ACS
ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

ECONOMIC AND FINANCIAL REPORT

2019

- ❑ **StatementsConsolidated Financial Statements**

- ❑ **Auditor’s Report on Consolidated Financial**

“Translation of original document issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails”

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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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	Thousands of Euros 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.

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

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

<u>Changes in accounting estimates</u>.- 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.

<u>Changes in accounting policies and correction of fundamental errors</u>.- 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.

<u>Interbank Interest Rate Reform</u>

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.

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

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	Notional value	2019	2020	2021	2022	2023	Subsequent years	Net fair value
	Thousands of Euros							
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%
Gestâo 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

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.

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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;

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	– 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.

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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.

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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.

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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.

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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