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

Consolidated Financial Statements for the year ended 31 December 2018 and Consolidated Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework to the Group in Spain (see Notes 2 and 39). In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework to the Group in Spain (see Notes 2 and 39). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ACS, Actividades de Construcción y Servicios, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2018, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

Key Audit Matters

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

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Recognition of revenue from long-term contracts

Description

The Group recognises its revenue from long-term contracts on the basis of the performance obligations therein being satisfied over time, in both the Construction Division and the Industrial Services Division.

This revenue recognition method was a key matter in our audit, as it affects the measurement of the amounts to be billed for work performed (ABWP) which, at 31 December 2018, totalled EUR 3,610 million, and a very significant amount of total consolidated revenue, and it requires Group management to make highly significant estimates relating mainly to the measurement of work completed in the period, the evaluation of the probability of accounting for modifications and other variable consideration associated with the main contract, the amount of costs yet to be incurred and the expected outcome of the contract; all of the foregoing within the framework of the criteria established in IFRS 15, Revenue from Contracts with Customers that the Group applied for the first time effective from 1 January 2018 (see Note 03.24).

These judgements and estimates are made by the persons in charge of performing the construction work or industrial services contracts, and they are subsequently reviewed at the various levels of the organisation and submitted to controls designed to ensure the consistency and reasonableness of the criteria applied. In this connection, the construction project budgets, contract variations and claims or damage caused affecting the judgements and estimates must be very closely monitored.

Additionally, as indicated in Note 12, these judgements and estimates include most notably those associated with the Gorgon LNG Jetty and Marine Structures ("Gorgon") project of a consortium of which a Group subsidiary (CIMIC) forms part. During the performance of this project, significant modifications were made to the contract which have been under negotiation since 2015. The ABWP recognised in previous years in this connection, in respect of which it was assessed, pursuant to the current regulatory framework, that a significant reversal was not highly probable, amounts to EUR 712 million.

Procedures applied in the audit

Our audit procedures included, among others, the review of the design and implementation of the relevant controls that mitigate the risks associated with the process involved in recognising revenue from contracts the performance obligations in which are satisfied at long term, and, at the Group's main significant components, we performed tests to verify that the aforementioned controls operate effectively. Also, substantive analytical tests were performed on the evolution of construction project margins.

Furthermore, we analysed a selection of projects, based on qualitative and quantitative factors, in order to evaluate the reasonableness of the assumptions and hypotheses used by the Group. For this purpose, we held meetings with technical personnel of the Group and, in particular, with the persons in charge and construction managers of the main projects analysed. We also reviewed the consistency of the estimates made by the Group in 2017 with the actual data for the contracts in 2018.

Additionally, in the case of certain individually significant construction contracts, we involved our internal infrastructure project specialists in order to assist us in the process of assessing the reasonableness of the assumptions and hypotheses used by the Group to update the estimated costs, as well as the consistency of the stage of completion with the units of work completed.

With respect to the amounts to be billed for work performed and on the basis of a selection of contracts based on qualitative and quantitative factors, we analysed the reasonableness of the most significant positions. We analysed whether the recognition of revenue from work in progress is appropriate in light of the applicable framework. To this end, and in order to obtain evidence about the recovery of the collection rights arising from contract modifications and other variable consideration, we evaluated the evidence provided by management, including, inter alia, legal opinions and correspondence with customers.

Recognition of revenue from long-term contracts

Description

In 2016 the parties initiated a private arbitration proceeding that is still ongoing.

In addition to this proceeding, CIMIC initiated a court proceeding against the customer in the US, claiming the amounts resulting from the project.

There is also an arbitration proceeding under way against the partner in the consortium seeking the recovery of the outstanding amounts. The arbitration is progressing in accordance with the related contractual processes: the arbitrators have been appointed; orders have been given to conduct the arbitration proceeding; and the arbitration sessions are expected to commence in 2020, following which an arbitral award will be issued.

Given the significance of the aforementioned judgements and estimates in relation to the recognition of revenue and the estimation of the recoverable amounts, we considered these matters to be key in our audit.

Procedures applied in the audit

As regards the Gorgon project, the audit procedures consisted of:

- assessing the reasonableness of the assumptions used by management in relation to the probability and time frame of recovery of the ABWP, based on the status of the negotiations, the arbitration proceeding and the legal claims, as well as other supporting documentation;
- obtaining information from management and its internal lawyers relating to the current status of the negotiations;
- reviewing the documentation submitted in the arbitration proceeding and obtaining information from management and its internal and external lawyers relating to the current status of the arbitration; and
- obtaining information from the internal lawyers on the status of the litigation initiated in the US.

Lastly, we verified that the notes to the accompanying consolidated financial statements include the disclosures required by the applicable financial reporting framework (see Notes 03.16 and 12 to the accompanying consolidated financial statements).

Acquisition of the Abertis Infraestructuras Group in the year	
Description	**Procedures applied in the audit**
As described in Notes 02.02.f) and 9 to the consolidated financial statements, in 2018 the Group acquired a significant ownership interest in Abertis Infraestructuras, S.A., having made an initial disbursement of EUR 3,455 million. At 31 December 2018, this ownership interest was recognised for EUR 3,644 million under "Investments Accounted for Using the Equity Method" in the accompanying consolidated statement of financial position. As a result, the Group, on the basis of advisory services provided by an independent expert, performed a provisional purchase price allocation. In this context, the determination of the fair value of the assets acquired and the liabilities assumed required the use of valuation techniques and the estimation of discounted future cash flows, among others, that require judgements and significant estimates to be made with respect to the assumptions considered. For the above reasons, we considered this matter to be a key matter in our audit.	Our audit procedures included, among others, the audit of the cost of purchase of the associate in accordance with the applicable regulatory framework. In addition, we obtained the analysis performed by the Group, in conjunction with an independent expert, for purchase price allocation purposes, and we verified the clerical accuracy of the calculations performed and the reasonableness of the main assumptions considered therein. To this end, we analysed the consistency of the future cash flow projections with the business plans used in the framework of the acquisition and with the historical information on the assets acquired. Additionally, we involved our internal valuation experts in order to evaluate, mainly, the methodology employed by the Group in the analysis conducted and the main estimates considered, discount rates, useful lives of the assets and tax effect, among others. Lastly, we checked that the disclosures included in Notes 02.02.f) and 9 to the accompanying consolidated financial statements in connection with this matter are in conformity with those required by the applicable accounting regulations.

Measurement of deferred tax assets	
Description	**Procedures applied in the audit**
As indicated in Note 26.05 to the accompanying consolidated financial statements, the deferred tax assets in the accompanying consolidated statement of financial position as at 31 December 2018 include EUR 690 million relating to tax assets (tax loss and tax credit carryforwards) that are recoverable in the context of the Spanish tax group headed by the Parent. At the end of the year Group management prepares financial models to assess the need to consider valuation adjustments to the deferred tax assets recognised, taking into consideration the most recently approved business plans for the various businesses. We identified this matter as key in our audit, since the preparation of these models requires a significant level of judgement, largely in connection with the projections of business performance, which affect the estimate made of the value of the deferred tax assets.	Our audit procedures included, among others, the review of the aforementioned financial models, including the analysis of the consistency of the actual results obtained by the various businesses compared with the results projected in the previous year's models, and the assessment of the tax legislation applicable where the deferred tax assets are recognised, as well as the reasonableness of the projections for future years. Lastly, we assessed whether Note 26.05 to the accompanying consolidated financial statements contains the disclosures required in this connection by the regulatory financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2018, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the information contained in the consolidated directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to the consolidated non-financial information statement, as well as to certain information included in the Annual Corporate Governance Report, as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the consolidated directors' report, or, as the case may be, that the consolidated directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the consolidated directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we have checked that the information described in section a) above is provided in the consolidated directors' report and that the other information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2018 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Directors and Audit Committee of the Parent for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, 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 process involved in the preparation and presentation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 the audit regulations in force 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 the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Additional Report to the Parent's Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit committee dated 28 March 2019.

Engagement Period

The Annual General Meeting held on 4 May 2017 appointed us as auditors for a period of one year from the year ended 31 December 2017, i.e., for 2018.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the consolidated financial statements uninterruptedly since the year ended 31 December 1991, taking into account the content of Article 17.8 of Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Pedro Luis Hernando
Registered in R.O.A.C. under no. 21.339

28 March 2019

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force 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 financial statements, 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 use by the Parent's directors 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 financial statements 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 financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 financial statements. 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 Parent's audit committee 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.

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

From the matters communicated with the Parent's audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and 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.

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

Consolidated Financial Statements for the year ending December 31, 2018, prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Consolidated Directors' Report

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

Consolidated Financial Statements for the year ended December 31, 2018, 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 2018

ASSETS	Note	Thousands of Euros	
		31/12/2018	31/12/2017
NON-CURRENT ASSETS		**13,326,805**	**10,705,649**
Intangible assets	04	**4,041,120**	**4,132,335**
Goodwill		3,077,742	3,078,746
Other intangible assets		963,378	1,053,589
Tangible assets - property, plant and equipment	05	**1,594,569**	**1,537,048**
Non-current assets in projects	06	**189,406**	**263,766**
Investment property	07	**36,151**	**35,065**
Investments accounted for using the equity method	09	**4,709,437**	**1,568,903**
Non-current financial assets	10	**1,196,648**	**1,606,220**
Long term cash collateral deposits	10	**230**	**8,351**
Derivative financial instruments	22	**63,495**	**52,251**
Deferred tax assets	26.05	**1,495,749**	**1,501,710**
CURRENT ASSETS		**20,968,553**	**20,633,826**
Inventories	11	**866,521**	**1,020,181**
Trade and other receivables	12	**10,374,415**	**10,752,943**
Trade receivables for sales and services		8,521,625	9,222,928
Other receivable		1,521,655	1,215,363
Current tax assets	26	331,135	314,652
Other current financial assets	10	**1,463,855**	**1,559,076**
Derivative financial instruments	22	**53,190**	**393,023**
Other current assets	13	**210,206**	**178,011**
Cash and cash equivalents	14	**6,966,457**	**6,319,318**
Non-current assets held for sale and discontinued operations	03.09	**1,033,909**	**411,274**
TOTAL ASSETS		**34,295,358**	**31,339,475**

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated statement of financial position at 31 December 2018.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

EQUITY AND LIABILITIES	Note	Thousands of Euros	
		31/12/2018	31/12/2017
EQUITY	15	**6,055,705**	**5,164,029**
SHAREHOLDERS' EQUITY		**4,680,742**	**3,958,590**
Share capital		**157,332**	**157,332**
Share premium		**897,294**	**897,294**
Reserves		**2,932,600**	**2,222,729**
(Treasury shares and equity interests)		**(221,505)**	**(120,775)**
Profit for the period of the parent		**915,021**	**802,010**
ADJUSTMENTS FOR CHANGES IN VALUE		**(292,441)**	**(215,710)**
Available-for-sale financial assets		**(33,424)**	**(39,753)**
Hedging instruments		**(58,767)**	**(36,239)**
Exchange differences		**(200,250)**	**(139,718)**
EQUITY ATTRIBUTED TO THE PARENT		**4,388,301**	**3,742,880**
NON-CONTROLLING INTERESTS		**1,667,404**	**1,421,149**
NON-CURRENT LIABILITIES		**8,456,039**	**7,362,183**
Grants	16	**3,227**	**4,007**
Non-current provisions	20	**1,682,857**	**1,567,109**
Non-current financial liabilities		**6,251,943**	**5,160,671**
Bank borrowings, debt instruments and other marketable securities	17	6,015,773	4,810,149
Project finance with limited recourse	18	100,678	147,130
Other financial liabilities	19	135,492	203,392
Derivative financial instruments	22	**45,051**	**48,292**
Deferred tax liabilities	26.05	**381,137**	**478,372**
Other non-current liabilities		**91,824**	**103,732**
CURRENT LIABILITIES		**19,783,614**	**18,813,263**
Current provisions	20	**1,043,569**	**903,085**
Current financial liabilities		**2,175,315**	**2,879,112**
Bank borrowings, debt, and other held-for-trading liabilities	17	2,092,330	2,676,136
Project finance with limited recourse	18	16,078	47,827
Other financial liabilities	19	66,907	155,149
Derivative financial instruments	22	**81,967**	**67,503**
Trade and other payables	23	**15,487,887**	**14,279,086**
Suppliers		9,476,552	8,361,800
Other payables		5,893,939	5,762,422
Current tax liabilities	26	117,396	154,864
Other current liabilities	24	**458,279**	**463,824**
Liabilities relating to non-current assets held for sale and discontinued operations	03.09	**536,597**	**220,653**
TOTAL EQUITY AND LIABILITIES		**34,295,358**	**31,339,475**

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated statement of financial position at 31 December 2018.

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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Thousands of Euros	
		2018	2017
REVENUE	27	**36,658,516**	**34,898,213**
Changes in inventories of finished goods and work in progress		(51,723)	(81,597)
Capitalised expenses of in - house work on assets	27	(16,457)	(14,273)
Procurements	28.01	(23,952,044)	(22,644,053)
Other operating income	27	245,601	320,626
Staff costs	28.02	(7,909,958)	(7,688,161)
Other operating expenses		(2,797,068)	(2,665,366)
Depreciation and amortisation charge	04,05,06 and 07	(572,826)	(611,218)
Allocation of grants relating to non - financial assets and others	16	1,242	891
Impairment and gains on the disposal of non-current assets		(471)	(15,343)
Other profit or loss	28.07	(165,993)	(170,492)
OPERATING INCOME		**1,438,819**	**1,329,227**
Financial income		154,839	202,997
Financial costs	28.06	(412,153)	(486,216)
Changes in the fair value of financial instruments	22 and 28.05	66,263	243,937
Exchange differences		(11,178)	(5,316)
Impairment and gains or losses on the disposal of financial instruments	29	27,898	(5,466)
FINANCIAL RESULT		**(174,331)**	**(50,064)**
Results of companies accounted for using the equity method	09	385,992	137,511
PROFIT BEFORE TAX		**1,650,480**	**1,416,674**
Income tax	26.03	(390,184)	(329,873)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**1,260,296**	**1,086,801**
Profit after tax from discontinued operations	(*)	-	-
PROFIT FOR THE PERIOD		**1,260,296**	**1,086,801**
Profit attributed to non-controlling interests	15.07	(345,275)	(284,791)
Profit from discontinued operations attributable to non - controlling interests	15.07	-	-
PROFIT ATTRIBUTABLE TO THE PARENT		**915,021**	**802,010**

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

EARNINGS PER SHARE		Thousands of Euros	
		2018	2017
Basic earnings / (loss) per share	31	2.94	2.57
Diluted earnings / (loss) per share	31	2.94	2.57
Basic earnings / (loss) per share from discontinued operations	31	-	-
Basic earnings / (loss) per share from continuing operations	31	2.94	2.57
Diluted earnings / (loss) per share from discontinued operations	31	-	-
Diluted Basic earnings / (loss) per share from continuing operations	31	2.94	2.57

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated income statement for the year ended 31 December 2018.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Thousands of Euros					
	2018			2017		
	Of the parent	Of non-controlling interests	Total	Of the parent	Of non-controlling interests	Total
A) Total consolidated profit	**915,021**	**345,275**	**1,260,296**	**802,010**	**284,791**	**1,086,801**
Profit from continuing operations	915,021	345,275	1,260,296	802,010	284,791	1,086,801
Profit from discontinued operations	-	-	-	-	-	-
B) Income and expenses recognised directly in equity	**(74,897)**	**4,093**	**(70,804)**	**(235,740)**	**(152,854)**	**(388,594)**
Measurement of financial instruments	14,568	(17,262)	(2,694)	(10,851)	(4,236)	(15,087)
Cash flow hedges	(210)	18,688	18,478	13,127	(2,618)	10,509
Exchange differences	(23,269)	34,569	11,300	(194,649)	(142,900)	(337,549)
Actuarial profit and losses (*)	(10,158)	(9,984)	(20,142)	61,407	24,125	85,532
Equity method investment	(52,283)	(21,671)	(73,954)	(82,625)	(18,110)	(100,735)
Tax effect	(3,545)	(247)	(3,792)	(22,149)	(9,115)	(31,264)
C) Transfers to profit or loss	**32,602**	**15,805**	**48,407**	**37,804**	**(3,681)**	**34,123**
Reversal of financial instruments	(125)	-	(125)	(13,506)	(5,359)	(18,865)
Cash flow hedges	11,544	-	11,544	7,998	-	7,998
Exchange differences	27,492	1,859	29,351	13,912	1,678	15,590
Equity method investment	(3,454)	13,946	10,492	31,433	-	31,433
Tax effect	(2,855)	-	(2,855)	(2,033)	-	(2,033)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**872,726**	**365,173**	**1,237,899**	**604,074**	**128,256**	**732,330**

(*) 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 profit and losses.

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2018.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	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 2016	**157,332**	**897,294**	**1,886,137**	**(120,981)**	**11,037**	**751,016**	**1,400,102**	**4,981,937**
Adjustments to provisional amounts recognized for business combinations	-	-	(7,378)	-	(129)	-	(6,881)	**(14,388)**
Balance at 01 January 2017	**157,332**	**897,294**	**1,878,759**	**(120,981)**	**10,908**	**751,016**	**1,393,221**	**4,967,549**
Income / (expenses) recognised in equity	-	-	28,682	-	(226,618)	802,010	128,256	**732,330**
Capital increases / (reductions)	3,440	-	(3,440)	-	-	-	-	**-**
Stock options	-	-	2,294	-	-	-	-	**2,294**
Distribution of profit from the prior year								
To reserves	-	-	751,016	-	-	(751,016)	-	**-**
2016 acquisition of bonus issue rights	-	-	(76,498)	-	-	-	-	**(76,498)**
Remaining allotment rights from 2016 accounts	-	-	78,790	-	-	-	-	**78,790**
To dividends	-	-	-	-	-	-	(158,902)	**(158,902)**
Treasury shares	(3,440)	-	(196,104)	206	-	-	-	**(199,338)**
Treasury shares through investees	-	-	953	-	-	-	374	**1,327**
2017 bonus issue rights	-	-	(141,284)	-	-	-	-	**(141,284)**
Change in the scope of consolidation and other effects of a lesser amount	-	-	(100,439)	-	-	-	58,200	**(42,239)**
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	-	-	(1,553,561)	-	(41,329)	-	(591,293)	**(2,186,183)**
Balance at 01 January 2018	**157,332**	**897,294**	**669,168**	**(120,775)**	**(257,039)**	**802,010**	**829,856**	**2,977,846**
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**
Additional ownership interest in controlled entities	-	-	1,774,283	-	-	-	636,369	**2,410,652**
Change in the scope of consolidation and other effects of a lesser amount	-	-	(40,860)	-	-	-	7,041	**(33,819)**
Balance at 31 December 2018	**157,332**	**897,294**	**2,932,600**	**(221,505)**	**(292,441)**	**915,021**	**1,667,404**	**6,055,705**

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2018.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

		Note	Thousands of Euros 2018	Thousands of Euros 2017
A)	**CASH FLOWS FROM OPERATING ACTIVITIES**		**2,050,890**	**1,863,476**
1.	**Profit / (Loss) before tax**		**1,650,480**	**1,416,674**
2.	**Adjustments for:**		**479,203**	**490,878**
	Depreciation and amortisation charge		572,826	611,218
	Other adjustments to profit (net)	03.23	(93,623)	(120,340)
3.	**Changes in working capital**		**91,700**	**191,899**
4.	**Other cash flows from operating activities:**		**(170,493)**	**(235,975)**
	Interest payable	17, 18 and 19	(400,678)	(489,422)
	Dividends received		211,849	257,327
	Interest received		136,105	176,920
	Income tax payment / proceeds	26	(117,769)	(180,800)
B)	**CASH FLOWS FROM INVESTING ACTIVITIES**	04,05,06 and 07	**(3,646,151)**	**(301,882)**
1.	**Investment payables:**		**(21,277,127)**	**(908,702)**
	Group companies, associates and business units	02.02.f	(3,660,542)	(75,764)
	Disbursements for the acquisition of Abertis Infraestructuras (ACS Group shareholding)	02.02.f	(8,259,770)	-
	Dibursements for the acquisition of Abertis Infraestructuras (Atlantia shareholding)	02.02.f	(8,259,771)	-
	Property, plant and equipment, intangible assets, projects and property investments		(809,599)	(635,744)
	Other financial assets		(255,577)	(168,582)
	Other assets		(31,868)	(28,612)
2.	**Divestment:**	03, 04, 05, 06, 07 and 09	**17,630,976**	**606,820**
	Group companies, associates and business units		187,971	271,233
	Proceeds from the sale of Abertis Infraestructuras (ACS Group Shareholding)	02.02.f	8,259,770	-
	Proceeds from the sale of Abertis Infraestructuras (Atlantia shareholding)	02.02.f	8,259,771	-
	Property, plant and equipment, intangible assets, projects and investment property		108,235	147,231
	Other financial assets		810,023	179,434
	Other assets		5,206	8,922
C)	**CASH FLOWS FROM FINANCING ACTIVITIES**		**2,181,599**	**(477,948)**
1.	**Equity instrument proceeds / (and payment):**	02.02.f and 15	**1,847,732**	**(201,008)**
	Acquisition		(405,611)	(214,572)
	Disposal		2,253,343	13,564
2.	**Liability instrument proceeds / (and payment):**	17, 18 and 19	**662,346**	**59,438**
	Issue		4,333,121	4,160,111
	Bridge financing for the acquisition of Abertis Infraestructuras (ACS Group shareholding)	02.02.f	8,147,325	-
	Bridge financing for the acquisition of Abertis Infraestructuras (Atlantia shareholding)	02.02.f	8,259,771	-
	Refund and repayment		(3,670,775)	(4,100,673)
	Repayment of bridge financing for the acquisition of Abertis Infraestructuras (ACS Group shareholding)	02.02.f	(8,147,325)	-
	Repayment of bridge financing for the acquisition of Abertis Infraestructuras (Atlantia shareholding)	02.02.f	(8,259,771)	-
3.	**Dividends paid and remuneration relating to other equity instruments:**	15.01	**(315,861)**	**(297,213)**
4.	**Other cash flows from financing activities:**		**(12,618)**	**(39,165)**
	Other financing activity proceeds and payables		(12,618)	(39,165)
D)	**EFFECT OF CHANGES IN EXCHANGE RATES**		**60,801**	**(419,106)**
E)	**NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS**		**647,139**	**664,540**
F)	**CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD**		**6,319,318**	**5,654,778**
G)	**CASH AND CASH EQUIVALENTS AT END OF THE PERIOD**		**6,966,457**	**6,319,318**

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		5,529,558	4,891,328
Other financial assets		1,436,899	1,427,990
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**6,966,457**	**6,319,318**

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated statement of cash flows for the year ended 31 december 2018.

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

Notes to the Consolidated Financial Statements for the year ended December 31, 2018

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 financial statements, the Group's consolidated financial statements, 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 erection, 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 manufacturing, transformation, processing, handling, repair, maintenance and all kinds of industrial operations for marketing related to machinery, elements, tools, appliances, electrical protective equipment, bare and insulated conductors, insulators, fittings and machines and tools and auxiliary equipment for assembly and installation of railways, metro and tram, power plants and lines and transport and distribution networks of electric power and for telephone and telegraphic communications, telecommunication systems, security, traffic, telematics and voice and data transmission; of elements and machines for the use, transformation, transport and use of all kinds of energies and energy products; of lifting pumps of fluids and gases, pipelines and other elements, mechanisms, accessory instruments, spare parts and materials necessary for the execution, realization of any works, installations and industrial, agricultural, naval, transport and communications, mining and other related assemblies 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, erection, 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 their protection and conservation and sale of wood in general and, in particular, posts used in electrical, telephone and telegraph lines, impregnation or service for shoring mines and galleries, building downs, construction timber, sleepers for railroads and fences, and the production and sale of antiseptic products and exploitation of procedures for the conservation of wood, elements, tools and equipment of such nature. The acquisition, provision, application and use of paints, varnishes, coverings, plating and construction materials in general.

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 Financial Statements and basis of consolidation

02.01. Basis of presentation

The consolidated financial statements for 2018 of the ACS Group were prepared:

- By the directors of the Parent Company, at the Board of Directors' Meeting held on March 28, 2019.
- 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 financial statements for 2018 are summarized in Notes 02 and 03.
- Taking into account all the mandatory accounting policies and rules and measurement bases with a material effect on the consolidated financial statements, as well as the alternative treatments permitted by the relevant legislation in this connection, which are specified in Note 03 (Accounting Policies).
- So that they present fairly the Group's consolidated equity and financial position at December 31, 2018 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 Company and by the other Group companies.

However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2018 (IFRS as adopted by the European Union) differ from those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with the International Financial Reporting Standards adopted by the European Union.

With the exception of that indicated below in the section "*Changes in accounting estimates and policies and correction of fundamental errors*," the consolidation criteria applied for the year 2018 are consistent with those applied in the consolidated financial statements for 2017.

The information contained in these consolidated financial statements corresponding to the year ended December 31, 2017 is presented solely for the purposes of comparison thereof with the information relating to the year ended December 31, 2018.

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 Financial Statements of the Group

The ACS Group's consolidated financial statements for 2017, (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 8, 2018.

The 2018 consolidated financial statements 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 financial statements will be approved without any material changes.

Responsibility for the information and use of estimates

The information in these consolidated financial statements is the responsibility of the directors of the Group's Parent.

The consolidated financial statements were prepared from the 2018 accounting records of ACS, Actividades de Construcción y Servicios, S.A. and of its Group companies, whose respective separate financial statements were approved by the directors of each company and business segment, once they had been adapted for consolidation in conformity with International Financial Reporting Standards as adopted by the European Union.

In the ACS Group's consolidated financial statements estimates were occasionally made in order to quantify certain of the assets, liabilities, income, expenses and commitments reported herein. These estimates relate basically to the following:

- The measurement aimed at determining any impairment losses on certain assets (Notes 03.01, 03.06 and 10).
- The fair value of assets acquired in business combinations (Note 02.02.f).
- The measurement of goodwill and the allocation of assets on acquisitions (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).
- Financial risk management (Note 21).

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

Changes in accounting estimates and policies and correction of fundamental errors

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

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

No errors were corrected in the 2017 financial statements, nor have there been any significant accounting policy changes.

Except for the entry into force of new accounting standards, the bases of consolidation applied in 2018 are consistent with those applied in the 2017 consolidated financial statements (see Note 03.24)

Functional currency

These consolidated financial statements are presented in euros, since this is the functional currency in the area in which the Group operates. Transactions in currencies other than the euro are recognized in accordance with the policies established in Note 03.21.

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 financial statements, accounting standardization criteria have been applied to the individual financial statements of the companies included in the scope of consolidation.

In 2018 and 2017 the reporting date of the financial statements 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 financial statements of the subsidiaries are fully consolidated with those of the Parent. Where necessary, adjustments are made to the financial statements of the subsidiaries to adapt the accounting policies used to those applied by the Group.

At December 31, 2018, the ACS Group had has an effective ownership interest of less than 50% in companies that are considered subsidiaries whose most representative companies with assets over EUR 4 million are Consorcio Constructor Piques y Túneles Línea 6 Metro, S.A., Consorcio Embalse Chironta, SA and Consorcio Constructor Hospital de Quellón, S.A. In addition, the ACS Group, at December 31, 2017, had an effective ownership interest of less than 50% in companies that were considered to be subsidiaries whose most representative companies with assets in excess of EUR 4 million were Consorcio Constructor Piques y Túneles Línea 6 Metro, S.A. and Salam Sice Tech Solutions Llc.

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., Eix Diagonal Concessionària de la Generalitat de Catalunya, S.A., Reus-Alcover Concessionària de la Generalitat de Catalunya, S.A. and 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 agreement but, in general, highlight that the other partner can veto any decision regarding (i) appointment, renewal, removal or replacement of the Chief Executive Officer (CEO), Director of Finance (CFO) and Director of Operations (COO), (ii) approval of distribution of dividends or reserves not approved in the business plan, (iii) any change in 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) modifications in matters of financial policies (hedges, leverage, guarantees...), (vii) approval of the annual accounts and allocation of profits, 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 for the Group.

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 financial statements 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

Contracts executed using the form of Spanish Unincorporated Joint Ventures (Uniones Temporales de Empresas - UTEs) or similar entities that meet the IFRS 11 requirements are consolidated using the proportional integration method, and in cases of joint control, there is direct control by partners in the assets, liabilities, revenues, expenses and join and several liability therein.

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. Accesos de Madrid Concesionaria Española, S.A. is highlighted in this regard, which, as a result of the agreements reached with the other partners, allows for a conclusion of the absence of significant influence. Therefore, the investments are recognized as available-for-sale financial assets under valuation adjustments to equity.

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 or loss, net of tax, of the associates is included in the Group’s consolidated income statement under "Share of results of entities accounted for using the equity method”, in proportion to the 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.

If as a result of losses incurred by an associate its equity is negative, the investment should be presented in the Group's consolidated statement of financial position with a zero value, unless the Group is obliged to give it financial support.

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 (formed by ACS, Actividades de Construcción y Servicios, S.A. and its subsidiaries) in the year ended December 31, 2018 are described in Appendix III.

Acquisitions, sales, and other corporate transactions

During 2018, the transaction to acquire a percentage of Abertis Infraestructuras, S.A. is notable, which gives rise to the assumption that the ACS Group has significant influence over it.

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 includes 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 were not tendered. 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 light of the result of the takeover bid, a sustained order to purchase shares was formulated by Hochtief, which led to the acquisition of up to 98.7% of the shares of Abertis Infraestructuras, S.A. Shares representing the entire equity 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 agreements with Atlantia were completed by the constitution of an SPV (Abertis Holdco, SA) with a capital contribution of EUR 6,909 million, in which Atlantia holds a 50% stake plus one share, ACS a 30% interest and Hochtief a 20% interest minus one share. Likewise, a second company (Abertis Participaciones S.A.U.), 100% owned by Abertis Holdco, S.A., has been incorporated, to which Hochtief has transferred its total shareholding in Abertis (which amounted to 98.7%) after the execution of the takeover bid for a value of EUR 16,520 million. For this, the SPV Abertis Holdco, S.A. has obtained a bank financing of EUR 9,824 million.

The agreement itself also included the acquisition by Atlantia of a significant stake in Hochtief. As a result, on the same day of October 29, ACS sold to Atlantia a total of 16,852,995 Hochtief shares at a price of EUR 143.04 per share, receiving EUR 2,411 million in consideration. At the same time, ACS has formally subscribed a capital increase in Hochtief out of a total of 6,346,707 shares at the same price of EUR 143.04 per share, meaning a total disbursement of EUR 908 million with the funds received from Atlantia. The current share of ACS in Hochtief stands at 50.4%, while that of Atlantia totals 23.9%.

In summary, as a result of these transactions, the ACS Group holds a direct stake in Abertis of 30%, an indirect interest of 20% minus one share (held by Hochtief), having reflected an initial outlay of EUR 3,454,649 thousand. As at December 31, 2018, the equity method involves an amount of EUR 3,644,014 thousand, corresponding mainly to the aforementioned initial payment, to the capitalized costs associated with the transaction and the result contributed by said associate.

Saeta Yield

On 6 February 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 ownership interest in Saeta Yield, S.A. for EUR 241 million and with an after-tax gain of EUR 30.0 million (see Note 09).

The following transactions can be highlighted in 2017:

In February 2017 and having complied with the authorizations, the ACS Group through its subsidiary ACS Servicios y Concesiones, S.L., completed the agreement reached in December 2016 with the French company Compagnie d’Affrètement et de Transport S.A.S. (CAT), for the sale of its total stake in Sintax, S.A. for EUR 55 million and with a net capital gain before tax on the transaction of EUR 5.8 million.

