the database.

- In cases of serious breaches, contracts or supplier relationship agreements may be terminated immediately.

In the case of the subcontractors of the ACS Group, it is very important to highlight the Group's commitment to Occupational Safety and Health. The dissemination of a preventive culture among suppliers, contractors and collaborating companies is another of the Group's main lines of action in this area, and the accident rates in this area are closely monitored. At the same time, common training and prevention measures are established.

In the case of companies such as Cobra, the Health and Safety policies are common for both the employees of the Group and for contractors, even establishing common objectives. Periodic assessments of the data on subcontractor accidents are also carried out, and specific corrective plans are established on the basis of the results obtained in the assessment.

5.7.2. ANALYSIS OF CRITICAL SUPPLIERS

ACS Group companies develop analyses to identify critical suppliers in their supply chains. The Group considers critical suppliers to be those in which a percentage of the cost of procurement or subcontracting is concentrated significantly above the average of the other suppliers of the company.

Thus, companies representing 89.6% of the Group's procurement costs have defined processes to identify critical suppliers. As a result of these processes, the main data on the analysis of critical suppliers is as follows:

- Companies representing 86.36% of suppliers have conducted these analyses.

- Of these, 2.2% are considered critical suppliers.

- These suppliers account for 35.1% of the total expenditure of the Group companies that have critical suppliers.

- Nearly all of these providers regard ACS as a key customer in their business activity.

In addition, the Group's companies are beginning to consider the full analysis of the Group's value chain, identifying not only direct suppliers, but also critical suppliers of direct suppliers (critical tier-2 suppliers), identifying 5,634 suppliers in this category in 2019.

Similarly, given the importance of supply chain analysis for risk management, ACS Group companies have begun identifying critical suppliers from their direct suppliers. During 2019, the ACS Group assessed 1,719 Tier-1 suppliers in terms of the sustainability of the 3,120 critical Tier-1 suppliers identified, representing 55.1% of the total. Of these 1,719 suppliers assessed, 1.2% of them have been identified at risk in terms of sustainability, which are understood to be those that lack certifications, have incurred breaches or for which other risks have been detected. Depending on the risks identified, the reasons for the negative assessment are analyzed and initiatives are being taken to enhance identified areas of improvement, including, but not limited to, training and collaboration activities, or if it is a serious breach, it may result in the immediate termination of contracts or agreements with suppliers

AVERAGE PAYMENT PERIOD TO SUPPLIERS

The information required by the second final provision of Law 31/2014, of December 3, which has been prepared pursuant to the Resolution of January 29, 2016 of the Institute of Accounting and Audits, is set out below, regarding the information to be incorporated into the Directors' Report for the average payment period to suppliers in sales transactions:

	2018	2019
	Days	
Average payment period to suppliers	66	62
Ratio of paid transactions	65	59
Ratio of transactions pending payment	67	69
	Thousands of euro	
Total payments made	3,248,352	3,523,154
Total payments pending	1,423,922	1,555,565

5.7.3. RISK MANAGEMENT ON SUPPLY CHAIN ISSUES

Among the functions assigned to the Audit Committee of the Group's Board of Directors are the review, monitoring and evaluation of the Company's Corporate Social Responsibility Policy and its practices, as well as the other internal regulations associated with the Code of Conduct for Business Partners. The companies of the ACS Group will develop these policies according to the characteristics and needs of each of the Group companies.

In addition, according to the internal materiality analysis carried out, the risks have been prioritized according to the relevance that they can have for carrying out the company's activities, according to the type of activity, areas of action, policies and management approaches. The results obtained from this prioritization of potential risks for the development of the activity related to the supply chain and the management measures taken by the ACS Group are shown in the table below.

In managing the risk chain, it must be considered that the potential poor practices of a company's suppliers pose a potential risk that, if realized, can undermine its ability to do business. It is important to assess the counterparty risks (in terms of personnel, health and safety, the environment, ethics, integrity and rights) to which there is exposure, and engage in efforts to constantly improve performance. To this end, there is the Code of Conduct for Business Partners, which sets out the basic principles of action that Partners must fulfill in their relationship with the Group, as well as the management systems expected of them in certain aspects. In addition to the own management systems defined by companies in their relationship with suppliers, the Group's specific regulations on issues such as Environmental Policy or the Corporate Due Diligence Protocol on Human Rights, extends not only to Group employees but to the entire value chain.

5.8. COMMITMENT OF QUALITY TO THE CUSTOMER[9]

5.8.1. QUALITY IN OUR ACTIVITY

For the ACS Group, which works in an industry with a high level of technical sophistication, quality represents a fundamental competitive advantage over the competition.

Quality management in the ACS Group is carried out in a decentralized manner, with each company responsible for managing this aspect. Although each company has autonomy to manage it according to its interests, a number of common lines of action have been identified:

- Setting goals and regular monitoring of their fulfillment.
- Development of actions aimed at improving the quality of the services provided.
- Carrying out collaborative activities with suppliers and subcontractors for improving quality.

To make progress in these aspects, most companies in the Group have a quality management system. These are audited periodically, to verify compliance and conformity with the reference standard, typically ISO 9001.

Typical improvement goals are:

- Obtaining and expanding the scope of certifications, especially when developing a new technique or expanding the activity to a new geographic area.
- Implementing management improvement tools.
- Improving specific performance indicators.
- Improving the training of managers, operators and project managers.

9. Given its infrastructure and service provider activity, ACS Group works with clients and not with end consumers.

- Increasing customer satisfaction rates, reducing performance complaints and incidents.

- Meeting delivery times, and fulfilling quality expectations.

- Increasing the number and capacity of internal quality auditors.

MAIN MANAGEMENT INDICATORS - QUALITY

The percentage of production certified according to ISO 9001 decreased in 2019 compared to 2018 due to increased sales in the United States, where these certification systems are not as common. However, the quality principles followed are the common principles established in the Corporate Social Responsibility Policy.

Production certified according to ISO 9001	2018	2019
Infrastructure	48.2%	44.1%
Industrial Services	95.8%	96.0%
Services	96.0%	98.0%
ACS Group total	**58.4%**	**55.0%**

Other management indicators	2018	2019
Number of quality audits	1,221	11,986
Number of quality audits performed for every million euro in revenue	0.035	0.317
Investment in measures to promote and improve quality	2.2	2.4
Intensity of investment in measures to promote and improve quality (euro of investment/ millions of euro in revenue)	63.30	63.21

5.8.2. RELATIONSHIP WITH THE CUSTOMER

Because of the nature of the ACS Group's business, which carries out large infrastructure projects or general service provision agreements (such as cleaning a city or maintaining a power grid), the number of customers it interacts with is very small, or they are large corporations or public institutions worldwide.

The ACS Group's commitment is focused on maintaining a high degree of customer confidence, offering high value-added services over time. The relationship strategy is built around the following fundamental principles:

- Troubleshooting guidance.
- Feedback on the relationship with the customer.
- Information on the capabilities of the ACS Group.
- Identification of future collaboration needs and opportunities.

FOLLOW-UP AND COMMUNICATION

ACS Group companies conduct regular follow-up meetings with clients, through the managers of each project. In those particular projects in which the client devotes resources to the control of production, an even more continuous relationship is maintained.

Objectives, tracking systems and customer information plans are also defined for each project. In these plans, checkpoints are established at the end of important production phases, and certification meetings are held for the payment in installments of the work, with partial follow-up points established.

In addition, CRM management computer systems are being progressively implemented for the collection of customer information to facilitate the analysis and realization of satisfaction improvement actions.

CUSTOMER SATISFACTION

The second key aspect of ACS's customer relationship management policy is the measurement of satisfaction and the establishment of plans for improvement. Thus companies representing 87.55% of the Group's sales have defined a system of measuring customer satisfaction.

In addition, companies representing 16.41% of the Group's sales have established particular channels and processes to enable customers to formalize their complaints and claims. In this respect, we must consider that the company's business is not focused on end customers but focuses on business with other companies or with the public administration. This means that these systems are mostly managed through customized tracking systems. In 2019, 850 claims have been received, of which 87.6% were resolved in the reporting year.

In addition, for projects that pose the greatest technological challenges, the ACS Group establishes alliances with partners (usually detail engineering companies) that contribute to providing the end customer with the best technical and most economical solution.

Another value of the Group is confidentiality. Recruitment and client management of ACS Group companies promote the responsible use of information, thus ensuring the confidentiality of clients.

As a result of the good relationship, closeness, transparency and satisfaction of clients' quality expectations in the services provided, the level of recurrence of ACS Group's clients is very high.

Main Management Indicators - Clients	2018	**2019**
Number of customer satisfaction surveys received	1,287	1,177
Percentage of "satisfied" or "very satisfied" customer responses in all surveys RECEIVED (%)	92.5%	94.6%

*In 2018 and 2019, coverage of 28.55% and 29.85% of sales, respectively, has been achieved in these indicators.

5.9. TAX INFORMATION

In 2015, ACS's Board of Directors approved the corporate tax policy, which seeks a cooperative relationship with tax administrations, based on mutual trust and transparency. In addition, the Group undertakes to refrain from creating artificial corporate structures outside the Company's business activity with the sole aim of reducing the payment of taxes, or to achieve opacity, as well as from carrying out transactions between controlled entities that seek the erosion of taxable bases and the artificial transfer of benefits to low-tax territories.

All companies in the Group comply in each country with the applicable tax rules on transparency and tax information.

In particular, in Spain, ACS signed in 2010 the Code of Good Tax Practices promoted by the State Agency for Tax Administration and, in applying it, voluntarily submits to the aforementioned Agency the Annual Report on Fiscal Transparency, with particular emphasis on the international composition of the Group, including information regarding tax havens.

Therefore, the current policy of the ACS Group is to not promote the creation of new companies residing in tax havens or territories with low or no taxation (except those necessary for the execution of works or physical installations in those territories), as well as to undertake the progressive liquidation of pre-existing ones. In this regard, several of the entities residing in tax havens are in the process of liquidation.

As stipulated in the tax rules in most countries, income is taxed in the country in which it is earned, that is, taking into account the very nature of the construction activity, in the place where the work or installation is carried out.

According to this criterion, the following table shows, by country, the taxes paid by the ACS Group for all concepts, the pre-tax income, and the subsidies received in 2019 (amounts in thousands of euro):

Country	TAXES PAID IN 2019 (1)				Profit before taxes (6)	Subsidies received
	Total	Income Tax Paid	Other input taxes	Taxes collected		
Australia	**1,030,575**	117,455	215,423	697,697	**-1,165,702**	
Spain	**947,216**	-154,410 (2)	412,460	689,166	**546,727**	**909**
United States	**572,290**	49,474	109,278	413,538	**65,504**	
Germany	**222,848**	3,533	46,861	172,454	**-74,849**	
Mexico	**102,618**	27,842	1,834	72,942	**49,638**	
Indonesia	**97,902**	73,399	5,950	18,553	**252,258**	
Peru	**72,738**	23,141	5,859	43,738	**58,092**	
Brazil	**68,863**	22,475	39,582	6,807	**157,964**	
United Kingdom	**53,366**	-2,420 (2)	12,803	42,982	**16,738**	
Canada	**46,873**	-2,242 (2)	8,709	40,407	**90,282**	
Chile	**35,364**	2,509	5,579	27,275	**-21,959**	
Portugal	**24,161**	3,145	9,690	11,326	**10,382**	
Singapore	**21,640**	18,100	2,932	608	**-24,528**	
Argentina	**18,044**	596	7,437	10,010	**7,917**	
India	**12,287**	1,103	1,208	9,976	**6,205**	
New Zealand	**11,115**	13	2,456	8,645	**30,286**	
Philippines	**10,848**	2,024	1,345	7,478	**10,134**	
Hong Kong	**9,016**	8,376	411	229	**95,268**	
Mongolia	**8,033**	3,811	1,806	2,417	**25,609**	
Botswana	**7,853**	2,321	185	5,347	**34,246**	
Panama	**6,521**	661	2,964	2,896	**10,118**	
Saudi Arabia	**6,027**	1,093	794	4,140	**28,693**	
Luxembourg	**2,239**	23	389	1,827	**33,354**	
Others (*)(3)	**123,039**	6,141	89,396	27,502	**-111,020**	
Non-attributable consolidation adjustments(4)					**-57,616**	
Total	**3,511,477**	**208,166** (5)	**985,351**	**2,317,960**	**73,741**	**909**

(*) Countries with profit before taxes below 10 million euro and taxes paid below 10 million euro

(1) Following the OECD methodology, social security contributions are included as taxes paid.

(2) The reduced tax paid in these countries is due to the effect of the refund of excess taxes paid in previous years, as well as the application of tax credits for losses from previous years. In particular, in the case of Spain, the refund of excess tax amounted to 229,620 thousand euro.

(3) Losses are included in countries considered to be a tax haven by Spanish regulations, or "non-cooperating countries and territories for tax purposes" according to European Union standards, for a total of 37,291 thousand euro and in which a tax payment of 217 thousand euro has been made.

(4) Accounting line entries not subject to objective attribution to specific countries (primarily amortization of Purchase Price Allocation (PPA)) are included, without any of them having an impact on tax payments.

(5) Significant deviations from the nominal tax rates of each country are due to the fact that the tax regulations themselves generate differences between the tax in terms of payment and the tax in terms of accrual. These differences are offset in the long term.

(6) It corresponds to the profit before taxes according to the consolidated income statement, not including the profit/loss accounted for by the equity method (which are presented, according to the accounting regulations, already net of taxes, without having more information available, since they are not companies controlled by the group) and without excluding the adjustment to minority interests.

The data for 2018 relating to pre-tax income, income tax paid and subsidies received are as follows:

Country	Profit before taxes (thousands of euro)		Income Tax Paid (thousands of euro)		Subsidies received
(thousands of euro)					
Australia	336,125		3,067	(1)	0
Spain	284,979		117,064		1,215
Indonesia	194,526		12,937	(1)	0
Brazil	99,816		46,330		0
India	93,248		531	(1)	0
Singapore	72,940		8,494		0
United States	70,493		52,092		21
Mexico	61,339		6,579		0
Hong Kong	52,901		9,878		14
Luxembourg	34,130		3,652		0
Mongolia	33,267		7,203		0
United Arab Emirates	28,630		0		0
Saudi Arabia	26,810		992		0
Japan	18,887		1,546		0
Malaysia	16,749		925		0
Argentina	11,723		2,076		0
Portugal	10,685		-289		0
New Zealand	10,256		334		0
Algeria	9,424		2,782		0
Ireland	6,583		86		0
Others with a profit of less than 5 million euro or losses	-144,170	(2)	22,180		6
Non-attributable consolidation adjustments	-64,856	(3)	3,368		0
Total	**1,264,488**	(4)	**301,826**	(5)	**1,242**

(1) The reduced tax paid in these countries is due to the effect of the refund of excess taxes paid in previous years, as well as the application of tax credits for losses also from previous years.

(2) Losses are included in countries considered to be a tax haven by Spanish regulations, or "non-cooperating countries and territories for tax purposes" according to European Union standards, for a total of 1,329 thousand euro and in which a tax payment of 341 thousand euro has been made.

(3) Accounting line entries not subject to objective attribution to specific countries (primarily amortization of Purchase Price Allocation (PPA)) are included, without any of them having an impact on tax payments.

(4) It corresponds to the profit before taxes according to the consolidated Balance Sheet, not including the profit/loss accounted for by the equity method (which are presented, according to the accounting regulations, already net of taxes, without having more information available, since they are not companies controlled by the group) and without excluding the adjustment to minority interests.

(5) Significant deviations from the nominal tax rates of each country are due to the fact that the tax regulations themselves generate differences between the tax in terms of payment and the tax in terms of accrual. These differences are offset in the long term.

5.10. INNOVATION

The ACS Group is an organization that is constantly evolving, responding to the growing demand for process improvements, technological advances and quality of service from clients and society.

The company's commitment to innovation is evident in the increase in investment and efforts in R+D+i made by the ACS Group year after year. The result of this effort is, among others, improvements in productivity, quality, customer satisfaction, job security, use of new materials and products, and design of more efficient production processes or systems.

IN 2019, THE ACS GROUP INVESTED A TOTAL OF 38 MILLION EURO IN RESEARCH[10], DEVELOPMENT AND INNOVATION.

The management of innovation in the companies of the group is normally as follows:

- The function is assumed by technology management, usually the Committee for Technological Development.
- R&D management is articulated through recognized management systems. Usually, the UNE 166002:2006 standard.
- Compliance with reference standards is reviewed through independent audits.

Compliance with the requirements of these systems usually involves the development of individualized strategic lines of research, collaboration with external organizations and an investment that will intended to promote research and the regular generation of new patents and operational techniques.

DURING 2019, THE ACS GROUP[10] HAD 141 ONGOING PROJECTS AND REGISTERED 7 PATENTS. OVER THE PAST 10 YEARS, THE GROUP'S COMPANIES HAVE REGISTERED A TOTAL OF 58 PATENTS.

Through partnerships with technological and research centers and universities, as well as other R+D+i-related institutions, the ACS Group's capabilities are strengthened and complemented to successfully complete innovation processes.

The projects developed from the Innovation area of the ACS Group are focused on responding to the specific challenges and opportunities presented by the current infrastructure and services environment, representing one of the Group's key value-building lines. Thus, the main lines of development of the Group's Innovation activities are linked to:

- Solutions related to sustainability, efficiency and climate change:
  - o Development of construction materials and techniques to improve infrastructure resilience.
  - o New technologies related to renewable energies.
  - o Improving resource efficiency.
  - o Development of solutions for smart cities.
- Process automation, digitization, and data management:
  - o BIM and virtual reality.
  - o Artificial intelligence.
  - o Shared learning systems.
  - o The Internet of Things.

10. Data scope 30.5% sales

5.10.1. INFRASTRUCTURE

The management of research, development and innovation in infrastructure activity is coordinated by the Dragados departments and by the Hochtief companies.

Following the objectives set by the parent companies, at the end of 2019 the infrastructure companies of the ACS Group had 56 ongoing projects. For the development of this R+D+i activity in 2019, an investment of 22.1 million euro has been made.

NEXPLORE (HOCHTIEF AND ACS)

HOCHTIEF is working with ACS and the Group's operating companies to actively promote digitization in its core activities through the Nexplore company, which was created in 2018. Nexplore is currently working with innovation centers located in Essen, Frankfurt/Darmstadt, Madrid, Minneapolis, Sydney and Hong Kong, as well as leading universities (collaboration agreements have been signed in 2019 with Massachusetts Institute of Technology (MIT), Polytechnic University of Madrid and Darmstadt Technical University, among others) and computer consulting firms. The aim is to exploit the opportunities that digitization offers for business, such as through artificial intelligence, virtual reality, the Internet of Things and Industry 4.0.