In addition, through its subsidiary Concesiones Viarias Chile, S.A., the ACS Group has entered into an agreement for the sale of 100% of its ownership interest in the Concessionaire Rutas del Canal, S.A., owner of the concession agreement for the implementation, conservation and operation of the public work called “Concesión Ruta 5, Tramo Puerto Montt – Pargua”, between the Public Investment Fund Penta Las Américas Infraestructura Tres, with a company value of 100% of EUR 142 million and an approximate gain of EUR 10 million.

Throughout fiscal year 2017, 80% of the holdings of Gestión de Centros Sanitarios Insulares, S.L. was disposed of and 100% of holdings in the Nea Odos Concession projects, Central Greece Motorway Concession, Concesionaria Atención Primaria, S.A., Huesca Oriental Depura, S.A., Concessionaire Vial del Pacífico, S.A.S and Concessionaire Vial del Mar, S.A.S.

Lastly, through its Portuguese subsidiary PROCME, the ACS Group has reached an agreement for the sale of Saeta Yield, S.A., from Lestenergia Exploraçao de Parques Eólicos, S.A., for a total company value of EUR 181 million, a price of EUR 104 million and a profit after tax and non-controlling interests of approximately EUR 12 million (see Note 09).

03. Accounting Policies

The principal accounting policies used in preparing the Group's consolidated financial statements, 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 (depreciation, 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 (depreciation, 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 depreciation and any accumulated impairment losses. These assets are amortized 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 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 capitalized costs include borrowing costs incurred during the asset construction period only, provided that it is probable that they will give rise to future economic benefits for the Group. Capitalized borrowing costs arise from both specific borrowings expressly used for the acquisition of an asset and general borrowings in accordance with the criteria established in IAS 23. Investment income earned on the temporary investment of specific borrowings not yet used to acquire qualifying assets is deducted from the borrowing costs eligible for capitalization. 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.

Assets held under finance leases are recognized in the corresponding asset category, are measured at the present value of the minimum lease payments payable and are amortized over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are amortized on a basis similar to that of owned assets. If there is no reasonable certainty that the lessee will ultimately obtain ownership of the asset upon the termination of the lease, the asset is depreciated over the shorter of its useful life or the term of the lease.

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 consolidated income.

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 l 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”, and a second phase in which the concession operator provides a series of maintenance or operation services of 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 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 financial statements.

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 IFRS 15 “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.

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 the assets or to an increase in their economic capacity are recognized as a greater amount of the financial asset, with the consequent derecognition of the replaced or renewed elements.

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 item or group of items of assets are 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.

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 revalue 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.

As mentioned in Note 03.24, on January 1, 2018, IFRS 9 on "Financial Instruments" entered into force, affecting the classification and measurement of financial assets, under which the valuation method is determined based on two concepts: the characteristics of the contractual cash flows of the financial asset and the business model the Group uses to manage it. The new three categories of valuation of financial assets are: depreciated cost, fair value with changes in other comprehensive income (equity) and fair value with changes in the consolidated statement of income.

This classification will depend on the way in which an entity manages its financial instruments (equity instruments, loans, debt securities, etc.), its business model and the existence or not of contractual cash flows of the specifically defined financial assets:

- If the objective of the business model is to maintain a financial asset in order to collect contractual cash flows, and, according to the contractual terms, cash flows are received on specific dates that exclusively constitute principal payments plus interest on that principal, the financial asset will then be valued at depreciated cost. The Group's financial assets correspond largely to loans and debt securities and are therefore valued at amortized cost, that is, initial cost minus principal payments plus accrued income based on the effective interest rate pending collection, adjusted for any impairment loss recognized, if applicable.

  The effective interest rate consists of the rate that equals the initial cost to the totality of its estimated cash flows for all concepts throughout its remaining life of the investment.

Accounts receivable from commercial debtors of the Group's usual traffic are recorded at their nominal value adjusted for the expected credit losses throughout their remaining lifespans.

- If the business model is aimed both at obtaining contractual cash flows and their sale and, according to the contract conditions, cash flows are received on specific dates that exclusively constitute payments of the principal plus interest on that principal, the assets will be valued at fair value with changes in other comprehensive income (equity). Interest, impairment and exchange differences are all recorded in the income statement as in the depreciated cost model. All remaining changes in fair value are recorded in equity items and are recycled to the consolidated income statement upon their sale.

- Outside of the above scenarios, the general rule is that the remaining assets are valued at fair value with changes in the consolidated income statement. Equity instruments will be classified using this method, except in cases where they are first classified at fair value with changes in other comprehensive income.

However, there are two irrevocable designation options in the initial recognition:

- An equity instrument, provided it is not held for trading purposes, can be designated to be valued at fair value through changes in other comprehensive income (equity), although in case of sale of the instrument, the inclusion in the consolidated income statement of the amounts recognized in equity and only dividends will be included in income.

- A financial asset can also be designated to be valued at fair value through changes in the consolidated statement of income in the event that this would reduce or eliminate a “Fair Value Option” accounting mismatch.

Expected customer loss and insolvencies

The Group has recorded impairment due to expected loss as a result of the application of IFRS 9 (see Note 03.24) in accordance with the provisions of this new standard. For its calculation, a methodology has been developed by which it applies to the balances of financial assets percentages that reflect the expected credit losses according to the profile of the client or debtor of the counterpart. Said percentages reflect the probability that a breach of the payment obligations will occur as well as the percentage of loss, which, once the default occurs, is not recoverable.

Additionally, if the customer enters into insolvency or is subject to a claim or non-payment, it is considered that a default has occurred and, as a general rule, the customer balance or account receivables is provisioned. For this purpose, the Group has established terms by type of customer in each jurisdiction to identify the breach and therefore the registration of the relevant provision for insolvencies.

In general, the impairment is estimated by the expected losses over the next twelve months. In cases where there is a significant worsening of the credit quality, the loss is estimated throughout the life of the asset.

Current/Non-current classification

In the consolidated statement of financial position, financial assets maturing within no more than 12 months are classified as current assets and those maturing within more than 12 months as non-current assets.

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

2018 Financial Year

At December 31, 2018, non-current assets held for sale relate mainly to the activity of renewable energies corresponding to thermosolar plants, wind and photovoltaic parks, as well as to certain transmission lines included in the Industrial Services business segment.

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, 2018, 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, 2018 is as follows:

	Thousands of Euros				
	31/12/2018				
	Renewable energy	Transmission line	PT Thiess Contractors Indonesia	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	(116)	-	4,991	183,313
Deferred tax assets	9,234	-	-	3,007	12,241
Other non-current assets	38,452	111,627	-	90,337	240,416
Current assets	80,707	8,287	488	48,097	137,579
Financial assets held for sale	**756,673**	**122,683**	**920**	**153,633**	**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 are mainly due to the incorporation as assets held for sale of shares, of which Manchasol 1 Central Termosolar Uno, S.L. and Kinkandine Offshore Windfarm Limited are noteworthy, included in the section on renewable energies. On the other hand, the ownership interest in Saeta Yield, S.A. sold to Terp Spanish Holdco, S.L.U. for an amount of EUR 12.20 per share through its Public Offer of Acquisition presented for 100% of the capital of Saeta Yield and the Guaimbe solar parks in Brazil.

Additionally, the company Bow Power, whose activity consists of the investment and development of renewable energy assets, is recorded as assets held for sale at December 31, 2018. The Group held a 51% stake and the business was consolidated by the equity method (joint control). Notwithstanding the above, on October 26, 2018, the Group reached an agreement for the acquisition of the remaining 49%, although the formalization of the transaction and therefore the transfer of the shares in favor of the Group, is subject to compliance with certain conditions precedent, which were met in February 2019.

Therefore, the increase during the 2018 in the total value of the non-current assets held for sale amounts to EUR 622,635 thousand, and that of the liabilities associated with them comes to a total of EUR 315,944 thousand, principally resulting from the transactions described above.

The amount relating to net debt included under assets held for sale and liabilities associated with these assets at December 31, 2018 totals EUR 382,650 thousand (EUR 162,219 thousand at December 31, 2017), of which EUR 248,840 thousand (EUR 48,618 thousand at December 31, 2017) in the case of renewable energies, EUR 88,238 thousand (EUR 49,604 thousand at December 31, 2017) in the case of transmission lines, and Others for EUR 45,572 thousand (EUR 63,997 thousand at December 31, 2017). Within the total amount of the aforementioned net debt, EUR 258,290 thousand (EUR 122,052 thousand at December 31, 2017) corresponds to limited resource project financing. Net debt is calculated using the arithmetic sum of the current and non-current financial liabilities, less long-term deposits, other current financial assets and cash and cash equivalents.

2017 Financial Year

At December 31, 2017, non-current assets held for sale mainly concerned certain transmission lines included in the Industrial Services business segment. In addition, certain assets and liabilities associated with these non-current assets within non-material ACS Group companies are also included as non-current assets and liabilities held for sale.

The detail of the main assets and liabilities held for at December 31, 2017 was as follows:

	Thousands of Euros				
	31/12/2017				
	Renewable energy	Transmission line	PT Thiess Contractors Indonesia	Other	Total
Tangible assets - property, plant and equipment	3	-	20,431	16,783	37,217
Intangible assets	-	-	-	591	591
Non-current assets in projects	83,826	-	-	13,497	97,323
Financial Assets	-	120,137	-	5,201	125,338
Deferred tax assets	6	-	-	8,027	8,033
Other non-current assets	-	-	-	91,004	91,004
Current assets	7,850	-	552	43,366	51,768
Financial assets held for sale	**91,685**	**120,137**	**20,983**	**178,469**	**411,274**
Non-current liabilities	-	-	-	88,081	88,081
Current liabilities	69,167	49,605	-	13,800	132,572
Liabilities relating to assets held for sale	**69,167**	**49,605**	**-**	**101,881**	**220,653**
Non-controlling interests held for sale	**-**	**-**	**-**	**(1,651)**	**(1,651)**

The main variations in fiscal year ending December 31, 2017 relating to the assets" in the consolidated statement of financial position at December 31, 2016, owe, on one hand, to the sale of Sintax, whose conditions were fulfilled in February 2017, and the sale of the wind farms, Lusobrisa, Ventos da Serra and Lestenergía, located in Portugal. Also, five solar parks located in Brazil were included as assets held for sale under the heading “Renewable energies”.

Therefore, the decline during fiscal year 2017 in the total value of the non-current assets held for sale amounted to EUR 137,818 thousand, and the decline in the liabilities associated with them has amounted to EUR 97,174 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, 2018 and 2017 are as follows:

	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)**

	Thousands of Euros			
	31/12/2017			
	Renewable energy	Transmission line	Other	Total
Exchanges differences	(232)	(18,255)	-	(18,487)
Cash flow hedges	-	-	(8,573)	(8,573)
Adjustments for changes in value	**(232)**	**(18,255)**	**(8,573)**	**(27,060)**

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, 2018 and 2017, there were no assets or 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 2018 and 2017 are summarized in Note 15.04. Treasury shares were deducted from equity in the accompanying statement of financial position at December 31, 2018 and 2017.

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 depreciation 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 depreciated cost.

The Group stops recognizing financial liabilities when the obligations giving rise to them cease to exist.

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

03.12.01 Bank loans, 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.

The exchange of debt instruments in the Group and the counterparty, or any substantial changes in the initially recognized liabilities, are accounted for as a reconciliation of the original liability and the recognition of a new financial liability, provided that the instruments have substantially different conditions. The Group considers that the conditions are substantially different if the present value of the discounted cash flows under the new conditions, including any commission paid net of any commission received and using the original effective interest rate to perform the discount, differs at least at ten percent of the discounted present value of the cash flows that still remain of 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 cash flows are discounted at the original effective interest rate, recognizing any difference in the previous book value in the income statement. Likewise, any costs or commissions adjust the carrying amount of the financial liability and are depreciated by the depreciated cost method during the remaining life of the modified financial liability.

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.

For “Limited recourse financing of projects and debt,” the breakdown 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.

Under the defined contribution plans, the contributions made are recognized as expenditure under "Staff costs" in the consolidated income statements as they accrue, whereas for 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 "Staff costs" 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 financial statements 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 financial statements, 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 2018 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 financial statements for the years in which they are settled.

The main legal proceedings and claims open at December 31, 2018 were those related to the Radial 3 and Radial 5 (R3 and R5) concessions, TP Ferro, Metro de Lima, and Escal, as well as the sanctions imposed by the CNMC (see Note 36). Likewise, individual significance is given to arbitration claims due to the increase in costs in the Cimic Gorgon LNG Jetty & Marine Structure (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 cover 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, in turn, 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 “Other non-current assets.”

Amounts derived from the restatement of 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 staff costs. The effect of the interest on the increase in pension obligations, reduced by the expected returns on plan assets (each calculated by the discount factor method of pension obligations), is recorded as 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.

Dismantling of non-current assets and environmental restoration

The Group is obliged to dismantle certain facilities at the end of their useful life, as well as to carry out the environmental restoration of the site where they are located. 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 a concession 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 Net Worth 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 Financial Statements details the financial derivatives that the ACS Group has contracted, among other related aspects.

03.16. Revenue recognition

In general, the performance obligations of the Group are met over time, and not at one specific time, since the client simultaneously receives and consumes the benefits provided by the performance of the entity as the service is provided.

In the ACS Group, income is recognized, as a general rule, according to the “Output Method,” which corresponds to the measurement of the work executed through the valued ratio or “valued unit of work,” by which the recognized revenue corresponds to the work units executed according to the price assigned to them, in accordance with that established under IFRS 15, which replaces IAS 11. According to this method, the measurement of units carried out in each of the jobs is periodically obtained, recording the corresponding production as income. The implementation costs of the works are recognized on an accrual basis, recording what is actually incurred in the execution of the units carried out as expenses, as well as those foreseen in the future that should be attributed to the units executed to date. Provided that it is not possible to use the valued ratio due to the fact that the unit price of the units to be executed cannot be determined or a breakdown and measurement of the units produced cannot be made, the use of the "Input Method" as described in IFRS 15 is admissible as a stage of completion procedure.

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. Thus, based on a prudent criterion for the recognition of income, the Group allows the production for each fiscal year to be determined by valuation at the certification price of the work units executed during the period which, due to the fact that they are covered by the agreement signed with the property or in addition to or amendment of that which has already been approved, do not present any doubts regarding their certification and collection. In the event that an amendment is approved without the amount being determined, income is estimated as a variable consideration, strictly in cases where the criteria of probability and of no significant reversion of income in the future are met.

It should be noted that the new IFRS 15 standard enshrines new requirements in relation to “variable consideration as incentives,” as well as the accounting of claims and variations as contractual modifications that imply a higher threshold of probability of recognition. Under the terms of the new standard, income is recognized when it is highly probable that there will not be a significant reversal of income for these modifications. Similarly, where the contracts include price revision clauses, the income that represents the best estimate of the amount collected in the future is recorded under the same probability criteria set 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 “Completed Work Pending Certification” under "Trade and other receivables" 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.” In this sense, 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 that 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 previously mentioned, in the event of the approval of an amendment without determining the amount, the Group estimates income as a variable consideration, taking into account the same demand criteria covered in IFRS 15.

- Balances, of the same nature as those above, which are subject to ongoing 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.

With regard to bidding costs and contract costs, these can only be capitalized 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.

In the event that the expected total result of a contract is less than that recognized in accordance with the income recognition rules as detailed 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 is recognized under “Trade and other payables - Customer advances” in current liabilities in the consolidated statement of financial position.

Machinery or other fixed assets acquired for a specific project are depreciated 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.

Late-payment interest arising in relation to delays in the collection of certification amounts is recognized when collected.

03.16.01. Construction business

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

As previously mentioned, the preferred method chosen by the ACS Group is “valued unit of work” within the product method (“output method”), which is applied with the condition that the progress can be measured during execution of the work performed and that there is a price allocation dedicated to each work unit.

Only in those contracts where the unit price cannot be determined for the units to be executed can the method of resources used (“input method”) called “stage of completion over costs” be applied.

03.16.02 Industrial Services, Services, and Others business line

In this case, there is no single type of contract used due to the wide variety of services provided. In general, contracts include various tasks and unit prices where revenues are recorded in the income statement when services are rendered based on the time elapsed, that is, when the client receives and simultaneously consumes the benefits contributed by the performance of the service as it is delivered. This happens, for example, in recurring or routine services such as facility management, cleaning, etc.

Certain types of activities are included in certain contracts subject to fixed unit rate tables for the provision of the services that are delivered and that are considered as part of the overall contract. In them, the client requests each service through work orders that are considered to be an obligation of independent performance, and the associated revenue recognition will be performed depending on the specific requirements established in said contract for approval. .

In the case of complex long-term contracts that include the provision of various services which involve different performance obligations (construction, maintenance, operation, etc.), whose payment is made periodically and in which the price corresponding to the aforementioned obligations is indicated in the contract or can be determined, the income recognition is calculated for the recurrent services following the time elapsed method and following the criterion of stage of completion for those performance obligations of greater complexity where it is not possible to allocate prices to each of the units completed.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognized when the shareholder's rights to receive payment have been established.

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.

In the specific case of expenses associated with commission income when the commission agent does not have any inventory risk, as in the case of certain Group logistics service companies, the cost to sell or to render the related service does not constitute an expense for the company (commission agent) since the latter does not assume the inherent risks. In these cases, as indicated in the section on revenue recognition, the sale or service rendered is recognized for the net amount of the commission.

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. This occurs in the case of deferred tax assets and liabilities arising from temporary differences that are subject to the right to be legally compensated.

03.19. Income tax

The Income Tax expense represents the sum of the current tax expense 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, as well as negative tax bases pending compensation and credits for unused tax deductions. These amounts are measured at the tax rates that are expected to apply in the period when the asset is recovered 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, on the other hand, 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 remainder of the 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 for temporary differences are offset at the end of the fiscal year in the event that they correspond to the same jurisdiction and are congruent in their 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.

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 converted to euros at the rates prevailing at the end of the reporting period. Non-monetary items measured at historical cost are converted 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 2017 and 2018 are as follows:

	Average exchange rate		Closing exchange rate	
	2018	2017	2018	2017
1 U.S. Dollar (USD)	0.848	0.878	0.873	0.834
1 Australian Dollar (AUD)	0.632	0.675	0.617	0.650
1 Polish Zloty (PLN)	0.234	0.236	0.233	0.239
1 Brazilian Real (BRL)	0.231	0.274	0.225	0.252
1 Mexican Peso (MXN)	0.044	0.047	0.044	0.042
1 Canadian Dollar (CAD)	0.653	0.678	0.640	0.662
1 British Pound (GBP)	1.129	1.143	1.113	1.126
1 Argentine Peso (ARS)	0.029	0.052	0.023	0.045
1 Saudi Riyal (SAR)	0.226	0.234	0.233	0.222

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 converted to euros at the exchange rates prevailing at the date of the consolidated statement of financial position. 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 2018 it continued to be classified as such. The ACS Group has investments in Venezuela through its subsidiaries of the Construction, Services and Industrial Services segments, the amounts outstanding at December 31, 2018 and 2017 and the volume of transactions in the years 2018 and 2017 being immaterial.

During 2018, the Group recorded the relevant impact when considering the situation of the hyperinflationary economy in Argentina with respect to the participation of subsidiaries in the Construction and Industrial Services Division, whose impact has been deemed insignificant for ACS Group purposes.

None of the functional currencies of the consolidated subsidiaries and associates located abroad relate to hyperinflationary economies as defined by IFRSs. Accordingly, at the 2018 and 2017 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 heading “Other adjustments to profit (net)” of the consolidated statement of cash flows for 2018 and 2017 is as follows:

	Thousands of Euros	
	2018	2017
Financial income	(154,839)	(202,997)
Financial costs	412,153	486,216
Impairment and gains or losses on disposals of non-current assets	471	15,343
Results of companies accounted for using the equity method	(385,992)	(137,511)
Impairment and gains or losses on disposal of financial instruments	(27,898)	5,466
Changes in the fair value of financial instruments	(66,263)	(243,937)
Other effects	128,745	(42,920)
Total	**(93,623)**	**(120,340)**

In the preparation of the consolidated cash flow statements corresponding to 2018 and 2017, "Proceeds and payments relating to equity instruments" have been included in the cash flows from financing activities, both ACS's own share acquisitions and the collection from the sale of Hochtief, A.G. shares to Atlantia S.p.A, net of the payment of the corresponding tax in on the Abertis transaction (see Note 02.02.f.). It should also be noted that in the preparation of the consolidated cash flow statement for the 2017 fiscal year, the additional payment pending in 2016 from the purchase of UGL was included in this flow.

During the year, the ACS Group used EUR 16,519,541 thousand in cash resources for the acquisition of the Abertis Infraestructuras, S.A. shares through Hochtief, A.G. by obtaining the corresponding financing. All the Abertis Infraestructuras, S.A. shares 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 one paid by Hochtief in the takeover bid. The shares attributed to Atlantia, S.p.A (50%) corresponding to EUR 8,259,771 thousand have been recorded as cash from the investment activities as disbursements/resources from resale, as well as the new loans/repayment of the debt.

The shares corresponding to the ACS Group (amounting to EUR 8,259,770 thousand) were accounted for using the equity method and presented in the cash flow as investment activities such as disbursements/resources from resale. In the takeover bid process, Hochtief, ACS and Atlantia formed an additional holding company (Abertis Holdco, S.A.) that controls 100% Abertis Participaciones, S.A.U. The acquisition of 50% of shares of this company that is included as an equity method at December 31, 2018 represents a cash outflow of 3,487,984 thousand EUR.

In relation to cash flows in investments in property, plant and equipment, intangible assets, and property investments made during the year, a differentiation must be made between operating investments and non-operating investments. The breakdown is as follows:

	Thousands of Euros	
	2018	2017
Operational Investments	**605,762**	**544,866**
- Kinkardine Floating Offshore Wind Project in Scotland	71,780	8,793
- Photovoltaic Projects in Spain	132,057	82,085
Investments in Projects	**203,837**	**90,878**
Investments in tangible assets, intangible assets, projects and real estate investments	**809,599**	**635,744**

The reconciliation of the carrying amounts of liabilities arising through financing activities, distinguishing separately changes that generate cash flows from those that do not for the 2018 and 2017 fiscal years, are the following:

	Balance at 31/12/2017	Cash changes		Non-cash changes			Balance at 31/12/2018
		Borrowings	Principal repayments	Currency translation adjustments	Reclassifications	Changes in the scope of consolidation	
Long term financial liabilities	**5,013,541**	1,666,071	(329,156)	8,513	(103,010)	(104,694)	**6,151,265**
Short term financial liabilities	**2,831,285**	2,626,795	(3,320,271)	(42,255)	(78,858)	142,541	**2,159,237**
Bridge Financing linked to the acquisition of Abertis	**-**	16,407,096	(16,407,096)	-	-	-	**-**
Project finance	**194,957**	40,255	(21,348)	(46,045)	-	(51,063)	**116,756**
Amounts due to banks	**8,039,783**	**20,740,217**	**(20,077,871)**	**(79,787)**	**(181,868)**	**(13,216)**	**8,427,258**

	Balance at 31/12/2016	Cash changes		Non-cash changes			Balance at 31/12/2017
		Borrowings	Principal repayments	Currency translation adjustments	Reclassifications	Changes in the scope of consolidation	
Long term financial liabilities	**4,744,752**	773,123	(366,293)	(82,088)	(68,459)	12,506	**5,013,541**
Short term financial liabilities	**3,742,322**	3,320,675	(3,712,805)	(74,292)	(230,451)	(214,164)	**2,831,285**
Project finance	**202,049**	66,313	(21,575)	(6,554)	-	(45,276)	**194,957**
Amounts due to banks	**8,689,123**	**4,160,111**	**(4,100,673)**	**(162,934)**	**(298,910)**	**(246,934)**	**8,039,783**

03.24. Entry into force of new accounting standards

The following mandatory standards and interpretations, already adopted in the European Union, came into force in 2018 and, where applicable, were used by the Group in the preparation of these consolidated financial statements:

(1) New standards, amendments and interpretations whose application is mandatory in the year beginning January 1, 2018:

Approved for use in the European Union		**Mandatory application in the years from:**
IFRS 15 Revenue from customer contracts (published in May 2014) and its clarifications (published in April 2016)	New standard for recognizing revenue (Replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31)	January 1, 2018
IFRS 9 Financial Instruments (published in January 2014)	Replaces the requirements for classification, valuation, recognition, and de-registration in financial asset and liabilities accounts, hedge accounting, and impairment in IAS 39.	
Amendment to IFRS 2 Classification and measurement of share based payment transactions (published in June 2016)	These are narrow scope amendments to clarify specific issues such as the effects the vesting conditions for share-based cash-settled payments, the classification of share-based payment transactions that have net settlement clauses and some aspects of the modifications to the type of share-based payment transactions.	
Amendment to IAS 4 Insurance contracts (published in January 2016)	Allows entities to apply IFRS 9 under the scope of IFRS 4 ("overlay approach") or its optional temporary exemption.	
Amendment to IAS 40 Reclassification of investment property (published in December 2016)	The amendment clarifies that a reclassification of an investment to or from investment property is only permitted when there is evidence of a change of use.	
Improvements to the 2014-2016 IFRS Cycle (published in December 2016)	Minor changes to a series of standards.	
IFRIC 22 Foreign currency transactions and advances (published in December 2016)	This interpretation establishes the "transaction date" for purposes of determining the applicable exchange rate in transactions with foreign currency advances.	

With effect from January 1, 2018, IFRS 15 “Revenue (from ordinary activities) from Contracts with Customers” and IFRS 9 “Financial instruments” were applied, with the most significant impacts arising from the application of IFRS 15 and, to a lesser extent, IFRS 9. The effects of their application on the various captions in the consolidated balance sheet as of January 1, 2018, are presented below:

ASSETS	Thousands of Euros			
	31/12/2017	Effect IFRS 15	Effect IFRS 9	01/01/2018
NON-CURRENT ASSETS	**10,705,649**	**(94,668)**	**(347,924)**	**10,263,057**
Intangible assets	**4,132,335**	**-**	**-**	**4,132,335**
Tangible assets - property, plant and equipment	**1,537,048**	**-**	**-**	**1,537,048**
Non-current assets in projects	**263,766**	**-**	**-**	**263,766**
Investment property	**35,065**	**-**	**-**	**35,065**
Investments accounted for using the equity method	**1,568,903**	**(271,632)**	**(1,990)**	**1,295,281**
Non-current financial assets	**1,606,220**	**-**	**(352,844)**	**1,253,376**
Long term cash collateral deposits	**8,351**	**-**	**-**	**8,351**
Derivative financial instruments	**52,251**	**-**	**-**	**52,251**
Deferred tax assets	**1,501,710**	**176,964**	**6,910**	**1,685,584**
CURRENT ASSETS	**20,633,826**	**(1,601,252)**	**(125,612)**	**18,906,962**
Inventories	**1,020,181**	**(6,743)**	**(10,880)**	**1,002,558**
Trade and other receivables	**10,752,943**	**(1,594,509)**	**(72,872)**	**9,085,562**
Trade receivables for sales and services	9,222,928	(1,557,667)	(58,753)	7,606,508
Other receivable	1,215,363	(36,842)	(14,119)	1,164,402
Current tax assets	314,652	-	-	314,652
Other current financial assets	**1,559,076**	**-**	**(40,992)**	**1,518,084**
Derivative financial instruments	**393,023**	**-**	**-**	**393,023**
Other current assets	**178,011**	**-**	**(868)**	**177,143**
Cash and cash equivalents	**6,319,318**	**-**	**-**	**6,319,318**
Non-current assets held for sale and discontinued operations	**411,274**	**-**	**-**	**411,274**
TOTAL ASSETS	**31,339,475**	**(1,695,920)**	**(473,536)**	**29,170,019**

EQUITY AND LIABILITIES	Thousands of Euros			
	31/12/2017	Effect IFRS 15	Effect IFRS 9	01/01/2018
EQUITY	5,164,029	(1,712,647)	(473,536)	2,977,846
SHAREHOLDERS' EQUITY	3,958,590	(1,307,014)	(246,547)	2,405,029
Share capital	157,332	-	-	157,332
Share premium	897,294	-	-	897,294
Reserves	2,222,729	(1,307,014)	(246,547)	669,168
(Treasury shares and equity interests)	(120,775)	-	-	(120,775)
Profit for the period of the parent	802,010	-	-	802,010
ADJUSTMENTS FOR CHANGES IN VALUE	(215,710)	1,927	(43,256)	(257,039)
EQUITY ATTRIBUTED TO THE PARENT	3,742,880	(1,305,087)	(289,803)	2,147,990
NON-CONTROLLING INTERESTS	1,421,149	(407,560)	(183,733)	829,856
NON-CURRENT LIABILITIES	7,362,183	-	-	7,362,183
Grants	4,007	-	-	4,007
Non-current provisions	1,567,109	-	-	1,567,109
Non-current financial liabilities	5,160,671	-	-	5,160,671
Derivative financial instruments	48,292	-	-	48,292
Deferred tax liabilities	478,372	-	-	478,372
Other non-current liabilities	103,732	-	-	103,732
CURRENT LIABILITIES	18,813,263	16,727	-	18,829,990
Current provisions	903,085	-	-	903,085
Current financial liabilities	2,879,112	-	-	2,879,112
Derivative financial instruments	67,503	-	-	67,503
Trade and other payables	14,279,086	16,727	-	14,295,813
Other current liabilities	463,824	-	-	463,824
Liabilities relating to non-current assets held for sale and discontinued operations	220,653	-	-	220,653
TOTAL EQUITY AND LIABILITIES	31,339,475	(1,695,920)	(473,536)	29,170,019

IFRS 15: Revenue (from ordinary activities) from Contracts with Customers

IFRS 15 is the new standard for the recognition of revenue from customers which will replace, in fiscal years from January 1, 2018 onwards, the following standards and interpretations in force at December 31, 2017: IAS 18 Revenue, IAC 11 Construction Contracts, IFRIC 13 Customer loyalty programs, IFRIC 15 Agreements for the construction of real estate, IFRIC 18 Transfers of assets from customers and SIC 31 Revenue - barter transactions involving advertising services.

In accordance with the new requirements established by IFRS 15, revenue must be recognized in such a way that the transfer of assets or services to customers is shown by an amount that reflects the consideration to which the entity hopes to have rights in exchange for the aforementioned assets or services when the control of an asset or service is transferred to the customer.

They are using key criteria and estimates to determine the likely effect, for example evaluating the probability that the customer will accept non-contractual variations, the estimates for project end dates and the assumed productivity levels for their execution. When conducting this evaluation, the status of each legal proceeding, including arbitration and litigation, has been taken into account for the relevant contracts.

The ACS Group has decided to adopt IFRS 15 using the cumulative effect method, first applying this recognized standard on the date it comes into force, i.e. January 1, 2018. As a result, an adjustment has been made in the initial balance of the Group's equity and no restatement of the comparative period is performed.

Subsidiaries

Construction income

The contractual terms and the manner in which the ACS Group implements its construction contracts mainly derive from projects which contain a single performance obligation. Contracted revenue will continue to be recognized over time; however, the new 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. According to the previous standard, IAS 11, revenue was recognized when it appeared likely that the work conducted will generate income, whilst the new standard requires that revenue is recognized when it is highly likely that there is no significant revenue reversals for these changes. The Group periodically considers the restrictions when evaluating the variable amount to be considered in the price of the transaction or contract. The estimate is based on all applicable information, including historical experience. When changes to the design or contract requirements become effective, the transaction price is updated to reflect them. When the price of the modification has not been confirmed, an estimate of the revenue is made to recognize it, incorporating the most demanding requirements.

Services income

Services income arise from maintenance and other services provided to assets and infrastructure installations which may include a range of services and processes. Under IFRS 15, these are typically recognized over time as performance obligations are met. Those services that involve the provision of different, highly interrelated activities are considered as a single performance obligation and, as a result, revenues are still recognized over time. Similarly to construction income, there are incentives, variations and claims which are subject to the same strict criteria which only recognize revenue when it is highly likely that there will be no significant revenue reversal.

Tender costs and agreement costs

Under IAS 11 Construction contracts, the costs incurred during the tendering process are funded by the net contract debtors when it is considered likely that they will be awarded the contract. According to the new standard, the 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.

The other contract and compliance costs are not material in the ACS Group.

Conclusion

Stricter recognition thresholds in the new standard have led to an adjustment at January 1, 2018 which has reduced equity at December 31, 2017 by EUR 1,441 million (net of tax).

Associates/Joint ventures

The accounting value of the ACS Group investment in associates and joint ventures reflects the Group’s stake in the operating revenues of these companies. Given that these companies are non-controlled entities, the ACS Group has carried out an analysis of the effect which could be expected upon adopting IFRS 15, on the basis of information available to ACS Group as a shareholder in the aforementioned companies and applying uniform recognition criteria. Based on this analysis, an adjustment to the carrying amount of these entities was recognized and reflected in the ACS Group's equity. The stricter recognition threshold in the new standard has led to an adjustment at January 1, 2018 which has reduced equity by EUR 272 million (net of tax). This effect will mainly arise from the Group’s shareholding in BIC Contracting LLC (previously trading as HLG Contracting), with an impact of EUR 160 million (net of tax).

If, in fiscal year 2018, the ACS Group had prepared the consolidated financial statements under the previous income recognition rules IAS 11 and 18 instead of the application of IFRS 15, the assets of the ACS Group would be higher by an amount of EUR 1,712,647 thousand due to the reversal of the initial adjustment and the impact on the different lines of the consolidated comprehensive income statement for the period from January 1, 2018 to December 31, 2018 would not be material.

IFRS 9: Financial instruments

From fiscal year beginning January 1, 2018, IFRS 9 replaces IAS 39 and affect both asset and liability financial instruments, covering three main topics:

- classification and measurement
- impairment of financial assets
- hedge accounting.

It also contains forward guidance on IAS 39 recognition and write-down for financial instruments. The standard will be obligatory for the publication of results in periods beginning after January 1, 2018. Although an update of comparative figures is not necessary, the comparative period can be updated without the need for a retrospective application.

For this reason, the Group has undertaken an evaluation of the effects of classification and measurement of the new standard and has predicted the following:

- the Group does not anticipate that the new standard will have a significant effect on the classification of its financial assets;
- the Group does not hold any financial liabilities at fair value through profit or loss, except for non-hedging derivatives;
- As a general rule, a greater number of hedging relationships could benefit from hedge accounting; Existing hedging relationships would become continued hedging relationships when the new standard is adopted;
- IFRS 9 requires the presentation of additional breakdowns, in particular relating to hedge accounting, credit risk and expected credit losses;
- in relation to the areas relating to the determination of impairment, the new accounting standard moves is changed from an impairment model based on the loss incurred to an impairment model based on expected impairment losses on financial assets; and
- at January 1, 2018, an adjustment to the reserves attributable to ACS Group shareholders and minority interests was recognized in the opening balance of EUR 474 million (after tax). This impact mainly relates to non-current loans from BIC Contracting LLC (previously trading as HLG Contracting LLC). In order to determine the expected credit loss for these resulting from the application of IFRS 9, the consultancy services of an independent expert were contracted to calculate the credit rating and apply the anticipated credit loss relating to the loan in line with the credit rating provided by a rating agency using their ratios and methodology.

The effect of IFRS 15 and IFRS 9 on tax purposes and net equity

The adjustments in relation to the new standards are subject to tax effect accounting and, therefore, the deferred net tax position has been affected. At January 1, 2018, the adoption of the new standards has caused an increase in deferred tax assets for the Group of approximately EUR 184 million. The effects which are detailed in this note are after-tax and, as such, have already taken into account this tax effect. The effect when first applying the two standards has led to a reduction in equity attributable to the Parent of EUR 1,595 million and EUR 591 million in minority interests.

Effect on cash flows

No adjustments have arisen from the application of IFRS 9 and IFRS 15 on ACS Group cash flows.

(2) New standards, amendments and interpretations whose application is mandatory subsequent to the calendar year beginning January 1, 2018 (applicable from 2019 onwards):

At the date of approval of these consolidated financial statements, 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 financial statements or because they had not yet been adopted by the European Union:

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 novelty is a single accounting model for tenants, 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).	January 1, 2019
Amendment to IFRS 9 Prepayment features with negative compensation (published in October 2017)	This amendment will permit 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 Uncertainty over income tax treatments (published in 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.	
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 (published in December 2017)	Minor changes to a series of standards.	
Amendment to IAS 19 Plan amendment, curtailment or settlement (published in February 2018)	Clarifies how to calculate the service cost for the current 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.	

Not approved for use in the European Union		Mandatory application in the years from:
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 financial information which allows those using the information to determine the effect the contracts have in the financial statements.	January 1, 2021 (*)
Amendment to IFRS 3 Definition of a Business (published in October 2018)	Clarification of the definition of a business.	January 1, 2020
Amendment to IAS 1 and IAS 8 Definition of “material” (published in October 2018)	Amendment to IAS 1 and IAS 8 Definition of “material” with contents of the conceptual framework.	

(*) The date of first application of this standard is being reviewed by the IASB, and may be delayed until January 1, 2022.

IFRS 16: Leases

IFRS 16 will come into force on January 1, 2019 and will replace IAS 17 and its current associated interpretations. The main novelty is that IFRS 16 proposes a single accounting model for tenants, which will require tenants to recognize the right-of-use asset and lease liabilities for almost all leases. The landlord’s accounting remains similar to the current standard, i.e. Landlords 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 and solicit new tenders. 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.

The Group is finalizing its quantification of the effect of the new standard, although it will give rise to the following consequences:

- On the lease commencement date, the tenant 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 landlord 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;
- reimbursement of the principal part of all lease liabilities will be classified as financing activities in the cash flow statement; and
- The application of IFRS 16 will not have any impact on cash and cash equivalents in the cash flow statement.

The Group is currently analyzing the differences that could arise from the entry into force of these standards and, consequently, of the effects in the consolidated statements of financial position. Based on the current evaluation of the IFRS 16 adoption process, this will lead to an increase in lease liabilities of approximately EUR 1,020 million. As regards the effect on the income statement, this will imply a decrease of “Other operating expenses” (which is the heading where operating lease payments are currently collected) of EUR 311 million euros, an increase of the amortizations amounting to EUR 271 million euros and an increase in financial expenses amounting to approximately EUR 38 million.

The ACS Group adopts the criterion of fully retroactive application of IFRS 16 on January 1, 2019. As a result of this, the Group will apply the requirements of IFRS 16 for the fiscal year ending December 31, 2019 and the restated comparative period will be presented. The ACS Group has considered applying the practical option of not reevaluating all signed contracts to see if there is any rental component in them, considering that leases are those that under the previous standard would have been considered rental contracts. IFRS 16 will only be applied for new contracts signed or modified from the date of initial application.

04. Intangible assets

04.01. Goodwill

The detail by line of business of the changes in goodwill in 2018 and 2017 is as follows:

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**
Construction	**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**

Line of Business	Thousands of Euros						
	Balance at 01/01/2017	Additions	Disposals and allocations	Impairment	Exchange differences	Transfers to/from other assets	**Balance at 31/12/2017**
Parent	**743,140**	-	-	-	-	-	**743,140**
Construction	**2,171,196**	-	(2,719)	(2,776)	(20,967)	634	**2,145,368**
Industrial Services	**85,335**	1,835	(2,429)	(21,000)	(3,347)	-	**60,394**
Services	**122,556**	10,167	-	(2,272)	(638)	31	**129,844**
Total	**3,122,227**	**12,002**	**(5,148)**	**(26,048)**	**(24,952)**	**665**	**3,078,746**

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 with Grupo Dragados, S.A. which amounts to EUR 743,140 thousand.

There have been no significant changes during 2018, nor during fiscal year 2017.

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 Americas was allocated EUR 287 million. In 2018, 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 2019 to 2021 made according to the Hochtief business plan for this line of business and the estimates for 2022 and 2023, discounting the free cash flows at a weighted average cost of capital (WACC) of 8.3%, 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 December 31, 2018 and standing at 594 basis points. Similarly, the perpetual growth rate used corresponds to the estimated CPI for Australia for the year 2023 as published by the IMF in its World Economic Outlook report for October 2018.

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 11.6%, representing a range of approximately 330 basis points, as well as a perpetuity growth rate of minus 1%. Also, it would bear an annual drop in cash flows of approximately 48% 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 December 31, 2018 and to CIMIC's market price at that same date, concluding that there is no deterioration in either of the scenarios analyzed.

In the case of Hochtief Americas business unit, 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 2022-2023 period.
- Perpetual growth rate of 2.2%, according to the IMF estimate with regard to the CPI for the US in 2023, based on the World Economic Outlook report published by the IMF in October 2018.
- A discount rate of 8.1% has also been assumed.

As for the sensitivity analysis of the impairment test for the goodwill assigned to Hochtief Americas, the relevant aspects are that the goodwill test, even assuming a cash position of 0 euros, supports a discount rate of up to approximately 33%, representing a span of 2,488 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 2018 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. Furthermore, it should be noted that the stock price at December 31, 2018 (EUR 117.70 per share) is significantly higher than the carrying cost, and additionally, in 2018, in the context of the Abertis transaction, sales were made 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, 2017), 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 Construction and Industrial Services business area according to the following breakdown:

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

The ACS Group assessed the recoverability thereof in both 2018 and 2017 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 2018 and the tax rate used is the theoretical tax rate for Spain. The perpetual growth rate (g) used is the CPI increase in 2023 for Spain according to the IMF report issued in October 2018.

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

- Dragados Construction:
  - Sales: annual compound growth rate during the period from 2019 to 2023 of 0.8%.
  - EBITDA Margins: average margin from 2019-2023 of 6.6% and final margin of 6.6%.
  - Amortizations/Operating investments: convergence to a ratio of sales of up to 1.3% 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 2018.
  - Perpetual growth rate of 1.90%.
  - A discount rate of 8.12% has also been assumed.

- Industrial Services:
  - Sales: annual compound growth rate during the period from 2019 to 2023 of 0.8%.
  - EBITDA Margins: average margin from 2019-2023 of 10.1% and final margin of 10.1%.
  - Depreciation/Operating investments: convergence to a ratio of sales of up to 2.0% 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 2018.
  - Perpetual growth rate of 1.90%.
  - A discount rate of 8.12% 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 2018 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. The impairment tests of the main Cash Generating Units such as Dragados Construction and Industrial Services support substantial increases in discount rates of more than 500 basis points, and significant negative deviations (greater than 50%) in the budgeted cash flows without producing an 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 2018 or in 2017.

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 43,845 thousand (EUR 60,394 thousand at December 31, 2017), which relates to 11 companies from this business line, 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, 2017), Sociedad Ibérica de Construcciones Eléctricas, S.A. for EUR 11,709 thousand (EUR 11,709 thousand at December 31, 2017).

In the Services division, the total amount comes to EUR 129,510 thousand (EUR 129,844 thousand at December 31, 2017), corresponding to 18 different companies, the largest of which is that relating to the purchase of 25% of Clece in the amount of EUR 115,902 thousand.

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 Pol-Aqua for EUR 2,747 thousand (EUR 5,643 thousand at December 31, 2017), Pulice for EUR 54,014 thousand (EUR 51,555 thousand at December 31, 2017), John P. Picone for EUR 47,220 thousand (EUR 45,071 thousand at December 31, 2017), and Schiavone for EUR 52,149 thousand (EUR 49,775 thousand at December 31, 2017). With the exception of the goodwill of Midasco Llc, which was amortized in 2018 for EUR 10,910, and the goodwill of Pol-Aqua, which was partially amortized in 2018 for EUR 2,759 thousand and in 2017 in the amount of EUR 2,776 thousand, the differences in the goodwill arose as a result of conversion differences with the US dollar.

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, 2018.

04.02. Other intangible assets

The changes in this heading in the consolidated statement of financial position in 2018 and 2017 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 januaryr of 2017	**4,900**	**37,220**	**288,597**	**2,017,412**	**2,348,129**	**(1,145,058)**	**(59,043)**	**1,144,028**
Changes in the scope of consolidation	-	(57)	(69)	22,030	**21,904**	1,101	-	**23,005**
Additions or charges for the year	-	2,156	42,434	6,339	**50,929**	(137,230)	(1,369)	**(87,670)**
Disposals or reductions	-	(1,108)	(2,556)	(3,796)	**(7,460)**	2,169	-	**(5,291)**
Exchange differences	(31)	(553)	(16,028)	(23,261)	**(39,873)**	15,178	6,318	**(18,377)**
Transfers to/from other assets	(406)	(38)	(485)	(16,647)	**(17,576)**	13,774	1,696	**(2,106)**
Balance at 31 december of 2017	**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**

Additions in 2018 amounted to EUR 39,149 thousand (EUR 50,929 thousand in 2017), mainly corresponding to Industrial Services in the amount of EUR 28,293 thousand (EUR 27,303 thousand in 2017), Services in the amount of EUR 5,502 thousand (EUR 5,175 thousand in 2017), Hochtief in the amount of EUR 4,648 thousand (EUR 17,756 thousand in 2017) and Dragados in the amount of EUR 565 thousand (EUR 635 thousand in 2017).

During 2018, losses were recorded in the value of items classified as “Other intangible assets” for EUR 1,351 thousand (EUR 1,377 thousand during the 2017 fiscal year). Significant losses in value have not been carried forward into the consolidated income statements for fiscal years 2018 and 2017.

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 amortization and impairments, amounting to EUR 603,655 thousand (EUR 603,655 thousand at December 31, 2017), to the various trademarks of the Hochtief Group amounting to EUR 221,096 thousand (EUR 221,096 thousand at December 31, 2017) and to the contractual relationships with clients of the Hochtief Group amounting to EUR 722,779 thousand (EUR 722,779 thousand at December 31, 2017) 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.

The development expenses that have been recognized as expenses in the consolidated income statement in 2018 amounted to EUR 1,364 thousand (EUR 2,045 thousand in 2017).

At December 31, 2018, assets with an indefinite useful life different from those presented as "Goodwill" relate mainly to several trademarks of the Hochtief Group amounting to EUR 43,751 thousand (EUR 43,728 thousand at December 31, 2017). The changes in the period arose as a result of the rates of exchange. Trademarks are not systematically amortized, but are checked for possible impairment annually. In 2018, there was an impairment of these assets amounting to EUR 1,695 thousand associated with the Devine brand, in Hochtief Asia Pacific (no impairment in 2017).

There were no material intangible asset items whose title was restricted in 2018 or 2017.

05. Property plant and equipment

The changes in this heading in the consolidated statement of financial position in 2018 and 2017 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 1 january of 2017	**483,391**	**3,320,033**	**868,871**	**47,395**	**4,719,690**	**(2,908,673)**	**(51,003)**	**1,760,014**
Changes in the scope of consolidation	(5,696)	6	(47,911)	-	**(53,601)**	15,741	-	**(37,860)**
Additions or charges for the year	3,831	348,738	76,010	40,444	**469,023**	(451,089)	(1,669)	**16,265**
Disposals or reductions	(33,883)	(524,338)	(62,773)	(6,574)	**(627,568)**	481,520	9,146	**(136,902)**
Exchange differences	(6,692)	(268,106)	(35,842)	(3,040)	**(313,680)**	173,626	2,295	**(137,759)**
Transfers from / to other assets	1,288	98,720	3,926	(33,542)	**70,392**	3,259	(361)	**73,290**
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 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	3,208	55,342	(13,890)	(10,477)	**34,183**	(21,327)	1,678	**14,533**
Balance at 31 december of 2018	**440,123**	**2,963,681**	**797,415**	**82,428**	**4,283,647**	**(2,650,264)**	**(38,813)**	**1,594,569**

During 2018 and 2017, acquisitions of tangible fixed assets were made for EUR 563,563 thousand and EUR 469,023 thousand, respectively.

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

In 2017, the most noteworthy acquisitions were mainly in the Construction area for EUR 408,026 thousand, namely, the investments made by Hochtief amounting to EUR 339,550 thousand and by Dragados amounting to EUR 67,736 thousand, to Services for EUR 21,547 thousand, corresponding mainly to acquisition of machinery, industrial vehicles and to Industrial Services for EUR 37,702 thousand for the acquisition of new plant and machinery for the implementation of new projects.

Similarly, assets were also sold in fiscal years 2018 and 2017 for a total carrying amount of EUR 68,249 thousand and EUR 136,902 thousand respectively. The most significant decrease in the 2018 fiscal year relates mainly to the Hochtief machinery amounting to EUR 55,097 thousand and to the sale of Dragados machinery amounting to EUR 9,541 thousand. In 2017, the most significant decrease related mainly to the Hochtief machinery amounting to EUR 120,721 thousand.

At December 31, 2018, the Group has ongoing contractual commitments for the future acquisition of property, plant and equipment for EUR 112,619 thousand (EUR 110,000 thousand at December 31, 2017), corresponding most notably to the investment commitments for technical installations by Hochtief in the amount of EUR 106,331 thousand (EUR 102,283 thousand at December 31, 2017) and for machinery by Dragados in the amount of EUR 6,151 thousand (EUR 7,717 thousand at December 31, 2017).

The impairment losses recognized in the consolidated income statement for 2018 amounted to EUR 2,315 thousand and were mainly due to the sale and impairment of Dragados machinery amounting to EUR 1,996 thousand (EUR 1,669 thousand in 2017, relating mainly to the sale and impairment of Dragados machinery). Similarly, no significant losses from value impairment were reverted and recognized in the consolidated 2018 and 2017 income statements.

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 2018 and 2017.

At December 31, 2018, there is no property, plant and equipment subject to restrictions. At December 31, 2017, technical equipment and machinery of the Australian subsidiary Cimic were subject to restrictions amounting to EUR 51,120 thousand.

In addition to the aforementioned restrictions, the ACS Group has mortgaged land and buildings with a carrying amount of approximately EUR 36,342 thousand (EUR 38,657 thousand in 2017) to secure banking facilities granted to the Group.

At December 31, 2018, the Group had recognized a net EUR 1,234,675 thousand, net of depreciation, relating to property, plant and equipment owned by foreign companies and branches of the Group (EUR 1,181,820 thousand in 2017).

The leased assets recognized under property, plant and equipment at December 31, 2018 and 2017 were as follows:

	Thousands of Euros						
	Land and buildings	Plant and machinery	Other tangible assets - property, plant and equipment	Total tangible assets - property, plant and equipment	Accumulated depreciation	Impairment losses	Total net tangible assets - property, plant and equipment
Balance at 31 december of 2018	624	18,068	35,680	54,372	(18,342)	-	36,030
Balance at 31 december of 2017	624	16,759	38,789	56,172	(29,229)	-	26,943

The assets under finance leases during the 2018 and 2017 fiscal years correspond mainly to vehicles leased by the Clece Group, Dragados and ImesAPI.

06. Non-current assets in projects

The balance of "Non-current assets in projects" in the consolidated statement of financial position at December 31, 2018, 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, 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	181,913	(77,590)	**104,323**
Waste treatment	2020	6,067	(1,528)	**4,539**
Water management	2019 - 2036	31,470	(9,241)	**22,229**
Wind farms	2022 - 2039	7,946	(1,641)	**6,305**
Desalination plants	-	2,093	(275)	**1,818**
Other infrastructures	-	52,114	(1,922)	**50,192**
Total		**281,603**	**(92,197)**	**189,406**

The changes in this heading in 2018 and 2017 were as follows:

	Thousands of Euros					
	2018			2017		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**342,426**	**(78,660)**	**263,766**	**330,349**	**(67,153)**	**263,196**
Changes in the scope of consolidation	(43,108)	226	(42,882)	44	1,760	1,804
Additions or charges for the year	32,138	(14,097)	18,041	43,022	(20,909)	22,113
Exchange differences	(3,045)	(3)	(3,048)	(6,575)	257	(6,318)
Disposals or reductions	(26,283)	-	(26,283)	(11,952)	7,575	(4,377)
Transfers	(20,525)	337	(20,188)	(12,462)	(190)	(12,652)
Ending balance	**281,603**	**(92,197)**	**189,406**	**342,426**	**(78,660)**	**263,766**

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 not assuming the demand risk and the changes in the balance of this heading in 2018 and 2017, 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	(77,560)	**104,323**
Water management	2020 - 2033	16,846	(8,532)	**8,314**
Waste treatment	2020	6,019	(1,528)	**4,491**
Other infrastructures	-	1,799	(80)	**1,719**
Total		**206,547**	**(87,700)**	**118,847**

	Thousands of Euros					
	2018			2017		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**206,416**	**(74,636)**	**131,780**	**209,825**	**(63,807)**	**146,018**
Changes in the scope of consolidation	-	-	-	(1,760)	1,760	-
Additions or charges for the year	49	(13,061)	(13,012)	1,668	(12,846)	(11,178)
Exchange differences	82	(3)	79	(256)	257	1
Disposals or reductions	-	-	-	(1,365)	-	(1,365)
Transfers	-	-	-	(1,696)	-	(1,696)
Ending balance	**206,547**	**(87,700)**	**118,847**	**206,416**	**(74,636)**	**131,780**

- The concession assets identified as financial assets, as a result of the Group not assuming the demand risk, and the changes in the balance of this heading in 2018 and 2017, are as follows:

-

Type of infrastructure	End date of operation	Thousands of Euros
		Collection rights arising from concession arrangements
Water management	2032 - 2033	**2,789**
Other infrastructures	-	**44,648**
Total		**47,437**

	Thousands of Euros	
	2018	2017
Beginning balance	**98,095**	**97,105**
Changes in the scope of consolidation	(44,145)	-
Investment	25,369	24,177
Finance income	8,412	6,004
Collections	(12,427)	(13,661)
Disposals or reductions	(13,780)	-
Exchange differences	(3,062)	(4,105)
Transfers from/to other assets	(11,025)	(11,425)
Ending balance	**47,437**	**98,095**

In accordance with the measurement bases of IFRIC 12 and Note 03.04, the amount of financial remuneration included under "Revenue" amounted to EUR 8,412 thousand in 2018 (EUR 6,004 thousand in 2017), with no amount in 2018 or 2017 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 2018 and 2017.

- 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, and the changes in the balance of this heading in 2018 and 2017 are 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	2019 - 2036	11,835	(709)	**11,126**
Wind farms	2022 - 2039	7,946	(1,641)	**6,305**
Desalination plants	-	2,093	(275)	**1,818**
Other infrastructures	-	5,746	(1,873)	**3,873**
Total		**27,620**	**(4,498)**	**23,122**

	Thousands of Euros					
	2018			2017		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**37,915**	**(4,024)**	**33,891**	**23,418**	**(3,346)**	**20,072**
Changes in the scope of consolidation	1,037	226	1,263	1,804	-	1,804
Additions or charges for the year	10,735	(1,036)	9,699	24,834	(8,063)	16,771
Exchange differences	(65)	-	(65)	(2,212)	-	(2,212)
Disposals or reductions	(12,503)	-	(12,503)	(10,587)	7,575	(3,012)
Transfers	(9,499)	336	(9,163)	658	(190)	468
Ending balance	**27,620**	**(4,498)**	**23,122**	**37,915**	**(4,024)**	**33,891**

At the same time, there are concession assets that are not financed by a "project finance" amounting to EUR 27,749 thousand (EUR 28,927 thousand at December 31, 2017) which are recognized as "Other intangible assets."

In 2018 and 2017, items of property, plant and equipment were acquired for EUR 32,138 thousand and EUR 43,022 thousand, respectively. The main investments in projects carried out in the financial year 2018 correspond to the Industrial Services division amounting to EUR 10,735 thousand, made mainly in desalination plants and wind farms (EUR 24,792 thousand made in water management and photovoltaic plants principally in the year 2017).

In the first half of 2018, amounts were recorded in the scope of consolidation of EUR 1,037 thousand relating to photovoltaic plants and wind farms in the Industrial Services division. No significant changes occurred in the scope of consolidation in the same period in 2017.

During 2018, the divestment amounted to EUR 44,145 thousand corresponding to the sale of 80% of the company 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.), maintaining a 20% stake, and consolidated using the equity method. This operation resulted in a profit of EUR 399 thousand, recorded under the heading "Impairment and income from disposals of financial instruments" in the consolidated statement of income. In 2017, there were no significant divestments.

Impairment losses recognized in the consolidated income statement at December 31, 2018 amounted to EUR 218 thousand (EUR 6,811 thousand at December 31, 2017). Similarly, no significant impairment losses were reversed and recognized in the 2018 and 2017 consolidated income statements.

At December 31, 2018 and 2017, 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 2018 and 2017 were as follows:

	Thousands of Euros	
	2018	2017
Beginning balance	**35,065**	**59,063**
Additions	1,621	67
Sales / decreases	(2,837)	(21,655)
Charges for the year	(885)	(3,467)
Impairment losses	(206)	-
Transfers from / to other assets	3,453	939
Exchange differences	(60)	118
Ending balance	**36,151**	**35,065**

It should be noted that during the year 2017, the Group derecognized publicly-owned housing that it had been operating with the IVIMA in Madrid on a lease basis until maturity to a financial institution, in the amount of EUR 24,017 thousand. This transaction resulted in a decrease in this heading for a net amount of EUR 16,854 thousand, as well as a decrease in the use rights recorded under "Intangible Fixed Assets" and "Other non-current liabilities" for an amount of EUR 8,585 thousand.

Income derived from rents from investment property amount to EUR 3,431 thousand in 2018 (EUR 9,408 thousand in 2017). The average level of occupancy of these assets is 39% (51% in 2017) with an average area rented in the year of 69,972 square meters (164,758 square meters in 2017).

The direct operating expenses arising from investment properties included under “Other operating expenses,” amounted to EUR 1,121 thousand in 2018 (EUR 6,586 thousand in 2017).

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 2018, the gross carrying amount was EUR 65,178 thousand and accumulated depreciation (increased by accumulated impairment losses) amounted to EUR 30,113 thousand. At year-end, the gross carrying amount and accumulated depreciation were EUR 65,233 thousand and EUR 29,082 thousand, respectively. There were no material differences with respect to fair value in the accompanying consolidated financial statements.

08. Jointly controlled entities

The main aggregates included in the accompanying consolidated financial statements relating to JVs and EIGs for 2018 and 2017, in proportion to the percentage of ownership interest in the share capital of each joint venture, are as follows:

	Thousands of Euros	
	2018	2017
Net asset	1,468,571	1,698,121
Pre-tax profit or loss	206,158	175,852
Income tax expense (-) / income (+)	(23,974)	(38,899)
Post-tax profit or loss	182,184	136,953
Other comprehensive income	3,662	-
Total comprehensive income	185,846	136,953

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 breakdown, by type of entity, of the consolidated companies accounted for by the equity method at December 31, 2018 and 2017 is as follows:

	Thousands of Euros	
	2018	2017
Associates	4,076,323	792,683
Jointly controlled entities	633,114	776,220
Total	**4,709,437**	**1,568,903**

The changes in this heading in 2018 and 2017 were as follows:

	Thousands of Euros	
	2018	2017
Beginning balance	**1,568,903**	**1,532,300**
Additions	3,673,314	267,158
Changes in accounting policies (Note 03.24)	(273,622)	-
Disposals	(330,223)	(110,163)
Change in consolidation method	(106,080)	24,172
Profit for the year	386,359	137,511
Changes in the equity of associates		
Exchange differences/other	(28,323)	(104,386)
Cash flow hedges	(15,233)	48,230
Financial assets held for sale	(1,492)	-
Distribution of dividends	(182,244)	(254,747)
Others	18,078	28,828
Ending balance	**4,709,437**	**1,568,903**

In the "Results of companies accounted for using the equity method" in the consolidated statement of income for the year 2018, the income of the companies considered that were put up for sale for a negative amount of EUR 367 thousand are also included.

The breakdown by division, as at December 31, 2018 and 2017, of investments accounted for using the equity method is as follows:

Line of Business	Thousands of Euros					
	31/12/2018			31/12/2017		
	Share of net assets	Profit/(Loss) for the year	Total carrying amount	Share of net assets	Profit/(Loss) for the year	Total carrying amount
Construction	1,945,507	270,593	**2,216,100**	759,005	133,449	**892,454**
Industrial Services	326,670	(10,660)	**316,010**	672,542	4,052	**676,594**
Corporate unit and adjustments	2,050,901	126,426	**2,177,327**	(155)	10	**(145)**
Total	**4,323,078**	**386,359**	**4,709,437**	**1,431,392**	**137,511**	**1,568,903**

- ***Construction / Corporate unit and adjustments***

At December 31, 2018 and 2017, in the Construction area the ownership interest from the Hochtief Group accounted for using the equity method are noteworthy amounting to EUR 1,880,404 thousand (EUR 593,151 thousand at December 31, 2017), with the stake in Abertis meriting particular mention. At December 31, 2017, the investment in BIC Contracting LLC (formerly HLG Contracting) stood at EUR 160,089 thousand and at December 31, 2018, this investment is accounted for at zero.

In relation to the equity ownership interest of Abertis Holdco, S.A. the total amount for the ACS Group is EUR 3,644,014 thousand and relates to the ownership interest of 20.0% from Hochtief (included under Construction) and 30.0% directly from ACS itself (included under Corporate Unit) following the success of the takeover bid launched by Hochtief and the subsequent purchases thereof. The contribution to the consolidated income of Abertis to the ACS Group in the year amounted to EUR 175 million, consisting of the proportional part of the Abertis income, the impact of the amortization of the provisional PPA (Purchase Price Allocation) as well as financial expenses and transactions associated to it net of tax effects and minority interests.

The change between years, in addition to the Abertis takeover, arose mainly as a result of the application of IFRS 15 effective January 1, 2018, with a reduction of EUR 271,632 thousand in the ownership interests of the Hochtief Group accounted for using the equity method (after tax), mainly as a result of the Group's ownership interest in BIC Contracting LLC, with an impact of EUR 160 million (after tax) (see Note 03.24).

- ***Industrial Services***

Within Industrial Services, the variation in the 2018 fiscal year is due to the divestment of the 24.21% stake in Saeta Yield, S.A., through the irrevocable acceptance of the takeover bid launched by a company controlled by Brookfield Asset Management at a price of EUR 12.2 per share. The ownership interest in Saeta Yield, S.A. at December 31, 2017 had a carrying amount of EUR 210,968 thousand (see Note 02.02.f).

Material associates

In accordance with IFRS 12, the only entity that has been considered as material in 2018 is Abertis Holdco, S.A. As detailed in Note 02.02.f., the ACS Group holds 50% less one share of Abertis Holdco, S.A. The interest of the ACS Group in Abertis Holdco, S.A. gives it a significant influence in the context of IAS 28 and, therefore, Abertis is accounted for as an associated company using the equity method in the consolidated annual accounts.