Through the products and processes developed by Nexplore, HOCHTIEF has the goal of increasing efficiency, quality and improving project control, providing immediate benefits to our employees, customers and Group partners.

Example of a project carried out by Nexplore:

IMPROVEMENT OF THE INFORMATION SYSTEM IN CONSTRUCTION PROCESSES

The technologies that communicate with each other independently via the Internet (Internet of Things (IoT)) allow data to be processed automatically. To allow multiple construction-related data to be measured continuously, HOCHTIEF Innovation Management is working with Nexplore and the employees of the Technical Competence Center, HOCHTIEF Engineering, and HOCHTIEF ViCon for sensor integration to improve efficiency in the construction process. Sensor data is transferred to a digital platform and through a system developed by Nexplore, the data from the different sensors is translated and integrated, sending it to a common platform, generating additional information that facilitates decision making, especially in critical situations in construction processes.

The Internet of Things applications not only provide project managers with a very helpful information base during construction processes, but can be used for predictive maintenance with the help of artificial intelligence systems in the later stages.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MADAME PROJECT (DRAGADOS AND DRACE)

The MADAME R+D project: Development and validation of Highly Durable Materials for Application in Maritime Structures and Barriers (Materiales de Alta Durabilidad para su Aplicación en estructuras Marítimas y Espaldones) vulnerable to climate change was approved in the 2017 CHALLENGES-COLLABORATION (RETOS-COLABORACIÓN 2017) tender within the scientific-technical priority I: Climate change, line (vii) adaptation to climate change in critical infrastructures. This initiative was co-financed by the Ministry of Science and Innovation within the National Plan for Scientific Research, Development and Technological Innovation. The project, which will be completed in 2021, is coordinated by DRAGADOS, with the participation of DRACE INFRASTRUCTURE, Galaicontrol, CTC Technological Center and the Fundación Agustín de Betancourt (Ports and Coasts Laboratory, Polytechnic University of Madrid).

The overall objective of the project is the development of a new concept of barriers for vertical seawalls that combines the use of new construction materials, optimal structural design and construction processes for obtaining elements of high structural integrity and durability against environmental agents. Likewise, the development of a robust instrumentation system for monitoring the structural and functional performance of barriers throughout their useful life is also considered. Both developments will increase the resilience of port infrastructures against the effects of climate change.

The use of alternative materials to adapt the barriers to structural and environmental conditions of both in-service barriers and new barriers is being analyzed. To this end, the project includes the design of a new barrier that allows the use of these new materials. These new designs should serve to improve the performance and especially the long-term durability of the barriers. In addition, construction processes are introduced as one more variable to be taken into account in risk analysis, which will allow the selection of optimal solutions from a global point of view.

As a novelty, the project uses the Marine Corrosion Test Site El Bocal, which belongs to the CTC Technological Center located in Santander, as a new study methodology for the analysis of the durability of concrete structures subjected to demanding conditions of waves, tide, currents and wind. This facility allows installation and recording over a period of several months of the degradation processes of concrete cores subjected to the real marine environments affecting port structures. The results obtained will be applicable in the calibration of numerical degradation models. Likewise, they can be compared with the results of accelerated physical trials.

A total of 24 examples have been manufactured, 20 of which have been installed at the MCTS El Bocal at different heights: submerged and in tidal, splash and marine air areas. The other four have been placed in the facilities of the Spanish Institute of Oceanography, near the test site, to analyze performance in structures near the coastline, but without being subjected directly to the action of the sea.

The samples will be removed after an 18-month exposure and analyzed in a laboratory to determine their performance. This information will optimize the concrete design to adapt it to the required durability as well as to the new design of the barrier planned for the project.

EXPANSION OF BIM CAPABILITIES AT HOCHTIEF

Building Information Modeling (BIM) is the digital tool of the future for project execution. The design and construction of projects using BIM is what customers in many countries currently demand. The methodology is based on actively connecting all the people involved in a project using 3D computer models that can be detailed with additional information, such as deadlines, costs and use.

Based on this model, project participants can also calculate carbon footprint and potential savings.

HOCHTIEF recognized this potential from the outset and founded HOCHTIEF ViCon GmbH, which specializes in these methods. The goal is for HOCHTIEF ViCon to be the overall BIM expert at HOCHTIEF, offering courses in this area for both own employees and a course provider for other companies, as well as a consultant and advisor specializing in BIM for projects undertaken by public administration or private companies. Additionally, BIM is already used in many of HOCHTIEF's companies.

Thus, in 2019, the total number of projects carried out using BIM increased to 2,560 projects (compared to 2,300 in 2018) and the number of employees trained in this area is 3,375 (1,179 in 2018), to meet the needs of customers, offer sustainable products and services and thus improve their market position.

NUMBER OF EMPLOYEES PROVIDED WITH BIM OR SIMILAR TRAINING IN 2019

	TOTAL HOCHTIEF	HOCHTIEF AMERICAS	HOCHTIEF ASIA PACIFIC	HOCHTIEF EUROPE
EMPLOYEES	3,375	450	2,165	760

E-TESTING PROJECT (GEOCISA)

Since November 10, 2017, GEOCISA has worked, with the collaboration of the International Center for Numerical Methods for Engineering (CIMNE) of the Polytechnic University of Catalonia (UPC) on the E-TESTING project, which is a numerical-experimental tool for determining the integrity status of structures, especially aimed at railway bridges.

The methodology that the tool follows for establishing the structural health study consists of:

▪ Detailed study of the structure. It includes the collection of the existing information, that is, all types of plans, measures and primary inspection in the field to verify their conservation status and adjust the plans to reality. Preparation of a preliminary model of the structure.

▪ Adjusting the Model. The preliminary model is refined with real information, from on-site trials, in which the structure is implemented comprehensively to acquire the maximum information from it. These consist, among others, of a static and dynamic load test.

The static part consists of placing known overloads (locomotives, gang cars, etc.) for a certain time to verify their elastic performance and to compare the actual deformation produced, with the theoretical one from the model.

The dynamic part consists of passing several times over the structure at different speeds to achieve parameters such as frequencies of the main modes of vibration, impact coefficient or dynamic amplification and damping.

The adjustment of the model continues at a later stage, and is fed by the permanent instrumentation of the structure. What is ultimately intended is to find out the actual response of the structure to the environmental and operational effects (temperature, humidity, wind speed, loads, etc.). In this way, any abnormalities detected, where an abnormality is understood to be any event that cannot be correlated with the effects mentioned above, would be a candidate to be regarded as a deterioration.

▪ The sensors that are permanently available in the structures are essentially accelerometers and temperature and humidity sensors. These sensors are wireless and self-sufficient in terms of power, as they have solar panels. The signal from all of them is received by a router with Internet access, which is also powered by a solar panel. The router sends the data to the cabinet for treatment and analysis. This system is fully scalable for better adaptability.

Test structures are currently being monitored. The result of the project will provide both monitoring of information and the software tools required to assess structural health and to track it over the long term, both routinely and at specific times after the occurrence of unique events.

5.10.2. INDUSTRIAL SERVICES

The Industrial Services area of the ACS Group carries out an important task of promoting research, development and innovation through the different R+D+i sites in several of the companies in this area of activity.

The R+D+i strategy is based on an external approach, oriented toward its stakeholders, and an internal approach, oriented toward modernization and improvement of processes.

At the end of 2019, ACS Group's industrial services companies had 79 ongoing projects. For the development of the projects, 14.6 million euro has been dedicated as an investment.

STARDUST PROJECT (SICE)

The STARDUST project: a holistic and integrated urban model for Smart Cities, it was selected by the European Commission as part of the "Smart Cities and Communities" tender of the Horizon 2020 Research and Innovation Framework Program, and has a budget of 21 million euro.

SICE is the partner responsible for developing the Smart City platform for Pamplona. The Kaliope Platform is the integrating core of the project, whose main objective is to provide to the City Council a unique and integrated view of information on the state of the city and the management of services, facilitating decision-making.

The platform incorporates Business Intelligence (BI) tools for creating Control Panels, as well as operational control and monitoring of each of the vertical services deployed in the city. The platform, therefore, will make the operational management of each of the services independent from the specific vertical solution with which each of these services is managed.

In addition, the platform has components capable of storing, analyzing and adding a large amount of data from a wide range of devices, including sensors, actuators, mobile devices, vertical service management applications, etc. It should be possible to combine this data and analyze it for processes based on artificial intelligence (AI) to provide descriptive and predictive analytical capabilities.

The Software components that make up the Kaliope platform are available in an open, layered architecture (explained in the next section) to cover the full life cycle of "Big Data".

During the first years of project development, data on some of the vertical applications and pilot actions envisaged under the project have been integrated, such as:

- Energy analysis in municipal installations: implementation of a system to monitor municipal electrical supplies, both in buildings and in public lighting. Some of the installations have photovoltaic installations for energy production that are also monitored. Among the main objectives sought in the definition of the proposed control panel are to facilitate the control and knowledge of municipal energy expenditure, integrating smart meters, as well as providing detailed and disaggregated data on consumption to establish strategies for action and to analyze the impact of savings and efficiency measures.

- Control panel for the analysis of "last mile services" in restricted access control zones (ZAC): analysis by managers of Pamplona City Council regarding the service given by distributors of goods accessing the city center. In this case, it is intended to analyze the length of time spent by these vehicles, the roads through which the vehicles enter and leave, as well as to know the characteristics of the park or fleet of vehicles that access this restricted access control zone whose graphs are shown. With this information, the development of more sustainable last-mile services with less impact on emissions can be promoted.

FLOTANT PROJECT (COBRA)

Working to achieve the goals of the UN-approved sustainable development goals is fundamental to almost all of the great challenges and opportunities facing society. In particular, advancing renewable energy generation is especially important in combating climate change and creating more sustainable communities.

FLOTANT was founded based on these premises. It is a project that develops new solutions for the generation of offshore wind power. The proposed solutions for >10MW wind turbines aim to increase the economic profitability of this renewable energy source by reducing the environmental impact through innovative anchoring, mooring, energy export systems and operating and maintenance strategies.

The floating structure and the systems included in the scope of the FLOTANT project are designed to be installed at deep sea depths between 100 and 600 meters. All this development will allow for the sale of offshore wind farms floating at great depths at competitive costs.

TECHNOLOGICAL DEVELOPMENTS OF FLOTANT

Hybrid floating structure of concrete and other materials. The benefits of other non-conventional materials in the offshore environment will be utilized to reduce manufacturing, installation and maintenance costs.

Development of reliable, sustainable and cost-effective mooring and anchoring systems. Innovative solutions for the absorption of tensions in the

anchorage system will be studied and validated. At the same time, the design and configuration of the mooring lines, the anchorage to the seabed and the connection to the floating structure will be optimized.

Optimization of energy evacuation at large depths. A high-performance, lightweight dynamic cable will be developed along with marine connectors to facilitate installation and maintenance operations.

O&M strategies and sensor monitoring. Operating and maintenance costs in offshore wind farms will be reduced to great depths and distances far from the coast.

Installation and decommissioning techniques. Appropriate systems will be designed to allow the largest number of operations to be carried out on the ground, reducing costs.

FLOTANT's technological developments are tested at MARIN facilities (Netherlands) and under real marine conditions at PLOCAN (Spain) in order to analyze behavior and validate performance.

BENEFITS AND IMPACTS

FLOTANT's goal is to achieve a 60% reduction in CAPEX by 2030. As well as a nearly 55% reduction in OPEX for the same year. This will contribute to a reduction in LCOE of about 60% by 2030, reaching an LCOE of 85-95 €/MWh by 2030 at great sea depths (100-600 meters).

MEISTER PROJECT (ETRA)

ETRA leads the European MEISTER project, which aims to promote large-scale deployment of electric vehicles in the European Union, tackling the three main challenges facing the sector: the cost of the vehicles, the level of acceptance by the consumer and the progress in the deployment of recharging stations.

MEISTER provides cities, operators and users with interoperable platforms and services, allowing easy and barrier-free access to electric vehicle recharging. At the same time, the use of energy from renewable sources is encouraged.

To achieve this, MEISTER has developed five products that encourage the large-scale adoption of electrical mobility through:

- Demonstration of innovative and sustainable business models to reduce installation and operating costs of load infrastructures.

- Optimization of infrastructure use by intelligently combining load and parking services.

- Integration of electric vehicles within the Sustainable Urban Mobility plans of cities.

- Provision of interoperable platforms and services to users for easy and barrier-free access to a smart network, billing and collection services, including the increased use of renewable energy and self-generation to power electric vehicles.

These solutions will be evaluated in three urban areas: Málaga (Spain), Berlin (Germany) and Stockholm (Sweden), involving one thousand electric vehicles, more than 500 charging points and several tens of thousands of users.

MEISTER is another part of the electromobility strategy that has made GRUPOETRA the industry leader through its company GIC.

GIC, a GRUPOETRA company specialized in sustainable mobility, is a reference in the field of electromobility in Spain and Portugal thanks to the projects developed with the main stakeholders of the market and is a reference in the three segments of the business (public charging, B2B and charging linked to end users), providing the latest technology of GRUPOETRA and expertise in infrastructure installation, maintenance and operation.

Examples of unique projects are:

- The deployment and management of the public recharging network of the main municipalities, such as Madrid (including EMT), Barcelona or AMB.

- Private projects for public charging, such as IONITY, AENA or through collaboration with the main gas station networks (Cepsa, Galp, Total, Shell...) and electrical grids (EDP, ELEIA...).

- Collaboration with major VE manufacturers through arrangements for the installation of charging points with PSA, Ford, Toyota, Lexus and BMW.

Thus, the combination of the most advanced technology together with the introduction into the market puts GRUPOETRA in an optimal position to take advantage of the high growth expected in the emerging market for electric mobility. It should experience exponential growth in the coming years thanks to European regulations and manufacturers' commitment to low-emission mobility.

For more information:

https:/meisterproject.eu/
https:/www.recargavehiculoselectricos.com/
www.grupoetra.com

5.10.3. SERVICES

For the development of this function, Clece has a specific R+D+i department, and a formal management system certified on the basis of the UNE 166002:2006 standard, which is audited by an independent third party.

As of December 31, 2019, there were 6 ongoing research and development projects, in which 1.03 million euro was invested.

5.11. LIST OF CONTENTS OF THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

Information requested by the Non-financial Information Bill	Linking with GRI content	Location Information included
General information		
A brief description of the group's business model, which will include its business environment, organization and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that can affect its future evolution.	102-2 Activities, brands, products and services 102-4 Location of operations 102-6 Markets served 102-7 Organization size 102-15 Main impacts, risks and opportunities	5.0. Business model Page 118
A description of the group's policies on these issues [environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as those related to the personnel, including measures which, where appropriate, have been adopted to promote the principle of equal treatment and opportunities for women and men, non-discrimination and inclusion of persons with disabilities and universal accessibility], which will include the due diligence procedures applied for identification, evaluation, prevention and mitigation of significant risks and impacts and verification and control, including what measures have been taken.	103-2 The management approach and its components	5.1. Environment 5.2. People in the ACS Group 5.4.1. Respect for human rights: ACS Group Code of Conduct and Human Rights Policy 5.4.2. Fight against corruption and bribery 5.6. Contribution to society Page 123, 142, 165, 168, 177
The results of these policies should include key indicators of relevant non-financial results that allow for the monitoring and evaluation of progress and that favor comparability between societies and sectors, in accordance with the national, European or international frameworks of reference used for each subject.	103-2 The management approach and its components 103-3 Evaluation of the management approach	5.1. Environment 5.2. People in the ACS Group 5.4.1. Respect for human rights: ACS Group Code of Conduct and Human Rights Policy 5.4.2. Fight against corruption and bribery 5.6. Contribution to society Page 123, 142, 165, 168, 177
The main risks related to these issues [environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as those related to personnel, including measures which, where appropriate, have been adopted to promote the principle of equal treatment and opportunities for women and men, non-discrimination and inclusion of people with disabilities and universal accessibility] linked to the activities of the group, including, where relevant and proportionate, their trade relations, products or services that may have negative effects on these areas, and how the group manages these risks, explaining the procedures used to detect and evaluate them in accordance with national, European or international frameworks of reference for each subject. Information should be included on the impacts that have been detected, providing a breakdown of the impacts, in particular on the main short-, medium- and long-term risks.	102-15 Major impacts, risks and opportunities	5.0.2.Risks 5.1.5. Risks related to environmental issues 5.2.4. Risks related to personnel issues 5.3.3. Risks related to personnel issues (Health and Safety) 5.4.4. Risks related to compliance issues 5.7.3. Risks related to supply chain issues Page 120; 140-141; 155; 163; 172; 191

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

Information requested by the Non-financial Information Bill	Linking with GRI content	Location Information included
Key indicators of non-financial results that are relevant to the specific business activity and meet the criteria of comparability, materiality, relevance and reliability. In order to facilitate the comparison of information, both in time and between entities, the standards of key non-financial indicators that can be generally applied and which comply with the European Commission's guidelines on this matter and the Global Reporting Initiative standards, will be particularly used, and should mention in the report the national, European or international framework used for each subject. Key indicators of non-financial results should be applied to each of the non-financial information statement sections. These indicators should be useful, taking into account specific circumstances and consistent with the parameters used in their internal risk management and assessment procedures. In any case, the information presented must be accurate, comparable and verifiable.	103-2 The management approach and its components 103-3 Evaluation of the management approach 102-54 Declaration of the preparation of the report in accordance with the GRI standards	5.0.3 Evolution of indicators relevant to the non-financial management of the ACS Group Page 121
Environmental issues		
Detailed General Information		
On the current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety	-	5.1. Environment Page 123-124
About environmental assessment or certification procedures	-	5.1. Environment Page 123-124
About resources devoted to the prevention of environmental risks	-	5.1.5. Risks related to environmental issues Page 140
About the application of the precautionary principle	102-11 Precautionary principle or approach	5.1. Environment Page 124
About the amount of provisions and guarantees for environmental risks	-	5.1.5. Risks related to environmental issues Page 140
Contamination		
Measures to prevent, reduce or repair emissions that seriously affect the environment; taking into account any form of activity-specific air pollution, including noise and light pollution	305-1 Direct GHG emissions (Scope 1) 305-2 Indirect GHG emissions in energy generation (Scope 2) 305-3 Other indirect GHG emissions (Scope 3) 305-5 Reduction of GHG emissions	5.1.1. Emissions: Pollution and climate change Page 124-128
Circular economy and waste prevention and management		
Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste; actions to combat food waste	301-2 Recycled inputs 301-3 Reused products and packaging materials 303-3 Recycled and reused water 306-1 Discharge of water according to quality and destination 306-2 Waste by type and method of disposal	5.1.2. Circular economy and waste prevention 5.1.3. Sustainable use of resources. Efficient use of water resources Actions to combat food waste is not applicable to the ACS Group given the activity carried out by the Group Page 129-130
Sustainable use of resources		
Water consumption and water supply according to local limitations	303-1 Source water extraction 303-2 Water sources significantly affected by water extraction	5.1.3. Sustainable use of resources. Efficient use of water resources Page 132-133
Consumption of raw materials and measures taken to improve the efficiency of their use	301-1 Materials used by weight or volume	5.1.3. Sustainable use of resources. Material consumption: Sustainable construction Page 134-138