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

Abertis Holdco, S. A.	Thousands of Euros 31/12/2018 100%
Non-current assets	39,204,828
Current assets	4,662,082
Asset held for sale	1,621,795
Non-current liabilities	32,464,618
Current liabilities	3,238,412
Liabilities associate to assets held for sale	519,773
Equity	**9,265,902**
Non-controlling interest	2,208,217
Equity attributable to owners of the Company	**7,057,685**
Group interests in net assets (50%)	3,528,843
Other costs	115,171
Carrying amount of the investment	**3,644,014**

Abertis Holdco, S. A.	Thousands of Euros June – Dec. 2018 100%
Sales	3,138,704
Profit or loss from continuing operations	591,572
Post-tax profit/(loss) from discontinued operations	(43,002)
Profit/(loss) for the year	**548,570**
Non-controlling interest	127,148
Profit/(loss) for the year attributable to owners of the company	421,422
Income and expenses recognized directly in equity, after tax	**(100,201)**
Non-controlling interest	22,137
Income and expenses recognized directly in equity, after tax, attributable to owners of the company	(122,338)
Total comprehensive income (100%)	**448,369**
Non-controlling interest	149,285
Total comprehensive income attributable to owners of the company	299,084
Group share of total comprehensive income attributable to owners of the company (shareholding 50%)	**149,542**
Annual profit	**210,711**
Other comprehensive income	**(61,169)**

As a result of the acquisition of Abertis, the Group has requested an independent expert to carry out an exercise to allocate the purchase price (known as Purchase Price Allocation (PPA). In accordance with the IFRS, this exercise is provisional and it may be completed within 12 months from acquisition. The main impact of the provisional PPA has been the assignment of a greater value to the Abertis toll motorway concessions, net of tax effects. The value of the concessions has been calculated by means of the dividend discount at the cost of capital evaluated by said expert.

The benefit of associates using the equity method for the amount of EUR 385,992 thousand (EUR 137,511 thousand in 2017) includes provisions of EUR 23,698 thousand (EUR zero thousand in 2017). Also included under the "Non-current provisions" heading in the statement of financial position at December 31, 2018 is the amount of EUR 35,548 thousand linked to risks related to companies accounted for using the equity method.

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

As a result of the acquisition of Abertis Holdco, S.A. and the sale of Saeta Yield, the latter is no longer considered a material associate, for which reason the corresponding information is not disclosed.

Jointly controlled entities

BIC Contracting Llc (BICC), formerly HLG Contracting Llc (with a 45% stake) and with registered address in Dubai (United Arab Emirates), is accounted for as a joint agreement using the equity method, so the carrying value of the investment in BICC reflects the stake of the ACS Group in the income arising from its operations. The higher recognition threshold and the more restrictive criteria in the new IFRS 15 has led to the zeroing of the investment, which amounted to EUR 160 million at December 31, 2017. Since the investment in BICC was zero at December 31, 2018, it has been categorized as non-material for the ACS Group. No gain or loss has been recognized during the period.

It should be noted that there is a purchase option over the remaining 55% of the stake. This option has no impact on control of the company. The option is a derivative in accordance with IAS 39 and is valued at fair value with changes in the consolidated statement of income. The fair value of this option at December 31, 2018 is maintained at USD 54 million, equivalent to EUR 46.9 million (EUR 45.1 million at December 31, 2017). No gain or loss has been recognized during 2018.

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	
	2018	2017	2018	2017
Carrying amount	**432,309**	**259,087**	**633,114**	**616,132**
Profit before taxes	**(10,771)**	**27,979**	**208,096**	**212,542**
Income taxes	(5,389)	(5,569)	(16,288)	(26,529)
Profit after taxes	**(16,160)**	**22,410**	**191,808**	**186,013**
Other comprehensive income	2,011	(2,959)	19,814	28,651
Total comprehensive income	**(14,149)**	**19,451**	**211,622**	**214,664**

10. Financial assets

The breakdown of the Group’s financial assets at December 31, 2018 and 2017, by nature and category for valuation purposes, is as follows:

	Thousands of Euros			
	31/12/2018		31/12/2017	
	Non-Current	Current	Non-Current	Current
Equity instruments	118,826	310,416	153,609	229,257
Loans to associates	716,162	180,725	1,008,186	145,851
Other loans	62,106	196,715	142,704	302,820
Debt securities	44	253,380	42	261,092
Other financial assets	299,510	522,619	301,679	620,056
Total	**1,196,648**	**1,463,855**	**1,606,220**	**1,559,076**

The classification of financial assets following the application of IFRS 9 on January 1, 2018 and December 31, 2018 is as follows:

	Thousands of Euros			
	Value at 01/01/2018	Fair value with changes in profit or loss	Fair value with changes in other comprehensive income	Amortized cost
Non-current financial assets	**1,261,727**	**200,676**	**-**	**1,061,051**
Equity securities at long-term	153,609	153,609	-	-
Loans to companies at long-term	669,565	4,615	-	664,950
Loans to third parties	128,579	16,920	-	111,659
Debt securities at long-term	42	-	-	42
Long-term cash collateral deposits	8,351	-	-	8,351
Other financial assets at long-term	25,401	16,871	-	8,530
Non-current financial assets in operating receivables	276,180	8,661	-	267,519
Current financial assets	**1,518,084**	**659,175**	**177**	**858,732**
Equity securities at short-term	229,257	229,080	177	-
Loans to group and associates to short-term	104,860	-	-	104,860
Other financial assets group and associated to short-term	1,939	-	-	1,939
Loans to companies at short-term	167,641	729	-	166,912
Debt securities at short-term	261,092	56,689	-	204,403
Other financial assets at short-term	697,387	372,677	-	324,710
Current account with overcollateralization fund	55,908	-	-	55,908

	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
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

10.01. Equity instruments

The detail of the balance of this heading at December 31, 2018 and 2017 is as follows:

	Thousands of Euros			
	31/12/2018		31/12/2017	
	Non-Current	Current	Non-Current	Current
Construction	80,584	242,164	117,603	229,075
Industrial Services	34,702	2	30,062	5
Services	22	-	22	-
Corporate Unit	3,518	68,250	5,922	177
Total	**118,826**	**310,416**	**153,609**	**229,257**

Of the non-current and current equity instruments, those from Hochtief amounting to EUR 73,481 thousand and EUR 242,164 thousand respectively (at December 31, 2017: EUR 73,528 and 229,076, respectively) relate mainly to short-term investments in securities held in special and general investment funds. Additionally, at the end of the year, the Group has recorded the stake in Masmovil shares for an amount of EUR 68,250 thousand under the heading "Other current financial assets" in the accompanying consolidated statement of financial position with changes in the income statement after the sale of the "Note" and its partial conversion into shares (see Note 10.05).

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 breakdown of the balances of "Loans to associates" and of the scheduled maturities at December 31, 2018, is 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 breakdown of the balances of "Loans to associates" and of the scheduled maturities at December 31, 2017, is as follows:

	Thousands of Euros					
	Current	Non-current				
	2018	2019	2020	2021	2022 and subsequent years	Total non-current
Loans to associates	**145,851**	143,856	11,747	681,842	170,741	**1,008,186**

"Non-current loans to Associates" relates mainly to the loans amounting to EUR 395,020 thousand (EUR 681,842 thousand at December 31, 2017) granted to BIC Contracting LLC. The application of IFRS 9 resulted in a reduction of the carrying amount of EUR 317,609 thousand (see Note 3.24) due to the estimate of the expected credit loss corresponding to the loan based on the estimate of the associate's rating by an independent expert and in accordance with the methodology of the rating agency. In relation to the previous amount, it should be noted that it relates to one loan with a carrying amount of USD 454.9 million with maturity on September 30, 2021 and earning interest. The repayment of these loans is subject to the entity amortizing the syndicated loan it has received. The Group has, through Cimic, granted guarantees to BIC Contracting LLC for the amounts arranged in its credit lines for EUR 551 million (EUR 272 million in 2017).

Likewise, at December 31, 2018 noteworthy, non-current loans granted in euros (net of the associated provisions) included the participatory loan to Eix Diagonal Concessionària de la Generalitat de Catalunya in the amount of EUR 51,492 thousand (EUR 48,996 thousand at December 31, 2017), subordinated loans to Celtic Road Group

(Waterford and Portlaoise) for EUR 45,566 thousand (EUR 45,566 thousand at December 31, 2017), to Circunvalación de Alicante, S.A.C.E. for EUR 15,655 thousand (EUR 15,655 thousand at December 31, 2017), the participatory loan to Infraestructuras y Radiales, S.A. for EUR 29,538 thousand (EUR 29,538 thousand at December 31, 2017), the loan to Empresa de Mantenimiento y Explotación M30, S.A. for EUR 22,803 thousand (EUR 22,803 thousand at December 31, 2017), as well the subordinated loan granted to Road Management (A13) Plc. for EUR 35,223 thousand. In fiscal year 2018, variations in loans were mainly due to the credit granted by Dragados Concessions Ltd. to Road Management (A13) Plc. after the purchase made between April and December 2018 of Carillion (AM) Ltd (25%) and Amec Bravo Limited (25%), and the loan with TP Ferro Concesionaria, S.A. that at December 31, 2017 represented an amount of EUR 7,248 thousand. In 2017, as a result of the sale of Concesionaria Vial del Pacífico, S.A.S. and Concessionaire Nueva Vía al Mar, S.A. the subordinated loans that at December 31, 2016 represented an amount of EUR 18,521 thousand and EUR 11,988 thousand, respectively, were both written off. Additionally, in fiscal year 2017, the participating loan and subordinated debt of Autovía del Pirineo, S.A. in the amount of EUR 54,582 thousand at December 31, 2016 was capitalized.

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 breakdown of the balances of "Other loans" and of the scheduled maturities at December 31, 2018, is 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**

The breakdown of the balances of "Other loans" and of the scheduled maturities at December 31, 2017, is as follows:

	Thousands of Euros					
	Current	Non-current				
	2018	2019	2020	2021	2022 and subsequent years	Total non-current
Other loans	**302,820**	44,197	3,857	63,394	31,256	**142,704**

At December 31, 2018, this heading includes, in the current section, the amounts pending collection corresponding to the part of the sale price of Urbaser that was set as variable ("earn out") based on compliance with an EBIDTA for the period from 2017 to 2023 for the amount of EUR 64 million, estimated to be collected in the month of May 2019, and EUR 21 million expected and collected in January 2019. As at December 31, 2017, EUR 100 million had been collected for the current portion (collected in February 2018) and EUR 85 million for the non-current portion. At December 31, 2017, EUR 135 million were entered in the current portion of the loan component to Masmovil (see Note 10.05).

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

10.04. Debt securities

At December 31, 2018, 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 in the amount of EUR 203,310 thousand (EUR 199,683 thousand at December 31, 2017) and Dragados in the amount of EUR 47,105 thousand.

10.05. Other financial assets

At December 31, 2018, “Other financial assets” includes short-term deposits of EUR 401,760 thousand (EUR 517,145 thousand at December 31, 2017) relating basically to the forward sale of Iberdrola in 2016. In 2017, it corresponded mainly to the carrying value of the "Note" to Masmovil at said date.

Iberdrola

This heading includes the remaining amount from the total collected from the forward sale with advance collection of the entirety of its ownership interest in Iberdrola, S.A. in March 2016, with the transfer of all the economic rights (including dividends), there being no future cash-flow for the ACS Group in relation to the investment sold, although it retains mere legal ownership of the same. At that point in time, there was a substantial change following the formal communication made to bondholders on April 7, 2016 to report that the ACS Group’s method of payment to the bondholders will be exclusively in cash, and also with the undertaking of not buying shares in Iberdrola, reinforcing the transfer position of the assets and therefore of the risks and benefits thereof. Also, of the amount received, at December 31, 2018, EUR 235,836 thousand (EUR 485,894 thousand at December 31, 2017) are held as collateral in guarantee of the transaction and reflected under "Other current financial assets" in the attached consolidated statement of financial position. With this "collateralization" of the cash resulting from the sale of shares to meet the payments to the bondholders, the risk of not meeting the payment commitments substantially decreases. They are reflected as short-term instruments given that the bondholders may exercise their right to exercise early maturity at any time in accordance with the American option governing the bonds. At the same time, the amount of the bonds remains reflected as a short-term item under "Debt with credit institutions, obligations, and other marketable securities" in the liability portion of the attached consolidated statement of financial position.

At the same time, and in order to mitigate the risk of an increase in the debt associated with the bonds that may arise as a result of the increase in Iberdrola’s market value, the ACS Group issued call options on an equal number of Iberdrola shares for an exercise price equal to the sale price of the option described above (EUR 6.02 per share), in order to eliminate the market risk associated with the exchangeable bonds issued during 2013 and 2014. The transaction was recorded in the books as a derivative financial asset for the amount of the premium paid at the time of purchase amounting to EUR 70.8 million. Since it is an American-style option that depends on the moment the bondholders exercise the maturity, it stands recorded as a current or short-term asset. The subsequent valuation of the derivative is made with changes in the consolidated income statement

The amount of the collateral is used to guarantee the bond issues exchangeable for Iberdrola shares made through ACS Actividades Finance 2 B.V. (see Note 17) that at December 31, 2018, correspond only to the issuance due in March 2019 in the amount of EUR 235,300 thousand (since the October 2018 issue made through ACS Actividades Finance BV was fully amortized at maturity), which maintains the possibility of early cancellation at the discretion of the bond holder under certain conditions. These bonds are reflected as current liabilities under "Debt with credit institutions, obligations, and other marketable securities" in the attached consolidated statement of financial position. During 2018, bondholders of bonds with final maturity in October 2018 requested the exchange of these bonds for an amount of EUR 244,900 thousand and depreciated at maturity to an amount of EUR 5,300 thousand and, accordingly, the bond was paid with the amount of the collateral plus the year of the derivative contracted, without any significant impact on the consolidated income statement. Subsequent to the closing of the period and up to the date of approval of these consolidated financial statements, a nominal amount of EUR 235,300 thousand in bonds issued by ACS Actividades Finance 2 B.V. has been retired, reducing the corresponding collateral by EUR 235,836 thousand.

Masmovil

On November 8, 2018, the Note that the ACS Group held with Masmovil, convertible into 24.0 million company shares (following the split in the number of Masmovil shares approved on 13 December 2018) was sold, and both the valuation of the loan at amortized cost and the derivative relating to Masmovil are recorded jointly (in accordance with IFRS 9) throughout 2018 until the date of sale under "Other financial assets"; initially they were recorded at fair value at December 31, 2017 in the amount of EUR 135,181 thousand under “Other current financial assets - Other loans”, and at amortized cost at December 31, 2017 in the amount of EUR 286,739 thousand under “Financial instrument receivables” for the value of the conversion into Masmovil shares, respectively. For this sale, a total amount of EUR 406,533 thousand and 3.5 million shares of the company were received, net of expenses, generating a pre-tax capital gain of EUR 7,523 thousand under the heading "Variation in fair value of financial instruments.” Additionally, the valuation of the derivative during 2018, has been made with changes in the consolidated statement of income with a gain in the amount of EUR 41,768 thousand recorded under “Variation in fair value of financial instruments” on the accompanying consolidated income statement. At year end, the Group has recorded the investment in Masmovil for an amount of EUR 68,250 thousand under “Equity instruments” under the heading “Other current financial assets” in the accompanying consolidated statement of financial position with changes in the statement of income (see Note 10.01).

After the sale of all the shares and their participatory loans in Xfera Moviles in 2016, due to the degree of uncertainty and accounting complexity which for Masmovil represented the variable elements of revenue and price, interest rate, etc., and with a view to simplifying the structure of the initial contract, on July 13, 2017 the ACS Group reached an agreement with Masmovil Ibercom, S.A., the main features of which were:

- The amount was fixed at EUR 200 million (guaranteed to EUR 120 million by a bank guarantee upon first request for 25 months), and removing the earn-out which was initially set;
- the debt will accrue interest at a 2% fixed rate. The debt will generate a variable interest rate of 3% should a series of events take place such as a change of control, non-fulfillment of debtor obligations, etc.;
- the commitment of debt assumption and capitalization in shares was changed in that ACS compels Masmovil to assume the debt prior to June 30, 2021, ACS will be entitled to capitalize the outstanding debt at the date of the demand at the subscription of four million eight hundred thousand Masmovil shares
- Masmovil’s obligations will remain, such as delivery to ACS of the debt ratios, the need to have a qualified majority for taking certain important decisions such as the dismissal/appointment of senior executives (i.e. CEO or CFO of any operating company controlled by Masmovil), the adoption of a business plan other than the Business Plan or the annual budget if it differs materially from the Business Plan or a change in the national roaming agreement;
- the loan payment schedule ranges remains from 2023 to 2029, and there are certain early maturity assumptions; and
- Similarly, certain contingency payments payable in shares were replaced by cash payments.

As a result of the new agreement, the ACS Group had the right to a conversion option by which the fixed nominal amount of the Note for EUR 200 million may be exchanged for an equally fixed number, 24 million shares in Masmovil Ibercom S.A., at any time prior to June 30, 2021, which meant considering the existence of an embedded derivative. Therefore, and considering Masmovil’s market price, the Group updated the value of the account receivable in line with expected future flows and recorded the valuation of the existing derivative using the difference between the market price and the depreciation of the debt. Since it was an American-style option that depended on the moment the ACS Group exercised the conversion, it was recorded as a current asset. The subsequent valuation of the derivative was made with changes in the consolidated income statement The aggregate value of the instrument (i.e. the loan plus the embedded derivative) amounted to EUR 421,920 thousand at December 31, 2018 (EUR 135,181 thousand from the loan at December 31, 2017, see Note 10.03) plus the EUR 286,739 thousand from the derivative at December 31, 2017, recognized under “Financial instrument debtors” of the consolidated financial statement at that date (see Note 22). This financial instrument has shown a profit of EUR 41,768 thousand as a result of the positive evolution of Masmovil's share during the year 2018 until the sale of the Note, recorded under the heading "Variation in fair value of financial instruments" of the accompanying consolidated statement of income for the year 2018 (EUR 219,337 thousand in 2017).

The balance of this heading also includes the current account with the securitization SPV for the amount of EUR 56,778 thousand (EUR 55,907 at December 31, 2017) (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 fiscal year 2018 or in fiscal year 2017. There were no significant reversals due to the impairment of financial assets in 2018 or 2017.

11. Inventories

The “Inventories” item at December 31, 2018 and 2017 is as follows:

	Thousands of Euros	
	31/12/2018	31/12/2017
Merchandise	231,677	242,477
Raw materials and other supplies	314,376	254,694
Work in progress	185,064	358,394
Finished goods	24,820	23,470
Advances to suppliers and subcontractors	110,584	141,146
Total	**866,521**	**1,020,181**

Inventories at December 31, 2018 mostly relate to the EUR 378,018 thousand (EUR 424,942 thousand at December 31, 2017) contributed by the Hochtief Group, including work in progress amounting to EUR 148,312 thousand (EUR 286,902 thousand at December 31, 2017), mainly real estate (land and buildings) of Hochtief and its Australian subsidiary Cimic, of which none of the said assets were restricted at December 31, 2018 (EUR 103,249 thousand at December 31, 2017), and real estate assets in Dragados amounting to EUR 269,875 thousand (EUR 358,820 thousand at December 31, 2017). 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, 2018 or at December 31, 2017.

During 2018 and as a result of certain commercial agreements reached, the ACS Group received land with urban classification as consideration for payment in the amount of EUR 55,597 thousand, in addition to those registered at the time as "Advances from suppliers and subcontractors" in the amount of EUR 47,104 thousand. Subsequently, during the same period, the land was sold to a third party, with the decrease thereof being recorded under the “Cost of merchandise sold” heading in the accompanying consolidated income statement, and whose operation generated a net profit of EUR 15,041 thousand.

Impairment losses on inventories recognized and reversed in the consolidated income statement, relating to the various ACS Group companies, amounted to EUR 221 thousand and EUR 529 thousand in 2018 (EUR 360 thousand and EUR 30 thousand respectively in 2017).

12. Trade and other receivables

The carrying amount of trade and other receivables reflects their fair value, the detail, by line of business, being as follows at December 31, 2018 and 2017:

	Thousands of Euros				
	Construction	Industrial Services	Services	Corporate unit and adjustments	Balance at 31/12/2018
Trade receivables for sales and services	5,519,257	2,693,154	176,196	-	8,388,607
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	**6,491,383**	**3,464,434**	**181,953**	**236,645**	**10,374,415**

	Thousands of Euros				
	Construction	Industrial Services	Services	Corporate unit and adjustments	Balance at 31/12/2017
Trade receivables for sales and services	6,236,297	2,694,594	190,576	-	9,121,467
Receivable from group companies and associates	47,932	53,320	209	-	101,461
Other receivables	753,878	448,513	9,007	3,965	1,215,363
Current tax assets	60,077	138,930	20	115,625	314,652
Total	**7,098,184**	**3,335,357**	**199,812**	**119,590**	**10,752,943**

Trade receivables for sales and services - Net trade receivables balance

The breakdown of trade receivables for sales and services and net trade receivables balance, by line of business, at December 31, 2018 and 2017, is as follows:

	Thousands of Euros				
	Construction	Industrial Services	Services	Corporate unit and adjustments	Balance at 31/12/2018
Trade receivables and notes receivable	3,530,673	1,456,518	148,950	4,497	5,140,638
Completed work pending certification	2,246,411	1,333,256	30,161	-	3,609,828
Allowances for doubtful debts	(257,827)	(96,620)	(2,915)	(4,497)	(361,859)
Total receivables for sales and services	**5,519,257**	**2,693,154**	**176,196**	**-**	**8,388,607**
Advances received on orders (Note 23)	(1,890,103)	(739,010)	(48)	-	(2,629,161)
Total net trade receivables balance	**3,629,154**	**1,954,144**	**176,148**	**-**	**5,759,446**

	Thousands of Euros				
	Construction	Industrial Services	Services	Corporate unit and adjustments	Balance at 31/12/2017
Trade receivables and notes receivable	3,903,382	1,410,579	169,744	4,497	5,488,202
Completed work pending certification	3,013,245	1,370,410	23,837	-	4,407,492
Allowances for doubtful debts	(680,330)	(86,395)	(3,005)	(4,497)	(774,227)
Total receivables for sales and services	**6,236,297**	**2,694,594**	**190,576**	**-**	**9,121,467**
Advances received on orders (Note 23)	(1,713,013)	(820,522)	(18)	-	(2,533,553)
Total net trade receivables balance	**4,523,284**	**1,874,072**	**190,558**	**-**	**6,587,914**

At December 31, 2018, retentions held by customers for contract work in progress amounted to EUR 1,016,823 thousand (EUR 923,466 thousand at December 31, 2017).

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 2,096,583 thousand at December 31, 2018 (EUR 1,022,753 thousand at December 31, 2017).

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 reporting period.

The balance of “Trade receivables and notes receivable” was reduced by the amounts received from the "CAP-TDA 2 Fondo de Titulización de Activos", a securitization SPV which was set up on May 19, 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 Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A.

The amount of the receivables sold to the Securitization SPV was EUR 132,853 thousand at December 31, 2018 (EUR 127,039 thousand at December 31, 2017), of which EUR 56,778 thousand (EUR 55,907 thousand at December 31, 2017) were recognized as a current account with the Securitization SPV included under "Other current financial assets - Other loans" (see Note 10.03).

There was no customer at December 31, 2018 or 2017 that represented more than 10% of total revenue.

During 2018, progress in applying IFRS 15 with respect to the "Completed Work pending certification" entailed an increase in turnover and net equity not significant for the Group.

Likewise, in relation to the Construction business line, as at December 31, 2018, the Group has recorded as Completed Work Pending Certification the entry related to the Gorgon LNG Jetty and Marine Structure project for an amount of AUD 1,150 million as well as at December 31, 2017 (equivalent to EUR 712.1 million at December 31, 2018), and that corresponding to the work carried out by CPB Contractors Pty Ltd (CPB), which is a 100% subsidiary of Cimic, together with its partners in consortium (Saipem S.A. and Saipem Portugal Comercio Marítimo L.D.A.) that forms the Consortium 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 on 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 agreement. After a period of negotiation, the parties entered into private arbitration proceedings in accordance with the provisions of the Gorgon Agreement.

On August 20, 2016, in order to pursue its right under the agreement, the Cimic Group initiated proceedings in the United States against Chevron Corporation and KBR Inc. The beginning of the proceeding had no effect on the contract negotiation process or in Cimic's right to the amounts subject to negotiation and/or claimed in the arbitration. Since December 2016, the arbitration has continued in accordance with the contractual terms. The arbitrators have been appointed and have issued the appropriate orders for the direction of the procedure, and it is expected that the hearings will be held in 2019 with a subsequent resolution.

Additionally, there is an arbitration proceeding against Saipem in relation to the consortium seeking the recovery of outstanding amounts. This arbitration proceeding continues in accordance with the process defined in the contract. Arbitrators have been appointed, they have communicated how the procedure will be handled and hearings are scheduled in 2020, with a subsequent resolution.

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 2018 and 2017:

	Thousands of Euros				
	Construction	Industrial Services	Services	Corporate unit and adjustments	Total
Balance at 1 January 2017	**(742,596)**	**(79,638)**	**(4,021)**	**(4,497)**	**(830,752)**
Charges for the year	(11,929)	(7,668)	(862)	-	(20,459)
Reversals / Excesses	37,272	3	1,885	-	39,160
Changes in scope and other	36,923	908	(7)	-	37,824
Balance at 31 December 2017	**(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)**

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

The heading "Changes in scope and other" includes the provision of AUD 675 million (equivalent to EUR 458 million at December 31, 2018) made by Cimic in fiscal year 2014, which has been presented net with the balances of pending work (see Note 36).

The net trade receivables balance at December 31, 2018 amounted to EUR 5,759,446 thousand (EUR 6,587,914 thousand at December 31, 2017), of which EUR 917,754 thousand (EUR 964,209 thousand at December 31, 2017) relate to domestic activity and EUR 4,841,692 thousand (EUR 5,623,705 thousand at December 31, 2017) to international activity.

With regard to domestic activity, EUR 631,285 thousand (EUR 515,054 thousand at December 31, 2017), 69% of the balance (53% of the balance at December 31, 2017) 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 4,293,222 thousand (EUR 4,651,798 thousand at December 31, 2017), the majority of which relates to the Hochtief Group. The status of defaulting clients that are not impaired at December 31, 2018 and 2017 is detailed in the section “Credit risk” 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 357,828 thousand (EUR 196,404 thousand at December 31, 2017) reflect their fair value and there are restrictions as to their use.

15. Equity

15.01. Share Capital

At December 31, 2018 and 2017, the share capital of the Parent 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 shareholders at the Annual General Meeting held on May 29, 2014 authorized, in accordance with that set forth in article 297 of the Consolidated Text of the Spanish Corporate Enterprises Act –Texto Refundido de la Ley de Sociedades de Capital–, the Company's Board of Directors to increase share capital by up to 50% at the date of this resolution on one or several occasions, and at the date, in the amount and under the conditions freely agreed in each case, within five years following May 29, 2014, and without having previously submitted a proposal to the shareholders at the Annual General Meeting. Accordingly, the Board of Directors may set all of the terms and conditions under which capital is increased as well as the features of the shares, investors and markets at which the increases are aimed and the issue procedure, freely offer the unsubscribed shares in the preferential subscription period; and in the event of incomplete subscription, cancel the capital increase or increase capital solely by the amount of the subscribed shares.

The share capital increase or increases may be carried out by issuing new shares, either ordinary, without voting rights, preference or redeemable shares. The new shares shall be payable by means of monetary contributions equal to the par value of the shares and any share premium which may be agreed.

Pursuant to that set forth in article 506 of the Consolidated Text of the Spanish Companies Law, the Board of Directors was expressly empowered to exclude preferential subscription rights in full or in part in relation to all or some of the issues agreed under the scope of this authorization, where it is in the interest of the company and as long as the par value of the shares to be issued plus any share premium agreed is equal to the fair value of the Company's shares based on a report to be drawn up at the Board's request, by an independent auditor other than the Company's auditor, which is appointed for this purpose by the Spanish Mercantile Registry on any occasion in which the power to exclude preferential subscription rights is exercised.

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.

Similarly, at the Annual General Meeting held on May 29, 2014, the shareholders resolved to delegate to the Board of Directors the power to issue fixed income securities, either simple and exchangeable or convertible, and warrants on the Company's, or other companies', newly issued shares or shares in circulation, as follows:

- Securities which the Board of Directors is empowered to issue may be debt securities, bonds, notes, and other fixed-income securities of a similar nature, both simple and, in the case of debt securities and bonds, exchangeable for Company shares or shares in any other of the Group companies or other companies and/or convertible into Company shares or share in other companies, as well as warrants over newly issued shares or Company shares outstanding or shares outstanding of other companies.

- Securities may be issued on one or more occasions within five years following the date of this agreement.

- The total amount of the issue or issues of securities agreed under this delegation, whatever their nature, plus the total number of shares listed by the Company, plus the total number of shares listed by the Company and outstanding at the issue date may not exceed a maximum limit of EUR 3 billion.

- By virtue of the authorization granted herein to the Board of Directors, the Board will establish, for every issue, without limitation, the following: its amount, within the aforementioned limit; the location, date, and currency of the issue, establishing its equivalent in euros, if applicable; its denomination, be they bonds or debt securities, subordinate or not, warrants, or any other lawful security; the interest rate, dates, and procedures for payment; in the case of the warrants, the amount and mode of calculation, if applicable, of the premium and the exercise price; its nature as perpetual or amortizable; and, in the latter case, the term of amortization and the maturity dates; the type of repayment, premiums, and batches; guarantees; the form of representation, be they titles or annotations in account; right of preferential subscription, if applicable, and subscription system; applicable legislation; the request for admission to trading in official or non-official secondary markets, organized or not, national or foreign, of the securities issued; the appointment, if relevant, of the Commissioner and the approval of the rules governing the legal relationships between the Company and the Syndicate of the holders of the securities issued.

On the basis of these approvals by the General Shareholders' Meeting of May 29, 2014, under the Euro Medium Term Note Program (EMTN Program), in 2015 ACS, Actividades de Construcción y Servicios, S.A. performed, among others, a Notes issue in the Eur market for the amount of EUR 500 million admitted for trading on the Irish Stock Exchange, maturing at five years. Similarly, the Euro Commercial Paper (ECP) program has been renewed until maturity for a maximum amount of EUR 750 million (see Note 17.01) and the Negotiable European Commercial Paper (NEU CP) has also been renewed for a maximum amount of EUR 300 million over a maximum period of 365 days, under Bank of France regulation (see Note 17.01).

The Shareholders of ACS, Actividades de Construcción y Servicios, S.A. in the Annual General Meeting 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 Annual General 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, 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.

On January 9, 2018, ACS Actividades de Construcción y Servicios, S.A., using the powers delegated by resolution of the Company’s Shareholders in the Annual General Meeting held on May 4, 2017 and with the approval of the Board of Directors dated December 19, 2017, agreed to execute the second capital increase charged against reserves for a maximum of EUR 142 million (equivalent to approximately EUR 0.45 per share), which was approved by the aforementioned General Meeting for the purpose of allowing the shareholders to opt between continuing to receive remuneration in cash or in Company shares. Following the period of negotiation of the bonus shares corresponding to the second increase in paid-up capital, the irrevocable commitment to purchase the rights assumed by ACS was accepted by holders of 32.15% of the bonus rights, which has determined the acquisition by ACS of the rights for a total gross amount of EUR 45,423 thousand. The definitive number issued of ordinary shares, each with a nominal value of EUR 0.5, amounts to 2,793,785, with the nominal amount of the corresponding capital increase amounting to EUR 1,396,892.50. Simultaneously a reduction took place in capital for 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 Companies Act, equivalent to the nominal value of the redeemed shares (see Note 15.04).

The Shareholders of ACS, Actividades de Construcción y Servicios, S.A. in the Annual General Meeting held on May 4, 2017 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 382 million with a charge to voluntary reserves, whereby the first capital increase may not exceed EUR 240 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 Annual General Meeting held in 2017 and, in the case of the second increase, within the first quarter of 2018, 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 14, 2017 , 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 4, 2017, so that once the process has concluded, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued is 4,344,623, and the nominal value of the related capital increase is EUR 2,172,311.50, with a simultaneous capital reduction of EUR 2,172,311.50, through the retirement of 4,344,623 treasury shares charged to free reserves, for the same amount of EUR 2,172,311.50 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.

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 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, 2018, the shareholder with an ownership interest of over 10% in the share capital of the Parent was Inversiones Vesán, S.A. with an ownership interest of 12.52%.

15.02. Share premium

At December 31, 2018 and 2017, 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, 2018 and 2017 is as follows:

	Thousands of Euros	
	Balance at 31/12/2018	Balance at 31/12/2017
Legal reserve	35,287	35,287
Voluntary reserves	2,192,846	1,787,117
Capital redemption reserve fund	25,039	21,033
Reserve for actuarial gains and losses	(6,893)	28,680
Others reserves	1,165,018	88,202
Reserves at consolidated companies	(478,697)	262,410
Total	**2,932,600**	**2,222,729**

The main movement in this heading corresponds firstly to the increase in the amount of EUR 1,774,283 thousand originating as a consequence of the reduction of the stake in Hochtief from 71.7% to 50.4% following the agreements reached with Atlantia in the investment operation in Abertis (see Note 02.02 f) and, secondly, to 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, 2018 and 2017.

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.

Reserve for retired capital

As a result of the retirement of the Parent's shares carried out in 2018 and 2017, 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 25,039 thousand (EUR 21,033 thousand at December 31, 2017), 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 financial statement at December 31, 2018 and 2017, after considering the effect of consolidation adjustments, is as follows:

	Thousands of Euros	
	Balance at 31/12/2018	Balance at 31/12/2017
Construction	1,616,372	2,887,507
Services	37,331	27,796
Industrial Services	804,169	1,013,163
Corporate Unit	(2,936,569)	(3,666,056)
Total	**(478,697)**	**262,410**

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

15.04. Treasury shares

The changes in "Treasury shares" in 2018 and 2017 were as follows:

	2018		2017	
	Number of Shares	Thousands of Euros	Number of Shares	Thousands of Euros
At beginning of the year	**3,756,460**	**120,775**	**4,677,422**	**120,981**
Purchases	10,711,385	366,394	5,958,630	199,337
Depreciation and sales	(8,024,854)	(265,664)	(6,879,592)	(199,543)
At end of the year	**6,442,991**	**221,505**	**3,756,460**	**120,775**

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 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 Companies Act, equivalent to the nominal value of the redeemed shares (see Note 15.01).

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, 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 paragraph c) of Article 335 of the Companies Act, equivalent to the nominal value of the redeemed shares (see Note 32).

On January 9, 2017, 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 5, 2016, setting the definitive number of ordinary shares of EUR 0.5 par value each to be issued at 2,534,969, the corresponding nominal amount of the increase in capital being EUR 1,267,484.50. On the same date a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 1,267,484.50 by means of the redemption of 2,534,969 treasury shares and an allocation of an equal amount of EUR 1,267,484.50 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 14, 2017, 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 4, 2017, setting the definitive number of ordinary shares of EUR 0.5 par value each to be issued at 4,344,623, the corresponding nominal amount of the increase in capital being EUR 2,172,311.50. On the same date a capital reduction of ACS, Actividades de Construcción y Servicios, S.A. was executed for the amount of EUR 2,172,311.50 by means of the redemption of 4,344,623 treasury shares and an allocation of an equal amount of EUR 2,172,311.50 to the reserve provided for in paragraph c) of Article 335 of the Companies Act, equivalent to the nominal value of the redeemed shares (see Note 15.01).

At December 31, 2018, the Group held 6,442,991 treasury shares of the Parent, 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. At December 31, 2017, the Group held 3,756,460 treasury shares of the Parent, with a par value of EUR 0.5 each, representing 1.2%

of the share capital, with a consolidated carrying amount of EUR 120,775 thousand which was recognized in equity under “Treasury shares” in the consolidated statement of financial position.

The average purchase price of ACS shares in 2018 was EUR 34.21 per share (EUR 33.45 per share in 2017).

15.05. Interim dividend

On January 9, 2019, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second capital increase with a charge to reserves approved by the Ordinary General Meeting of Shareholders held on May 8, 8, 2018. 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.

The Company also agreed to carry out the second capital reduction through redemption of treasury shares approved at the same Ordinary General Meeting, the maximum amount being the same as the amount of capital increase resulting from the second capital increase discussed in the above 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 26.04 % of the free allocation rights. After the decision-making period granted to the shareholders had elapsed, in February 2019, the following events took place:

- The dividend was determined to be a total gross amount of EUR 36,875,841.30 (EUR 0.450 per share) and was paid on February 7, 2019.
- The number of final shares subject to the capital increase was 2,965,728 for a nominal amount of EUR 1,482,864, redeemed simultaneously for the same amount.

15.06. Adjustments for changes in value

The net changes in the balance of this heading in 2018 and 2017 were as follows:

	Thousands of Euros	
	2018	2017
Beginning balance	**(215,710)**	**10,908**
Hedging Instruments	(22,528)	69,986
Available-for-sale financial assets	6,329	(13,843)
Exchange differences	(60,532)	(282,761)
Ending balance	**(292,441)**	**(215,710)**

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 because they meet the requirements provided for in IAS 39 on hedge accounting. The changes in the period arose mainly as a result of the rates of exchange for the US dollar, Brazilian real, Argentine peso and the Australian dollar.

The changes relating to available-for-sale financial assets include the unrealized gains or losses arising from changes in their fair value net of the related tax effect.

The conversion differences at January 1, 1, 2004 were recognized in the transition to IFRS as opening reserves. Consequently, the amount presented in the Group's consolidated statement of financial position at December 31, 2018 relates exclusively to the difference arising in the period from 2004 to 2018, 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 conversion 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.

The main conversion differences at December 31, 2018 and 2017, by currency, were as follows:

	Thousands of Euros	
	Balance at 31/12/2018	Balance at 31/12/2017
U.S. Dollar (USD)	3,019	3,912
Australian Dollar (AUD)	(2,745)	3,160
Canadian Dollar (CAD)	(7,088)	(6,254)
Brazilian Real (BRL)	(60,009)	(40,057)
Mexican Peso (MXN)	9,530	(6,257)
Argentine Peso (ARS)	(44,083)	(32,941)
Chilean Peso (CLP)	(9,239)	(7,522)
Other currencies	(89,635)	(53,759)
Total	**(200,250)**	**(139,718)**

At December 31, 2018, in addition to the balance of conversion differences, the balance of "Valuation adjustments" include a loss of EUR 58,767 thousand for hedging instruments (EUR 36,239 thousand at December 31, 2017) and a negative amount of EUR 33,424 thousand for assets available for sale (EUR 39,753 thousand at December 31, 2017).

15.07. Non-controlling interests

The detail, by line of business, of the balance of "Non-controlling interests" in the consolidated statement of financial position at December 31, 2018 and 2017 is as follows:

Line of Business	Thousands of Euros			
	Balance at 31/12/2018		Balance at 31/12/2017	
	Non-controlling interests	Profit attributed to non-controlling interests	Non-controlling interests	Profit attributed to non-controlling interests
Construction	1,236,124	336,838	1,067,942	261,608
Industrial Services	82,103	6,438	63,893	21,477
Services	3,902	1,999	4,523	1,706
Total	**1,322,129**	**345,275**	**1,136,358**	**284,791**

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 559,391 thousand at December 31, 2018 (EUR 745,988 thousand at December 31, 2017), which mainly relate to the non-controlling shareholders of Cimic Group Limited.

In accordance with the above, the only significant non-controlling interest is Hochtief, whose information is as follows:

	Thousands of Euros	
	31/12/2018	**31/12/2017**
Non-current assets	4,874,872	3,960,284
Current assets	9,572,950	9,388,475
Non-current liabilities	2,910,073	2,962,918
Current liabilities	9,072,366	7,851,739
Equity	**2,465,383**	**2,534,102**
Of which: Non-controlling interests Hochtief	559,391	745,988
Non-controlling interests of Hochtief included in equity of the ACS Group	**1,504,130**	**1,250,337**
Turnover	23,882,290	22,630,950
Profit before tax	**978,439**	**823,619**
Income tax	(259,888)	(241,132)
Profit for the period from continuing operations	**718,551**	**582,487**
Profit after tax from discontinued operations	-	-
Profit for the period	**718,551**	**582,487**
Of which: Non-controlling interests Hochtief	(177,455)	(161,751)
Profit attributable to the parent	**541,096**	**420,736**
Non-controlling interests included in profit or loss for the year	**(445,659)**	**(280,423)**
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)

The increase between years in minority interests amounting to EUR 636,369 million is the result of the reduction in the stake in Hochtief from 71.7% to 50.4% following the agreements reached with Atlantia in the investment operation 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 2018, by item, were as follows:

	Thousands of Euros
Balance at 31 December 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
Adjustments for changes in value	(591,293)
Balance at 31 December 2018	**1,667,404**

The changes in 2017, by item, were as follows:

	Thousands of Euros
Balance at 01 January 2017	**1,393,221**
Profit for the year from continuing operations	284,791
Dividends received	(158,902)
Change in scope of consolidation	(1,221)
Changes in share capital and other	59,795
Adjustments for changes in value	(156,535)
Balance at 31 December 2017	**1,421,149**

At December 31, 2018, the shareholders with an ownership interest equal to or exceeding 10% of the share capital of the Group's most relevant Subsidiaries were as follows:

Group	Percentage of ownership	Shareholder
Construction		
Hochtief, A.G.	23.86%	Atlantia S.p.A
Piques y Túneles, S.A.	50.01%	Besalco, S.A.
Gasoductos y Redes Gisca S.A.	47.50%	Spie Capag, S.A.
Autovía del Camp del Turia, S.A.	35.00%	Sedesa Concesiones (30%)
Industrial Services		
Escal UGS S.L.	33.33%	Castor UGS LP
Procme, S.A.	25.46%	GESTRC SGPS
Serpista, S.A.	49.00%	Temg Mantenimiento, S.A. (10%)
		Iberia, S.A. (39%)
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%)
		Steel Serv, S.A. (5%)
Petrolíferos Tierra Blanca, S.A. de C.V.	50.00%	Alfasid del Norte, S.A.
Dankocom Pty Ltd	20.00%	Navolox
Oilserv S.A.P.I. de C.V.	50.00%	Newpek, S.A. de C.V.
Iberoamericana de Hidrocarburos CQ Exploración & Producción, S.A.S.	40.00%	Hidrocarburos CEQU de Colombia, S.A.S.
Services		
Multiservicios Aeroportuarios, S.A.	49.00%	Iberia, S.A.

16. Grants

The changes in the balance of this heading in 2018 and 2017 were as follows:

	Thousands of Euros	
	2018	2017
Beginning balance	**4,007**	**3,974**
Exchange differences	(5)	(14)
Additions	416	2,046
Transfers	51	(1,108)
Recognition in income statement	(1,242)	(891)
Ending balance	**3,227**	**4,007**

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 1,242 thousand before tax in 2018 (EUR 891 thousand in 2017). The timing of recognition in profit or loss is detailed as follows:

	Thousands of Euros					
	31/12/2018			31/12/2017		
	<1	2-5	>5	<1	2-5	>5
Grants related to assets	1,025	1,169	1,033	1,439	1,855	713

17. Bank loans, debt instruments and other marketable securities

17.01. Bonds and other securities

At December 31, 2018, the ACS Group had non-current debentures and bonds issued amounting to EUR 2,760,988 thousand in non-current issues and EUR 1,237,496 thousand in current issues (EUR 2,006,798 thousand in non-current issues and EUR 1,191,218 thousand in current issues, respectively, at December 31, 2017) mainly from Cimic, Hochtief and ACS. Among the short-term convertible bonds and debentures, bonds convertible to Iberdrola shares were issued in the amount of EUR 235,300 thousand (see Note 10.05) after the amortization of EUR 250,200 thousand during the 2018 fiscal year (EUR 485,500 thousand at December 31, 2017).

The most significant issues at December 31, 2018 are as follows:

- The issuance of Bonos Verdes [Green Bonds] by ACS, Servicios, Comunicaciones y Energía, S.L. (a wholly-owned subsidiary of ACS, Actividades de Construcción y Servicios, S.A.) 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.

- During the 2018 fiscal year, 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 July 3, 2025. These bonds are listed on the Luxembourg Stock Exchange and in all the German stock exchanges the carrying value at December 31, 2018 amounts to EUR 500,876 thousand.

- On March 16, 2015, ACS, Actividades de Construcción y Servicios, S.A. performed a Notes issue in the Euro market for the amount of EUR 500 million under its Euro Medium Term Note Program (EMTN Program), approved by the Central Bank of Ireland. The issue matures at five years and the disbursement date is planned for April 1, 2015, with an annual coupon of 2.875% and an issue price of 99.428%. The Notes are expected to be admitted to trading on the Irish Stock Exchange.

- The operation 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 of this private placement at December 31, 2018 amounted to EUR 507,488 thousand (EUR 506,561 thousand at December 31, 2017). This issue has been reclassified to current in the consolidated statement of financial position.

- The issue made by ACS Actividades Finance 2 B.V. for a balance of EUR 235,300 thousand at December 31, 2018 and 2017, at par value, maturing on March 27, 2019, carry an annual nominal fixed interest of 1.625%, redeemable for Iberdrola shares. This bond issue is classified in the consolidated income statement at December 31, 2018 and 2017 as current liabilities and as a result of their consideration as current financial liabilities, these bonds are recorded at December 31, 2018 and 2017 at nominal value, which is the amount that the bondholders may demand if they opt for their redemption, without applying the effective interest rate and collecting in the value of the existing embedded derivative, the positive difference between the market price of the redeemable assets and the nominal value of the bond issue. The conversion price of the bonds is EUR 6.419 for each Iberdrola share. These bonds are listed on the unregulated Freiverkehr market of the Frankfurt Stock Exchange. These bonds have the possibility of early cancellation at the choice of the owner due to existence of an American-style option that gives the bondholder the possibility to repay the bonds at market value at any time. During 2016 and as a result of a "prepaid forward sale" contract on the Iberdrola shares (see Note 10.05) a substantial change arose due to the formal notice to bondholders of April 7, 2016 to indicate that the payment choice of ACS Group to bondholders would be exclusively in cash. In accordance with the terms of the issues, the ACS Group had the ability to choose the form of bond payment, whether in cash or by delivery in shares. Given the mentioned communication, the second option will no longer be contemplated. Subsequent to period close and up to the date of approval of these consolidated financial statements, a nominal amount of EUR 235,300 thousand, the entirety of bonds issued by ACS Actividades Finance 2 B.V. has been retired, reducing the corresponding collateral by EUR 235,836 thousand.

- Corporate bond issue launched by Hochtief, A.G. on March 14, 2013 for a nominal amount of EUR 750 million maturing in March 2020 and with an annual coupon of 3.875%, and a carrying value of EUR 771,280 thousand at December 31, 2018 (EUR 769,914 thousand at December 31, 2017).

- During the fiscal year 2018, 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. Santander Global Banking & Markets is the arranger of program implementation, an entity that also acts as designated broker (dealer). Through this program, ACS may issue promissory notes (Notes) maturing between 1 and 364 days, thus enabling the diversification of financing channels in the capital market. At December 31, 2018, the issues outstanding under the aforementioned programs amounted to EUR 283,050 thousand (EUR 415,495 thousand at December 31, 2017).

– During the first half of 2018 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, 2018, the issues outstanding under the aforementioned programs amounted to EUR 138,700 thousand (EUR 68,000 thousand at December 31, 2017).

– 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 174,792 thousand (168,169 thousand at December 31, 2017).

– In 2010, Cimic issued a bond of USD 350 million with a current equivalent value of EUR 99,859 thousand (EUR 96,075 thousand at December 31, 2017). Only the tranche expiring in 2020 with an interest rate of 5.78% remains in this bond, since the tranche amounting to EUR 137,975 thousand matured in 2017.

Maturities for the year 2018 have been as follows:

– In 2008, Cimic Group Limited issued USD 280 million through a private placement. The tranche matured in October 2018, with an interest rate of 7.66%. The carrying amount of this private placement at December 31, 2017 amounted to EUR 65,999 thousand.

– The issue by ACS Actividades Finance B.V. for an amount of EUR 250,200 at December 31, 2017 was fully repaid at maturity on October 22, 2018, accruing an annual nominal fixed interest of 2.625%, and was exchangeable for Iberdrola shares (See Note 10.05).

– During the fiscal year 2018, issues made during 2016 were repaid at maturity, which, under the EMTN program made EUR 28 and EUR 85 million, issued in October 2015 with an annual coupon rate of 2.5%.

Subsequent to year end, the Company made an issue under the EMTN program amounting to EUR 120 million, maturing on March 8, 2021, with an annual coupon rate of 0.375% and an issue price of 99.936%. The Notes are expected to be admitted to trading on the Irish Stock Exchange.

The breakdown of these debentures and bonds at December 31, 2018 by maturity is 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 breakdown of these debentures and bonds at December 31, 2017 by maturity is as follows:

	Thousands of Euros					
	Current	Non-current				
	2018	2019	2020	2021	2022 and subsequent years	Total non-current
Debentures and bonds	**1,191,218**	498,722	1,339,907	-	168,169	**2,006,798**

The market price of the ACS Group bonds at December 31, 2018 and 2017 is as follows:

	Price	
	31/12/2018	31/12/2017
ACS 500, 2.875% Maturity in 2020	103.13%	105.65%
ACS Exchangeable 298, 2.625% Maturity in 2018	Vencido	119.55%
ACS Exchangeable 235, 1.625% Maturity in 2019	117.04%	115.55%
ACS SC&E, 1,875% Maturity in 2026	92.65%	n/a
HOCHTIEF 500, 2.625% Maturity in 2019	100.96%	103.32%
HOCHTIEF 750, 3.875% Maturity in 2020	104.08%	107.82%
HOCHTIEF 500, 1,75% Maturity in 2025	100.96%	n/a

17.02. Loans and credit facilities

The breakdown of the bank loans 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 breakdown of the bank loans at December 31, 2017 and the repayment schedules are as follows:

	Thousands of Euros					
	Current	Non-current				
	2018	2019	2020	2021	2022 and subsequent years	Total non-current
Bank loans in euros	**1,015,736**	278,593	209,230	30,243	1,721,105	**2,239,171**
Foreign currency loans	**462,245**	140,770	164,119	21,152	223,767	**549,808**
Finance lease obligations	**6,937**	6,027	3,525	1,734	3,086	**14,372**
Total	**1,484,918**	**425,390**	**376,874**	**53,129**	**1,947,958**	**2,803,351**

The ACS Group's most significant bank loans are as follows:

- During the fiscal year 2018, ACS, Actividades de Construcción y Servicios, S.A., held the syndicated bank loan for the same amount as at December 31, 2017 for a total of EUR 2,150,000 thousand, divided into two tranches (tranche A, for a loan of EUR 1,200,000 thousand and tranche B, for a credit line of EUR 950,000 thousand), maturing on June 13, 2022. No amount has been provided for the Tranche B credit line at December 31, 2018.

- Regarding the acquisition of Abertis during the current fiscal year, ACS, Construction Activities and Services, S.A. has formalized loan agreements with various entities in the amount of EUR 750 million with different maturities in 2023 (between June 28 and December 12, 2023) with market interest rates tied to Euribor.

- The credit line granted by an international bank syndicate to the subsidiary Hochtief, A.G. for a total of EUR 1,700,000 thousand, whose initial maturity was August 2022 with options to extend it up to two years, has been extended until August 2023. It has a tranche for guarantees amounting to EUR 1,200,000 thousand and a credit line of EUR 500,000 thousand. As at the close of fiscal year 2017, there is no use of the same recorded in the section corresponding to the credit line.

- On September 18, 2017, Cimic refinanced and extended the maturity on the syndicated bank loan for AUD 2,600 million, with maturity in two tranches on September 18, 2020 and September 18, 2022. There was no amount drawn down at December 31, 2018 (AUD 245 million at December 31, 2017).

- In November 2018, the syndicated loan and guarantee for an amount of CAD 350 million in favor of Hochtief's subsidiaries, Flatiron Constructors Canada Ltd., Flatiron Construction Corp. and E.E. Cruz & Company, Inc., which had an initial maturity in December 2018, has been extended for one year until November 2019. The amounts disbursed amount to CAD 75.7 million as at year end (CAD 107.1 million at December 31, 2017) as a result of the guarantees issued.

- On June 29, 2017, the Company (Dragados, S.A.) and its investee (Dragados Construction USA, Inc.), entered into a syndicated loan agreement as “Borrowers” with a group of international financial entities amounting to USD 270,000 thousand (EUR 225,075 thousand), which was drawn up in its entirety by Dragados Construction USA, Inc. The principal of said loan accrues an interest referenced to the Libor, having as due date June 29, 2022, the date on which it will be repaid in its entirety.

- On December 20, 2018, Dragados, S.A. formalized a new syndicated operation for a total amount of EUR 323,800 thousand, which is divided into a tranche A as a loan in the amount of EUR 161,900 thousand, and in a tranche B as a line of credit for the same amount as tranche A. At the close of fiscal year 2018, Dragados, S.A. has not drawn down any amount in either of the two sections. The principal of the loan and the credit line will accrue an interest tied to the Euribor, due December 20, 2023.

- The ACS Group has mortgage loans for an amount of EUR 34,928 thousand at December 31, 2018 (EUR 38,248 thousand at December 31, 2017).

- At December 31, 2018 the Group companies had been granted credit facilities with limits of EUR 7,427,009 thousand (EUR 7,237,317 thousand in 2017), of which the amount of EUR 6,165,532 thousand (EUR 5,301,712 thousand at December 31, 2017) were undrawn. These credit facilities sufficiently cover all the Group's needs in relation to its short-term commitments.

At December 31, 2018, debts in foreign currency with credit institutions, both current and non-current, amount to EUR 744,829 thousand (EUR 1,012,053 thousand in 2017), of which EUR 528,134 thousand are in American dollars (EUR 521,392 thousand in 2017), EUR 47,644 thousand are in Australian dollars (EUR 228,047 thousand in 2017), EUR 58,013 thousand are in Canadian dollars (EUR 73,919 thousand in 2017), EUR 29,779 thousand in British pounds (EUR 22,974 thousand in 2017) and EUR 29,522 thousand in Polish zloty (EUR 57,766 thousand in 2017).

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 2018 the Group's euro loans and credits bore average annual interest of 1.52% (1.68% in 2017). Foreign currency loans and credits bore average annual interest of 3.46% (3.12% in 2017).

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 2018 and 2017 the ACS Group satisfactorily met its bank loan payment obligations on maturity. Additionally, up to the date of the preparation of the consolidated financial statements, the Group had not failed to meet any of its financial obligations. Accordingly, at December 31, 2018, the ACS Group met all ratios required by its financing arrangements.

17.03. Finance lease obligations

The amounts payable under finance leases which are included under the heading "Bank loans, debt instruments and other marketable securities" in the accompanying consolidated financial statement at December 31, 2018 and 2017, were as follows:

	Thousands of Euros			
	Within one year	Between two and five years	More than five years	Balance at 31/12/2018
Present value of minimum lease payments	10,115	22,425	8,541	**41,081**
Unaccrued finance charges	407	464	27	**898**
Total amounts payable under finance leases	**10,522**	**22,889**	**8,568**	**41,979**

	Thousands of Euros			
	Within one year	Between two and five years	More than five years	Balance at 31/12/2017
Present value of minimum lease payments	6,937	11,169	3,203	**21,309**
Unaccrued finance charges	142	102	-	**244**
Total amounts payable under finance leases	**7,079**	**11,271**	**3,203**	**21,553**

It is the Group's policy to lease certain fixtures and equipment under finance leases. The average lease term is three to four years. Interest rates are set at the contract date. All leases are on a fixed repayment basis. The payments of contingent rents are not significant in the year 2018 or in the year 2017.

The Group's finance lease obligations are secured by the lessors' charges on the leased assets.

18. Limited recourse project financing

"Project finance and limited recourse loans" on the liability side of the consolidated statement of financial position mainly includes the amount of the financing related to infrastructure projects.

The breakdown of this heading, by type of financed asset, at December 31, 2018 is 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 infraestructures	9,581	31,586	**41,167**
Total	**16,078**	**100,678**	**116,756**

The breakdown of this heading, by type of financed asset, at December 31, 2018 and 2017 was as follows:

	Thousands of Euros		
	Current	Non-current	Total
Highways	7,953	67,109	**75,062**
Police station	6,147	32,221	**38,368**
Property assets (Inventories)	30,377	-	**30,377**
Water management	1,012	8,000	**9,012**
Other infraestructures	2,338	39,800	**42,138**
Total	**47,827**	**147,130**	**194,957**

The detail, by maturity, of non-current financing at December 31, 2018 and 2017 is as follows:

	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**

	Thousands of Euros				
	Maturity in				
	2019	2020	2021	2022 and subsequent years	Total
Balance at 31 December 2017	28,904	20,040	21,778	76,408	**147,130**

Project financing

Highlighted in this heading at December 31, 2017 is the Hochtief project financing related to real estate assets (classified for accounting purposes as inventories under the header "Inventories" in the accompanying consolidated statement of financial position) obtained for the development of real estate assets, both of Hochtief, A.G. and Cimic. At December 31, 2016, this financing maintains collaterals by Hochtief, A.G. for the amount of EUR 30,377 thousand with maturity of less than one year, with no amounts of capital and subordinated debt pending disbursement on said date nor at December 31, 2018, and no contingent contributions at that date nor at December 31, 2018.

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 5.05% in 2018 and 4.20% in 2017.

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, 2018. With the exception of that specifically mentioned in the preceding paragraphs relating to each of the most relevant financing, as at December 31, 2018 and 2017, there are no guarantees provided in the form of collateral.

In 2018 and 2017 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 financial statements, the Group had complied with all its financial obligations.

19. Other financial liabilities

The composition of the balances of this section of the consolidated statement of financial position at December 31, 2018 and 2017, is as follows:

	Thousands of Euros			
	Balance at 31/12/2018		Balance at 31/12/2017	
	Non-current	Current	Non-current	Current
Non-bank borrowings at a reduced interest rate	43,575	7,911	47,685	8,291
Payable to associates	29,443	41,655	28,127	19,226
Other	62,473	17,341	127,580	127,632
Total	**135,492**	**66,907**	**203,392**	**155,149**

The amount corresponding to “Other financial liabilities” includes, essentially, the financing obtained from public bodies in various countries to carry out certain infrastructure projects.

The "Non-bank loans 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 2018 were as follows:

NON-CURRENT	Thousands of Euros					
	Provision for pensions and similar obligations	Provision for taxes	Provision for third-party liability	Provision for environmental actions	Provisions for actions on infrastructure	Total
Balance at 31 December 2017	**515,130**	**141,737**	**892,512**	**593**	**17,137**	**1,567,109**
Additions or charges for the year	26,642	3,952	173,931	-	1,979	206,504
Reversals	(28,524)	(1,793)	(13,509)	-	-	(43,826)
Amounts used	(224)	(1,508)	(79,155)	(544)	-	(81,431)
Increases due to the passing of time and the effect of exchange rates on discount rates	21,479	-	5	-	-	21,484
Exchange differences	5,188	-	12,523	(49)	-	17,662
Changes in the scope of consolidation	254	-	111	-	-	365
Transfers	-	-	(4,156)	-	(854)	(5,010)
Balance at 31 December 2018	**539,945**	**142,388**	**982,262**	**-**	**18,262**	**1,682,857**

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, specific 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, 2018 to EUR 6,366 thousand (EUR 6,864 thousand at December 31, 2017) and EUR 155,042 thousand (EUR 161,702 thousand at December 31, 2017), respectively. The actuarial assumptions used in 2018 and 2017 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 0.98%. The interest rate applied was 0.98% in 2018 and 1.09% in 2017.

The amounts related to the pension commitments mentioned above, recorded in the "Staff costs" heading in the consolidated income statement for the year 2018, have entailed an income of EUR 958 thousand in 2018 (EUR 64 thousand of expenditure in 2017) corresponding mainly to the regularization and redemption of the pension commitment for a particular group of personnel from Grupo Dragados, for accrued and unpaid income.

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 Company. 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 2018 of EUR 4,750 thousand and was recognized under "Staff costs" in the consolidated statement of financial position. In 2017 the contribution corresponding to this item amounted to EUR 3,899 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 with regard to this.

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 Company’s obligation is 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 January 1, 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 updated by Hochtief Aktiengesellschaft 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 in existence for executive staff, although except at Executive Board 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 at 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 of 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, 2018 and 2017:

	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**

	Thousands of Euros		
	31/12/2017		
	Germany	USA	UK
Active members	119,864	80,884	10,822
Final salary	(18,702)	-	(10,822)
Not final salary	(101,162)	(80,884)	-
Vested benefits	157,757	39,090	17,467
Retirees	497,150	90,180	16,706
Similar obligations	96	53,383	-
Total	**774,867**	**263,537**	**44,995**
Duration in years (weighted)	**14.0**	**9.6**	**18.1**

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). The transferred assets are administered in trust by an external trustee and serve exclusively to finance pension obligations in Germany. The transferred cash is invested in the capital market in accordance with 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. at December 31, 31, 2018 amounts to approximately 52% (56% in 2017); the figure for Germany as a whole is approximately 58% (62% in 2017). 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 is expected that the funding ratio will 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. As a result of fully funding Turner pension obligations in 2018, high-risk investments in equities were reduced and investments in bonds with a more stable value were increased. These ideally perform in line with plan liabilities, 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 pension plan assets at Turner at December 31, 2018 is approximately 105% (100% in 2017); funding at Turner overall is about 82% (79% in 2017).

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 approximately 76% (74% in 2017).

Defined benefit obligations are covered by plan assets as follows:

Coverage of defined benefit obligations by plan assets

	Thousands of Euros			
	31/12/2018		31/12/2017	
	Defined benefit obligations	Plan assets	Defined benefit obligations	Plan assets
Uncovered by plan assets	53,587	-	54,552	-
Partially covered by plan assets	739,156	402,730	961,696	648,497
Not fully covered by plan assets	**792,743**	**402,730**	**1,016,248**	**648,497**
Fully covered by plan assets	265,180	279,508	67,151	72,615
Total	**1,057,923**	**682,238**	**1,083,399**	**721,112**

Actuarial assumptions

The size of pension provisions is determined on an actuarial basis. This necessarily involves estimates. Specifically, the actuarial assumptions used for 2018 and 2017 are as follows:

	Percent					
	2018			2017		
	Germany	USA	UK	Germany	USA	UK
Discount factor*	2.00	4.45	2.90	2.00	3.68	2.55
Salary increases	2.75	-	2.05	2.75	-	2.00
Pension increases*	1.75	-	3.30	1.75	-	3.27
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 2018G mortality tables
USA	RP-2014 mortality table projected generationally with MP2018
United Kingdom	S2PxA CMI_2017 (1.25 %) birth year

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					
	2018			2017		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Defined benefit obligations at start of year	**774,867**	**308,532**	**1,083,399**	**818,539**	**357,772**	**1,176,311**
Current service costs	6,601	1,883	8,484	7,928	2,004	9,932
Past service cost	-	435	435	(1,504)	-	(1,504)
Interest expense	15,079	10,719	25,798	13,991	12,432	26,423
Remeasurements						
Actuarial gains / (losses) arising from changes in demographic assumptions	7,966	(670)	7,296	-	(15,098)	(15,098)
Actuarial gains / (losses) arising from changes in financial assumptions	-	(19,348)	(19,348)	(27,979)	9,771	(18,208)
Actuarial gains / (losses) arising from experience adjustments	(170)	(1,191)	(1,361)	1,320	(801)	519
Benefits paid from Company assets	(862)	(3,018)	(3,880)	(330)	(2,879)	(3,209)
Benefits paid from fund assets	(40,157)	(14,276)	(54,433)	(37,040)	(16,176)	(53,216)
Employee contributions	-	115	115	-	132	132
Effect of transfers	(38)	-	(38)	(58)	-	(58)
Currency adjustments	-	11,456	11,456	-	(38,625)	(38,625)
Defined benefit obligations at end of year	**763,286**	**294,637**	**1,057,923**	**774,867**	**308,532**	**1,083,399**

Changes in the market value of plan assets

	Thousands of Euros					
	2018			2017		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Plan assets at start of year	**479,125**	**241,987**	**721,112**	**491,451**	**247,189**	**738,640**
Interest on plan assets	9,501	8,310	17,811	8,560	8,279	16,839
Plan expenses paid from plan assets recognized in profit or loss	-	(1,446)	(1,446)	-	(1,499)	(1,499)
Remeasurements						
Return on plan assets no included in net interest expense / income	(12,841)	(14,646)	(27,487)	7,713	22,784	30,497
Difference between plan expenses expected and recognized in profit or loss	-	420	420	-	(1)	(1)
Employer contributions	6,559	10,272	16,831	8,441	9,461	17,902
Employee contributions	-	115	115	-	132	132
Benefits paid	(40,157)	(14,276)	(54,433)	(37,040)	(16,176)	(53,216)
Currency adjustments	-	9,315	9,315	-	(28,182)	(28,182)
Plan assets at end of year	**442,187**	**240,051**	**682,238**	**479,125**	**241,987**	**721,112**

Investing plan assets to cover future pension obligations generated actual expenses of EUR 9,676 thousand in 2018 (as compared to an actual figure of EUR 47,336 thousand in 2017).