Information requested by the Non-financial Information Bill	Linking with GRI content	Location Information included
Direct and indirect consumption of energy	302-1 Energy consumption within the organization 302-2 Energy consumption outside the organization	5.1.3. Sustainable use of resources. Energy consumption. Page131
Measures taken to improve energy efficiency	302-4 Reducing energy consumption 302-5 Reducing energy requirements for products and services	5.1.3. Sustainable use of resources. Energy consumption. Page131
Use of renewable energies	302-1 Energy consumption within the organization	5.1.3. Sustainable use of resources. Energy consumption. Page131
Climate change		
The important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services that it produces	305-1 Direct GHG emissions (Scope 1) 305-2 Indirect GHG emissions in energy generation (Scope 2) 305-3 Other indirect GHG emissions (Scope 3)	5.1.1. Emissions: Pollution and climate change Page124-128
Measures taken to adapt to the consequences of climate change		5.1.1. Emissions: Pollution and climate change Page124-128
Voluntary medium- and long-term reduction targets for reducing greenhouse gas emissions and the resources implemented for this purpose	305-5 Reduction of GHG emissions	5.1.1. Emissions: Pollution and climate change Page124-128
Protection of Biodiversity		
Measures taken to preserve or restore biodiversity	304-3 Protected or restored habitats	5.1.4. Biodiversity Page139
Impacts caused by activities or operations in protected areas	304-2 Significant impacts of activities, products and services on biodiversity	5.1.4. Biodiversity Page139
Social and personnel issues		
Employment		
Total number and distribution of employees based on representative criteria of diversity (sex, age, country, etc.)	102-8 Information on employees and other workers 405-1 Diversity in governing bodies and employees	5.2. People in the ACS Group. Page142-144
Total number and distribution of labor contract categories, annual average of indefinite contracts, temporary contracts and part-time contracts by sex, age and professional classification	102-8 Information about employees and other workers	5.2. People in the ACS Group. Page142-144
Number of layoffs by sex, age and professional classification		5.2. People in the ACS Group. Page142-144
Average remuneration and its evolution disaggregated by sex, age and professional classification or equal value	102-38 Ratio of total annual compensation 102-39 Ratio of the percentage increase of the total annual compensation	5.2. 1. Diversity and equality. Page 147
Wage gap, remuneration for the same job or average in the company	405-2 Ratio of the base salary and the remuneration of women compared to men	5.2. 1. Diversity and equality. Page 147
The average remuneration of directors and senior management, including variable remuneration, subsistence allowance, and severance pay	-	5.2. 1. Diversity and equality. Page 145
Payment to long-term savings-investment systems and any other income disaggregated by sex	201-3 Defined benefit plan and other retirement plan obligations	5.2. 1. Diversity and equality. Page 145
Implementation of work disconnection policies	-	ACS Group companies currently do not have a disconnection policy, but different companies in the Group, such as Clece, which has 42% of the Group's employees, are developing initiatives to develop it during this year.
Employees with disabilities	405-1 Diversity in governing bodies and employees	5.2. 1. Diversity and equality. Page 147

Information requested by the Non-financial Information Bill	Linking with GRI content	Location Information included
Organization of work		
Organization of work time	-	5.2.2. Organization of work and social relations. Page 149
Number of hours of absenteeism	403-2 Types of accidents and frequency of accidents, occupational diseases, lost days, absenteeism and number of deaths from occupational accidents or occupational disease	5.2.2. Organization of work and social relations. Page 149
Measures to facilitate the enjoyment of work-life balance and to encourage this for both parents	401-3 Parental Leave	5.2.2. Organization of work and social relations. Page 149
Health and Safety		
Health and safety conditions at work	403-3 Workers with high incidence or high risk of disease related to their activity	5.3. Occupational Health and Safety Page 156-163
Accidents at work, particularly their frequency and severity, as well as occupational diseases; disaggregated by sex.	403-2 Types of accidents and frequency of accidents, occupational diseases, lost days, absenteeism and number of deaths from occupational accidents or occupational disease	5.3. Occupational Health and Safety Page 156-163
Social Relations		
Organization of social dialog, including procedures for informing and consulting staff and negotiating with staff	102-43 Approach for participation of stakeholders 402-1 Minimum notice periods on operational changes 403-1 Representation of workers on formal worker- company health and safety committees	5.2.2. Organization of work and social relations. Page 149
Percentage of employees covered by collective bargaining agreements by country	102-41 Collective bargaining agreements	5.2.2. Organization of work and social relations. Page 149
The balance sheet of collective bargaining agreements, particularly in the field of health and safety at work	403-4 Health and safety issues addressed in formal agreements with trade unions	5.2.2. Organization of work and social relations. Page 149
Training		
Policies implemented in the field of training	404-2 Programs to improve employee skills and transition assistance programs	5.2.3. Talent Development. Page150-153
Total number of training hours per professional category	404-1 Average training hours per year per employee	5.2.3. Talent Development. Page153
Universal accessibility of people with disabilities		
Universal accessibility of people with disabilities	-	5.2. 1. Diversity and equality. Page147
Equality		
Measures taken to promote equal treatment and equal opportunities for women and men	401-3 Parental Leave	5.2. 1. Diversity and equality. Page 144-147
Equality plans (Chapter III of Organic Law 3/2007, of March 22, for the effective equality of women and men), measures taken to promote employment, protocols against sexual and gender harassment, integration and universal accessibility of people with disabilities	-	5.0.3 Evolution of indicators relevant to the non-financial management of the ACS Group 5.2. 1. Diversity and equality. Page 121,144-145
Policy against all discrimination and, where appropriate, diversity management	406-1 Cases of discrimination and corrective actions taken	5.2. 1. Diversity and equality. Page 144

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Information requested by the Non-financial Information Bill	Linking with GRI content	Location Information included
Respect for human rights		
Human rights		
Application of human rights due diligence procedures; prevention of risks of human rights violations; and, where appropriate, measures to mitigate, manage and redress possible abuses	102-16 Values, principles, standards and codes of conduct 102-17 Advisory mechanisms and ethical concerns 410-1 Security personnel trained in human rights policies or procedures 412-1 Operations subject to human rights impact reviews or assessments 412-2 Training of employees in human rights policies or procedures 412-3 Agreements and significant investment contracts with human rights clauses or human rights assessments	5.4.1. Respect for human rights: ACS Group Code of Conduct and Human Rights Policy Page 166-167
Complaints about human rights violations	419-1 Non-compliance with social and economic laws and regulations	5.4.1. Respect for human rights: ACS Group Code of Conduct and Human Rights Policy Page 167
Promotion and compliance with the provisions of the fundamental Conventions of the International Labor Organization related to respect for freedom of association and the right to collective bargaining; elimination of discrimination in employment and work; elimination of forced or compulsory labor; effective abolition of child labor.	406-1 Cases of discrimination and corrective actions taken 407-1 Operations and suppliers whose right to freedom of association and collective bargaining could be at risk 408-1 Operations and suppliers with significant risk of child labor cases 409-1 Operations and providers with significant risk of forced or compulsory labor cases	5.4.1. Respect for human rights: ACS Group Code of Conduct and Human Rights Policy Page 165
Fight against corruption and bribery		
Corruption and bribery		
Measures taken to prevent corruption and bribery	102-16 Values, principles, standards and codes of conduct 102-17 Advisory mechanisms and ethical concerns 205-1 Operations assessed for corruption-related risks	5.4.2. Fight against corruption and bribery: criminal compliance management systems (UNE 19601) and anti-bribery management systems (UNE-ISO 37001) Page 164,168
Measures to combat money laundering	205-2 Communication and training on anti-corruption policies and procedures 205-3 Confirmed corruption cases and measures taken	5.4.2. Fight against corruption and bribery: criminal compliance management systems (UNE 19601) and anti-bribery management systems (UNE-ISO 37001) Page 168
Contributions to foundations and non-profit entities		5.4.2. Fight against corruption and bribery: criminal compliance management systems (UNE 19601) and anti-bribery management systems (UNE-ISO 37001) Page 168

Information requested by the Non-financial Information Bill	Linking with GRI content	Location Information included
Company information		
Company commitments to sustainable development		
Impact of the company's activity on employment and local development	204-1 Proportion of spending on local suppliers 413-1 Operations involving the local community, impact assessments and development programs	5.6. Contribution to society Page 176-186
The impact of the company's activity on local populations and on the territory	204-1 Proportion of spending on local suppliers	5.6. Contribution to society Page 176-186
Relations with local community leaders and the methods of dialog with them	102-43 Approach for the participation of stakeholders	5.5. Management of the relationship with stakeholders Page 173-178
Association or sponsorship actions	-	5.6. Contribution to society Page 178
Outsourcing and suppliers		
Inclusion of social, gender equality and environmental issues in the purchasing policy	308-1 New suppliers who have passed evaluation and selection filters according to environmental criteria 414-1 New suppliers who have passed evaluation and selection filters according to social criteria	5.7. Suppliers and contractors Page 187-191
Consideration in relationships with suppliers and subcontractors of their social and environmental responsibility	308-1 New suppliers who have passed evaluation and selection filters according to environmental criteria 414-1 New suppliers who have passed evaluation and selection filters according to social criteria	5.7. Suppliers and contractors Page 187-191
Monitoring and audit systems and their results	308-2 Negative environmental impacts on the supply chain and measures taken 414-2 Negative social impacts on the supply chain and measures taken	5.7. Suppliers and contractors Page 188
Consumers		
Measures for the health and safety of consumers	416-1 Assessment of the health and safety impacts of product or service categories	The subject is not applicable according to the materiality report (chapter 7.2), because of the type of business (business to business), the company does not have direct consumers. However, the information on the commitment to quality with the client can be found in Chapter 5.8. Page 192
Claim systems, complaints received and their resolution	102-43 Approach for the participation of stakeholders 102-44 Key issues and concerns mentioned 418-1 Essential claims related to customer privacy violations and loss of customer data	5.8.2. Customer Management Page 194
Tax information		
Country-by-country benefits obtained	201-1 Direct economic value generated and distributed	5.9. Tax information Page 197
Income tax paid	201-1 Direct economic value generated and distributed	5.9. Tax information Page 197
Public subsidies received	201-4 Financial assistance received from the government	5.9. Tax information Page 197

6. CORPORATE GOVERNANCE

6.1. GENERAL SHAREHOLDERS' MEETING

6.2. BOARD OF DIRECTORS

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6. CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OF THE ACS GROUP

The ACS Group, following the latest recommendations of the reference entities, such as the National Securities Market Commission and best practices in corporate governance, has adopted a governance model consisting of the following bodies:

GENERAL SHAREHOLDERS' MEETING

The General Meeting is the highest body of expression of the Company's intentions and decisions, adopted in accordance with the provisions of the Bylaws, binding for all shareholders. It is responsible for approval of the annual accounts, implementation of the profits and approval of the social management. It is also responsible for the appointment and dismissal of directors, as well as any other functions that may be determined by Law or by the Bylaws.

BOARD OF DIRECTORS

The Board has the broadest powers to represent the company and to administer it as a supervisory and control body for its activity, but also to directly assume the responsibilities and decision-making regarding business management. It submits its management to the approval of the General Shareholders' Meeting.

DELEGATED COMMITTEES OF THE BOARD

EXECUTIVE COMMITTEE	AUDIT COMMITTEE	APPOINTMENTS COMMITTEE	REMUNERATION COMMITTEE
Delegated committee of the Board of Directors that may exercise all powers of the Board of Directors except those that cannot be delegated or those that the Board advocates as being within its competence.	Delegated committee of the Board of Directors responsible for the accounting and risk management functions, including supervision of compliance with corporate governance rules, Internall Codes of Conduct and Corporate Social Responsibility Policy.	Delegated committee of the Board of Directors responsible for proposing the appointment of Directors and the Secretary General of the Board, appointment of Senior Managers and gender diversity issues in the Board of Directors.	Delegated committee of the Board of Directors responsible for control of the remuneration of directors and senior managers.

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The ACS Group's governance model, as well as the composition, functioning and functions of government bodies, are developed in the Group's Internall regulations.

The Group also has regulations on mechanisms for detecting, determining and resolving potential conflicts of interest between the company and/or its group, and its directors, senior management or significant shareholders.

RULES RELATING TO THE GOOD GOVERNANCE OF THE ACS GROUP

- Company bylaws
- Rules of Procedure of the General Shareholders' Meeting
- Regulation of conduct in the securities markets
- Rules of procedure of the Board of Directors
- Diversity policy

6.1. GENERAL SHAREHOLDERS' MEETING

ACS, Actividades de Construcción y Servicios, S.A., parent company of the ACS Group, is a corporation registered in Spain whose share capital, as of December 31, 2019, amounted to 157,332,297 euro, represented by 314,664,594 shares, with a nominal value of 0.50 euro per share, fully subscribed and disbursed, all of them in a single class and with the same rights

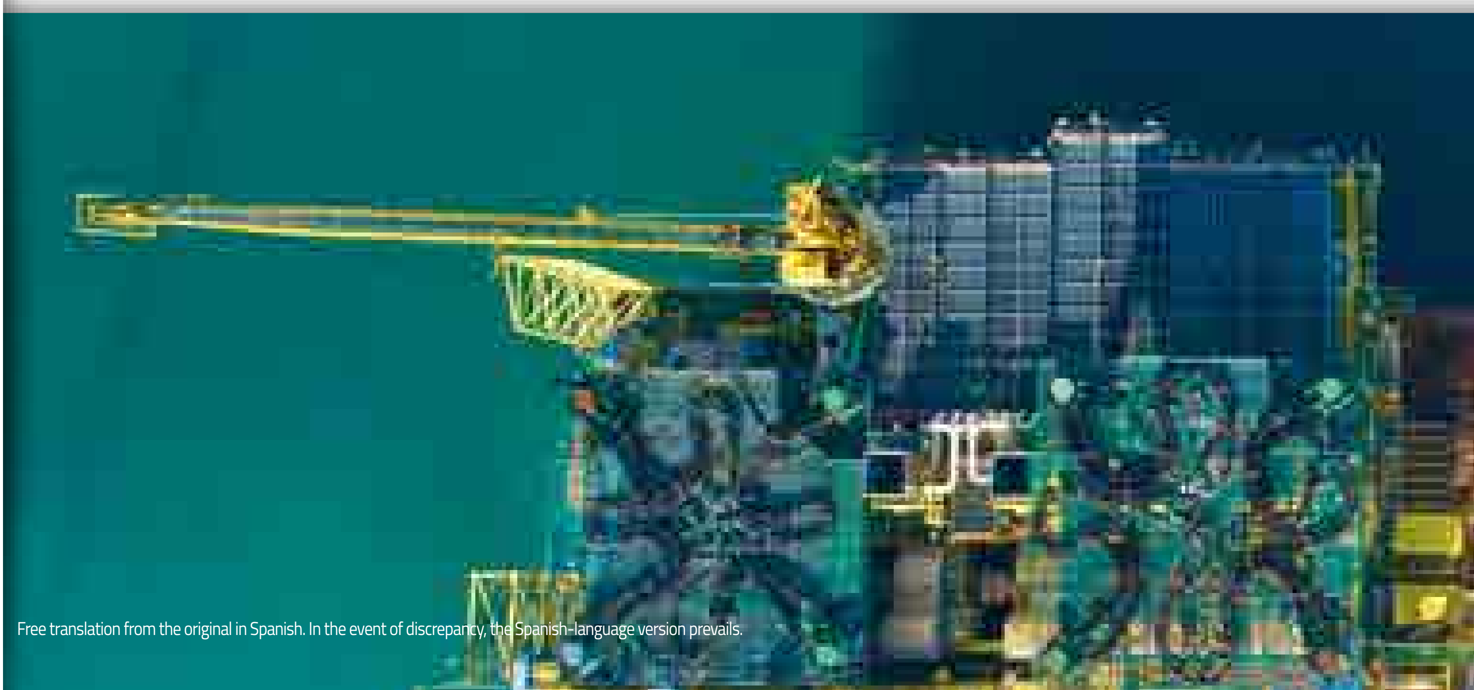
The General Shareholders' Meeting is the highest body of expression of the Company's intentions and decisions, adopted in accordance with the provisions of the Bylaws and the Rules of Procedure of the General Shareholders' Meeting, binding for all shareholders, even those absent, disagreeing and abstaining.

The General Shareholders' Meeting is composed of all holders of at least one hundred shares, present or represented. Owners or holders of less than one hundred shares can be grouped to reach that number, representing themselves or another shareholder holding only the number of shares necessary to form part of the General Shareholders' Meeting.

The announcement of the summons for the General Shareholders' Meeting shall be published simultaneously in the Official Gazette of the Commercial Registry, on the company's website and on the website of the National Securities Market Commission, stating all the regulations governing the following matters:

- Addendum to the meeting announcement and submission of new agreement proposals.
- Attendance and voting rights and shareholder registration.
- Voluntary representation.
- Appointment or revocation of the representative and notification to the company, both in writing and electronically.
- Conflict of interest of the representative.
- Public request for representation and exercise of voting rights by directors in the event of a public request for representation.
- Remote early voting.
- Special information instruments: corporate website and electronic shareholders' forum.

From the same day of publication of the announcement of the General Shareholders' Meeting and until the fifth day before, including that scheduled for holding the meeting on first call, shareholders may request in writing any



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information or clarifications that they deem accurate or may ask in writing the questions they deem pertinent to matters covered by the agenda, as well as in relation to information accessible to the public that had been provided by the company to the national securities market commission since the last general meeting or the report from the statutory auditor. The Board of Directors shall be obliged to provide written information until the day of the general meeting.

All of these requests for information may be carried out by sending a request to the registered office, sending it to the company by post or electronically or remotely. Valid requests for written information, clarifications or questions and replies provided in writing by the Board of Directors shall be included on the company's website.

In addition to written requests for information, during the General Meeting, the shareholders of the Company may verbally request information or clarification they deem appropriate on matters on the agenda or in relation to information accessible to the public that the Company has provided to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, or the report from the Company's audit officer. If it is not possible to satisfy the shareholder's right at that time, the Board of Directors shall be obliged to provide written information within seven days of the termination of the General Meeting.