Pension provisions are determined as follows.

Reconciliation of pension obligations to provisions for pensions and similar obligations

	Thousands of Euros	
	31/12/2018	31/12/2017
Defined benefit obligations	1,057,923	1,083,399
Less plan assets	682,238	721,112
Funding status	**375,685**	**362,287**
Assets from overfunded pension plans	14,328	5,464
Provision for pensions and similar obligations	**390,013**	**367,751**

The fair value of plan assets is divided among asset classes as follows:

Composition of plan assets

	Thousands of Euros			
	31/12/2018			
	Fair value		Total	%
	Quoted in an active market	Not quoted in an active market		
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
Infraestructure	-	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

	Thousands of Euros			
	31/12/2017			
	Fair value		Total	%
	Quoted in an active market	Not quoted in an active market		
Stock				
U.S. equities	56,963	-	56,963	7.90
European equities	43,650	18,267	61,917	8.59
Emerging market equities	24,215	-	24,215	3.36
Other equities	23,226	-	23,226	3.22
Bonds				
U.S. government bonds	25,555	1,500	27,055	3.75
European government bonds	29,120	-	29,120	4.04
Emerging market government bonds	28,709	-	28,709	3.98
Corporate bonds*	207,821	1,568	209,389	29.04
Other bonds	5,208	1,486	6,694	0.93
Secure loans				
USA	9,221	-	9,221	1.28
Europe	9,334	-	9,334	1.29
Investment bonds	72,047	18,199	90,246	12.51
Real state	-	30,134	30,134	4.18
Infraestructure	-	15,469	15,469	2.15
Insurance policies	-	78,785	78,785	10.93
Cash	18,478	-	18,478	2.56
Other	1,083	1,074	2,157	0.30
Total	**554,630**	**166,482**	**721,112**	**100.00**

*Of which EUR 4,811 thousand state-guaranteed bonds

Pension expense under defined benefit plans is made up as follows:

	Thousands of Euros					
	2018			2017		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Current service cost	6,601	1,883	8,484	7,928	2,004	9,932
Post service cost	-	435	435	(1,504)	-	(1,504)
Total personnel expense	**6,601**	**2,318**	**8,919**	**6,424**	**2,004**	**8,428**
Interest expense for accrued benefit obligations	15,079	10,719	25,798	13,991	12,432	26,423
Interest on plan assets	(9,501)	(8,310)	(17,811)	(8,560)	(8,279)	(16,839)
Net interest expense / income (net investment and interest income)	**5,578**	**2,409**	**7,987**	**5,431**	**4,153**	**9,584**
Plan expenses paid from plan assets recognized in profit or loss	**-**	**1,446**	**1,446**	**-**	**1,499**	**1,499**
Total amount recognized in profit or loss	**12,179**	**6,173**	**18,352**	**11,855**	**7,656**	**19,511**

In addition to the expenses recognized in profit or loss, the consolidated comprehensive income statement includes EUR 20,142 thousand in actuarial losses recognized in 2018 before deferred taxes and after consolidation changes and exchange rate adjustments (EUR 85,533 thousand in actuarial gains recognized in 2017). Before deferred taxes, the cumulative amount of actuarial losses is EUR 462,105 thousand (EUR 441,963 thousand in 2017).

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 at December 31, 2018 came to EUR 52,413 thousand (EUR 53,383 thousand at December 31, 2017). Healthcare costs accounted for EUR 1,630 thousand (EUR 1,642 thousand at December 31, 2017) of the current service cost and EUR 2,076 thousand (EUR 2,483 thousand at December 31, 2017) 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 converted 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 collectively across all pension plan members and only comes into play in cases where life expectancy is longer than anticipated.

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					
	31/12/2018					
	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

	Thousands of Euros					
	31/12/2017					
	Germany		Rest of the world		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0,50% / -0,50%	(51,166)	57,728	(15,936)	17,616	(67,102)	75,344
Discount rate +1,00% / -1,00%	(96,707)	123,157	(30,404)	37,158	(127,111)	160,315
Salary increases +0,50% / -0,50%	558	(537)	420	(404)	978	(941)
Pension increases +0,25% / -0,25%	19,259	(18,433)	1,070	(975)	20,329	(19,408)
Medical costs +1,00% / -1,00%	-	-	83	(76)	83	(76)
Life expectancy +1 year	34,920	n/a	7,687	n/a	42,607	n/a

Future cash flows

Payment of benefits

At December 31, 2018, the pension payments planned for the future are as follows:

	Thousands of Euros
Due in 2019	59,925
Due in 2020	59,543
Due in 2021	58,957
Due in 2022	59,106
Due in 2023	59,492
Due in 2024 to 2028	281,580

Defined benefit plan contributions

Contributions to defined benefit plans are likely to be higher in 2019 than during the previous year. The main reason for this is an extraordinary contribution to the Turner pension fund, which is included in the 2018 figures.

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 July 1, 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 2018 and 2017:

	Thousands of Euros	
	2018	2017
Amounts paid into defined contribution plans		
CIMIC	131,870	130,296
Turner	46,219	42,693
Other	8,783	6,882
Total	**186,872**	**179,871**
Amounts paid into state pension schemes (employer share)	**79,031**	**74,735**

Expenses are recorded as staff costs 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, 2018, this heading notably includes an extraordinary provision of EUR 125,400 thousand, reserved for covering the estimated impact of the Royal Decree Law 3/2016 in Spain on the recoverability of deferred tax assets of all the entities that are members of the Tax 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. Reference is made to the main ACS Group provisions in Note 36.

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, 2018, the breakdown of provisions for third-party liabilities, by line of business, is as follows:

Line of Business	Thousands of Euros
Construction	366,038
Industrial Services	251,336
Services	22,292
Corporation	342,596
Total	**982,262**

The most significant provisions in the Construction area relate to the Hochtief Group, for which period provisions were made at December 31, 2018 amounting to EUR 221,838 thousand (EUR 202,915 thousand at December 31, 2017) for employee obligations and claims.

The changes in current provisions in 2018 were as follows:

CURRENT	Thousands of Euros			
	Provision for termination benefits	Provision for contract work completion	Provision for other traffic operations	Total
Balance at 31 December 2017	**10,523**	**52,060**	**840,502**	**903,085**
Additions or charges for the year	5,860	4,608	578,480	588,948
Amounts used	(96)	(8,466)	(329,133)	(337,695)
Reversals	(2,221)	(4,235)	(121,670)	(128,126)
Exchange differences	(294)	(1,342)	1,600	(36)
Changes in the scope of consolidation	(4)	(3)	16,594	16,587
Transfers	1,226	(134)	(286)	806
Balance at 31 December 2018	**14,994**	**42,488**	**986,087**	**1,043,569**

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.

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 loans 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 loans 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 loans 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)
2018	50	16,160	41,712
	-50	(16,160)	(41,712)
2017	50	14,393	28,421
	-50	(14,393)	(28,421)

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			
		2018		2017	
Functional currency	Currency	5%	-5%	5%	-5%
EUR	USD	-7.2	7.2	-4.8	4.8
AUD	USD	5.2	-5.2	4.8	-4.8
EUR	BRL	5.1	-5.1	3.1	-3.1
USD	CAD	-4.9	4.9	-7.0	7.0
EUR	MXN	2.2	-2.2	8.1	-8.1
AUD	EUR	2.1	-2.1	1.3	-1.3
AUD	HKD	2.0	-2.0	2.1	-2.1
EUR	CAD	1.9	-1.9	0.9	-0.9

Effect on equity before tax:

		Millions of Euros			
		2018		2017	
Functional currency	Currency	5%	-5%	5%	-5%
EUR	MXN	42.9	-42.9	29.4	-29.4
EUR	USD	37.7	-37.7	17.8	-17.8
EUR	BRL	12.1	-12.1	16.3	-16.3
AUD	USD	8.7	-8.7	1.7	-1.7
EUR	CLP	7.0	-7.0	7.6	-7.6
EUR	GBP	4.7	-4.7	4.1	-4.1
EUR	PEN	4.4	-4.4	4.3	-4.3
EUR	DZD	3.6	-3.6	3.5	-3.5

The following tables show the breakdown of the major foreign currencies of the financial assets and liabilities of the ACS Group:

At 31 December 2018

	Thousands 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

At 31 December 2017

	Thousands of Euros							
	US Dollar (USD)	Brazilian Real (BRL)	Moroccan Dirham (MAD)	Chilean Peso (CLP)	Mexican Peso (MXP)	Australian Dollar (AUD)	Other currencies	Balance at 31/12/2017
Marketable securities (portfolio of short-term and long-term investments)	28,364	1	(3,755)	1,438	17,716	65,157	4,199	113,120
Loans to associates	259,857	45	12	-	38,028	690,198	28,123	1,016,263
Other loans	1,773	6,085	-	7,391	198	15,515	177	31,139
Bank borrowings, debt, and other held-for-trading liabilities (non-current)	309,593	49,487	2,600	-	-	415,601	49,587	826,868
Bank borrowings, debt, and other held-for-trading liabilities (current)	154,753	2,061	-	34,407	5,435	142,690	168,765	508,111

Liquidity risk

This risk arises from the timing differences between loan 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 2018, certain transactions were carried out which significantly reduced the liquidity risk of the ACS Group. Noteworthy were the following:

- Hochtief has issued a bond for EUR 500 million with maturity in July 2025 to finance the capital contribution of Abertis and has extended the maturity of its syndicated credit line of EUR 1,700 million by one year (until 2023).
- The rating agency Standard and Poor's (S&P) has assigned ACS, Servicios, Comunicaciones y Energía, S.L. (a wholly-owned subsidiary of ACS, Actividades de Construcción y Servicios, S.A.) a long-term BBB and a short-term A-2 corporate credit rating.
- The issue of Bonos Verdes [Green bonds] by ACS, Servicios, Comunicaciones y Energía, S.L. for EUR 750 million to refinance a large part of its financial debt, with a term of eight years and an annual interest rate of 1.875%. Previously, S&P assigned a BBB/A-2 rating to these Green Bonds.
- ACS, Actividades de Construcción y Servicios, S.A., has renewed the Euro Commercial Paper (ECP) program 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).
- 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.
- Regarding the acquisition of Abertis, during the current year, ACS, Construction Activities and Services, S.A. has formalized loan agreements with various entities in the amount of EUR 750 million with different maturities in 2023 (between June 28, and December 12, 2023) with market interest rates tied to Euribor.
- On December 20, 2018, Dragados, S.A. formalized a new syndicated operation for a total amount of EUR 323,800 thousand, which is divided into a tranche A as a loan for an amount of EUR 161,900 thousand, and in a tranche B as a line of credit for the same amount as tranche A. At the close of fiscal year 2018, Dragados, S.A. has not drawn down any amount in either of the two tranches. The principal of the loan and the credit line will accrue an interest referenced to the Euribor, due December 20, 2023.

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 2019.

Within the section of "Other current financial assets" in the consolidated statement of financial position at December 31, 2018 (see Note 10) which amounts to EUR 1,463,855 thousand (EUR 1,559,076 thousand at December 31, 2017), the amount of EUR 198,716 thousand (EUR 290,446 thousand at December 31, 2017) 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.

Lastly, it should be noted in relation to this risk that as a precautionary measure, at its General Meeting of Shareholders held on May 29, 2014, and for a period of five years, the ACS Group authorized the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. to increase the share capital, as well as the issuance of debt securities, simple, exchangeable or convertible, etc., as detailed in Note 15.01.

In accordance with the Articles of Association 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.

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, 2018 and 2017 is detailed below:

	Thousands of Euros			
	31/12/2018			
	< 30 days	between 30 and 90 days	> 90 days	Total
Public Sector	**40,352**	**23,832**	**173,192**	**237,376**
State	13,285	11,864	55,089	**80,238**
Autonomous Communities	2,391	857	1,225	**4,472**
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**	**185,205**
Total	**152,710**	**57,691**	**212,179**	**422,580**

	Thousands of Euros			
	31/12/2017			
	< 30 days	between 30 and 90 days	> 90 days	Total
Public Sector	**30,384**	**35,605**	**155,928**	**221,917**
State	14,503	25,295	106,876	**146,674**
Autonomous Communities	2,683	2,589	1,389	**6,661**
Municipalities	9,333	2,812	7,859	**20,005**
Autonomous organizations and Government Companies	3,864	4,909	39,804	**48,577**
Private Sector	**97,768**	**50,396**	**89,509**	**237,673**
Total	**128,152**	**86,002**	**245,437**	**459,591**

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.

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).

Likewise, with regard to the exposure to price fluctuations of the shares of Hochtief, A.G., Iberdrola, S.A. itself, in 2016, eliminated exposure to this risk with Iberdrola, S.A. using the “prepaid forward sale” and maturity of the put spread as indicated in Note 10.05. In the case of Hochtief and 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, 10.05, and 28.03) since there is no financing directly associated with either.

It should be noted that 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 loans
+ Current bank loans
+ Issue of bonds and debentures
– Cash and other current financial assets

+ Project financing debt.

The Group's directors believe that the debt-to-equity ratio at December 31, 2018 and 2017 was adequate, the detail being as follows:

	Thousands of Euros	
	31/12/2018	31/12/2017
Net recourse debt / (cash)	**(120,040)**	**(41,919)**
Non-current bank borrowings (Note 17.2)	3,254,785	2,803,351
Current bank borrowings (Note 17.2)	854,835	1,484,918
Issue of bonds and debentures (Note 17.1)	3,998,484	3,198,016
Other financial liabilities (Note 19)	202,399	358,541
Long term deposits, other current financial assets and cash	(8,430,543)	(7,886,745)
Project finance with limited recourse (Note 18)	**116,756**	**194,957**
Net financial debt / (Net cash)	**(3,284)**	**153,038**
Equity (Note 15)	**6,055,705**	**5,164,029**

Estimate of fair value

The breakdown at December 31, 2018 and 2017 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 31/12/2018	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	-

	Thousands of Euros			
	Value at 31/12/2017	Level 1	Level 2	Level 3
Assets	**1,081,429**	**397,386**	**533,802**	**150,241**
Equity instruments	375,021	230,258	39,636	105,127
Debt securities	261,134	167,128	94,006	-
Derivative financial instruments				
Non-current	52,251	-	7,137	45,114
Current	393,023	-	393,023	-
Liabilities	**115,795**	**-**	**115,795**	**-**
Derivative financial instruments				
Non-current	48,292	-	48,292	-
Current	67,503	-	67,503	-

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 the underlying asset for which 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 aforementioned values are registered mainly in the Hochtief divisions for an amount of EUR 35,039 thousand (EUR 32,555 thousand at December 31, 2017) and Dragados for an amount of EUR 47,105 (EUR 53,501 thousand at December 31, 2017).

With respect to equity instruments that are classified in level 3 and whose fair value amounts to EUR 69,147 thousand (EUR 105,127 thousand at December 31, 2017) correspond to initially designated, available-for-sale financial assets that are not listed, with changes in the consolidated income statement. The main assets originate from Hochtief, in the amount of EUR 64,984 thousand (EUR 63,991 thousand at December 31, 2017), which have been valued using the discounted cash flow method applying the market interest rates at the end of the year. The rest of the holdings are dispersed in several minority stakes in concession assets outside Spain with amounts ranging from EUR 10 thousand to EUR 1,879 thousand (EUR 269 thousand to EUR 18,000 thousand at December 31, 2017), 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 variation of the financial instruments included in the Level 3 hierarchy during the 2018 fiscal year is as follows:

	Thousands of Euros				
	01/01/2018	Valuation adjustments	Transfer Level 2	Others	31/12/2018
Assets - Equity instruments	**150,241**	2,769	-	(36,973)	**116,037**
Liabilities - Derivative financial instruments	-	-	-	-	-

The changes in financial instruments included under Level 3 in 2017 was as follows:

	Thousands of Euros				
	01/01/2017	Valuation adjustments	Transfer Level 2	Others	**31/12/2017**
Assets - Equity instruments	**159,585**	16,496	62	(25,902)	**150,241**
Liabilities - Derivative financial instruments	**-**	-	-	-	**-**

There have been no transfers of financial assets valued at fair value between levels 1 and 2 during the 2018 fiscal year. However, as a result of the sale of the Note that the ACS Group owned in Masmovil and which was classified within level 2 at the close of the 2017 financial year, the shares received have been classified at level 1 in the hierarchy. During the fiscal year 2017, transfers of financial assets valued at fair value between levels 1 and 2 were not made.

The change in fair value of Level 3 in 2017 was mainly due to changes in the scope of consolidation and the increase in value recognized directly in equity.

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, 2018 and 2017, based on the nature of the contracts:

2018	**Thousands of Euros**							
	Notional value	**2019**	**2020**	**2021**	**2022**	**2023**	**Subsequent years**	**Net fair value**
Interest rate	2,113,729	69,562	-	1,200,735	47,358	725,000	71,074	(44,469)
Exchange rate	956,482	98,074	303,662	256	-	-	554,490	19,805
Price	4,616	-	-	-	-	-	4,616	3,184
Non-qualified hedges	965,614	235,266	262,504	-	-	467,844	-	11,147
Total	**4,040,441**	**402,902**	**566,166**	**1,200,991**	**47,358**	**1,192,844**	**630,180**	**(10,333)**

2017	**Thousands of Euros**							
	Notional value	**2018**	**2019**	**2020**	**2021**	**2022**	**Subsequent years**	**Net fair value**
Interest rate	1,422,420	56,502	13,951	-	1,200,945	78,048	72,974	(45,881)
Exchange rate	391,737	334,697	56,598	442	-	-	-	3,988
Price	4,616	4,616	-	-	-	-	-	4,616
Non-qualified hedges	1,590,825	696,859	247,012	185,589	203,435	208,623	49,307	366,756
Total	**3,409,598**	**1,092,674**	**317,561**	**186,031**	**1,404,380**	**286,671**	**122,281**	**329,479**

The notional amount for non-current assets and liabilities held for sale relating to renewable energy and concession activities at December 31, 2018 is as follows:

	Thousands of Euros						
	Notional value	2019	2020	2021	2022	2023	Subsequent years
Interest rate	191,412	-	-	-	-	-	191,412

The notional amount for non-current assets and liabilities held for sale relating to renewable energy and concession activities at December 31, 2017 was as follows:

	Thousands of Euros						
	Notional value	2018	2019	2020	2021	2022	Subsequent years
Interest rate	52,150	-	-	-	-	-	52,150

The following table shows the fair value of the hedging instruments based on the nature of the contract, at December 31, 2018 and 2017 (in thousands of euros):

	Thousands of Euros			
	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Interest rate	-	44,469	-	45,881
Exchange rate	21,130	1,325	7,593	3,605
Price	3,184	-	4,616	-
Non-qualified hedges	92,371	81,224	433,065	66,309
Total	**116,685**	**127,018**	**445,274**	**115,795**

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 loans and to guarantee fixed interests rates, mainly by arranging interest rate swaps as the loans 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, 2018 and December 31, 2017 (see Notes 17 and 18).

In relation to the syndicated loans, there are hedges for EUR 1,950,000 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 different interest rate swap contracts for the same amounts of the underlying loans and with 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 the year 2018, new hedging operations were carried out to mitigate foreign exchange risks in projects in the North America area where payments will be made in a currency other than the one corresponding to the collections and maturing in 2025.

Also noteworthy for their importance are the derivatives contracted from Hochtief for a notional amount of EUR 303,106 thousand, which mature between 2019 and 2021 (EUR 310,496 thousand in 2017, maturing between 2018 and 2020).

Additionally, there are significant derivatives contracted by Industrial Services in relating to exchange rate hedges for foreign projects for a nominal amount of EUR 93,898 thousand in 2018 which mature in 2019 and 2020 (EUR 80,280 thousand in 2017 which mature in 2018 and 2019).

Derivative instruments not classified as hedges

The assets and liabilities relating to financial instruments not qualified as hedges include the fair value of the derivatives which do not meet hedging conditions.

The most noteworthy income in this section at December 31, 2017 relates to a conversion option on the fixed nominal amount of the Promissory Note for EUR 200 million with Masmovil to be exchanged for an equally fixed number, 24 million shares in Masmovil Ibercom S.A. This was an American-style option which, as it depended on the moment in which the ACS Group exercised the conversion, was recorded as a current asset. The subsequent valuation of the derivative was made with changes in the consolidated income statement until its sale in November 2018. The value of this embedded derivative at December 31, 2017 (see Note 10.03) amounts to EUR 286,739 thousand, and is recorded under "Financial instrument debtors" of the consolidated statement of financial position with a positive effect in the of the "Changes in fair value of financial instruments" item in the accompanying consolidated income statement (see Note 28.05). In 2018, as a result of the application of IFRS 9 for the first time, the measurement of the financial instrument of Masmovil was considered to be a financial asset measured at fair value through profit or loss (see Note 10.05) recognized under "Other financial assets" in the consolidated financial statement until its sale in November 2018.

It should be noted that there were embedded derivatives in the issues of bonds exchangeable for EUR 235,300 thousand (EUR 485.500 thousand at December 31, 2017) (see Note 17), 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 (EUR 59,266 thousand at December 31, 2017) and was recognized under "Short-term financial instrument creditors" in the accompanying consolidated financial statement. 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 Americans-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 (fourth quarter of 2018 and first quarter of 2019) 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 (EUR 80,858 thousand at December 31, 2017), 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 fiscal years 2018 and 2017 was not material (see Note 28.05).

In the second half of 2018, a new ACS share option plan was implemented which, similarly to the previous ones, has been outsourced to a financial institution. The financial institution holds these shares for delivery 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 28.05). 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 relating to ACS shares at December 31, 2018 amounted to EUR 41,294 thousand recognized under "Current Financial Instrument Payables" (EUR 19,635 thousand recognized under "Current Financial Instrument Receivables" and EUR 4,374 thousand recognized under "Current financial instrument payables" at December 31, 2017) in the accompanying consolidated financial statement. During the first half of 2017, ACS finalized the stock options plan for ACS shares, executing it (Note 28.03) as it enters into force. As a result, this entailed an income of EUR 24,413 thousand in the consolidated statement of income corresponding to the reversal of the liability recorded at December 31, 2016 for this option plan.

The amounts provided as security (see Note 10.05) relating to the aforementioned derivatives arranged by the Group amounted to EUR 235,836 thousand at December 31, 2018 (EUR 485,894 thousand at December 31, 2017).

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 1,642,327 thousand in 2018 (EUR 1,448,423 thousand in 2017) (see Note 12), and the amount of the work certified in advance was EUR 986,834 thousand in 2018 (EUR 1,085,121 thousand in 2017).

The Group has signed confirming lines and similar contracts with various financial institutions to facilitate payment in advance to its suppliers, according to which, the supplier can exercise its right of recovery against the companies or Group entities, recovering the invoiced amount minus financial costs of discounts and fees applied by the aforementioned institutions and, in some cases, minus the amounts withheld in guarantee. The total amount of lines contracted amounts to EUR 1,746,636 thousand (EUR 1,659,116 at December 31, 2017), with a drawn down balance of EUR 751,647 thousand at December 31, 2018 (EUR 612,207 thousand at December 31, 2017). These contracts do not modify the main payment conditions thereof (interest rate, term or amount), which remain classified as trading liabilities.

Disclosures on deferred payments to suppliers. Final Provision Two of Law 31/2014, of December 3

The disclosures required by Final Provision Two of Law 31/2014, of December 3 are shown below, prepared in accordance with Resolution of January 29, 2016 of the Spanish Accounting and Audit Institute, concerning the information to be included in the financial statements with regard to the average payment period to suppliers in trade transactions at the national level:

	2018	2017
	Days	
Average period of payment to suppliers	66	65
Ratio of transactions paid	65	66
Ratio of transactions pending payment	67	64
	Thousands of Euros	
Total payments made	3,248,352	2,403,985
Total payments pending	1,423,922	1,494,087

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 financial statements.

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 “Non-current payables” at December 31, 2018 and 2017 are as follows:

	Thousands of Euros	
	31/12/2018	31/12/2017
Advance payments received	34,457	41,226
Payable to non-current asset suppliers	7,917	8,779
Interim dividend payable (Note 15.05)	-	141,284
Deposits and guarantees received	2,281	760
Other	413,624	271,775
Total	**458,279**	**463,824**

No provision has been recorded for the amount of the interim dividend payable as a result of the decision of the Parent Company to approve the dividend on 9 January 2019 (See Note 15.05).

25. Segments

25.01. Basis of segmentation

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

The business segments used to manage the ACS Group are as follows:

Construction: this area includes the activities of Dragados, Hochtief (including Cimic and its ownership interest in Abertis) and Iridium, and is aimed at carrying out all types of Civil Works, Building projects as well as activities related to the mining sector (carried out by Cimic, mainly in the Asia Pacific region). The geographical regions with the greatest exposure in this area are North America, Asia Pacific and Europe, mainly operating in developed and secure markets at the geopolitical, macroeconomic and legal levels.

Industrial Services: this area is dedicated to applied industrial engineering, developing activities in construction, maintenance and operation of energy, industrial and mobility infrastructures through an extensive group of companies headed by Grupo Cobra and Dragados Industrial.

Services: this area includes only the activity of Clece that offers integral maintenance services for buildings, public places, or organizations, as well as assistance to individuals. This area is mainly based in Spain.

Corporation: includes the corporate activity carried out by ACS, Actividades de Construcción y Servicios, S.A. Its direct stake in Abertis is included.

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: 2018 Financial Year

	Thousands of Euros				
	Construction	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	(20,419,478)	(130,650)	(3,503,964)	102,048	(23,952,044)
Other operating income	275,397	20,452	18,850	(69,098)	245,601
Staff costs	(5,189,384)	(1,258,448)	(1,423,097)	(39,029)	(7,909,958)
Other operating expenses	(1,880,884)	(57,846)	(839,765)	(18,573)	(2,797,068)
Depreciation and amortisation charge	(507,695)	(23,501)	(40,618)	(1,012)	(572,826)
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	12,797	(3,812)	(9,460)	4	(471)
Other profit or loss	(86,738)	(3,145)	(76,110)	-	(165,993)
OPERATING INCOME	**938,872**	**47,799**	**515,315**	**(63,167)**	**1,438,819**
Finance income	89,906	8,969	40,273	15,691	154,839
Finance costs	(226,776)	(13,061)	(109,763)	(62,553)	(412,153)
Changes in the fair value of financial instruments	3,364	-	(6)	62,905	66,263
Exchange differences	(21,790)	-	10,626	(14)	(11,178)
Impairment and gains on the disposal of non-current assets	30,789	3,179	10,828	(16,898)	27,898
FINANCIAL PROFIT /LOSS	**(124,507)**	**(913)**	**(48,042)**	**(869)**	**(174,331)**
Results of companies accounted for using the equity method	270,593	-	(11,028)	126,427	385,992
PROFIT BEFORE TAX	**1,084,958**	**46,886**	**456,245**	**62,391**	**1,650,480**
Corporate income tax	(278,725)	(7,628)	(124,990)	21,159	(390,184)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**806,233**	**39,258**	**331,255**	**83,550**	**1,260,296**
Profit after tax from discontinued operations	-	-	-	-	-
PROFIT FOR THE YEAR	**806,233**	**39,258**	**331,255**	**83,550**	**1,260,296**
Profit attributed to non-controlling interests	(336,838)	(1,999)	(6,438)	-	(345,275)
Profit from discontinued operations attributed to non-controlling interests	-	-	-	-	-
PROFIT ATTRIBUTABLE TO THE PARENT	**469,395**	**37,259**	**324,817**	**83,550**	**915,021**

25.02.02. Income statement by business segment: 2017 Financial Year

	Thousands of Euros				
	Construction	Services	Industrial Services	Corporate unit and adjustments	Total Group
REVENUE	**27,221,221**	**1,445,657**	**6,259,813**	**(28,478)**	**34,898,213**
Changes in inventories of finished goods and work in progress	(81,459)	(1)	(137)	-	(81,597)
Capitalised expenses of in-house work on assets	3,041	-	1,090	(18,404)	(14,273)
Procurements	(19,075,035)	(126,335)	(3,484,675)	41,992	(22,644,053)
Other operating income	269,976	16,851	26,428	7,371	320,626
Staff costs	(5,123,500)	(1,209,801)	(1,315,248)	(39,612)	(7,688,161)
Other operating expenses	(1,734,941)	(55,160)	(862,047)	(13,218)	(2,665,366)
Depreciation and amortisation charge	(547,193)	(23,549)	(39,591)	(885)	(611,218)
Allocation of grants relating to non-financial assets and other	468	188	235	-	891
Impairment and gains on the disposal of non-current assets	12,516	(2,398)	(25,461)	-	(15,343)
Other profit or loss	(72,015)	(1,386)	(97,086)	(5)	(170,492)
OPERATING INCOME	**873,079**	**44,066**	**463,321**	**(51,239)**	**1,329,227**
Finance income	131,351	10,779	46,112	14,755	202,997
Finance costs	(273,982)	(17,885)	(104,648)	(89,701)	(486,216)
Changes in the fair value of financial instruments	(7,289)	-	-	251,226	243,937
Exchange differences	(5,793)	(567)	1,027	17	(5,316)
Impairment and gains on the disposal of non-current assets	46,235	8,776	23,433	(83,910)	(5,466)
FINANCIAL PROFIT /LOSS	**(109,478)**	**1,103**	**(34,076)**	**92,387**	**(50,064)**
Results of companies accounted for using the equity method	133,450	-	4,052	9	137,511
PROFIT BEFORE TAX	**897,051**	**45,169**	**433,297**	**41,157**	**1,416,674**
Corporate income tax	(248,720)	(6,127)	(93,294)	18,268	(329,873)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**648,331**	**39,042**	**340,003**	**59,425**	**1,086,801**
Profit after tax from discontinued operations	-	-	-	-	-
PROFIT FOR THE YEAR	**648,331**	**39,042**	**340,003**	**59,425**	**1,086,801**
Profit attributed to non-controlling interests	(261,599)	(1,706)	(21,477)	(9)	(284,791)
Profit from discontinued operations attributed to non-controlling interests	-	-	-	-	-
PROFIT ATTRIBUTABLE TO THE PARENT	**386,732**	**37,336**	**318,526**	**59,416**	**802,010**