From the publication of the meeting announcement and until the holding of the general meeting, the company will continuously publish on its website www.grupoacs.com the following information that any shareholder may, likewise, examine in the registered office, or obtain immediately and free of charge:

- All documents or agreements to be voted on or considered by the general meeting, in particular reports from directors, auditors and independent experts.
- The system and forms for the issuance of the vote by representation, the forms for the delegation of the vote and the means to be used so that the company can accept an electronic notification of the representations conferred.
- Procedures and forms established for the issuance of remote voting.

The measures taken by the Group to encourage attendance at the General Shareholders' Meeting are reflected in the attendance percentages.

	2013	2014	2015	2016	2017	2018	2019
Total Quorum	75.25%	70.20%	73.23%	70.00%	64.45%	61.51%	66.63%
Quorum of shareholders present	20.19%	7.31%	7.52%	6.85%	1.90%	1.59%	1.05%
Quorum of shareholders present	55.06%	62.89%	65.71%	63.15%	62.54%	59.91%	65.57%

6.2. BOARD OF DIRECTORS

The composition of the Board of Directors is based on a principle of proportionality, whereby the interests of all ACS shareholder groups are represented within the Board.

The mission of independent and externall directors is to represent the interests of floating capital within the Board of Directors.

The General Shareholders' Meeting is responsible, upon request by the Board of Directors, for setting both the exact number of members of the Board and the appointment of people to hold those positions. As of December 31, 2019, the ACS Board of Directors was composed of 17 members. The Company understands that the composition of the Board of Directors is adequate to represent the interests of shareholders, both majority and minority. In this regard, it should also be considered that a significant part (three out of four) of the other externall directors are directors who, while, because the legal regulation for exceeding the maximum period of 12 years prevents them from being independent, are considered to be directors who, in accordance with their personal and professional capacities, can perform their functions without being conditioned by relations with the company or its group, its significant shareholders or its senior management.

For more information:
Composition of the ACS Board of Directors
1. Management Bodies

Annual Corporate Governance Report

FUNCTIONS

The Board of Directors assumes the functions of representation and administration of the company, as the highest supervisory and control body for its activity. It includes among its non-delegable functions, among others , the following:

- Investment and financing policy.
- Definition of the structure of the group of companies.
- Corporate Governance Policy.
- Corporate Social Responsibility Policy.
- Approval of financial information.
- Strategic or Business Plan, management objectives, and annual budgets.
- Senior management remuneration and performance evaluation policy.
- Risk management and control policy, including fiscal risks, and oversight of Internall information and control systems.
- Dividend policy, as well as the policy related to equity or shares.
- Related operations, except in those cases provided for by the Rules of Procedure.
- Determination of the Company's fiscal strategy.

Principles governing the composition of the Board and its functioning can be reviewed in the Corporate Governance Report prepared annually by the ACS Group.

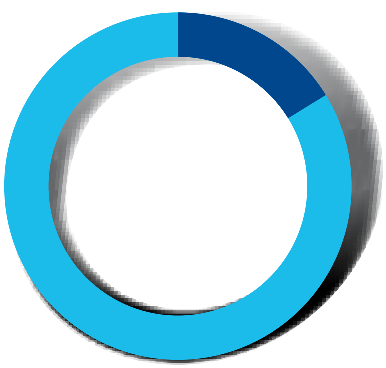
The full list of non-delegable functions can be found in Article 5 of the Rules of Procedure of the Board of Directors.

During the 2019 financial year, an analysis of the responsibilities of the members of the Board of Directors was prepared, the results of which are reflected in the following matrix of competences:

MATRIX OF COMPETENCES OF THE BOARD OF DIRECTORS

	Executive Chairman	CEO	Vice-chairman 1	Vice-chairman 2	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7	Board Member 8	Board Member 9	Board Member 10	Board Member 11	Board Member 12	Board Member 13
EXPERIENCE																	
Sectorial	●	●	●	●	●		●		●	●		●	●		●	●	●
Internaltional	●	●		●			●	●		●		●			●	●	●
Academic	●			●		●		●	●	●	●	●		●	●		
Public administration	●					●		●	●		●	●	●		●	●	●
KNOWLEDGE																	
Accounting and finance	●	●	●	●	●		●	●		●		●	●				●
Risks	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Operations	●	●	●	●	●				●			●				●	
Legal and fiscal						●	●	●		●			●		●		●
Technology and digital trans-formation		●					●										●
Human resources	●	●	●	●			●		●		●	●		●	●	●	●

BOARD COMPOSITION



WOMEN 3
MEN 14

BOARD COMPOSITION BY TYPE OF DIRECTOR

EXECUTIVE 29%
PROPRIETARY 18%
INDEPENDENT 29%
OTHER EXTERNALL 24%

6.2.1. DELEGATED COMMITTEES

The specific and detailed functions of each of the Delegated Committees of the ACS Group Board of Directors are described in Title 4 of the ACS Group Rules of Procedure of the Board of Directors.

EXECUTIVE COMMITTEE

- EXECUTIVE **3 - 50%**
- PROPRIETARY **1 - 17%**
- OTHER EXTERNALL **2 - 33%**

AUDIT COMMITTEE

- INDEPENDENT **3 - 60%**
- PROPRIETARY **1 - 20%**
- OTHER EXTERNALL **1 - 20%**

APPOINTMENTS COMMITTEE

- INDEPENDENT **2 - 28%**
- PROPRIETARY **2 - 29%**
- OTHER EXTERNALL **1 - 43%**

REMUNERATION COMMITTEE

- INDEPENDENT **3 - 60%**
- PROPRIETARY **1 - 20%**
- OTHER EXTERNALL **1- 20%**

6.2.2. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board Members is defined by a general policy approved by the Board in full, in accordance with the recommendations of the Remuneration Committee.

The details of the remuneration received by the Governing Body, as well as the criteria for its determination, are published in the Annual Remuneration Report.

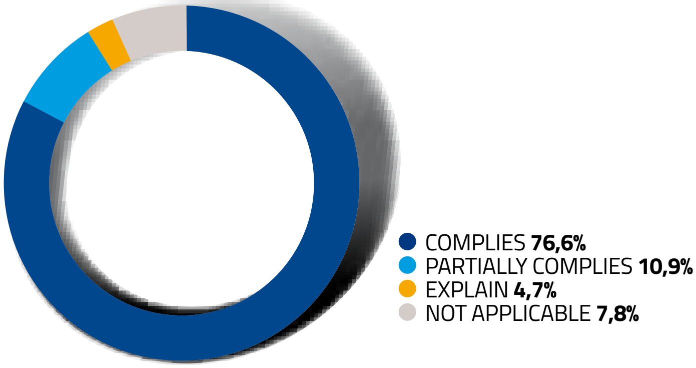
During the 2019 General Shareholders' Meeting, the Board's remuneration was approved with 95.71% of the votes cast in favor.

Annual Report on Remuneration of Directors

	Number	% over total
Votes cast	209,674,147	66.63%
Opposing votes	6,879,271	3.28%
Votes in favour	200,679,554	95.71%
Abstention	2,115,322	1.01%

6.2.3. GOOD GOVERNANCE

In the 2019 financial year, the ACS Group's parent company has continued to develop the work of adapting its Internall regulatory body to monitor the recommendations of the Code of Good Governance of listed companies. The degree of monitoring can be found in point G. of the Corporate Governance Report which forms part of and is attached to this Consolidated Directors' Report .



7. ANNEXES

7.1. REPORTING PRINCIPLES

This ACS Group Report has been prepared in accordance with the principles established within the framework of the Internaltional Integrated Reporting Council (IIRC[11]).

This report integrates financial and extra-financial information considered relevant to ACS Group stakeholders. Information regarding relevant extra-financial issues has been reported in accordance with the Global Reporting Initiative standards, including additional applicable information required by the Construction and Real Estate Sectoral Supplement. This report has been drawn up in accordance with the comprehensive option of the GRI standards. This extra-financial information has been verified by an independent third party, including the verification letter on page 256-257 of this document.

With regard to the Group's financial and management information, the Integrated Annual Report responds to the recommendations of the National Securities Market Commission contained in the Guide for preparing management reports of listed companies, as well as law 11/2018 on the dissemination of non-financial information and diversity information.

The main issues identified as relevant and addressed in this report are as follows (in order of priority):

[102-46]

- Responsibility to local communities
- Efficient resource management
- Development and talent of diversity
- Comprehensive and responsible companies
- Climate: global concern
- Zero accidents goal
- Responsible supply chain
- Resilient and socially responsible infrastructures
- Protection of Human Rights
- Tools and new financing models

For the preparation of this report, the ACS Group has applied the following criteria:

11. For more information, visit the Internaltional Integrated Reporting Council's website at http://integratedreporting.org/

PRINCIPLES FOR DEFINING
THE CONTENT OF THE REPORT:

Inclusion of stakeholders: the ACS Group aligns the management of relevant issues with the expectations of its stakeholders. To this end, it has mechanisms of dialog adapted to its relationship with each of them (indicated in paragraph 5.5 of this report). In line with this commitment, in 2018, a comprehensive review process of materiality was carried out both through externall documentation and through the holding of 1,724 consultations throughout the ACS Group with stakeholders to incorporate their perspective on the relevant issues concerning the Group. In 2019, this vision was updated with consultations with the major banks, financial institutions, investors and analysts with which the ACS Group matrix is related (39consultations held).

Sustainability context: this report aims to reflect the management of the ACS Group in each of the three dimensions of sustainability: economic, social and environmental. Throughout the document, information is provided to contextualize each of them.

Relevance: The ACS Group has conducted an analysis of issues, the methodology and results of which can be found in paragraph 7.2. of this report, which has made it possible to find out which matters are relevant to the ACS Group and its stakeholders.

Completeness: In the process of producing this report, its coverage and scope have been clearly defined, giving priority to the information considered to be applicable and including all significant events that have taken place in 2019, without omitting relevant information for our stakeholders.

[102-48] [102-49]

Together with the determination of its content, the coverage of the Report has been established. In 2018 and 2019, ACS Group companies have been involved in transformation processes that have led to organizational and management changes, which involves a variation in the scope of some indicators. Annex 7.3.3 shows the scope and coverage of each of the reported indicators. In addition, in the event of significant changes to coverage, these have been indicated throughout the chapters.

The relevant issues, indicators collected and coverage of the 2019 Integrated Annual Report provide an overview of the significant impacts on the economic, social and environmental and activity fields of the ACS Group.

[102-46]

PRINCIPLES FOR DEFINING THE QUALITY
OF THE REPORT:

Accuracy and clarity: This report contains tables, charts, and schemes, with the intention of facilitating its understanding. The information collected is intended to be clear and precise, in order to be able to assess the performance of the ACS Group. In addition, the use of technicalities whose meaning may be unknown to stakeholders has been avoided to the greatest extent possible.

Balance: Both positive and negative aspects are included, with the aim of presenting an unbiased image and allowing stakeholders to make a reasonable assessment of the Company's performance.

[102-46], [102-48], [102-49]

Comparability: To the extent possible, the information reflected has been organized in such a way that stakeholders can interpret the changes made by the ACS Group with respect to previous financial years. For the sake of comparability of data, where possible, certain data from 2018 has been recalculated with the same scope as the one reported in 2019. In the indicators in which it appears, in some indicators it has not been possible to recalculate data retroactively, the data historically reported has been presented for information purposes.

Reliability: The reliability of the data collected in this 2019 Integrated Annual Report in relation to Corporate Social Responsibility has been confirmed by KPMG, a firm that has carried out its verification. The verification letter is located on page 256-257.

Punctuality: The ACS Group is committed to reporting annually on its performance as a Group. This report reflects its activities during 2019 in the economic, social, environmental and activity fields.

7.2. IDENTIFICATION OF MATERIAL ISSUES

[102-47]

Following the principles established by the GRI Standards to define the contents of the 2019 Integrated Report, in 2018, the ACS Group carried out a process of updating the materiality analysis that it executed in 2015 and that was revised in subsequent years. In 2019, this update has been expanded by holding consultations with the major banks, financial institutions, investors and analysts with which the ACS Group matrix is related.

The list of relevant issues identified in 2015 was reviewed for the 2018 analysis update, which was taken as a basis and updated through an externall cabinet study.

Public sources and Internaltional reference agencies were reviewed to identify the main trends and challenges affecting the sector. In addition, from the externall perspective, the main financial and extra-financial aspects assessed by investors were considered. With regard to the analysis of risks and opportunities in the different markets, it was considered that the analysis carried out in 2015 was still valid, with only a brief update. Special emphasis is also placed on policy changes in reporting non-financial and diversity information (Law 11/2018).

[102-44]

For the Internall valuation analysis, the latest materiality study by HOCHTIEF has been taken into account. Likewise, the results of surveys conducted in 2018 on different areas of the company have been considered in terms of their perception of the relevance of the different trends identified and the identification of the main risks to the company, as well as the expansion carried out in 2019 with the consultation of the main banks, financial institutions, investors and analysts with which the ACS Group parent company is related. Similarly, in these Internall surveys, the relevance of the issues has been consulted on the basis of the Group's strengths in the management of each issue and the impact that they may have.

TRENDS MAIN TRENDS THAT THE GROUP IS AFFECTED + **COUNTRY CONTEXT** MOST RELEVANT ASPECTS OF SUSTAINABILITY IN THE MAIN COUNTRIES OF OPERATION + **INVESTORS REQUIREMENS** INVESTORS ESG MATTERS MORE RELEVANT FROM THE POINT OF INVESTORS 'VIEW + **LAW 11/2018** ABOUT PUBLICATION OF NON-FINANCIAL AND DIVERSITY INFORMATION = **EXTERNAL RELEVANCE**

HOCHTIEF MATERIALITY LAST ANALYSIS OF MATERIALITY PERFORMED + **SURVEYS TRENDS** RELEVANCE OF TRENDS FROM A INTERNAL POINT OF VIEW + **SURVEYS RISKS, STRENGTHS AND IMPACT*** = **INTERNAL RELEVANCE****

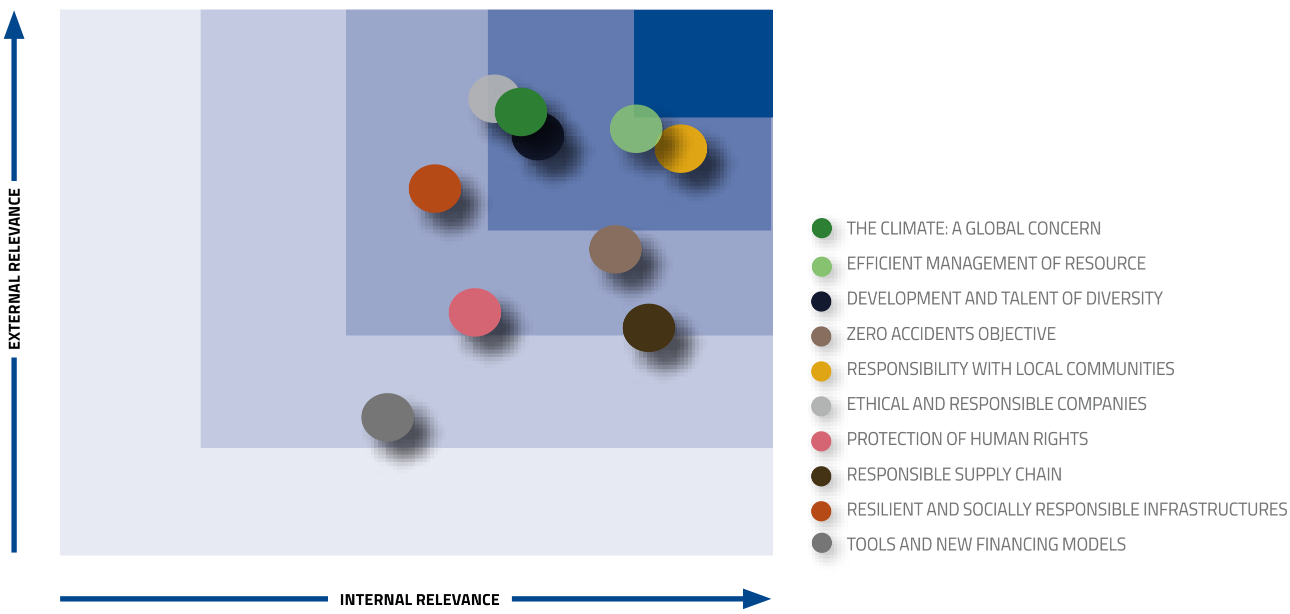
*The results of surveys carried out in 2018 to different areas of the company have been considered in terms of their perception of the relevance of the different trends identified and the identification of the main risks for the company, as well as the analysis carried out in 2019 with the consultation of the main banks, financial institutions, investors and analysts with whom the parent company of the ACS Group is related.

**The Materiality study conducted in 2015 was taken into account to adjust the results in order to avoid a great disruption between the materiality of 2015 and the current one.

[102-47], [103-1]

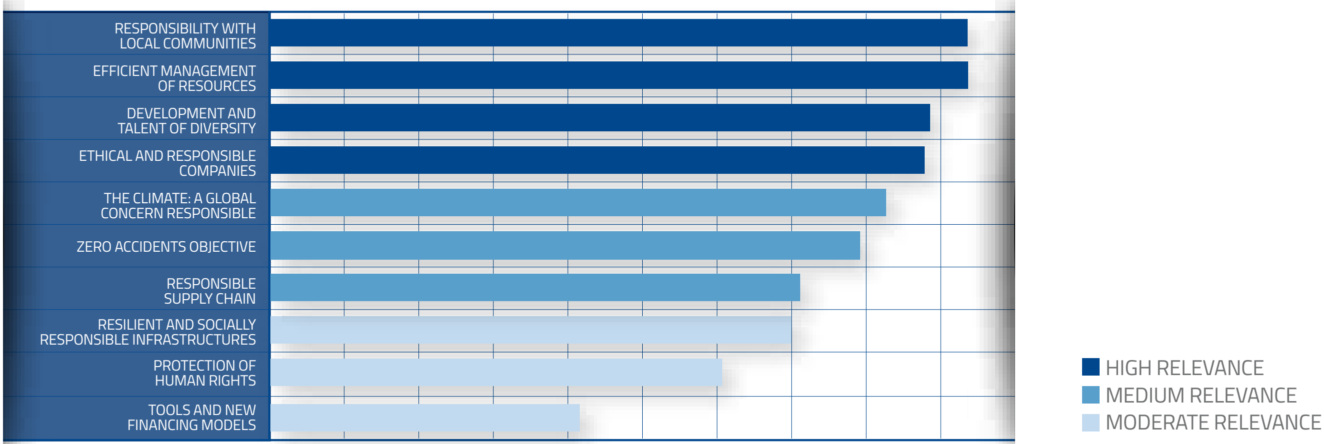
The result of weighting the issues identified both Internallly and externallly has allowed a materiality matrix to be designed, in which the results obtained are represented according to their relevance, both externall and Internall, thus identifying ten aspects relevant to the ACS Group which are detailed below:

MATERIALITY MATRIX



[102-47], [102-44]

The ten relevant issues identified with the materiality matrix have been ranked according to their overall relevance, as shown in the following table:



The importance of the issues for each of the main countries in which the Group operates and for each of its areas of activity was also analyzed, considering the importance of the following particular sub-issues. These issues have been identified as relevant to the ACS Group, but an identification of the Internall relevance of each of these issues has also been made in each of the Group's businesses - Construction, Industrial Services and Services.

The following are the issues identified as relevant, the particular sub-issues assessed and the risks associated, which the Integrated Report addresses, as well as the ACS Group's management policies and approach:

[102-44], [102-47]

RESPONSIBILITY WITH LOCAL COMMUNITIES

RELEVANCE		BUSINESSES
INTERNAL	EXTERNAL	
100%	89%	

ASSOCIATED RISKS AND OPPORTUNITIES

The company's activity may result in risks due to communities' opposition to the development of projects or due to negative perceptions of the management carried out. This may jeopardize the Group's reputation and its business license to operate. For that reason, it is important to encourage a continuous dialog with the community and provide tools that facilitate proactive and open communication and the involvement of the communities from the start of projects. If at the same time, jobs are created and the entrepreneurial and local industrial culture are promoted, efficiency will be gained and costs will be saved. By adequately managing local expectations and promoting local development, the project can become a source of pride for the community.

MANAGEMENT FOCUS

The Group promotes a proactive dialog with the community through the heads of companies and specific projects.

ACS seeks to provide value to communities through its business strategy. Its commitment revolves around an Action Plan that defines the procedures in the different businesses: responsibilities, scopes and geography of action, categories of projects, types of contribution and monitoring models

The Fundación ACS reinvests part of the Group's profits in society through sponsorships, patronages and other programs.

SUB-MATTERS CONSIDERED

- Social and environmental impact evaluations of projects.
- Proactive dialog with the community and tools for communication.
- Contribution to the well-being of the local community.
- Training and transfer of knowledge to the local entrepreneurial culture.
- Economic value generated and distributed.

APPLICABLE POLICIES

- Code of Conduct.
- Code of Conduct for Business Partners.
- The ACS Group's Social Action Policy.
- Corporate Social Responsibility Policy.
- Human Rights Policy.
- Corporate Due Diligence Protocol regarding Human Rights.

INFRASTRUCTURE
INDUSTRIAL SERVICES
SERVICES
HIGH RELEVANCE
MEDIUM RELEVANCE

EFFICIENT MANAGEMENT OF RESOURCES

RELEVANCE

INTERNAL	EXTERNAL
93%	93%

BUSINESSES

ASSOCIATED RISKS AND OPPORTUNITIES

Inefficient management of resources may represent a considerable increase in the costs of construction and management, negatively affecting the agreements established with the client. Likewise, the improper management of natural capital, in addition to causing a direct impact on the ecosystems where it carries out its activity, can also cause damage to the Group's reputation. On the contrary, responsible and sustainable management of resources implies cost savings for the company and an improved perception and legitimacy for the company.

MANAGEMENT FOCUS

The Group's 20-20 Plan defines the commitment and objectives to improve eco-efficiency and the use of resources. Each company follows policies and plans to comply with the ISO 14001 standard. For the environmental priorities of each activity, objectives and programs for improvement are established, whose supervision is the responsibility of the Environmental Management Department of the group of companies.

SUB-MATTERS CONSIDERED

- Responsible environmental management and raising awareness.
- Resources dedicated to preventing environmental risks.
- Circular economy: reduce, reuse and recycle. Use of respectful and long-lasting materials.
- Efficient management of water and energy.
- Innovation and new efficient technologies.

APPLICABLE POLICIES

- Environmental policy.
- Construction materials policy.
- Corporate Social Responsibility Policy.

DEVELOPMENT OF TALENT AND DIVERSITY

RELEVANCE

INTERNAL	EXTERNAL
75%	97%

BUSINESSES

ASSOCIATED RISKS AND OPPORTUNITIES

Providing a pluralistic environment, where diversity and the equality of opportunities take priority, offering competitive advantages to the companies, such as loyalty and productivity programs for employees. In addition, the increased complexity of projects and the new requirements of the sector—for example, standards and certifications of energy efficiency and sustainability in construction—require greater awareness and specialization. If these are not acquired with flexibility, they will represent a disadvantage for the company against the competitors, and therefore a detriment for the business. However, the efforts in attracting and retaining talent, and the commitment to training help ACS to remain at the cutting edge.

MANAGEMENT FOCUS

The 20-20 Plan includes the commitment to improve professional performance, by increasing the investment in training.
Within this common framework, each company manages the development of its professionals in accordance with its specific needs, complying with the Group's Policy. They define training, and personal and professional development programs, and evaluate their impact on the participants.

SUB-MATTERS CONSIDERED

- Contribution to economic growth and job creation.
- Remuneration, type of labor contract and distribution in the staff.
- Strategies of attracting, developing and retaining talent.
- Measures of social dialog, organization, flexibility and work-life balance.
- Policies, plans and measures for diversity and equality between men, women and people with disabilities.

APPLICABLE POLICIES

- Code of Conduct.
- Human Rights Policy.
- Diversity Policy.
- Skill Development and Assessment Policy.
- Corporate Social Responsibility Policy.

ETHICAL AND RESPONSIBLE COMPANIES

RELEVANCE		BUSINESSES
INTERNAL	EXTERNAL	
71%	100%	

ASSOCIATED RISKS AND OPPORTUNITIES

The organizations that do not respect the highest ethical standards and that do not show an integral behavior may have their reputation damaged. ACS strives for a governance model based on professional and ethical criteria, and adequate management with controlled risk. For that reason, ACS must have the necessary resources to fight corruption, fraud and bribery. It must fairly compete in the market, comply with the fiscal obligations in all jurisdictions and demonstrate good practices, such as fiscal transparency and collaboration with the corresponding tax administrations.

MANAGEMENT FOCUS

To guarantee the principles of transparency, ethics and integrity, the ACS Group has the Ethics Channel, the Code of Conduct and the Supervisory Committee that ensures compliance. The 20-20 Plan includes the commitment to these principles through the objectives that prevent and eradicate poor practices. ACS has developed and adapted its regulatory bodies and its compliance management systems to obtain the UNE 19601 and UNE-ISO 37001 certifications.

SUB-MATTERS CONSIDERED

- Compliance policies and systems.
- Mechanisms to prevent corruption and fighting against money laundering as well as channels for reporting corrupt behavior.
- Transparency in the fiscal policy, bidding processes and contributions to foundations.
- Corporate governance.

APPLICABLE POLICIES

- Corporate Fiscal Policy, Internal Control over Financial Reporting System (ICFRS)x°.
- Criminal and Anti-bribery Compliance Policy.
- Treasury Stock Policy, Rules of Conduct in Securities Markets.
- Corporate Social Responsibility Policy.
- Code of Conduct.
- Code of Conduct for Business Partners.
- Human Rights Policy.
- Corporate Due Diligence Protocol regarding Human Rights.

OBJECTIVE: ZERO ACCIDENTS

[103-1], [103-2]

RELEVANCE		BUSINESSES
INTERNAL	EXTERNAL	
90%	66%	

ASSOCIATED RISKS AND OPPORTUNITIES

Despite the advances in the infrastructures and services sector, the frequency indexes in the accident ratios continue to be higher than in other sectors, negatively affecting the perception of the stakeholders. This fact, along with the costs that are associated with the accident rate of the employees and low productivity, negatively affect the companies. To prevent this, having the correct management of safety and health, improving the metrics, reducing the operating costs and building a reputation are crucial.

MANAGEMENT FOCUS

The 20-20 Plan is committed to reducing the accident rate indexes in individual employees.
In order to achieve this overall commitment, each company manages safety and health independently, planning and putting in practice activities and measures, such as periodic risk evaluations and the definition of prevention plans with annual objectives. The majority have a management system to comply with the action plans that is approved by upper management. The Group collaborates with specialized organizations and participates in conferences about this subject.

SUB-MATTERS CONSIDERED

- Safety and health standards, also required of the supply chain.
- Zero accidents policy, mitigation plans and reduction objectives.
- Training and raising awareness about safety and health.
- Monitoring accident rate, frequency and severity indicators.

APPLICABLE POLICIES

- Corporate Social Responsibility Policy.
- Code of Conduct.
- Code of Conduct for Business Partners.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

THE CLIMATE: A GLOBAL CONCERN

RELEVANCE		BUSINESSES
INTERNAL	EXTERNAL	
77%	92%	

ASSOCIATED RISKS AND OPPORTUNITIES

The ACS Group is facing the physical risks derived from climate change (for example, natural disasters), in addition to the risks of transition derived from regulatory changes (demanding green energy objectives, efficiency and reduction of emissions by governments), technological changes or new preferences on the markets. However, climate change presents opportunities such as the development of resilient infrastructures as well as the development of products and services that contribute to the decarbonization of the economy. In this regard, the growing importance that stakeholders like the investment community present against the management of these risks and opportunities is notable, due to their potential impact on the bottom line.

MANAGEMENT FOCUS

The Group's 20-20 Plan defines the commitment and objectives to improve eco-efficiency and the use of resources. The global responsibility of the climate change strategy falls on ACS's Board of Directors.
Each company is responsible for carrying out an inventory of emissions, identifying the main focuses and developing initiatives for their reduction, The Group offers its clients construction products and services that contribute to promoting an economy that is low in carbon.

SUB-MATTERS CONSIDERED

- Policy, strategies and resources to mitigate and adapt to climate change.
- Pollution prevention and reduction measures.
- Efficient technologies and renewable resources.
- Objectives of reducing pollutant emissions.
- Carbon pricing.

APPLICABLE POLICIES

- Environmental policy.
- Construction materials policy.
- Corporate Social Responsibility Policy.

RESPONSIBLE SUPPLY CHAIN

RELEVANCE		BUSINESSES
INTERNAL	EXTERNAL	
96%	49%	

ASSOCIATED RISKS AND OPPORTUNITIES

The poor practices of a company's suppliers represent a potential risk, and in the event they materialize, they may reduce the capacity to do business. It is necessary to evaluate the counterparty risks to which it is exposed and be involved in a constant improvement of its performance. The management systems of suppliers and contractors allow mitigating the potential risks for the Group, and allow improving the work processes and conditions, thus benefiting all parties.

SUB-MATTERS CONSIDERED

- Purchasing policy that includes ESG aspects.
- Preparation of procedures and codes for suppliers.
- Qualification, evaluation and approval of suppliers as a function of risk.
- Measurement systems of fulfilling the responsibility objectives.
- Correction measures in case of non-compliance.

MANAGEMENT FOCUS

All companies of the Group have specific standards and a formal system to classify, approve and control the risk of suppliers and subcontractors, which evaluates, among other aspects, the non-financial criteria—such as environmental and social characteristics—and establishes corrective measures in the event of non-compliance.

APPLICABLE POLICIES

- Code of Conduct for Business Partners.
- Corporate Social Responsibility Policy.
- Human Rights Policy.
- Corporate Due Diligence Protocol regarding Human Rights.

RESILIENT AND SOCIALLY RESPONSIBLE INFRASTRUCTURES

RELEVANCE

INTERNAL	EXTERNAL
62%	80%

BUSINESSES

ASSOCIATED RISKS AND OPPORTUNITIES

The increasingly frequent extreme climate events, the scarcity of natural resources, the condition and social context of the territory are conditioning factors of the Group's activities. ACS must work on the design and execution of resilient, sustainable and environmentally respectful infrastructures. It must carry out projects that involve a sustainable management of resources for the client, responding to the growing demand. This opportunity is presented in emerging countries, with a high demand for infrastructures, as well as in developed countries, by adapting and maintaining the existing ones.

MANAGEMENT FOCUS

The ACS Group, through its different activities, provides services that contribute to create more efficient and sustainable infrastructures and cities—sustainable construction, building public transport systems, traffic management services, etc. ACS offers the client the use of recycled and/certified construction materials. Projects by Hochtief, Turner, CIMIC and Dragados comply with the different certifications of sustainable construction, in addition to CEEQUAL, ISCA and Greenroads in terms of efficient infrastructures. Furthermore, the Group develops different innovation projects for the development of new more resilient and efficient materials.

SUB-MATTERS CONSIDERED

- Resiliency of the infrastructures to climate change.
- Sustainable projects and services that are respectful of the environment.
- Measures adopted to preserve, reduce and restore the impact on biodiversity.
- Raising awareness of the client in long-lasting and efficient construction.

APPLICABLE POLICIES

- Environmental policy.
- Construction materials policy.
- Corporate Social Responsibility Policy.

PROTECTION OF HUMAN RESOURCES

RELEVANCE

INTERNAL	EXTERNAL
68%	53%

BUSINESSES

ASSOCIATED RISKS AND OPPORTUNITIES

Human rights violations may represent a risk in certain countries and it requires a robust and homogeneous application of protection policies that must extend to the supply chain. ACS must become an active agent that ensures the protection of human rights within its area of influence by establishing measures and mechanisms that allow verifying the compliance of its commitments for all of its activities. The inadequate implementation of monitoring systems may overlook human rights violations that represent a great impact on the company's reputation and jeopardize its business license to operate.

MANAGEMENT FOCUS

The 20-20 Plan includes the Group's commitment to train its employees about Human Rights, Ethics and Integrity.
The Code of Conduct contains the principles of the United Nations Global Compact. The Group complies with a process of due diligence to identify, prevent, mitigate and be accountable for the negative consequences caused by human rights violations. It has developed and adapted the internal standards and management systems, including evaluations and preventative measures to comply with the regulatory aspects related to human rights.

SUB-MATTERS CONSIDERED

- Human Rights Policy.
- Procedures of due diligence in terms of human resources, prevention of risks and repair measures for possible abuses.
- Training regarding human resources.
- Denunciation of violations.

APPLICABLE POLICIES

- Human Rights Policy.
- Corporate Due Diligence Protocol regarding Human Rights.
- Code of Conduct.
- Universal Human Rights Declaration, United Nations Ruggie Report.
- Corporate Social Responsibility Policy.

TOOLS AND NEW FINANCING MODELS

RELEVANCE		BUSINESSES
INTERNAL	EXTERNAL	
53%	30%	

ASSOCIATED RISKS AND OPPORTUNITIES

The diversity of financing tools, initiatives and organizations to invest in infrastructures: multilateral entities, institutional investors, retirement funds, sovereign wealth funds and small-scale players open up a range of opportunities for the companies in the sector, which must remain aware of proposals for new projects. The failure to adapt on time to these new models or not having the necessary tools implies a possible loss of business opportunities and a risk to companies of not being recognized by the stakeholders as an innovative agent and precursor of "green" projects.

MANAGEMENT FOCUS

The Group is seeking opportunities in markets that are at a favorable time for investment, from the point of view of certainty at the administrative, financial and legal levels. For this reason, it is committed to public-private projects as a good alternative in developing infrastructures, and complies with the state plans of investment and development. In the field of sustainable financing, the affiliate ACS Servicios, Comunicaciones y Energía is notable. In 2018, it issued green bonds with a BBB rating from Standard and Poor's and a value of 750 million euro.

SUB-MATTERS CONSIDERED

- Public-private alliances.
- Search for local partners.
- Sustainable financing.
- Financial solvency and solidity.
- Public subsidies received.

APPLICABLE POLICIES

- N/A.

7.3. NON-FINANCIAL INFORMATION ANNEXES

7.3.1. GRI CONTENT INDEX

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was performed on the Spanish version of the report.
This report has been prepared in accordance with the GRI Standards: Comprehensive option.

GRI content index				
GRI Standard	**Disclosure**	**Page number(s) and/ or direct answer**	**Omission**	**Externall verification**
GRI 101: 2016 Basis				
GRI 102: General Disclosures 2016				
Organizational profile	102-1 Name of the organization	24		Yes (256-257)
	102-2 Activities, brands, products, and services	24-25, 118-119		Yes (256-257)
	102-3 Location of headquarters	24		Yes (256-257)
	102-4 Location of operations	26-27		Yes (256-257)
	102-5 Ownerships and legal form	218		Yes (256-257)
	102-6 Markets served	26-27		Yes (256-257)
	102-7 Scale of the organization	24-25		Yes (256-257)
	102-8 Information on employees and other workers	142-143		Yes (256-257)
	102-9 Supply chain 156-159	187-190		Yes (256-257)
	102-10 Significant changes to the organization and itssupply chain	44-45		Yes (256-257)
	102-11 Precautionary Principle or approach	34-37		Yes (256-257)
	102-12 Externall initiatives	248		Yes (256-257)
	102-13 Membership of associations	174		Yes (256-257)
Strategy	102-14 Statement from senior decision-maker	12-13		Yes (256-257)
	102-15 Key impacts, risks, and opportunities	34-37; 119-120		Yes (256-257)
Ethics and Integrity	102-16 Values, principles, standards, and norms of behavior	26; 164-168		Yes (256-257)
	102-17 Mechanisms for advice and concerns about ethics	169-170		Yes (256-257)
Governance	102-18 Governance structure	216-217		Yes (256-257)
	102-19 Delegating authority	216-217		Yes (256-257)
	102-20 Executive-level responsibility for economic, environmental and social topics	220-221		Yes (256-257)
	102-21 Consulting stakeholders on economic,environmental, and social topics	228-229		Yes (256-257)
	102-22 Composition of the highest governance body and its committees	16-17		Yes (256-257)
	102-23 Chair of the highest governance body	16-17		Yes (256-257)

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GRI content index

GRI Standard	Disclosure	Page number(s) and/ or direct answer	Omission	Externall verification
Governance	102-24 Nominating and selecting the highest governance body	220		Yes (256-257)
	102-25 Conflicts of interest	217		Yes (256-257)
	102-26 Role of the highest governance body in setting purpose, values, and strategy	220		Yes (256-257)
	102-27 Collective knowledge of highest governance body	220-221		Yes (256-257)
	102-28 Evaluating the highest governance body's performance	220		Yes (256-257)
	102-29 Identifying and managing economic, environmental,and social impacts	34-37		Yes (256-257)
	102-30 Effectiveness of risk management processes	34-37		Yes (256-257)
	102-31 Review of economic, environmental, and social topics	Economic: at least quarterly, Social and Enviromental: at least annually		Yes (256-257)
	102-32 Highest governance body's role in sustainability reporting	216-217		Yes (256-257)
	102-33 Communicating critical concerns	169, 173-174		Yes (256-257)
	102-34 Nature and total number of critical concerns	169-170		Yes (256-257)
	102-35 Remuneration policies	220, 222		Yes (256-257)
	102-36 Process for determining remuneration	222		Yes (256-257)
	102-37 Stakeholders' involvement in remuneration	222		Yes (256-257)
	102-38 Annual compensation ratio	145		Yes (256-257)
	102-39 Percentage increase in annual compensation ratio	145		Yes (256-257)