25.02.03. Statement of financial position by business segment: 2018 Financial Year

ASSETS	Thousands of Euros				
	Construction	Services	Industrial Services	Corporate unit and adjustments	Total Group
NON-CURRENT ASSETS	**8,613,476**	**1,024,481**	**1,187,594**	**2,501,254**	**13,326,805**
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	**1,380,085**	**91,597**	**151,756**	**7,282**	**1,630,720**
Non-current assets in projects	**150,693**	**-**	**38,711**	**2**	**189,406**
Non-current financial assets	**3,155,748**	**622,182**	**576,076**	**1,552,309**	**5,906,315**
Other current assets	**464,405**	**68,096**	**322,936**	**703,807**	**1,559,244**
CURRENT ASSETS	**13,532,426**	**448,082**	**6,753,706**	**234,339**	**20,968,553**
Inventories	**769,131**	**909**	**96,725**	**(244)**	**866,521**
Trade and other receivables	**6,546,609**	**200,660**	**3,521,352**	**105,794**	**10,374,415**
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	**22,145,902**	**1,472,563**	**7,941,300**	**2,735,593**	**34,295,358**

EQUITY AND LIABILITIES	Thousands of Euros				
	Construction	Services	Industrial Services	Corporate unit and adjustments	Total Group
EQUITY	**5,016,357**	**851,300**	**862,170**	**(674,122)**	**6,055,705**
Equity attributed to the Parent	**3,443,251**	**845,399**	**773,628**	**(673,977)**	**4,388,301**
Non-controlling interests	**1,573,106**	**5,901**	**88,542**	**(145)**	**1,667,404**
NON-CURRENT LIABILITIES	**3,964,244**	**273,091**	**1,276,323**	**2,942,381**	**8,456,039**
Grants	**327**	**1,932**	**968**	**-**	**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
Derivative financial instruments	**22,343**	**-**	**2,839**	**19,869**	**45,051**
Other non-current liabilities	**1,275,181**	**50,443**	**346,768**	**483,426**	**2,155,818**
CURRENT LIABILITIES	**13,165,301**	**348,172**	**5,802,807**	**467,334**	**19,783,614**
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
Derivative financial instruments	**796**	**-**	**30**	**81,141**	**81,967**
Trade and other payables	**10,707,828**	**229,937**	**4,648,858**	**(98,736)**	**15,487,887**
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	**22,145,902**	**1,472,563**	**7,941,300**	**2,735,593**	**34,295,358**

25.02.04. Statement of financial position by business segment: 2017 Financial Year

ASSETS	Thousands of Euros				
	Construction	Services	Industrial Services	Corporate unit and adjustments	Total Group
NON-CURRENT ASSETS	**7,673,742**	**1,089,014**	**1,528,457**	**414,436**	**10,705,649**
Intangible assets	**3,525,259**	**248,253**	**120,651**	**238,172**	**4,132,335**
Goodwill	2,651,192	129,844	60,394	237,316	3,078,746
Other intangible assets	874,067	118,409	60,257	856	1,053,589
Tangible assets-property, plant and equipment / Property investments	**1,346,773**	**74,466**	**143,219**	**7,655**	**1,572,113**
Non-current assets in projects	**202,289**	**-**	**61,369**	**108**	**263,766**
Non-current financial assets	**2,136,143**	**702,476**	**966,097**	**(621,242)**	**3,183,474**
Other current assets	**463,278**	**63,819**	**237,121**	**789,743**	**1,553,961**
CURRENT ASSETS	**13,559,047**	**533,026**	**5,583,763**	**957,990**	**20,633,826**
Inventories	**916,699**	**517**	**106,760**	**(3,795)**	**1,020,181**
Trade and other receivables	**7,129,143**	**220,057**	**3,393,124**	**10,619**	**10,752,943**
Other current financial assets	**730,213**	**226,297**	**72,699**	**529,867**	**1,559,076**
Derivative financial instruments	**5,790**	**-**	**-**	**387,233**	**393,023**
Other current assets	**155,538**	**1,484**	**19,598**	**1,391**	**178,011**
Cash and cash equivalents	**4,594,265**	**84,671**	**1,607,708**	**32,674**	**6,319,318**
Non-current assets held for sale	**27,399**	**-**	**383,874**	**1**	**411,274**
TOTAL ASSETS	**21,232,789**	**1,622,040**	**7,112,220**	**1,372,426**	**31,339,475**

EQUITY AND LIABILITIES	Thousands of Euros				
	Construction	Services	Industrial Services	Corporate unit and adjustments	Total Group
EQUITY	**5,121,769**	**842,990**	**1,041,650**	**(1,842,380)**	**5,164,029**
Equity attributed to the Parent	**3,792,074**	**836,761**	**956,280**	**(1,842,235)**	**3,742,880**
Non-controlling interests	**1,329,695**	**6,229**	**85,370**	**(145)**	**1,421,149**
NON-CURRENT LIABILITIES	**4,109,244**	**229,657**	**758,264**	**2,265,018**	**7,362,183**
Grants	**711**	**2,128**	**1,168**	**-**	**4,007**
Non-current financial liabilities	**2,803,404**	**181,253**	**483,934**	**1,692,080**	**5,160,671**
Bank borrowings, debt instruments and other marketable securities	2,552,112	181,253	381,992	1,694,792	4,810,149
Limited recourse project financing	133,060	-	14,070	-	147,130
Other financial liabilities	118,232	-	87,872	(2,712)	203,392
Derivative financial instruments	**32,983**	**-**	**6,930**	**8,379**	**48,292**
Other non-current liabilities	**1,272,146**	**46,276**	**266,232**	**564,559**	**2,149,213**
CURRENT LIABILITIES	**12,001,776**	**549,393**	**5,312,306**	**949,788**	**18,813,263**
Current financial liabilities	**1,103,692**	**294,523**	**594,916**	**885,981**	**2,879,112**
Bank borrowings, debt instruments and other marketable securities	797,109	149,959	583,979	1,145,089	2,676,136
Limited recourse project financing and debt	46,040	-	1,786	1	47,827
Other financial liabilities	260,543	144,564	9,151	(259,109)	155,149
Derivative financial instruments	**3,863**	**-**	**-**	**63,640**	**67,503**
Trade and other payables	**9,830,188**	**232,421**	**4,292,763**	**(76,286)**	**14,279,086**
Other current liabilities	**1,064,033**	**22,449**	**203,974**	**76,453**	**1,366,909**
Liabilities relating to non-current assets held for sale	**-**	**-**	**220,653**	**-**	**220,653**
TOTAL EQUITY AND LIABILITIES	**21,232,789**	**1,622,040**	**7,112,220**	**1,372,426**	**31,339,475**

The breakdown of turnover of the fiscal years 2018 and 2017 in Construction activity is detailed below:

	Thousands of Euros	
	2018	2017
Spain	**1,453,357**	**1,280,264**
Dragados	1,401,494	1,227,560
Hochtief	24	137
Concessions	51,839	52,567
International	**27,331,919**	**25,940,957**
Dragados	3,390,330	3,270,565
Hochtief	23,882,266	22,630,814
Concessions	59,322	39,578
Total	**28,785,275**	**27,221,221**

The breakdown of turnover for the years 2018 and 2017 in Industrial Services activity is detailed below:

	Thousands of Euros	
	2018	2017
Networks	661,376	558,143
Specialized facilities	2,211,404	1,897,628
Integrated projects	2,573,477	2,888,234
Control systems	920,734	889,003
Renewable energy: generation	23,419	33,560
Eliminations	(5,355)	(6,755)
Total	**6,385,054**	**6,259,813**

Of the total amount of turnover in the Industrial Services activity, EUR 4,015,939 thousand correspond to international activity in 2018 and EUR 4,446,841 thousand in 2017, representing 62.9% and 71.0% respectively.

The breakdown of turnover for Services activity is detailed below.

	Thousands of Euros	
	2018	2017
Facility Management	1,504,555	1,445,657
Total	**1,504,555**	**1,445,657**

Total revenue from the Services area amounted to EUR 98,101 thousand, relating to international operations in 2018 and EUR 84,535 thousand in 2017, representing 6.5% and 5.8% 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, 2018 and 2017 is as follows:

Segments	Thousands of Euros					
	2018			2017		
	External income	Inter-segment income	**Total income**	External income	Inter-segment income	**Total income**
Construction	28,781,720	3,555	**28,785,275**	27,211,604	9,617	**27,221,221**
Services	1,501,606	2,949	**1,504,555**	1,443,285	2,372	**1,445,657**
Industrial Services	6,375,190	9,864	**6,385,054**	6,243,324	16,489	**6,259,813**
(-) Adjustments and eliminations of ordinary inter-segment income	-	(16,368)	**(16,368)**	-	(28,478)	**(28,478)**
Total	**36,658,516**	**-**	**36,658,516**	**34,898,213**	**-**	**34,898,213**

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, 2018 and 2017 is as follows:

	Thousands of Euros	
	2018	2017
Segments		
Construction	806,233	648,331
Services	39,258	39,042
Industrial Services	331,255	340,003
Total profit of the segments reported upon	**1,176,746**	**1,027,376**
(+/-) Non-assigned profit	83,550	59,425
(+/-) Income tax and / or profit (loss) from discontinued operations	390,184	329,873
Profit / (Loss) before tax	**1,650,480**	**1,416,674**

Revenue by geographical area at December 31, 2018 and 2017 is as follows:

Revenue by Geographical Area	Thousands of Euros	
	2018	2017
Domestic market	5,212,558	4,427,347
Foreign market	31,445,958	30,470,866
a) European Union	2,410,329	2,476,227
a.1) Euro Zone	1,291,100	1,373,884
a.2) Non Euro Zone	1,119,229	1,102,343
b) Rest of countries	29,035,629	27,994,639
Total	**36,658,516**	**34,898,213**

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	
	2018	2017	2018	2017
Revenue	5,212,558	4,427,347	31,445,958	30,470,866
Segment assets	10,551,594	8,646,250	23,743,764	22,693,225
Total net investments	3,137,936	(31,674)	(1,718,380)	333,556

The assets at December 31, 2018 and 2017, by geographical area, are as follows:

	Thousands of Euros	
	31/12/2018	31/12/2017
Europe	**15,366,087**	**12,243,304**
Spain	10,551,594	8,646,250
Germany	3,754,380	2,726,464
Rest of Europe	1,060,113	870,590
Rest of geographic areas	**18,929,271**	**19,096,171**
Americas	10,754,145	10,197,924
Asia	481,401	59,093
Australasia	7,487,794	8,531,613
África	205,931	307,541
TOTAL	**34,295,358**	**31,339,475**

The additions to non-current assets, by line of business, were as follows:

	Thousands of Euros	
	2018	2017
Construction	511,122	440,792
Services	38,527	26,722
Industrial Services	86,316	89,797
Corporate unit and adjustments	508	1,855
Total	**636,473**	**559,166**

26. Tax matters

26.01. Consolidated tax group

Pursuant to current legislation ACS, Actividades de Construcción y Servicios, S.A. is the Parent Company 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	
	2018	2017
Consolidated profit before tax	1,650,480	1,416,674
Net profit from equity accounted investments	(385,992)	(137,511)
Permanent differences	(85,717)	30,850
Taxable profit	1,178,771	1,310,013
Tax at 25%	294,693	327,503
Deductions for incentives	(10,024)	(8,094)
Effect of different standard tax rate in other countries	69,470	13,099
Current tax income expense	354,139	332,508
Effective rate, excluding equity method	28.01%	25.99%

The permanent differences between 2018 and 2017 are principally due to certain capital gains obtained from the sale of subsidiary and investee companies where there is a right to exemption and, in the opposite direction, non-tax deductible expenses and losses.

Deductions for tax incentives include, essentially, both the deduction for reinvestment of extraordinary profits generated in previous years and that are pending application, as well as derivatives of R + D + i activity carried out in Spain and in other countries.

The effect of the differential of national tax rates with respect to the 25% reference tax rate is due to the fact that the Spanish nominal rate, used for the calculation of this table, is lower than the average of nominal rates of the relevant countries in which the Group operates.

26.03. Detail of income tax expense

The detail of the income tax expense is as follows:

	Thousands of Euros	
	2018	2017
Current income tax expense (Note 26.02)	354,139	332,508
Expense / (income)relating to adjustments to prior year's tax	5,798	9,576
(Income) arising from the application of prior year's deferred tax assets	(10,542)	(6,312)
Expense arising from deferred tax assets generated in the year and not capitalised	23,238	18,704
Tax expense (income) due to impact on defferred taxes from changes in legislation	2,955	4,539
Expense / (Income) other adjustments to tax for the year	14,596	(29,142)
Final balance of the corporation tax expense	**390,184**	**329,873**

The expense of assets due to differed taxes generated for the year and not recognized, ,mainly 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 charge of EUR 6,647 thousand was recognized directly in the Group's equity in 2018 (a credit of EUR 33,297 thousand in 2017). These amounts relate to tax effects due to adjustments of assets available for sale, with a charge of EUR 5,103 thousand in 2018 (a credit of EUR 14,638 thousand in 2017), cash flow derivatives, with a charge of EUR 7,973 thousand in 2018 (EUR 2,208 thousand in 2017), and actuarial losses, with a credit of EUR 6,474 thousand in 2018 (charge of EUR 45,586 thousand in 2017), and conversion difference, with a charge of EUR 45 thousand in 2018 (charge of EUR 141 thousand in 2017).

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	
	31/12/2018	31/12/2017
Deferred tax assets arising from:		
Asset valuation adjustments and impairment losses	513,041	349,262
Other provisions	298,401	266,334
Pension costs	121,036	119,302
Income with different tax and accounting accruals	20,272	14,966
Business combinations	826	3,502
Losses of establishments abroad	99,668	121,621
Financial expenses not deductible	61,272	68,916
Other	221,283	196,378
Total	**1,335,799**	**1,140,281**
Compensations of deferred tax assets/liabilities		
Total	**645,078**	**599,072**
Assets for tax loss	639,989	693,806
Assets for deductions in quota	210,682	208,832
Total deferred tax assets	**1,495,749**	**1,501,710**

Deferred tax liabilities arising from:		
Assets recognised at an amount higher than their tax base	354,196	348,067
Income with different tax and accounting accrual	417,942	373,975
Other	299,720	297,539
Total	**1,071,858**	**1,019,581**
Compensation of deferred tax assets/liabilities	(690,721)	(541,209)
Total deferred tax liabilities	**381,137**	**478,372**

At December 31, 2018, assets and liabilities for deferred taxes that have arisen from temporary differences have been offset by an amount of EUR 690,721 thousand (EUR 541,209 thousand at December 31, 2017). Compensation has been made at the level of the same company or tax group, and the majority originates in the Hochtief Group.

The detail of the main deferred tax assets and liabilities recognized by the Group and of the changes therein in 2018 and 2017 is as follows:

	Thousands of Euros								
			Charge/credit to equity				Business combinations		
	Balance at 31 December 2017	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 2018
Assets	**2,042,919**	**(35,373)**	**6,474**	**(2,580)**	**(5,103)**	**(1,876)**	**-**	**(1,865)**	**2,186,470**
Temporary differences	1,140,281	17,831	6,474	(2,580)	(5,103)	(3,113)	-	(1,865)	1,335,799
Tax losses	693,806	(55,053)	-	-	-	1,236	-	-	639,989
Tax credits	208,832	1,849	-	-	-	1	-	-	210,682
Liabilities	**1,019,581**	**50,214**	**-**	**3,454**	**-**	**(771)**	**-**	**(620)**	**1,071,858**
Temporary differences	1,019,581	50,214	-	3,454	-	(771)	-	(620)	1,071,858

	Thousands of Euros								
	Balance at 01 January 2017	Current movement in the year	Charge/credit to equity				Business combinations		Balance at 31 December 2017
			Actuarial gains and losses	Charge/credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	
Assets	**2,323,879**	**(244,912)**	**(45,586)**	**12,969**	**3**	**1,694**	**-**	**(5,128)**	**2,042,919**
Temporary differences	1,364,175	(190,289)	(45,586)	12,969	3	4,137	-	(5,128)	1,140,281
Tax losses	731,155	(34,907)	-	-	-	(2,442)	-	-	693,806
Tax credits	228,549	(19,716)	-	-	-	(1)	-	-	208,832
Liabilities	**1,188,177**	**(165,837)**	**-**	**(11)**	**929**	**(3,681)**	**4**	**-**	**1,019,581**
Temporary differences	1,188,177	(165,837)	-	(11)	929	(3,681)	4	-	1,019,581

It is important to note that the credits for tax losses and tax deductions corresponding to the Spanish Tax Group of ACS amount to EUR 690,190 thousand at December 31, 2018 (EUR 694,090 thousand at December 31, 2017).

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.

In addition, deferred tax assets for temporary differences have increased as a result of the implementation of IFRS 9 and 15 by EUR 183,874 thousand.

With regard to deferred tax liabilities amounting to EUR 381,137 thousand (EUR 1,019,581 thousand at December 31, 2017 before offsetting), their items have not been substantially modified with respect to December 31, 2017.

Pursuant to regulations in force, deferred tax assets due to temporary differences 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, where the most significant credit has been generated, there is no legal term of limitation.

In turn, deductions on pending tax credits corresponding to the Spanish Fiscal Group itemized as consolidated financial statement assets, for the amount of EUR 209,985 thousand (EUR 208,123 thousand in 2017) expire according to the type as determined in the Income Tax Law. Amounts pending application in 2018 mainly correspond to deductions generated between 2010 and 2018 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 2017 and increased for subsequent fiscal years at a rate of 3%.

- Continuation of the current scope of companies of the Tax Group.

- The financial burden for the Group's corporate debt in Spain between 2019 and 2020 has been specifically recalculated based on the new composition of said 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 approximately EUR 517 million, adjustments that restrict the use of deductions.

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 performed, negative variations of the profit in the Spanish Tax Group, in global terms (not specific), throughout the relevant period, with respect to the average of those generated in the last two years, would be used to 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 Hochtief Group companies, domiciled in both Germany and other countries. Therefore, the tax assets relating to income tax loss carryforwards and temporary differences in financial expenses amounting to EUR 2,000,827 thousand (EUR 1,667,652 thousand in 2017), and to municipal taxes amounting to EUR 1,436,025 thousand (EUR 1,182,408 thousand in 2017) 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.

In view of the varying interpretations that can be made of the applicable tax legislation, the outcome of the tax audits of the open years that could be conducted by the tax authorities in the future could give rise to tax liabilities which cannot be objectively quantified at the present time. However, the directors of the ACS Group consider that the liabilities that might arise, if any, would not have a material effect on the Group's earnings.

27. Income

The distribution of revenue relating to the Group's ordinary operations for the 2017 and 2018 fiscal years, by business segment, is as follows:

	Thousands of Euros	
	2018	2017
Construction	28,785,275	27,221,221
Industrial Services	6,385,054	6,259,813
Services	1,504,555	1,445,657
Corporate unit and other	(16,368)	(28,478)
Total	**36,658,516**	**34,898,213**

Contract durations varies depending on the different areas of activity, with the average duration of contracts for construction activities ranging between 1 to 5 years, maintenance construction and services up to 10 years, and the construction and operation of concessions up to 30 years.

In 2018 foreign currency transactions relating to sales and services amounted to EUR 29,142,210 thousand (EUR 28,175,151 thousand in 2017) and those relating to purchases and services received amounted to EUR 20,705,320 thousand (EUR 20,537,575 thousand in 2017).

The distribution of revenue relating to the Group's ordinary operations for 2018 and 2017 according to the main countries where it operates is as follows:

Revenue by Geographical Area	Thousands of Euros	
	2018	2017
United States	14,200,277	13,331,255
Australia	6,841,643	7,013,067
Spain	5,212,558	4,427,347
Canada	1,475,323	1,206,035
Hong Kong	1,008,274	1,419,681
Mexico	978,287	945,864
Germany	955,975	922,654
Indonesia	714,432	481,341
Brazil	657,325	444,600
Poland	448,767	492,803
Chile	425,438	402,688
United Kingdom	398,790	345,619
New Zealand	383,153	14,300
Peru	305,630	334,227
India	211,472	152,902
Saudi Arabia	204,095	613,711
Czech Republic	202,799	213,765
Argentina	186,974	175,397
Other	1,847,305	1,960,957
Total	**36,658,516**	**34,898,213**

The backlog by line of business at December 31, 2018 and 2017 was as follows:

	Thousands of Euros	
	31/12/2018	31/12/2017
Construction	59,350,015	55,529,171
Industrial Services	9,844,545	9,285,750
Services	3,027,904	2,266,693
Total	**72,222,463**	**67,081,614**

The backlog would be equivalent to approximately 23 months of activity (22 months in 2017)

Capitalized expenses amounting to EUR 16,457 thousand (EUR 14,273 thousand in 2017), 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 2018.

"Other operating income" includes mainly the supplies billed to joint ventures in the Construction area, the activity in Poland through consortia (the operation of such “joint agreements” in that country means re-billing the partners for their percentage in accordance with their stake) along with grants related to income received by the Group.

28. Expenses

28.01. Procurements

The detail of this heading in 2018 and 2017 is as follows:

	Thousands of Euros	
	2018	2017
Cost of merchandise sold	1,551,220	1,053,030
Cost of raw materials and other consumables used	18,947,020	17,560,930
Contract work carried out by other companies	3,453,859	4,029,882
Impairment of merchandise, raw material and procurements	(55)	211
Total	**23,952,044**	**22,644,053**

28.02. Staff costs

The breakdown of staff costs for the 2018 and 2017 fiscal years is as follows:

	Thousands of Euros	
	2018	2017
Wages and salaries	6,659,213	6,482,532
Social security costs	1,013,001	958,240
Other staff costs	235,325	243,433
Provisions	2,419	3,956
Total	**7,909,958**	**7,688,161**

Staff costs amounting to EUR 2,236 thousand in 2018 (EUR 3,059 thousand in 2017) relating to the 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 and gender	Average number of employees					
	2018			2017		
	Men	Women	Total	Men	Women	Total
University graduates	18,564	5,299	**23,863**	17,533	4,938	**22,471**
Junior college graduates	7,801	3,962	**11,763**	6,571	3,815	**10,386**
Non-graduate line personnel	17,357	6,390	**23,747**	15,547	5,770	**21,317**
Clerical personnel	4,299	4,491	**8,790**	4,433	4,579	**9,012**
Other employees	68,046	55,614	**123,660**	63,821	54,520	**118,341**
Total	**116,067**	**75,756**	**191,823**	**107,905**	**73,622**	**181,527**

The distribution of the average number of employees, by line of business, was as follows:

	Average number of employees	
	2018	2017
Construction	69,562	67,543
Industrial Services	47,477	41,085
Services	74,732	72,846
Corporate Unit and other	52	53
Total	**191,823**	**181,527**

The average number of employees with disabilities in companies with headquarters in Spain of the ACS Group in 2018 amounts to 6,529 people (6,041 people in 2017). This represents 6.7% (6.4 for the 2017 fiscal year) of the average national ACS Group workforce.

The breakdown of the average number of employees with disabilities greater than or equal to 33% in Spain, broken down between men and women by professional categories, is as follows:

	Average number of employees with disabilities >33% in Spain					
	2018			2017		
	Men	Women	Total	Men	Women	Total
University graduates	22	8	**30**	17	9	**26**
Junior college graduates	32	57	**89**	28	51	**79**
Non-graduate line personnel	85	148	**233**	76	124	**200**
Clerical personnel	46	92	**138**	50	91	**141**
Other employees	2,394	3,645	**6,039**	2,152	3,443	**5,595**
Total	**2,579**	**3,950**	**6,529**	**2,323**	**3,718**	**6,041**

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 from the Remuneration Committee held on the same date, agreed to establish an ACS, Actividades de Construcción y Servicios, S.A. Share Option Plan ("2018 Share Option Plan") to be governed as follows:

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 will 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, the operational, financial and sustainability-related performance of the ACS Group during the period 2018-2020 must 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 EUR 1,000 million and whose international sales exceed 15% ACS, Actividades de Construcción y Servicios, S.A. 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.

During 2017 the share option plan of ACS, Actividades de Construcción y Servicios, S.A. (Option Plan 2014) expired for a maximum of 6,293,291 shares with a purchase price of EUR 33.8992 per share. All the pending options in the 2014 Share Options Plan were executed during fiscal year 2017 with an average weighted market price to beneficiaries of EUR 33.9851 per share. The remuneration for directors under this plan amounted to EUR 78 thousand, while the remuneration for executives amounted to EUR 179 thousand for the 2017 fiscal year. Cover for the plan was provided through a financing entity (see Note 22).

The price of ACS shares on the stock market at December 31, 2018 and 2017 was EUR 33.830 and EUR 32.620 per share, respectively.

The commitments arising from these plans are hedged through financial institutions (see Note 22). In relation to the plans 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, 2018. In 2018, EUR 2,236 thousand (see Note 28.02) (EUR 3,059 thousand in 2017) related to share-based remuneration were recognized under staff costs 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, 2018 is EUR 13,264 thousand (EUR 12,365 thousand at December 31, 2017). EUR 5,611 thousand (EUR 5,299 thousand in 2017) were taken to the consolidated income statement in this connection in fiscal year 2018. 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 2018:

Long-term incentive plan 2012

The Long-term Incentive Plan 2012 (LTIP 2012) was launched by resolution of the Supervisory Board in 2012 and is open to members of the Board of Directors and upper managerial employees of Hochtief Aktiengesellschaft and its affiliates.

In addition to the granting of stock appreciation rights (SAR), the LTIP 2012 also provided for grants of stock awards.

The SARs were subject to the condition that, 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 was 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) and, additionally, return on net assets (RONA) in the then most recently approved set of consolidated financial statements was at least 15% (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 were met, the SARs could be exercised at any time after 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 was set at EUR 25.27 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 Aktiengesellschaft'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 75.81 per stock award.

The plan was fully implemented in 2018.

Long-term incentive plan 2014

The Long-term Incentive Plan 2014 (LTIP 2014) was launched by resolution of the Supervisory Board in 2014 and is open to members of the Board of Directors.

The plan conditions differed from those of LTIP 2012 in only one point:

The RONA performance target was replaced by a yield target linked to the adjusted free cash flow. The number of SARs that could be exercised depended on attainment of the planned value range for adjusted free cash flow. This value range was included in the business plan for each exercise year.

The gain is limited to EUR 30.98 per SAR and EUR 92.93 per stock allocation.

The plan was fully implemented in 2018.

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 members of the Board of Directors. The plan conditions do not differ in any material respect from those of LTIP 2014.

The gain is limited to EUR 31.68 per SAR and EUR 95.04 per stock award.

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 Board of Directors members. The conditions of the plan differ from those of LTIP 2015 only as far as the grace period has been reduced from four to three years and the total plan term has been accordingly reduced to six years (SAR) and five years (stock award).

The gain is limited to EUR 41.54 per SAR and EUR 124.62 per stock award.

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 Board of Directors members and certain members of management. The plan is based on the attribution of shares based on performance (PSA).

The conditions stipulate that for each performance stock award (PSA) exercised in a period of two years after a grace period of three years, entitled holders receive from the issuing entity a payment equal to the closing price of the Hochtief shares on the last trading day for the stock markets before the close of the fiscal year, plus a performance bonus. The performance bonus depends on the adjusted free cash flow of the last full year before the fiscal year end.

The amount is limited to EUR 514.62 per PSA.

Long-term incentive plan 2018

The Long-term Incentive Plan 2018 (LTIP 2018) was launched in 2018 by resolution of the Supervisory Board and is open to Board of Directors members and certain members of management. The plan is based on the attribution of shares based on performance (PSA).

The conditions stipulate that for each performance stock award (PSA) exercised in a period of two years after a grace period of three years, entitled shareholders receive from the issuing entity a payment equal to the closing price of Hochtief shares on the last trading day for the stock markets before the close of the fiscal year, plus a performance bonus. The amount of the performance bonus depends on the relevant cash performance indicator for each company in the last full year before the close of the fiscal year. For members of the Executive Board and Hochtief Aktiengesellschaft management employees, the performance bonus depends on the adjusted free cash flow.

The amount is limited to EUR 533.70 per PSA.

The conditions of all plans stipulate that on the exercise of SARs or stock awards and the fulfillment of all other requisite criteria, Hochtief Aktiengesellschaft normally has the option of delivering Hochtief shares instead of paying out the bonus in cash. In cases where the entitled individuals are not employees of Hochtief Aktiengesellschaft the expense incurred on exercise of SARs or stock awards is met by the affiliated company concerned.

Below are the amounts granted, due and exercised under the plans to date:

	Originally granted	Outstanding at 31 Dec 2017	Granted in 2018	Expired in 2018	Exercised / settled in 2018	Disposal / Sale	Outstanding at 31 Dec 2018
LTIP 2012 – SARs	457,406	2,825	-	-	2,825	-	-
LTIP 2012 - Stock award	82,991	625	-	-	625	-	-
LTIP 2014 – SARs	86,907	86,907	-	-	86,907	-	-
LTIP 2014 - Stock award	20,453	20,453	-	-	20,453	-	-
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	19,081	19,081	1,000	-	-	-	20,081
LTIP 2018 – performance stock awards	-	-	20,069	-	-	-	20,069

Provisions recognized for the share-based payment arrangements totaled EUR 13,264 thousand as at the balance sheet date (EUR 12,365 thousand in 2017). The total expense recognized for the stated arrangements in 2018 was EUR 5,611 thousand (EUR 5,299 thousand in 2017). The intrinsic value of SARs exercisable at the end of the reporting period was EUR 0 thousand (EUR 119 thousand at December 31, 2017).

28.04. Operating leases

The most significant information relating to the operating leases held by the Group as lessee is as follows:

	Thousands of Euros	
	2018	2017
Lease payments under operating leases recognised in profit for the year	640,811	607,191

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Thousands of Euros	
	2018	2017
Within one year	325,951	267,378
Between two and five years	600,134	523,534
Over five years	147,491	172,784

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

28.05. 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 provided in IAS 39, or which are not hedging instruments. The most significant effect in the year 2018 corresponds to the market valuation of the implicit derivative on the Masmovil “Note” up until the moment of its sale, that implied a net profit of EUR 41,768 thousand (EUR 219,337 thousand in the 2017 fiscal year), the derivatives on shares of ACS that has entailed, in the latter case, a profit of EUR 15,303 thousand (EUR 32,193 in 2017 fiscal year) as described in Note 22 and the capital gain resulting from the sale of Masmovil by an amount of EUR 7,523 thousand.

28.06. Financial costs

The breakdown of staff costs for the 2018 and 2017 fiscal years is as follows:

Financial expenses	Millions of Euros	%	Millions of Euros	%
	2018		2017	
Debt-related financial expenses	300.3	73	335.9	69
Financial expenses for Collateral and Guarantees	40.0	10	53.5	11
Other financial expenses	71.9	17	96.8	20
Total	**412.2**	**100**	**486.2**	**100**

Financial expenses include expenses related to billing performed and securitization.

28.07. Other profits or loss

The most significant effect in the fiscal year 2018 and 2017 refers to the costs incurred in the restructuring carried out in international investees as well as in works abroad.

29. Impairment and gains or losses on disposals of financial instruments

This heading in the accompanying consolidated statement of income mainly includes in the year 2018 the capital gains from the Hochtief Group amounting to EUR 30,362 thousand, corresponding to the sales of various financial holdings.

This section of the accompanying consolidated income statement mainly highlighted the gain in 2017 corresponding to the sale of Sintax in the amount of EUR 5,743 thousand, the sale of 80% of the indirect stake in certain concessionaires of the 3 hospitals in the Balearics in the amount of EUR 6,725 thousand, and the sale of the Lestenergia wind farms in the amount of EUR 21,081 thousand.

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 Annual General 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 early 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 or sell their bonus issue rights on the market or sell them to the company at a specific price calculated using the formula to be established.