GRI content index

GRI Standard	Disclosure	Page number(s) and/ or direct answer	Omission	Externall verification
Stakeholder engagement	102-40 List of stakeholder groups	173-174		Yes (256-257)
	102-41 Collective bargaining agreements	149		Yes (256-257)
	102-42 Identifying and selecting stakeholders	173-174		Yes (256-257)
	102-43 Approach to stakeholder engagement	173-174		Yes (256-257)
	102-44 Key topics and concerns raised	120, 228-230		Yes (256-257)
Reporting practice	102-45 Entities included in the consolidated financial statements	9		Yes (256-257)
	102-46 Defining report content and topic Boundaries	226-227; 244-247		Yes (256-257)
	102-47 List of material topics	120; 228-235		Yes (256-257)
	102-48 Restatements of information	227		Yes (256-257)
	102-49 Changes in reporting	227		Yes (256-257)
	102-50 Reporting period	9		Yes (256-257)
	102-51 Date of most recent report	Last report: 2018		Yes (256-257)
	102-52 Reporting cycle	227		Yes (256-257)
	102-53 Contact point for questions regarding the report	249		Yes (256-257)
	102-54 Claims of reporting in accordance with the GRI Standards	226, 236		Yes (256-257)
	102-55 GRI content index	236-241		Yes (256-257)
	102-56 Externall assurance	256-257		Yes (256-257)
Material Topics				
Zero accidents target				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	232		Yes (256-257)
	103-2 The management approach and its components	232		Yes (256-257)
	103-3 The evaluation of the management approach	156		Yes (256-257)
GRI 403: Occupational health and safety 2016	403-1 Workers representation in formal joint management worker health and safety committees	149;243		Yes (256-257)
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities	158-159;243		Yes (256-257)
	403-3 Workers with high incidence of high risk of diseases related to their occupation	159		Yes (256-257)
	403-4 Health and safety topics covered in formal agreements with trade unions	149;243		Yes (256-257)
G4 Sector Disclosure: Construction and Real Estate	CRE6 Percentage of the organization operating in verified compliance with an Internaltionally recognized health and safety management system	158		Yes (256-257)
Developing local talent				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	231		Yes (256-257)
	103-2 The management approach and its components	231		Yes (256-257)
	103-3 The evaluation of the management approach	150-153		Yes (256-257)
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	153		Yes (256-257)
	404-2 Programs for upgrading employee skills and transition assistance programs	150-153		Yes (256-257)
	404-3Percentage of employees receiving regular performance and career development reviews	150		Yes (256-257)

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GRI content index				
GRI Standard	**Disclosure**	**Page number(s) and/ or direct answer**	**Omission**	**Externall verification**
Responsible supply chain				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	187-189; 233		Yes (256-257)
	103-2 The management approach and its components	187-189; 233		Yes (256-257)
	103-3 The evaluation of the management approach	187-189		Yes (256-257)
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	188		Yes (256-257)
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	13,16%		Yes (256-257)
	308-2 Negative environmental impacts in the supply chain and actions taken	188-189		Yes (256-257)
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	13,16%		Yes (256-257)
	414-2 Negative social impacts in the supply chain and actions taken	188-189		Yes (256-257)
Interest in local communities				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	176-178; 230		Yes (256-257)
	103-2 The management approach and its components	176-178; 230		Yes (256-257)
	103-3 The evaluation of the management approach	176-177		Yes (256-257)
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	25,41%		Yes (256-257)
	413-2 Operations with significant actual and potential negative impacts on local communities	19,24%		Yes (256-257)
G4 Sector Disclosure: Construction and Real Estate	CRE7 Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project	Not available		No
Management of resources				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	231		Yes (256-257)
	103-2 The management approach and its components	231		Yes (256-257)
	103-3 The evaluation of the management approach	131-138		Yes (256-257)
GRI 301: Materials 2016	301-1 Materials used by weight or volume	136,242		Yes (256-257)
	301-2 Recycled input materials used	242		Yes (256-257)
	301-3 Reclaimed products and their packaging materials	129		Yes (256-257)
GRI 301: Materials 2016	302-1 Energy consumption within the organization	131,242		Yes (256-257)
	302-2 Energy consumption outside of the organization	131,242		Yes (256-257)
	302-3 Energy intensity	131		Yes (256-257)
	302-4 Reduction of energy consumption	125,131		Yes (256-257)
	302-5 Reductions in energy requirements of products and services	125,131		Yes (256-257)
GRI 303: Water 2016	303-1 Water withdrawal by source	133		Yes (256-257)
	303-2 Water sources significantly affected by withdrawal of water	133		Yes (256-257)
	303-3 Water recycled and reused	133		Yes (256-257)

GRI content index

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omission	Externall verification
GRI 306: Effluents and waste 2016	306-1 Water discharge by quality and destination	133		Yes (256-257)
	306-2 Waste by type and disposal method	129-130		Yes (256-257)
	306-3 Significant spills	17 spills		Yes (256-257)
	306-4 Transport of hazardous waste	130		Yes (256-257)
	306-5 Water bodies affected by water discharges and/or runoff	Not available	We do not have management and collection systems for this indicator for this data. Measures to improve this aspect will be taken.	No
G4 Sector Disclosure: Construction and Real Estate	CRE1 Building energy intensity	Not available	Partial infomation. Page 139	No
	CRE2 Building water intensity	Not available	Partial infomation. Page 139	No
	CRE5 Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations	Partial infomation Page 139		No
	CRE8 Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	136		Yes (256-257)
Climate change is a global concern				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	233		Yes (256-257)
	103-2 The management approach and its components	233		Yes (256-257)
	103-3 The evaluation of the management approach	124-128		Yes (256-257)
GRI 305: Emissions 2016	305-1 Direct GHG emissions (Scope 1)	124		Yes (256-257)
	305-2 Energy indirect GHG emissions (Scope 2)	124		Yes (256-257)
	305-3 Other indirect GHG emissions (Scope 3)	124		Yes (256-257)
	305-4 GHG emissions intensity	124		Yes (256-257)
	305-5 Reduction of GHG emissions	125		Yes (256-257)
	305-6 Emissions of ozone-depleting substances (ODS)	242		Yes (256-257)
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	242		Yes (256-257)
G4 Sector Disclosure: Construction and Real Estate	CRE3 Greenhouse gas emissions intensity from buildings	Not available	Partial infomation Page 139	No
	CRE4 Greenhouse gas emissions intensity from new construction and redevelopment activity	124		Yes (256-257)

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GRI content index				
GRI Standard	**Disclosure**	**Page number(s) and/or direct answer**	**Omission**	**Externall verification**
Protection of human rights				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	234		Yes (256-257)
	103-2 The management approach and its components	234		Yes (256-257)
	103-3 The evaluation of the management approach	166-167		Yes (256-257)
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	166-167		Yes (256-257)
	412-2 Employee training on human rights policies or procedures	171		Yes (256-257)
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	166-167		Yes (256-257)
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	149		Yes (256-257)
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	166-167		Yes (256-257)
Ethical and responsible companies				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	232		Yes (256-257)
	103-2 The management approach and its components	232		Yes (256-257)
	103-3 The evaluation of the management approach	164-168		Yes (256-257)
GRI 205: Anticorruption 2016	205-1 Operations assessed for risks related to corruption	168		Yes (256-257)
	205-2 Communication and training about anti-corruption policies and procedures	171		Yes (256-257)
	205-3 Confirmed incidents of corruption and actions taken	Not detected		No
GRI 206: Anti-competitive Behavior 2016	2016-1 Legal actions for anti-competitive behavior and monopoly practices	10		Yes (256-257)
Social role of infrastructure				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	234		Yes (256-257)
	103-2 The management approach and its components	234		Yes (256-257)
	103-3 The evaluation of the management approach	53		Yes (256-257)
Resilient infrastructure				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	234		Yes (256-257)
	103-2 The management approach and its components	234		Yes (256-257)
	103-3 The evaluation of the management approach	134-138		Yes (256-257)
Tools and new financing models				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	235		Yes (256-257)
	103-2 The management approach and its components	235		Yes (256-257)
	103-3 The evaluation of the management approach	235		Yes (256-257)

7.3.2. ADDITIONAL INDICATORS

ENVIRONMENT

(301-1 and 301-2) Total materials used and percentage of recycled materials	2018	2019
Total wood purchased (m³)	3,791,276	**2,177,575**
Percentage of wood certified*	44.4%	**48.6%**
Total steel purchased (t)	724,758	**610,057**
Percentage of steel recycled*	50.9%	**36.1%**
Total concrete purchased (m³)	5,252,592	**6,107,430**
Percentage of cement/concrete with recycled aggregate	9.2%	**9.3%**
Total glass purchased (m²)*	96,500	**208,283**
Percentage of glass recycled*	0.5%	**0.4%**

*Scope of data on procurement costs of 15.5% in 2018 and 24.3% in 2019.

Other atmospheric emissions (kg)	2018	2019
Quantity of significant atmospheric emissions, in kg of NOx	11,575,182	**12,108,437**
Quantity of significant atmospheric emissions, in kg of SOx	6,184	**6,660**
Quantity of significant atmospheric emissions, in kg, of other significant atmospheric emissions	918,464	**941,896**

For the calculation of significant atmospheric emissions of NOx, Sox and others (NMVC), the conversion factors of fuels, electricity and kilometers traveled by the European Environment Agency (EEA) for 2019 have been used as a reference.

(302-1) Energy consumption by source	2016	2017	2018	2019
ACS Group total				
Gasoline + Diesel (million liters)	831	928	1,138	**1,187**
Liquefied Petroleum Gas (million liters)	na	na	0.25	**0.40**
Natural Gas (kWh)	25,007,499	25,298,989	37,983,207	**39,910,507**
Biofuel (million liters)	0.0	0.0	0.1	**0.7**
Electricity (MWh)	491,425	660,173	516,211	**572,218**
Electricity from renewable sources (MWh)	25,313	28,357	23,771	**58,399**
Infrastructure				
Gasoline + Diesel (million liters)	810	906	1.103	**1,146**
Liquefied Petroleum Gas (million liters)	na	na	0.00	**0.06**
Natural Gas (kWh)	3,633,455	3,183,524	9,348,439	**8,771,214**
Biofuel (million liters)	0.0	0.0	0.1	**0.7**
Electricity (MWh)	400,275	537,996	382,747	**397,238**
Electricity from renewable sources (MWh)	23,776	26,682	20,539	**27,002**
Industrial Services				
Gasoline + Diesel (million liters)	17	19	31	**38**
Liquefied Petroleum Gas (million liters)	na	na	0,24	**0.32**
Natural Gas (kWh)*	59,044	139,114	189,321	**2,948,885**
Biofuel (million liters)	0.0	0.0	0.0	**0.0**
Electricity (MWh)	64,433	96,488	109,512	**145,209**
Electricity from renewable sources (MWh)	1,537	1,667	876	**3,956**
Services				
Gasoline + Diesel (million liters)	4	4	4	**3**
Liquefied Petroleum Gas (million liters)	na	na	0.01	**0.02**
Natural Gas (kWh)	21,315,000	21,976,351	28,445,447	**28,190,408**
Biofuel (million liters)	0.0	0.0	0.0	**0.0**
Electricity (MWh)	26,717	25,689	23,952	**29,770**
Electricity from renewable sources (MWh)	0	9	2,356	**27,441**

*Operation of the Manchasol plant.

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HEALTH AND SAFETY

	2016	2017	2018	2019
Total number of hours worked	312,750,167	352,572,161	374,536,406	**404,419,164**
Total number of hours worked (Men)	na	na	252,561,561	**262,081,851**
Total number of hours worked (Women)	na	na	121,974,819	**142,337,312**
Total number of accidents with time off from work	4.294	4.318	4.166	**4,232**
Total number of accidents with time off from work (Men)	na	na	1,495	**1,443**
Total number of accidents with time off from work (Women)	na	na	2,671	**2,846**
Fatal accidents for own employees	7	1	4	**4**
Fatal accidents for own employees (Men)	na	na	4	**4**
Fatal accidents for own employees (Women)	na	na	0	**0**
Fatal accidents for contractor employees	6	2	7	**4**
Total number of occupational disease cases (employees)	46	65	104	**150**
Total number of occupational disease cases (Male employees)	na	na	74	**107**
Total number of occupational disease cases (Female employees)	na	na	30	**44**
Frequency Index of Occupational Disease (employees)	0.147	0.184	0.278	**0.371**
Frequency Index of Occupational Disease (male employees)	na	na	0.293	**0.408**
Frequency Index of Occupational Disease (female employees)	na	na	0.246	**0.309**
Total number of occupational disease cases (contractors)	0	0	6	**1**
Frequency Index of Occupational Disease (contractors)	0	0	0.002	**0.002**
Percentage of days lost due to absenteeism	2.3%	1.5%	1.3%	**1.3%**

(403-1)(403-3)(403-4) HEALTH AND SAFETY INDICATORS	2018	2019
ACS Group total		
Percentage of workers represented on formal joint health and safety committees for management and employees	79.75%	**80.84%**
Workers whose profession has a high incidence or risk of illness	22,046	**5,218**
Health and safety issues covered in formal agreements with trade unions	77.21%	**99.59%**
Infrastructure		
Percentage of workers represented on formal joint health and safety committees for management and employees	87.51%	**92.36%**
Workers whose profession has a high incidence or risk of illness	16,212	**2,927**
Health and safety issues covered in formal agreements with trade unions	41.61%	**99.87%**
Industrial Services		
Percentage of workers represented on formal joint health and safety committees for management and employees	84.72%	**85.52%**
Workers whose profession has a high incidence or risk of illness	5,834	**2,291**
Health and safety issues covered in formal agreements with trade unions	96.38%	**98.35%**
Services		
Percentage of workers represented on formal joint health and safety committees for management and employees	68.60%	**67.00%**
Workers whose profession has a high incidence or risk of illness	0	**0**
Health and safety issues covered in formal agreements with trade unions	100.00%	**100.00%**

7.3.3. DATA SCOPE [102-46]

ENVIRONMENT

% of sales	2018	2019
Implementation of ISO 14001 certification	95.67%	96.79%
Implementation of other certifications	95.67%	96.79%
Projects registered and certified according to efficient building certifications	100.00%	100.00%

% of sales	2016	2017	2018	2019
Gasoline (million liters)	97.17%	97.52%	95.67%	96.79%
Diesel (million liters)	97.17%	97.52%	95.67%	96.79%
LPG (million liters)	nd	nd	95.67%	96.79%
Natural Gas (kWh)	97.17%	96.94%	95.67%	96.79%
Biofuel (million liters)	80.10%	96.94%	95.67%	96.79%
Electricity (MWh)	97.17%	97.52%	95.67%	96.79%
Electricity from renewable sources (MWh)	87.47%	95.47%	95.67%	96.79%
Business trips total km in short-range flights (< 500 km)	92.49%	96.94%	95.67%	96.79%
Business Travel Aircrafts: total km of medium-range flights (500 km < X < 1,600 km)	92.49%	96.94%	95.67%	96.75%
Business Travel Aircrafts: total km of long-range flights (> 1,600 km)	92.49%	96.94%	95.67%	96.79%
Business Travel Total km traveled in private vehicles for business purposes	97.17%	96.31%	95.67%	96.79%
Business Travel Total km traveled by train	92.49%	96.94%	95.67%	96.79%
Business Travel Total km traveled by boat	97.17%	96.94%	95.67%	96.79%
Others (t CO_2eq)	97.17%	94.17%	94.03%	96.79%
Efficient use of water resources				
Water(m³)	97.17%	62.10%	95.67%	96.75%
Wastewater discharges (m³)	97.17%	62.68%	95.67%	96.75%
Volume of reused water (m³)	97.17%	61.71%	95.67%	96.75%
Waste management				
Non-hazardous waste (t)	97.17%	95.61%	95.67%	96.75%
Hazardous waste (t)	97.17%	95.61%	95.67%	96.79%

Quantity of significant atmospheric emissions, in kg of NOx	2018	2019
Quantity of significant atmospheric emissions, in kg of SOx	95.67%	96.79%
Quantity of significant atmospheric emissions, in kg, of other significant atmospheric emissions	95.67%	96.79%
Cantidad de emisiones atmosféricas significativas, en kg, de otras emisiones atmosféricas significativas	95.67%	96.79%

Materials (% Group procurement)	2018	2019
Total wood purchased (m³)	89.92%	92.08%
Percentage of certified wood	9.20%	17.83%
Total steel purchased (t)	95.49%	97.78%
Percentage of recycled steel	15.68%	22.90%
Total concrete purchased (m³)	95.49%	97.89%
Percentage of cement/concrete with recycled aggregate	15.58%	22.88%
Total glass (m²)	17.44%	26.00%
Percentage of recycled glass	17.44%	25.23%

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[102-46]

PEOPLE

% of employees	2018	2019
No. of communications received and managed by the Ethics Channel	100.0%	**100.0%**
Scope of the training plans on Human Rights, Ethics, Integrity, Conduct or Compliance procedures of the company (% employees)	93.60%	**98.15%**
Number of courses given on Human Rights, Ethics, Integrity, Conduct or Compliance procedures of the company	94.39%	**98.15%**
Number of employees trained in Human Rights, Ethics, Integrity, Conduct, Company Compliance procedures over the year	94.39%	**98.15%**
Training hours per trained employee	94.39%	**98.15%**
Legal complaints for Human Rights violations	100.00%	**100.00%**
Value of contributions to associations (scope % sales)	23.62%	**28.37%**

EMPLOYEES

% total employees	2018	2019
Total employees	100.00%	**100.00%**
Local employees	95.20%	**98.15%**
Employees by activity area	100.00%	**100.00%**
Staff by professional categories and area of activity	100.00%	**100.00%**
Breakdown by contract types	100.00%	**100.00%**
Staff by professional categories and gender	100.00%	**100.00%**
Staff by geographical areas	100.00%	**100.00%**
Total turnover	95.20%	**98.15%**
Total turnover men	95.20%	**98.15%**
Total turnover, women	95.20%	**98.15%**
Voluntary turnover	95.20%	**98.15%**
Voluntary turnover, men	95.20%	**98.15%**
Total turnover, women	95.20%	**98.15%**
Of the employees reported, number of women in a management position (manager of a project/work or similar title and higher)	95.20%	**98.15%**
Of the employees reported, number of men in a management position (manager of a project/work or similar title and higher)	95.20%	**98.15%**
Of the employees reported, number of women in senior management positions	95.20%	**98.15%**
Of the employees reported, number of men in senior management positions	96.78%	**96.78%**
Remuneration of Directors and Senior Management	100.00%	**100.00%**
Average annual remuneration	95.20%	**98.12%**
Measures to promote equal treatment and equal opportunities between women and men	95.20%	**98.15%**
Protocols against sexual harassment	95.20%	**98.15%**
Measures to ensure equal opportunities and to avoid discrimination in the selection processes of any job	95.20%	**98.15%**
Disabled persons	75.10%	**78.98%**
Systems to ensure universal accessibility for employees	74.23%	**78.06%**
Family/work balance measures	95.17%	**98.15%**
Percentage of men/women returning to work after paternity/maternity leave	95.20%	**98.15%**
Total number of absence days	95.20%	**98.15%**
Employees affiliated with trade union organizations	72.20%	**76.05%**
Employees covered by collective agreements or by an independent union	95.20%	**98.15%**
ACS Group workers who are represented on formal joint health and safety committees for management and employees	99.94%	**99.43%**
Health and safety matters covered by agreements	99.08%	**98.54%**
Employees covered by a formal professional development system	95.20%	**98.15%**
Employees subject to performance evaluation processes	95.20%	**98.15%**
Employees covered by variable remuneration systems	95.20%	**98.15%**
Trained employees	95.20%	**98.15%**
Total teaching hours provided	95.20%	**98.15%**
Investment in training (MN €)	95.20%	**98.15%**
Breakdown of hours by professional category	95.20%	**98.15%**

[102-46]

HEALTH AND SAFETY

% of employees	2016	2017	2018	2019
Percentage of total employees covered by OSHAS18001 certification	99.84%	100.00%	99.94%	**99.43%**
Total number of hours worked by own employees	99.84%	100.00%	99.94%	**99.43%**
Total number of hours worked by own employees (MEN)	n.a.	n.a.	99.94%	**99.43%**
Total number of hours worked by own employees (WOMEN)	n.a.	n.a.	99.94%	**99.43%**
Total number of accidents with time off from work for own employees	99.84%	80.22%	99.94%	**99.43%**
Total number of accidents with time off from work for own employees (MEN)	n.a.	n.a.	99.94%	**99.43%**
Total number of accidents with time off from work for own employees (WOMEN)	n.a.	n.a.	99.94%	**99.43%**
Total number of lost days for own employees	99.84%	100.00%	99.94%	**99.43%**
Total number of lost days for own employees (MEN)	n.a.	n.a.	99.94%	**99.43%**
Total number of lost days for own employees (WOMEN)	n.a.	n.a.	99.94%	**99.43%**
Total number of hours worked by contractors	91.06%	87.90%	91.30%	**96.66%**
Total number of accidents with time off for contractors	91.06%	87.90%	99.94%	**99.43%**
Total number of lost days for contractors	91.06%	86.75%	91.30%	**96.66%**
Fatal accidents of own employees	99.84%	100.00%	99.94%	**99.43%**
Fatal accidents of own employees (MEN)	n.a.	n.a.	99.94%	**99.43%**
Fatal accidents of own employees (WOMEN)	n.a.	n.a.	99.94%	**99.43%**
Fatal accidents of contractors	99.84%	100.00%	99.94%	**99.43%**
Investment in Health and Safety (millions of euro)	99.84%	100.00%	99.94%	**99.43%**
Total number of occupational disease cases (employees)	77.88%	100.00%	94.11%	**93.23%**
Total number of occupational disease cases (MALE employees)	n.a.	n.a.	94.11%	**93.23%**
Total number of occupational disease cases (FEMALE employees)	n.a.	n.a.	94.11%	**93.23%**
Total number of occupational disease cases (contractors)	73.90%	96.61%	91.30%	**90.46%**

% of employees	2018	2019
Employees who have been trained in health and safety over the year (%)	99.94%	**99.43%**
Employees who have received training in health and safety throughout their career at the company (%)	99.94%	**99.43%**
Percentage of workers represented on formal joint health and safety committees for management and employees	99.94%	**99.43%**
Health and safety issues covered in formal agreements with trade unions	99.08%	**98.54%**

REGULATORY COMPLIANCE

% of employees	2018	2019
No. of communications received and managed by the Ethics Channel	100.0%	**100.0%**
Scope of the training plans on Human Rights, Ethics, Integrity, Conduct or Compliance procedures of the company (% employees)	93.60%	**98.15%**
Number of courses given on Human Rights, Ethics, Integrity, Conduct or Compliance procedures of the company	94.39%	**98.15%**
Number of employees trained in Human Rights, Ethics, Integrity, Conduct, Company Compliance procedures over the year	94.39%	**98.15%**
Training hours per trained employee	94.39%	**98.15%**
Legal complaints for Human Rights violations	100.00%	**100.0%**
Value of contributions to associations (scope % sales)	23.62%	**28.37%**

[102-46]

CONTRIBUTION TO SOCIETY

% of employees	2018	**2019**
Investment in social action by the companies of the Group	94.14%	**94.58%**
Estimated number of people benefited	94.14%	**94.58%**
Number of citizen awareness courses or activities conducted	23.62%	**28.37%**
Number of events (conferences, exhibitions, sporting activities, etc.) sponsored	23.62%	**28.37%**
Number of foundations or NGOs that received aid/support during the year.	23.62%	**28.37%**
Budget dedicated by the Foundation	100.0%	**100.0%**

SUPPLIERS AND CONTRACTORS

% of Group Procurement	**2019**
Number of suppliers	**88.70%**
Signature or acceptance of the Code of Conduct for Business Partners	**88.70%**
Training on the Code of Conduct for Business Partners	**68.60%**
Supplier approval systems	**88.70%**
Weight of non-financial criteria	**42.77%**
Supplier commitment standards	**83.46%**
Suppliers identified as critical	**88.15%**
Critical suppliers. % of total	**87.52%**
Suppliers evaluated in terms of sustainability	**87.52%**

COMMITMENT OF QUALITY TO THE CUSTOMER

% of sales	2018	**2019**
ISO 9001 certified production: ACS Group total	96.31%	**97.42%**
Number of quality audits	96.31%	**97.42%**
Investment in measures to promote and improve quality	59.56%	**55.25%**
Customer satisfaction measurement systems	28.55%	**29.85%**
Number of customer satisfaction surveys received	20.34%	**29.85%**
"Satisfied" or "very satisfied" customer responses out of all surveys RECEIVED (%)	20.34%	**29.85%**
Customer claim and complaint measurement system	28.01%	**29.85%**
Number of customer claims and complaints received in the reporting year	28.55%	**29.85%**
Number of customer claims and complaints resolved in the reporting year	28.55%	**29.85%**

INNOVATION

% of sales	**2019**
Investment in ACS Group research, development and innovation	**30.50%**
Number of innovation projects in progress in 2019 at the ACS Group	**30.50%**
Number of patents filed by the ACS Group in 2019	**30.50%**
Number of patents filed by the ACS Group in the last ten years	**30.50%**

7.3.4. AWARDS, RECOGNITIONS AND MEMBERSHIPS

- ACS, Actividades de Construcción y Servicios, has been included in the Dow Jones Sustainability Index. Inclusion in the DJSI indices represents recognition of the commitment and ongoing effort made by all ACS Group companies in terms of sustainability and generating shared value for society as a whole. In this regard, HOCHTIEF and CIMIC, listed companies of the ACS Group, are also included in the DJSI. Specifically, HOCHTIEF has been included in DJSI World and DJSI Europe, and for its part, CIMIC has been included in DJSI Australia.

- In 2019, ACS Actividades de Construcción y Servicios has been qualified for inclusion in the 2018 Sustainability Yearbook and has received the Silver Class distinction for its excellent performance in sustainability according to the evaluation conducted by Robecosam.

- In 2019, FTSE Russell confirmed that the ACS Group has been independently evaluated according to the FTSE4Good criteria, and has met the requirements to become a component of the FTSE4Good index series.

- The ACS Group is a signatory of the United Nations Global Compact.

- The ACS Group supports the Coal Disclosure Project initiative.

- ACS is the seventh largest company in the world in terms of sales, according to the ranking of the ENR magazine published in August 2019. It is also the world's second largest listed company and the company with the most international activity.

7.3.5. GIVE US YOUR OPINION

As you have been able to read through the previous pages, the ACS Group is committed to information transparency as well as to relations with its various stakeholders.

ACS Group understands the assumption of reporting principles as a process of continuous improvement, in which it is crucial to have the informed opinion of the different stakeholders. We would therefore be grateful if you would send us your opinions on this report to:

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For more information, you can visit the website

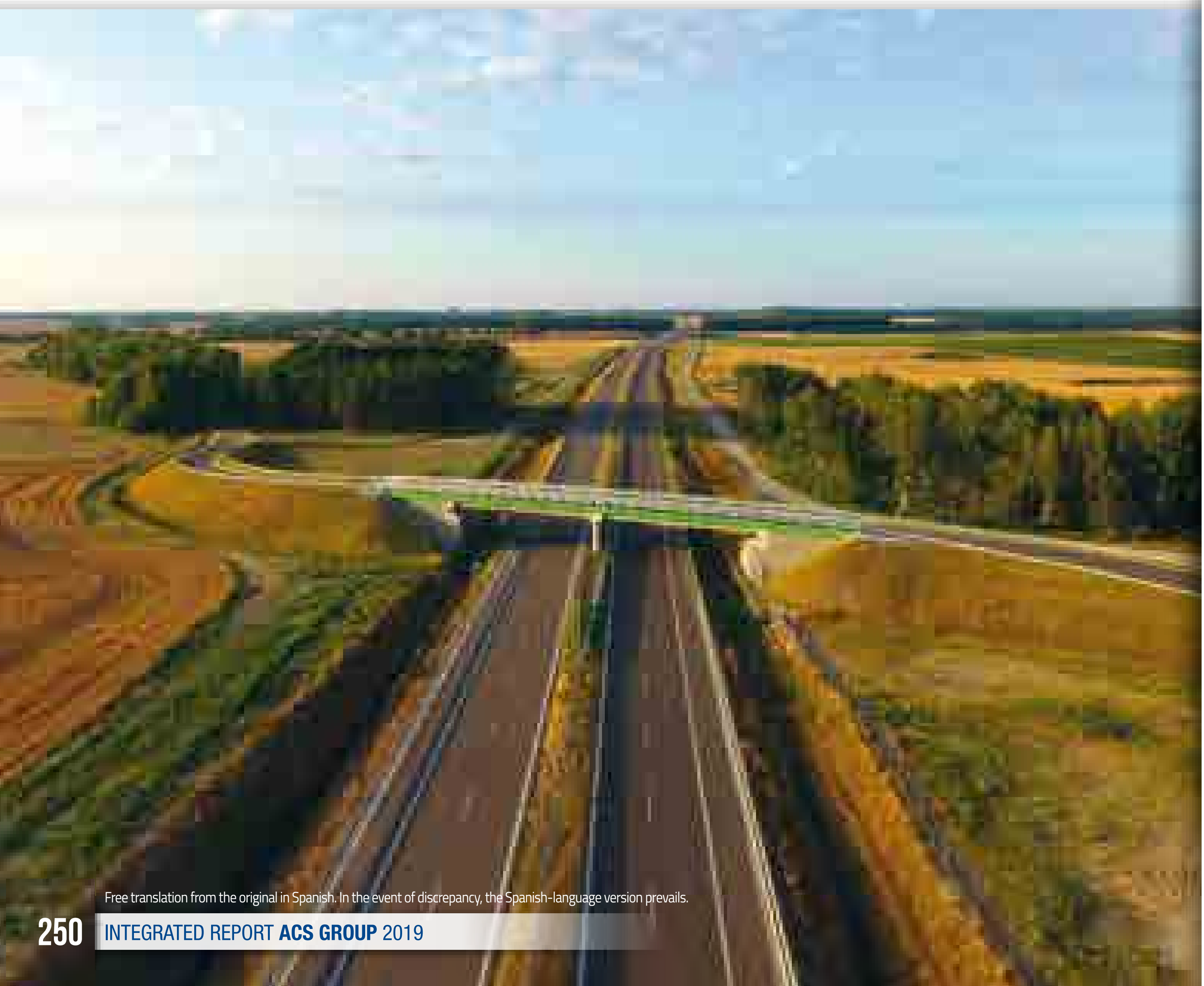
www.grupoacs.com

7.4. FINANCIAL-ECONOMIC ANNEX

7.4.1. OWN ACTIONS

As of December 31, 2019, the Group owned 11,386,246 shares of the Parent Company, with a nominal value of 0.5 euro, which account for 3.6% of the share capital. The details of the operations carried out during the year are as follows:

	2018		**2019**	
	Number of shares	Thousands of euro	**Number of shares**	**Thousands of euro**
At the beginning of the period	**3,756,460**	**120,775**	**6,442,991**	**221,505**
Purchases	10,711,385	366,394	15,753,833	570,410
Amortization and sales	(8,024,854)	(265,664)	(10,810,578)	(389,373)
At the end of the period	**6,442,991**	**221,505**	**11,386,246**	**402,542**



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7.4.2. IRIDIUM CONCESSIONS PORTFOLIO*

Concession - Description	Stake	Conso-lidation Method	Country	Activity	Phase	Units	Expiry date	Total Invesment (mn €)	ACS Group Invesment (mn €)
Autovía de La Mancha	75.0%	ANCMV	Spain	Highways	Exploitation	52	Apr-33	128	21
Reus-Alcover	26.0%	P.E.	Spain	Highways	Exploitation	10	Dec-38	69	4
Santiago Brión	70.0%	ANCMV	Spain	Highways	Exploitation	16	Sep-35	117	14
Autovía de los Pinares	63.3%	ANCMV	Spain	Highways	Exploitation	44	Apr-41	97	16
Autovía Medinaceli-Calatayud	100.0%	Global	Spain	Highways	Exploitation	93	Dec-26	183	24
Autovía del Pirineo (AP21)	100.0%	ANCMV	Spain	Highways	Exploitation	45	Jul-39	233	81
Autovía de la Sierra de Arana	40.0%	P.E.	Spain	Highways	-	39	n.a.	200	2
EMESA (Madrid Calle 30)	50.0%	P.E.	Spain	Highways	Exploitation	33	2025-2040	185	35
Eje Diagonal	26.0%	P.E.	Spain	Highways	Exploitation	67	Jan-42	405	40
A-30 Nouvelle Autoroute 30	12.5%	P.E.	Canada	Highways	Exploitation	74	Sep-43	1,334	19
FTG Transportation Group	12.5%	P.E.	Canada	Highways	Exploitation	45	Jun-34	537	3
Windsor Essex	33.3%	P.E.	Canada	Highways	Exploitation	11	Feb-44	878	6
Signature on the Saint-Lawrence Group General Part	25.0%	P.E.	Canada	Highways	Exploitation	3	Nov-49	1,675	0
Highway 427	50.0%	P.E.	Canada	Highways	Construction	11	Sep-50	244	0
Gordie Howe Bridge	40.0%	P.E.	Canada	Highways	Construction	3	Nov-2054	2,644	0
CRG Waterford	33.3%	P.E.	Ireland	Highways	Exploitation	23	Apr-36	338	22
CRG Portlaoise	33.3%	P.E.	Ireland	Highways	Exploitation	41	Jun-37	361	23
N25 New Ross Bypass	50.0%	P.E.	Ireland	Highways	Exploitation	14	Feb-43	169	9
M11 Gorey – Enniscorthy	50.0%	P.E.	Ireland	Highways	Exploitation	32	Jan-44	253	13
Sper - Planestrada (Baixo Alentejo)	15.1%	N.C.	Portugal	Highways	Exploitation	347	Dec-38	268	15
A-13, Puerta del Támesis	75.0%	P.E.	R.U	Highways	Exploitation	22	Jul-30	283	21
SH288 Toll Lanes-Texas	21.6%	P.E.	USA	Highways	Construction	17	Aug-67	849	45
Portsmouth Bypass	40.0%	P.E.	USA	Highways	Exploitation	35	Dec-53	475	17
US 181 Harbor Bridge	50.0%	P.E.	USA	Highways	Construction	9	Oct-40	789	0
I595 Express	12.5%	P.E.	USA	Highways	Exploitation	17	Feb-44	1,430	23
Total Highways (km)						**1,103**		**14,144**	**454**
Línea 9 Tramo II	10.0%	N.C.	Spain	Railways	Exploitation	11	Oct-42	879	7
Línea 9 Tramo IV	10.0%	N.C.	Spain	Railways	Exploitation	11	Sep-40	612	6
Metro de Arganda	8.1%	N.C.	Spain	Railways	Exploitation	18	Dec-29	149	3
ELOS - Ligações de Alta Velocidade	15.2%	N.C.	Portugal	Railways	-	167	Aug-05	1,637	20
Rideau Transit Group (Ligth RT Ottawa)	40.0%	P.E.	Canada	Railways	Exploitation	13	May-48	1,421	21
Crosslinx Transit Solutions	25.0%	P.E.	Canada	Railways	Construction	20	Sep-51	3,755	0
Ottawa Phase II variation	33.3%	P.E.	Canada	Railways	Construction	n.a.	Dec-20	338	0
Finch West LRT	33.3%	P.E.	Canada	Railways	Construction	11	Sep-53	943	0
Angels flight	86.7%	Global	USA	Railways	Exploitation	n.a.	Apr-47	2	2
LAX Automated People Mover	18.0%	P.E.	USA	Railways	Construction	4	May-48	2,172	0
Metro de Lima Línea 2	25.0%	P.E.	Peru	Railways	Construction	35	Apr-49	3,966	27
Total km Railways						**289**		**15,871**	**85**
Cárcel de Brians	100.0%	Global	Spain	Jails	Exploitation	95,182	Dec-34	108	14
Comisaría Central (Ribera norte)	20.0%	P.E	Spain	Police Station	Exploitation	60,330	May-24	70	3
Comisaría del Vallés (Terrasa)	20.0%	P.E	Spain	Police Station	Exploitation	8,937	Apr-32	17	1
Comisaría del Vallés (Barberá)	20.0%	P.E	Spain	Police Station	Exploitation	9,269	Apr-32	20	1
Los Libertadores	100.0%	Global	Chile	Border Facility	Exploitation	32,011	Nov-30	67	8
Public facilities (m2)						**205,729**		**281**	**25**
Hospital Majadahonda	11.0%	N.C.	Spain	Hospitals	Exploitation	749	Jul-35	257	4
Nuevo Hospital de Toledo, S.A.	33.3%	P.E.	Spain	Hospitals	Exploitation	760	Mar-45	285	22
Hospital Son Espases	9.9%	N.C.	Spain	Hospitals	Exploitation	987	Oct-39	305	3
Hospital de Can Misses (Ibiza)	8.0%	N.C.	Spain	Hospitals	Exploitation	297	Oct-42	129	2
Hospitals (number of beds)						**2,793**		**976**	**31**
Intercambiador Plaza de Castilla	4.4%	N.C.	Spain	Transfer stations	Exploitation	59,650	Feb-41	174	1
Intercambiador Príncipe Pío	8.4%	N.C.	Spain	Transfer stations	Exploitation	28,300	Dec-40	66	1
Intercambiador Avda América	12.0%	N.C.	Spain	Transfer stations	Exploitation	41,000	Jun-38	114	2
Total Transfer stations (m2)						**128,950**		**354**	**4**
Iridium Aparcamientos	100.0%	Global	Spain	Parkings	Exploitation	12,217	2058	49	47
Serrano Park	50.0%	P.E.	Spain	Parkings	Exploitation	3,297	Dec-48	130	21
Total Parkings (number of places)						**15,514**		**179**	**67**
TOTAL CONCESSIONS								**31,805**	**667**

* At December, 31 2019

(1) Cover main contracts managed by Iridium Aparcamientos.

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7.4.3. INDUSTRIAL SERVICE CONCESSIONS*

NAME	% SHAREHOLDING OF ACS	LOCATION	STATUS	#	EXPIRATION DATE
WIND FARMS					
P.E. Monte Das Augas, S.L.	60%	Galicia	Exploitation	3	2032
P.E. Requeixo	25%	Galicia	Exploitation	11	2024
Kincardine Offshore	90%	Aberdeen (Scotland)	Exploitation/under construction	50	2037
Oaxaca	100%	Mexico	Exploitation	102	2032
Kiyú	100%	Uruguay	Exploitation	49	2041
Pastorale	90%	Uruguay	Exploitation	53	2037
Peninsula	70%	Mexico	Under construction	90	2035
Valdehierro	64.3%	Burgos	Under construction	15	-
Tadeas	64.3%	Palencia	Under construction	39	2045
EOLFI Greater China	90.0%	Taiwan	Promotion	2500	N/A
THERMOSOLAR PLANTS					
Tonopah	36.6%	Tonopah (United States)	Exploitation	110	N/A
Manchasol 1	100%	Ciudad Real (Spain)	Exploitation	50	2035
Karoshoek Solar One	13%	South Africa	Exploitation	100	2038
PHOTOVOLTAIC PLANTS					
Tedagua Renewable Energies	100%	Canary Islands (Spain)	Exploitation	0.1	2028
Bonete	100%	Albacete (Spain)	Under construction	146	N/A
Galisteo	100%	Cáceres (Spain)	Construction	50	N/A
Escatrón	50%	Escatrón (Zaragoza, Spain)	Exploitation	326	N/A
Chipriana	50%	Chiprana (Zaragoza, Spain)	Exploitation	200	N/A
Alcázar	50%	Alcazar de San Juan (Ciudad Real, Spain)	Exploitation	190	N/A
Aragón 3	50%	Escatrón (Zaragoza, Spain)	Exploitation	150	N/A
Palabra	50%	Escatrón (Zaragoza, Spain)	Exploitation	50	N/A
Logro	100%	Escatrón (Zaragoza, Spain)	Promotion	50	N/A
Peaker	100%	Escatrón (Zaragoza, Spain)	Promotion	24	N/A
FAETON	100%	Arenas de San Juan (Ciudad Real, Spain)	Promotion	41	N/A
SURIA	100%	Arenas de San Juan (Ciudad Real, Spain)	Promotion	41	N/A
SPV La Estanca	100%	Alcañiz, Castelnou, Samper de Calanda, Híjar and Andorra (Teruel, Spain)	Promotion	25	N/A
SPV El Plano	100%	Alcañiz, Castelnou, Samper de Calanda, Híjar and Andorra (Teruel, Spain)	Promotion	24	N/A
ICTIO TOLEDO SOLAR	100%	Toledo (Toledo, Spain)	Promotion	50	N/A
PFV AHIN	100%	Toledo (Toledo, Spain)	Promotion	15	N/A
ICTIO SOLAR	100%	Albarreal de Tajo (Toledo, Spain)	Promotion	50	N/A
FV ICTIO ALCAZAR I	100%	Arenas de San Juan (Ciudad Real, Spain)	Promotion	50	N/A
FV ICTIO ALCAZAR II	100%	Arenas de San Juan (Ciudad Real, Spain)	Promotion	50	N/A
FV ICTIO ALCAZAR III	100%	Arenas de San Juan (Ciudad Real, Spain)	Promotion	50	N/A
FV ICTIO MANZANARES SOLAR	100%	Manzanares (Ciudad Real, Spain)	Promotion	36	N/A
PSF ALMARAZ 1		Almaraz (Caceres, Spain)	Promotion	50	N/A
PSF SOLAR LIMESTONE		Hijar (Teruel, Spain)	Promotion	50	N/A
PSF ALCAÑIZ SOLAR		Hijar (Teruel, Spain)	Promotion	50	N/A
PSF TABURETE		Botorita (Zaragoza, Spain)	Promotion	43	N/A
PSF ICTIO ALCANTARA 1		Alcantara (Cáceres, Spain)	Promotion	30	N/A
PSF ICTIO ALMARAZ		Saucedilla (Cáceres, Spain)	Promotion	50	N/A
PSF ICTIO ORION		Saucedilla (Cáceres, Spain)	Promotion	50	N/A
PSF ICTIO PHOENIX		Saucedilla (Cáceres, Spain)	Promotion	50	N/A
SAN JOSÉ		Mexico	Promotion	553	N/A
PEDRICEÑA		Mexico	Promotion	69	N/A
HYDROELECTRIC PLANTS					
Hidromanta	100%	Peru	Under construction	20	2040
RENEWABLE				5,802	

* At December, 31 2019.

\# Renewables: Installed Capacity (MW); Transmission Lines (KM); Water: (000 m³ / day).

NAME	% SHAREHOLDING OF ACS	LOCATION	STATUS	#	EXPIRATION DATE
TRANSMISSION LINES					
Brilhante	50.0%	Brazil	Exploitation	444	2039
Brilhante II	50%	Brazil	Exploitation	N/A	2042
Sete Lagoas	100%	Brazil	Exploitation	N/A	2041
Redenor	30%	Chile	Under construction	276	2067
LA NIÑA	100%	Peru	Promotion	317	2054
JMM Transmisora de Energía	50%	Brazil	Partially exploitation	861	2045
Mantiqueira Transmisora de Energía	25%	Brazil	Under construction	1320	2045
Transmissora Sertaneja de Electricidade	50%	Brazil	Under construction	485	2047
Giovanni Sanguinetti Transmisora de Energía	50%	Brazil	Partially in use	435	2047
Veredas Transmissora de Electricidade	50%	Brazil	Under construction	451	2047
Chimarrao	50%	Brazil	Under construction	937	2049
TRANSMISSION LINES				5.526	
DESALINATION PLANTS					
Benisaf Water Company	51%	Algeria	Exploitation	200,000	2035
Hydromanagement	80%	Spain	Exploitation	72,000	2034
TAIF	50%	Saudi Arabia	In development	160,000	2047
Al Hamra Water company	40%	United Arab Emirates	Under construction	100,000	2042
Caitan	50%	Chile	In development	86,400	2040
WATER TREATMENT PLANTS					
Water treatment plants of Lower Aragón	55%	Spain	Exploitation	7,325	2028
SADEP	40%	Spain	Exploitation	10,030	2029
SAPIR	50%	Spain	Exploitation	3,360	2031
Taboada	100%	Peru	Exploitation	1,012,068	2034
Provisur	100%	Peru	Under construction	35,610	2039
IRRIGATION PROJECTS					
Majes	100%	Peru	Under construction	52,500	Suspended Contract
WATER				1,739,293	
Others					
Eten Cold Reserve Generation Plant	50%	Peru	Exploitation	230	2035

Renewables: Installed capacity (MW); Transmission Lines (KM); Water: (000 m³/day).

Investment volume as of 31 Dec. 2019 (millions of euro)	Investment made	ACS contribution
WIND FARMS	794	144
THERMOSOLAR PLANTS	1,959	263
PHOTOVOLTAIC PLANTS	568	156
HYDROELECTRIC PLANTS	47	15
RENEWABLE	3,369	577
TRANSMISSION LINES	1,166	166
TRANSMISSION LINES	1,166	166
DESALINATION PLANTS	824	186
WATER TREATMENT PLANTS	292	47
IRRIGATION PROJECTS	12	6
WATER	1,128	239
OTHERS	62	18
Total	5,724	1,000

7.4.4. ANNUAL CORPORATE GOVERNANCE REPORT

In accordance with the provisions of commercial legislation, the Annual Corporate Governance Report is attached as a reference and is available on the CNMV website, which forms an integral part of the 2019 Directors' Report.

7.4.5. GLOSSARY

The ACS Group presents its results in accordance with International Financial Reporting Standards (IFRS); however, the Group uses some alternative performance measures (APM) to provide additional information that promotes the comparability and understanding of its financial information, and facilitates decision making and the evaluation of the Group's performance. The most significant APMs are listed below.

CONCEPT	DEFINITION AND CONSISTENCY	Dec-19	Dec-18
Market capitalization	**Number of shares at the end of the period x listing at the end of the period**	**11,218**	**10,645**
Earnings per share (EPS) (€)	**Net profit of the period / Average number of shares in the period**	**3.13**	**2.94**
Net Income Attributable	Total income - Total expenses of the period - Income attributable to minority interests	962	916
Average number of shares in the period	Daily average of shares in circulation in the period adjusted by the treasury shares	307.5	311.1
Backlog	**Value of the work contracts awarded and closed pending execution.**	**77,756**	**72,223**
Gross Operating Profit (EBITDA)	**Operating profit excluding (1) provisions and amortizations and (2) non-recurring and/or non-cash-generating operating results + Result by the equity method (Partners and Joint Ventures)**	**3,148**	**2,941**
(+) Operating profit	Income - Operating expenses	1,793	1,503
(-) 1. Provisions and amortizations	Cash-flow provisions + Allowance for amortization of fixed assets	(1,022)	(891)
(-) 2. Non-recurring and/or non-cash-generating operating results	Impairment and result from disposal of fixed assets + other profit	221	(165)
(+) Profit of the Equity Method (Partners and Joint Ventures)	Includes the net income of the companies accounted for by the equity method. Among others, the net profit from operating investments, such as Abertis, and the profit before taxes from joint ventures abroad consolidated with the equity method. It is similar to the joint venture regime in Spain, therefore it is included in the EBITDA in order to standardize the accounting criteria with the foreign companies of the Group.	553	382
Net Financial Debt / EBITDA	**Net Financial Debt / annualized EBITDA. This ratio is broken down by activity areas of the Group**	**0.0x**	**0.0x**
Net Financial Debt/(Treasury) (1)-(2)	Gross external financial debt + Net debt with Group companies - Cash and other equivalent assets	54	(3)
(1) Gross Financial Debt	Debt with credit institutions + Bonds and other negotiable securities + Funding of projects and debt with limited resources + Finance lease obligations + Other long-term non-banking financial debt + Debt with companies of the Group	9,482	7,884
(2) Cash and other equivalent assets	Temporary financial investments + Long-term taxations + Cash and other equivalent assets	9,429	7,887
Annualized EBITDA	EBITDA of the period / number of months of the period x 12 months	3,148	2,941

CONCEPT	DEFINITION AND CONSISTENCY	Dec-19	Dec-18
Net Cash Flows	**(1) Cash flows from operational activities + (2) Cash flows from investment activities + (3) Other cash flows**	**(689)**	**(50)**
1. Cash Flows from Operational Activities (FFO)	**Adjusted net attributable profit + Changes in operating working capital**	**2,379**	**2,322**
Adjusted net attributable profit	Net attributable benefit (+/-) adjustments that do not entail operating cash flow	2,596	2,204
Changes in operating working capital	Changes in Working Capital during the period (+/-) adjustments for non-operational items (e.g. dividends, interest, taxes, etc.)	(217)	118
2. Cash Flows from Investment Activities	**Net investments (collected/paid)**	**(1,349)**	**(1,433)**
(-) Investment payments	Payments for operational, project and financial investments. This figure may differ from the amount shown in the flow statement for payment deferral reasons (accrual)	(1,796)	(4,798)
(+) Proceeds from disinvestments	Proceeds from operational, project and financial disinvestments. This figure may differ from the amount shown in the flow statement for collection deferral reasons (accrual)	447	3,364
3. Other Cash Flows	**Purchase/sale of own shares + Dividend payments + Other sources of funding (includes payment of operating Lease principal (IFRS 16))**	**(1,719)**	**(939)**
Ordinary Financial Result	Financial Income - Financial Expenditure	(292)	(297)
Net Financial Result	Ordinary financial result + Exchange differences result + Fair value variation in financial Inst. + Impairment and result from disposal of financial inst.	(1,719)	(239)
Working capital	Stocks + Total clients - Total creditors - other current liabilities	(7,116)	(5,835)

NOTE: All financial indicators and APMs are calculated under the principles of coherence and consistency, allowing for comparability between periods and respecting current accounting standards.

Data in millions of euro unless expressly stated.

CONCEPT	USE
Market capitalization	**The value of the company on the stock exchange.**
Earnings per share (EPS)	**Indicates the part of the net earnings that corresponds to each share**
Backlog	**This is an indicator of the Group's business activity. Its value divided by the average duration of the projects is an estimate of the revenue to be received in the following periods**
Gross Operating Profit (EBITDA)	**Comparable performance measure to evaluate the evolution of the Group's operational activities, excluding amortizations and provisions (more variable items depending on the accounting criteria used). This APM is widely used to evaluate companies' operational performance as well as part of ratios and multiples of evaluating and measuring risks**
Net Financial Debt/EBITDA	**Comparable ratio of the Group's level of indebtedness. Measures the ability to return funding in terms of the number of years.**
Net Financial Debt (1)-(2)	Level of total net debt at the end of the period. The breakdown of net financial debt associated with projects (Project Finance) and the debt associated with the business is provided in section 5.3.2
(1) Gross Financial Debt	Level of gross financial debt at the end of the period
(2) Cash and other equivalent assets	Liquid current assets available to meet the repayment needs of financial liabilities
Annualized EBITDA	
Net Cash Flows	**Measures the cash generated or consumed during the period**
2. Cash Flows from Investment Activities	**Funds consumed/generated by investment needs or disinvestments undertaken during the period**
3. Other Cash Flows	
Ordinary Financial Result	A measure of evaluating the result from the use of financial assets and liabilities. This concept includes both income and expenses directly related to net financial debt and other non-related financial income and expenses
Net Financial Result	
Working capital	

KPMG Asesores S.L.
Pº. de la Castellana, 259 C
28046 Madrid

Independent Assurance Report on the Consolidated Non-Financial Information Statement of ACS, Actividades de Construcción y Servicios, S.A. and subsidiaries for the year 2019

(Free translation from the original in Spanish.
In the event of discrepancy, the Spanish language version prevails.)

To the shareholders of ACS, Actividades de Construcción y Servicios, S.A.:

Pursuant to article 49 of the Spanish Code of Commerce, we have provided a limited assurance review of the Non-Financial Information Statement Consolidated (hereinafter NFIS) for the year ended 31 December 2019, of ACS, Actividades de Construcción y Servicios, S.A. (hereinafter the Parent Company) and subsidiaries (hereinafter the Group) which forms part of the Group's 2019 Consolidated Director's Report.

The consolidated Directors' Report includes additional information to that required by prevailing mercantile legislation governing non-financial information that has not been the subject of our assurance work. In this regard, our work was limited only to providing assurance on the information contained in table "List of Contents of the Consolidated Non-Financial Information Statement" of the accompanying consolidated Directors' Report.

Directors' responsibilities

The Board of Directors of the Parent Company is responsible for the contents and the authorisation for issue of the NFIS included in the 2019 Group's Directors' Report. The NFIS has been prepared in accordance with the contents required by prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in accordance with each subject area in table "List of Contents of the Consolidated Non-Financial Information Statement" of the aforementioned Group's Directors' Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The directors of the Parent Company are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for preparing the NFIS was obtained.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.

KPMG

We conducted our review engagement in accordance with International Standard on Assurance Engagements, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Performance Guide on assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units of the Parent Company that participated in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS and in the application of certain analytical procedures and sample review testing described below:

- Meetings with the Parent Company personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these questions and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS based on the materiality analysis performed by the Parent Company and described in the section "Reporting Principles", considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2019.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2019.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2019 and whether it has been adequately compiled based on data provided by information sources.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of ACS, Actividades de Construcción y Servicios, S.A. and subsidiaries for the year ended 31 December 2019 has not been prepared, in all material respects, in accordance with the contents included in prevailing mercantile legislation and with the GRI Standards selected, in accordance with each subject area in the table "List of Contents of the Consolidated Non-Financial Information Statement" of the aforementioned consolidated Directors' Report.

Use and distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Ramón Pueyo Viñuales

26 March 2020

Statement of Responsibility and Authorization for Issue

The members of the Board of Directors declare that, to the best of their knowledge, the Consolidated Annual Accounts (Statement of Financial Position, Statement of Income, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements) have been prepared in accordance with the applicable accounting principles and give a true and fair view of the net worth, financial position and results of ACS, Actividades de Construcción y Servicios, S. A. and of the companies included in the consolidation, taken as a whole, and that the approved directors' report (which contains the consolidated non-financial information statement) includes a true and fair view of the performance and results of the business and of the position of ACS, Actividades de Construcción y Servicios, S.A. and of the companies included in the consolidation, taken as a whole, together with a description of the main risks and uncertainties that they face. Pursuant to prevailing legislation, the members of the Board of Directors sign this statement of responsibility, the consolidated annual accounts and the directors' report of ACS, Actividades de Construcción y Servicios, S.A. and the subsidiaries comprising the ACS Group, prepared in accordance with current standards and International Financial Reporting Standards (IFRS), which were closed at December 31, 2019, on 493 sheets of common paper, including this one, signed by all the Chairman and the Secretary of the Board of Directors.

Florentino Pérez Rodríguez (Chairman and CEO)	Antonio García Ferrer (Deputy Chairman)
Marcelino Fernández Verdes (Managing Director)	José Eladio Seco Domínguez (Board Member)
Agustín Batuecas Torrego (Board Member)	Antonio Botella García (Board Member)
Mariano Hernández Herreros (Board Member)	Joan-David Grimá i Terré (Board Member)
Emilio García Gallego (Board Member)	Carmen Fernández Rozado (Board Member)
Javier Echenique Landiríbar (Board Member)	María Soledad Pérez Rodríguez (Board Member)
Pedro José López Jiménez (Board Member)	Miguel Roca i Junyent (Board Member)
Catalina Miñarro Brugarolas (Board Member)	José-Luis del Valle Pérez (Director and Secretary General)

Madrid, March 26, 2020