The distribution of the profit for 2018 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 1,079,458 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:

	2018	2017	Change (%)
Net profit for the period (Thousands of Euros)	915,021	802,010	14.09
Weighted average number of shares outstanding	311,141,465	312,045,296	(0.29)
Basic earnings per share (Euros)	**2.94**	**2.57**	**14.40**
Diluted earnings per share (Euros)	**2.94**	**2.57**	**14.40**
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)	**2.94**	**2.57**	**14.40**
Diluted earnings per share from discontinued operations (Euros)	-	-	**n/a**
Diluted earnings per share from continuing operations (Euros)	**2.94**	**2.57**	**14.40**

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. At December 31, 2018, as a result of the simultaneous share capital increase and reduction in February 2019, respectively for the same number of shares, the basic earnings and diluted earnings per share for continuing operations for 2018 is the same.

32. Events after the reporting date

On June 9, 2019 ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second capital increase with a charge to reserves approved by the Ordinary General Meeting of Shareholders held on May 8, 2018. 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.

The Company also agreed to carry out the second capital reduction through redemption of treasury shares approved at the same Ordinary General Meeting, the maximum amount being the same as the amount of capital increase resulting from the second capital increase discussed in the above paragraph.

The maximum number of new shares to be issued in the second capital increase charged against reserves agreed by the Ordinary General Meeting of May 8, 2018 (through which an optional stock or cash dividend will be paid) was set at 4,140,323 on January 17, 2019.

- In relation to the above second capital increase, ACS, Actividades de Construcción y Servicios, S.A. has committed to a purchase price for the shareholders’ free allocation rights set at a total gross amount of EUR 0.45 per bonus issue right.

- The second capital reduction through redemption of treasury shares approved at the same Ordinary General Meeting of May 8, 2018 was set at the same as the amount resulting from the second capital increase and took place simultaneously, i.e. also a maximum of 4,140,323 shares (see Note 15.01).

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 Parent's 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 2013 Group companies performed the following transactions with related parties which do not form part of the Group:

	Thousands of Euros	
	2018	**2017**
Sale of goods and services	183,511	150,894
Purchase of goods and services	28,792	838
Accounts receivable	1,069,038	1,274,689
Accounts payable	147,958	152,044

Transactions between related parties are carried under normal market conditions.

33.02. Balances and transactions with other related parties

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.

Transactions between individuals, companies or Group entities related to Group shareholders or directors

The transactions performed during 2018 are as follows:

2018 Related transactions	Other related parties Thousands of Euros				
Expenses and income	**Fidalser, S.L.**	**Terratest Técnicas Especiales, S.A.**	**Zardoya Otis, S.A.**	**Others**	**Total**
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 related parties Thousands of Euros		
Other transactions	**Banco Sabadell**	**Fapin Mobi, S.L.**	**Total**
Financing agreements: loans and capital contributions (lender)	462,491	-	**462,491**
Dividends and other profit distributed	-	759	**759**

The transactions performed during the first half of 2017 are as follows:

2017 Related transactions	Other related parties Thousands of Euros				
Expenses and income	**Fidalser, S.L.**	**Terratest Técnicas Especiales, S.A.**	**Zardoya Otis, S.A.**	**Others**	**Total**
Management or collaboration agreements	-	703	-	-	**703**
Leases	208	-	-	-	**208**
Services received	116	2,341	1,629	-	**4,086**
Expenses	**324**	**3,044**	**1,629**	**-**	**4,997**
Services rendered	-	-	58	418	**476**
Income	**-**	**-**	**58**	**418**	**476**

2017 Related transactions	Other related parties Thousands of Euros		
Other transactions	**Banco Sabadell**	**Fapin Mobi, S.L.**	**Total**
Financing agreements: loans and capital contributions (lender)	421,815	-	**421,815**
Dividends and other profit distributed	-	633	**633**

At December 31, 2018 the outstanding balance payable to Banco Sabadell with respect to overdrafts and loans granted to ACS Group companies was EUR 201,939 thousand (EUR 114,464 thousand at December 31, 2017). Accordingly, the transactions maintained by this bank at December 31, 2018, in accordance with the information available regarding ACS Group companies, amounted to EUR 281,241 thousand (EUR 276,881 thousand at December 31, 2017) in guarantees and sureties and EUR 57,197 thousand (EUR 37,184 thousand at December 31, 2017) 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

In 2018 and 2017 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	
	2018	2017
Remuneration for membership of the Board and / or Commissions	4,207	4,117
Wages	6,247	5,998
Variable cash remuneration	8,682	6,488
Payment systems based on financial instruments	4,346	17,181
Long-term savings systems	4,394	3,935
Other concepts	29	24
Total	**27,905**	**37,743**

Additionally, the amounts charged to the consolidated income statement as a result of the share options granted in 2018 to members of the Board of Directors with executive duties amounted to EUR 228 thousand (EUR 473 thousand in 2017). This amount relates to the proportion of the value of the plan at the date on which it was granted.

In other items, the remuneration corresponding to the long-term incentive plan from Hochtief was included in 2018. In 2017, it corresponded to the rights over the revaluation of Cimic shares, in addition to the previous item. The reduction in remuneration between periods is mainly due to the execution, in the first half of 2017, of the rights over the revaluation of Cimic shares to which Mr. Marcelino Fernández Verdes was entitled since his appointment in 2014 as Chairman and CEO of Cimic.

The effect on the consolidated statement of income of funds, pension plans and life insurance as at December 31, 2018 and 2017 was as follows:

Other benefits	Thousands of euros	
	2018	2017
Pension funds and plans: Contributions	4,206	3,820
Life insurance premiums	29	23

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 financial statements of the ACS Group for the year ended December 31, 2017, 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.

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 in fiscal years 2018 and 2017 of the Group’s senior executives who are not also executive directors was as follows:

	Thousands of euros	
	2018	2017
Salary remuneration (fixed and variable)	33,392	29,047
Pension plans	1,877	1,879
Life insurances	41	37

The increase between years is due to the change in the composition of senior management as well as changes in the methodology for calculating variable remuneration. The amounts recognized in the consolidated income statement as a result of the share options granted to the Group's Senior Management in July 2018, amounted to EUR 2,007 thousand (EUR 2,585 thousand in 2017) 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.

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 financial statements. In 2018, the amount corresponding to the civil liability insurance premium of, among other insured persons, the Parent Company's Directors came to EUR 454 thousand (EUR 375 thousand in 2017).

In 2018 and 2017, 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, 2018, the ACS Group had provided guarantees to third parties in connection with its business activities totaling EUR 22,631,114 thousand (EUR 34,130,950 thousand in 2017), 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.

In this regard, of the guarantees listed in the previous paragraph, those obtained in Hochtief, A.G. are of particular note as shown below:

	Billions of Millions				End date
	Total available		Utilized		
	2018	2017	2018	2017	
Hochtief, A.G.					
Syndicated (EUR)	1.20	1.20	0.94	0.80	August 2023
Other guarantees (EUR)	1.60	16.47	0.84	15.82	-
Turner / Flatiron					
Bonding (USD)	8.61	7.30	8.61	6.76	-
Flatiron syndicated (CAD)	0.25	0.25	0.08	0.11	November 2019
CIMIC					
Syndicated (AUD)	1.35	1.05	0.95	0.78	March 2021
Other guarantees (AUD)	4.30	3.81	3.24	2.51	-

Likewise, in addition to that included in the above table, other ACS Group companies (mainly Dragados) hold guarantees and commitments in relation to bonding lines arranged as guarantees 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 a total of EUR 4,390,987 thousand (EUR 3,566,048 thousand at December 31, 2017).

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.

In the context of the acquisition offer presented in October 2017 for all outstanding shares in Abertis Infraestructuras, S.A., Hochtief, A.G. provided a bank guarantee for an amount of approximately EUR 15,000 million to the Spanish National Securities Market Commission (CNMV). The commitment required by Spanish law is that, upon the announcement of an acquisition offer, a guarantee must be provided to cover the funds necessary for the transaction in order to secure the cash tranche for the takeover bid. Following the approval of the offer by the CNMV on March 12, 2018 Hochtief, A.G., ACS (Actividades de Construcción y Servicios, S.A.), and Atlantia S.p.A agreed on March 14, 2018 to present a joint acquisition offer for Abertis Infraestructuras, S.A. This involved submitting a modification to the characteristics of the takeover in the offer of March 23, 2018 to the CNMV. In the modified offer, the share component was removed, meaning that the acquisition was settled in cash in its entirety. As a result, additional guarantees in the amount of approximately EUR 3,200 million were presented to the CNMV. On April 12, 2018, the CNMV approved the joint acquisition offer for Abertis Infraestructuras, S.A. dated March 23, 2018. On April 13, 2018, Hochtief, A.G. signed a new line of credit for an approximate amount of EUR 18,200 million according to the agreement signed with ACS and Atlantia S.p.A.

The CNMV confirmed on May 14, 2018 that the offer of voluntary acquisition of Abertis Infraestructuras, S.A. had been accepted for a total of 78.79% of the share capital. Upon payment of the acquisition on May 17, 2018 at approximately EUR 14,300 million, all bank guarantees in the amount of EUR 18,200 million were canceled. As a result of this, there no longer existed any bank guarantees in relation to the acquisition offer.

The entirety of the project financing, including that recognized under “Non-current assets in projects” and 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, are subject to 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. For 2014 this heading included the provision for Cimic. As part of the review of the recoverability of trade and other receivables in that year, the

Group detected the need to make a provision for the amount of AUD 675 million (equivalent to EUR 458 million on December 31, 2018). This provision was not used neither in 2017 nor in 2018. This amount was calculated based on the client portfolio and considered the residual value of the risks evaluated through their exposure due to the potential non-recovery of pending receivables. The Group continues to maintain its collection rights in each individually considered project, and undertakes to pursue the recovery of all outstanding amounts.

Regarding the investment of ACS Group in Alazor and the accounts receivable for Alazor, these have been fully provided for in the consolidated annual accounts of the ACS Group for 2018. With regard to opening brief the lodged by the financial entities and communicated to shareholders in October 2013, it should be noted that, after waiving its right in September 2018 to the appeal that it had lodged against its dismissal, the acquiring funds from the loans submitted a new opening brief which was presented to ACS, Actividades de Construcción y Servicios, S.A. and to Desarrollo de Concesiones Viarias Uno, S.L. in January 2019, and the reply brief has already been submitted to Madrid Court No.13 of First Instance.

Regarding the executive order communicated in February 2014, after the enforcement delivery was overturned and the EUR 278.37 million consigned to the Court account returned (of which EUR 87.85 million correspond to the ACS Group), the shareholders have claimed EUR 31.71 million in compensation for interest on arrears and damages (EUR 11.32 million corresponding to the ACS Group); the pronouncement of the Provincial High Court of Madrid is pending.

Regarding the insolvency proceedings pursued through the Madrid Juzgado de lo Mercantil No. 6 (Commercial Court), it should be noted that the Insolvency Proceedings for Accesos de Madrid and Alazor were ruled to be accidental by judicial edicts dated July 4 and October 17, 2018 respectively. The Bankruptcy Administration for Accesos de Madrid handed the operation of the motorways R3 and R5 to the State by deed on May 9, 2018. Its management will be undertaken by the Spanish Ministry of Development through Sociedad Estatal de Infraestructuras del Transporte Terrestre, S.A. (SEITTSA) through an agreement signed in August 2017 which was recently extended until 2022.

The judge ruled that TP Ferro should enter into liquidation in 2016 and, therefore, at the end of that same year, the States (France and Spain) gave notice to commence administrative termination proceedings of the concession contract, ending the concession and assuming management of the infrastructure from 2017. Following several delays, the States concluded in July 2018 that in their interpretation of the concession contract, the Concessionaire should pay the Grantor States slightly more than EUR 75 million. This resolution favors further litigation by TP Ferro and its creditors against the States, essentially without repercussions for the Group.

With regard to the concession agreement for the Lima Metro Line 2 Project in Peru, 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 an arbitration procedure 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 of the concession agreement by the Republic of Peru, 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. Through the petition presented by the concessionaire on 23 January 2018 and the reply on the merits presented by the concessionaire on November 19, 2018, an extension of the implementation period for the Project works and compensation for damages in excess of USD 700 million have been requested, which include damages incurred by different participants in the Project (concessionaire, construction group, rolling stock supplier, etc.). In the brief submitted by the Republic of Peru on May 30, 2018, and in the rejoinder on the merits presented on February 18, 2019, Peru rejected the claims made by the different parties involved in the Project based, among other issues, on the lack of grounds and legitimacy, and included a counterclaim against the concessionaire claiming an amount greater than USD 700 million for socio-economic and environmental damages caused by the delay in the commissioning of the project, as well as the payment of the penalties imposed by the regulator (OSITRAN) upon the concessionaire and not paid by it. The arbitration ruling is likely to be issued in December 2019.

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.

In December 2014, the Public Prosecutor's Office filed a lawsuit against Escal UGS, S.L. for an alleged crime against the environment and natural resources as a result of the micro earthquakes detected in the Castor gas storage area. The application is at an early stage of investigation and the court has not yet issued a decision. The

Group's directors, based on the status of the aforementioned procedure and the opinion of their legal advisors, consider that their outcome will not have a material adverse effect on the Consolidated Financial Statements for the years in which they are resolved.

On December 21, 2017, the Constitutional Court issued a ruling in which certain appeals were partially granted. 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. The Group, with the support of its legal advisers, does not consider that any significant damage may result from this situation.

Furthermore, on October 24, 2018, the Spanish National Commission of Markets and Competition notified Escal UGS, S.L. of the agreement to initiate the procedure for the official review of final settlements of the regulated activities of the natural gas sector in relation to the payments made to Escal UGS, S.L., charged to the 2014 settlement (reflected in the settlement of the 2016 financial year), relating to an underground Castor gas storage site, for the financial compensation received by Escal UGS, SL. Escal UGS, S.L. filed arguments against the merits of the review procedure. On February 7, a resolution proposal was received in which the allegations are not addressed, and which upholds a review of the agreements that gave rise to different payments in favor of Escal UGS, S.L. on the occasion of the final settlements of 2016 and 2017. The procedure is ongoing at the date of preparation of these consolidated financial statements.

37. Information on the environment

The ACS Group combines its business aims with the objective of protecting the environment and appropriately managing the expectations of its stakeholders in this area. This 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, jobs and services of the ACS Group.
2. Prevention of 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 regulation or independently.
5. To enhance skills and raise awareness, through 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. Circular economy.
3. Efficient and responsible use of water resources.
4. Biodiversity.

Key Management - Environment Indicators	2018	2017
Total water consumption (m3)	24,264,376	14,406,180
Ratio: m3 water / Sales (€mn)	685.00	676.30
Direct emissions (Scope 1) (tCO2 equiv.)	2,983,215	2,436,364
Carbon Intensity Ratio Scope 1: Emissions / Sales (€mn)	84.2	73.5
Indirect emissions (Scope 2) (tCO2 equiv.)	145,294	162,403
Carbon Intensity Ratio Scope 2: Emissions / Sales (€mn)	4.1	4.4
Indirect emissions (Scope 3) (tCO2 equiv.)	3,318,234	3,126,088
Carbon Intensity Ratio Scope 3: Emissions / Sales (€mn)	93.7	94.3
Total emissions (tCO2 equiv.)	6,446,742	5,724,855
Total Carbon Intensity Ratio: Total Emissions / Sales (€mn)	182	172.8
Non-hazardous waste sent for management (t)	15,058,309	9,345,697
Ratio: Tons of non-hazardous waste / Sales (€mn)	425.1	282
Hazardous waste sent for management (t)	42,251	130,882
Ratio: Tons of hazardous waste / Sales (€mn)	1.2	3.9

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 2018 amounted to EUR 1,970 thousand (EUR 1,046 thousand in 2017).

38. Auditors' fees

The fees for financial audit services provided to the various companies in 2018 and 2017 were as follows:

	Thousands of Euros	
	2018	2017
Audit service fees	**13,022**	**13,169**
Main auditor	11,561	11,486
Other auditors	1,461	1,683
Other verification services	**226**	**-**
Main auditor	226	-
Fees for tax services	**5,483**	**2,107**
Main auditor	233	134
Other auditors	5,250	1,973
Other services	**2,379**	**4,526**
Main auditor	719	2,382
Other auditors	1,660	2,144
Total	**21,110**	**19,802**

39. Explanation added for translation to English

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles

APPENDICES

As stated in Note 02 to the Statement, Appendices I and II list the subsidiary Companies, Joint Ventures and EIGs in the ACS Group in 2018, 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 74% 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.

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. 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.

- Iridium

  It carries out infrastructure promotion and development, both in relation to transport and public facilities, managing different public-private collaboration models.

3. INDUSTRIAL SERVICES

This area is dedicated to applied industrial engineering, developing activities involving construction, maintenance and operation of energy, and industrial and mobility infrastructures through an extensive group of companies headed by Grupo Cobra and Dragados Industrial.

4. SERVICES

This area includes only the activity of Clece that offers integral maintenance services for buildings, public places or organizations, as well as assistance to individuals. This area is mainly based in Spain.

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
PARENT		
ACS, Actividades de Construcción y Servicios, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	-
ACS Actividades Finance 2, B.V.	Herikerbergweg, 238.Amsterdam. Holanda.	100,00%
ACS Actividades Finance, B.V.	Herikerbergweg, 238.Amsterdam. Holanda.	100,00%
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%
Binding Statement, S.A.	Avda. de Pío XII, 102. 28036 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%
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%
CONSTRUCTION - 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, 3rd Fl.Seacaucus. New Jersey 07094. 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 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%
Constructora Vespucio Norte, S.A.	Avda. Vitacura 2939 Of.2201, Las Condes. Santiago de Chile. Chile.	54,00%
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	Unit 3 B, Bracken Business park, Bracken Road-Sandyford-Dublín 18-Ireland	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.	Avda. Reducto, 1360, Int. 301, Urban Armendariz. Miraflores, 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%
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%
POLAQUA Wostok Sp. z.o.o.	115184 Moscow ul. Nowokuznieckaja 9. Rusia	51,00%
Prince Contracting, LLC.	10210 Highland Manor Drive, Suite 110.Tampa, FL, 33610. Estados Unidos.	100,00%
Protide, S.A. Unipersonal	C/ Orense,34-1º 28020 Madrid - España	100,00%
Pulice Construction, Inc.	2033 W Mountain View Rd. Phoenix. AZ 85021Phoenix. Estados Unidos.	100,00%
Residencial Leonesa, S.A. Unipersonal	C/ Orense, 34-1º. 28020 Madrid. España	100,00%
Schiavone Construction Company	150 Meadowlands Parkway, 3rd Fl.Seacaucus. New Jersey 07094-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%

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
CONSTRUCTION - IRIDIUM (Concessions)		
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.	595 Burrard Street, Suite 2600, P.O Box 4, Vancouver, BC V7X 1L3. Vancouver. Canadá.	100,00%
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, Delegacion Cuantemoc.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. Estados Unidos.	100,00%
ACS LINXS O&M Holdings, LLC	One Alhambra Plaza, Suite 1200, Coral Gables, Florida 33134. Estados Unidos.	100,00%
ACS Mosaic Transit Partners Holding Inc.	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Canadá.	100,00%
ACS MTP Maintenance INC	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Canadá.	100,00%
ACS MTP Partner INC	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Canadá.	100,00%
ACS Neah Partner Inc.	2800 Park Place. 666 Burrard Street.Vancouver BC V6C 2Z7. Canadá.	100,00%
ACS OLRT Holdings INC.	100 King Street West, Suite 6000.Toronto , Ontario M5X 1E2. Canadá.	100,00%
ACS Portsmouth Holdings, LLC	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. Canadá.	100,00%
ACS RTF Partner Inc.	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7. 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.	86,50%
Autovia del Camp del Turia, S.A.	C/ Alvaro de Bazán, nº 10 Entlo. 46010 Valencia. España	65,00%
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. Canadá.	100,00%
FTG O&M Solutions Limited Partnership	Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. 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 Concesiones de Infraestructuras, S.A.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100,00%
Iridium Portlaoise Ireland Limited	Unit 3B, Bracken Business Park, Bracken Road, Sandyford Dublin 18. Irlanda	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%
CONSTRUCTION - 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%
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	28,94%

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Canadian Turner Construction Company Ltd.	Toronto, Canadá	50,43%
Capitol Building Services LLC	Maryland, Estados Unidos	50,43%
CB Finco Corporation	Alberta, Canadá	28,94%
CB Resources Corporation	Alberta, Canadá	28,94%
Clark Builders Partnership	Alberta, Canadá	28,94%
E.E. Cruz and Company Inc.	Holmdel, Estados Unidos	50,43%
Facilities Management Solutions LLC	Ohio, 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%
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%
Lathrop/D.A.G. JV (Moseley Hall Renovation)	Ohio, Estados Unidos	25,72%
LightHorse Innovation Corporation	Alberta, Canadá	28,94%
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%
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 Constrution Services (St. Peter's Health Ambulatory Center)	Albany, Estados Unidos	30,26%
Turner Consulting (Thailand) Ltd.	Tailandia	24,70%
Turner Consulting and Management Services Private Ltd. (TCMS)	India	50,43%
Turner Development Corporation	New York. Estados Unidos	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.	Thailand	24,70%
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%

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Subsidiaries

Company	Registered Office	% Effective Ownership
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/HGR (Tyler Junior College)	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-Marhnos S A P I De CV	Ciudad de México, México	25,46%
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%
White-Turner JV (City of Detroit Public Safety)	New York, Estados Unidos	25,22%

Hochtief Asia Pacific

512 Wickham Street Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
512 Wickham Street Trust	Nueva Gales del Sur, Australia	36,65%
A.C.N. 126 130 738 Pty. Ltd.	Victoria, Australia	36,65%
A.C.N. 151 868 601 Pty. Ltd.	Victoria, Australia	36,65%
Arus Tenang Sdn. Bhd.	Malasia	36,65%
Ashmore Developments Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
Ausindo Holdings Pte. Ltd.	Singapur	36,65%
BCJHG Nominees Pty. Ltd.	Victoria, Australia	36,65%
BCJHG Trust	Victoria, Australia	36,65%
BKP Electrical Ltd.	Fidschi	36,65%
Boggo Road Project Pty. Ltd.	Queensland, Australia	36,65%
Boggo Road Project Trust	Queensland, Australia	36,65%
Broad Construction Pty. Ltd.	Queensland, Australia	36,65%
Broad Construction Services (NSW/VIC) Pty. Ltd.	Western Australia, Australia	36,65%
Broad Construction Services (WA) Pty. Ltd.	Western Australia, Australia	36,65%
Broad Group Holdings Pty. Ltd.	Western Australia, Australia	36,65%
CIMIC Admin Services Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
CIMIC Finance (USA) Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
CIMIC Finance Ltd.	Nueva Gales del Sur, Australia	36,65%
CIMIC Group Investments No. 2 Pty. Ltd.	Victoria, Australia	36,65%
CIMIC Group Investments Pty. Ltd.	Victoria, Australia	36,65%
CIMIC Group Ltd.	Victoria, Australia	36,65%
CIMIC Residential Investments Pty. Ltd.	Victoria, Australia	36,65%
CMENA No. 1 Pty. Ltd.	Victoria, Australia	36,65%
CMENA Pty. Ltd.	Victoria, Australia	36,65%
CPB Contractors (PNG) Ltd.	Papua Nueva Guinea	36,65%
CPB Contractors Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
CPB Contractors UGL Engineering JV	Victoria, Australia	36,65%
D.M.B. Pty. Ltd.	Queensland, Australia	21,63%
Devine Bacchus Marsh Pty. Ltd.	Queensland, Australia	21,63%
Devine Building Management Services Pty. Ltd.	Queensland, Australia	21,63%
Devine Colton Avenue Pty. Ltd.	Queensland, Australia	21,63%
Devine Constructions Pty. Ltd.	Queensland, Australia	21,63%
Devine Funds Pty. Ltd.	Victoria, Australia	21,63%
Devine Funds Unit Trust	Queensland, Australia	21,63%
Devine Homes Pty. Ltd.	Queensland, Australia	21,63%
Devine Land Pty. Ltd.	Queensland, Australia	21,63%
Devine Ltd.	Queensland, Australia	21,63%
Devine Management Services Pty. Ltd.	Queensland, Australia	21,63%
Devine Projects (VIC) Pty. Ltd.	Queensland, Australia	21,63%
Devine Queensland No. 10 Pty. Ltd.	Queensland, Australia	21,63%
Devine SA Land Pty. Ltd.	Queensland, Australia	21,63%
Devine Springwood No. 1 Pty. Ltd.	Nueva Gales del Sur, Australia	21,63%
Devine Springwood No. 2 Pty. Ltd.	Queensland, Australia	21,63%
Devine Springwood No. 3 Pty. Ltd.	Queensland, Australia	21,63%
Devine Woodforde Pty. Ltd.	Queensland, Australia	21,63%
DoubleOne 3 Building Management Services Pty. Ltd.	Queensland, Australia	21,63%
DoubleOne 3 Pty. Ltd.	Queensland, Australia	21,63%
EIC Activities Pty. Ltd.	Victoria, Australia	36,65%
EIC Activities Pty. Ltd. (NZ)	Nueva Zelanda	36,65%
Fleetco Canada Rentals Ltd.	Canadá	36,65%
Fleetco Chile S.p.a.	Chile	36,65%
Fleetco Holdings Pty. Ltd.	Victoria, Australia	36,65%
Fleetco Management Pty. Ltd.	Victoria, Australia	36,65%
Fleetco Rentals 2017 Pty. Ltd.	Victoria, Australia	36,65%
Fleetco Rentals AN Pty. Ltd.	Victoria, Australia	36,65%
Fleetco Rentals CT Pty. Ltd.	Victoria, Australia	36,65%

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Fleetco Rentals HD Pty. Ltd.	Victoria, Australia	36,65%
Fleetco Rentals No. 1 Pty. Ltd.	Victoria, Australia	36,65%
Fleetco Rentals Omega Pty. Ltd.	Victoria, Australia	36,65%
Fleetco Rentals OO Pty. Ltd.	Victoria, Australia	36,65%
Fleetco Rentals Pty. Ltd.	Victoria, Australia	36,65%
Fleetco Rentals RR. Pty. Ltd.	Victoria, Australia	36,65%
Fleetco Rentals UG Pty. Ltd.	Victoria, Australia	36,65%
Fleetco Services Pty. Ltd.	Victoria, Australia	36,65%
Giddens Investment Ltd.	Hongkong	36,65%
Hamilton Harbour Developments Pty. Ltd.	Queensland, Australia	29,32%
Hamilton Harbour Unit Trust (Devine Hamilton Unit Trust)	Victoria, Australia	29,32%
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	36,65%
HWE Cockatoo Pty. Ltd.	Northern Territory, Australia	36,65%
HWE Mining Pty. Ltd.	Victoria, Australia	36,65%
Inspection Testing & Certification Pty. Ltd.	Western Australia, Australia	36,65%
Jarrah Wood Pty. Ltd.	Western Australia, Australia	36,65%
JH ServiceCo Pty. Ltd.	Victoria, Australia	36,65%
JHAS Pty. Ltd.	Victoria, Australia	36,65%
JHI Investment Pty. Ltd.	Victoria, Australia	36,65%
Kings Square Developments Pty. Ltd.	Queensland, Australia	36,65%
Kings Square Developments Unit Trust	Queensland, Australia	36,65%
Legacy JHI Pty. Ltd.	Victoria, Australia	36,65%
Leighton (PNG) Ltd.	Papua Nueva Guinea	36,65%
Leighton Asia (Hong Kong) Holdings (No. 2) Ltd.	Hongkong	36,65%
Leighton Asia Ltd.	Hongkong	36,65%
Leighton Asia Southern Pte. Ltd.	Singapur	36,65%
Leighton Companies Management Group LLC	Emiratos Arabes Unidos	17,96%
Leighton Contractors (Asia) Ltd.	Hongkong	36,65%
Leighton Contractors (China) Ltd.	Hongkong	36,65%
Leighton Contractors (Indo-China) Ltd.	Hongkong	36,65%
Leighton Contractors (Laos) Sole Co. Ltd.	Laos	36,65%
Leighton Contractors (Malaysia) Sdn. Bhd.	Malasia	36,65%
Leighton Contractors (Philippines) Inc.	Filipinas	14,66%
Leighton Contractors Asia (Cambodia) Co. Ltd.	Camboya	36,65%
Leighton Contractors Asia (Vietnam) Ltd.	Vietnam	36,65%
Leighton Contractors Inc.	Estados Unidos	36,65%
Leighton Contractors Infrastructure Nominees Pty. Ltd.	Victoria, Australia	36,65%
Leighton Contractors Infrastructure Pty. Ltd.	Victoria, Australia	36,65%
Leighton Contractors Infrastructure Trust	Victoria, Australia	36,65%
Leighton Contractors Lanka (Private) Ltd.	Sri Lanka	36,65%
Leighton Contractors Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
Leighton Engineering & Construction (Singapore) Pte. Ltd.	Singapur	36,65%
Leighton Engineering Sdn. Bhd.	Malasia	36,65%
Leighton Equity Incentive Plan Trust	Nueva Gales del Sur, Australia	36,65%
Leighton Foundation Engineering (Asia) Ltd.	Hongkong	36,65%
Leighton Group Property Services Pty. Ltd.	Victoria, Australia	36,65%
Leighton Harbour Trust	Queensland, Australia	36,65%
Leighton Holdings Infrastructure Nominees Pty. Ltd.	Victoria, Australia	36,65%
Leighton Holdings Infrastructure Pty. Ltd.	Victoria, Australia	36,65%
Leighton Holdings Infrastructure Trust	Victoria, Australia	36,65%
Leighton India Contractors Pvt. Ltd.	India	36,65%
Leighton Infrastructure Investments Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
Leighton International Ltd.	Cayman Islands, Reino Unido	36,65%
Leighton International Mauritius Holdings Ltd. No. 4	Mauricio	36,65%
Leighton Investments Mauritius Ltd. No. 4	Mauricio	36,65%
Leighton JV	Hongkong	36,65%
Leighton M&E Ltd.	Hongkong	36,65%
Leighton Middle East and Africa (Holding) Ltd.	Cayman Islands, Reino Unido	36,65%
Leighton Offshore Eclipse Pte. Ltd.	Singapur	36,65%
Leighton Offshore Faulkner Pte. Ltd.	Singapur	36,65%
Leighton Offshore Mynx Pte. Ltd.	Singapur	36,65%
Leighton Offshore Pte. Ltd.	Singapur	36,65%
Leighton Offshore Sdn. Bhd.	Malasia	36,65%
Leighton Offshore Stealth Pte. Ltd.	Singapur	36,65%
Leighton Portfolio Services Pty. Ltd.	Australian Capital Territory, Australia	36,65%
Leighton Projects Consulting (Shanghai) Ltd.	China	36,65%
Leighton Properties (Brisbane) Pty. Ltd.	Queensland, Australia	36,65%
Leighton Properties (VIC) Pty. Ltd.	Victoria, Australia	36,65%
Leighton Properties (WA) Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
Leighton Properties Pty. Ltd.	Queensland, Australia	36,65%
Leighton Services UAE Co. LLC	Emiratos Arabes Unidos	36,65%
Leighton U.S.A. Inc.	Estados Unidos	36,65%
Leighton-LNS JV	Hongkong	29,32%
LH Holdings Co. Pty. Ltd.	Victoria, Australia	36,65%
LMENA No. 1 Pty. Ltd.	Victoria, Australia	36,65%
LMENA Pty. Ltd.	Victoria, Australia	36,65%
LNWR Pty. Ltd.	Victoria, Australia	36,65%
LNWR Trust	Nueva Gales del Sur, Australia	36,65%
Momentum Trains Finance Pty. Ltd.	Victoria, Australia	36,65%

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Moorookyle Devine Pty. Ltd.	Victoria, Australia	21,63%
MTCT Services Pty. Ltd.	Western Australia, Australia	36,65%
Nexus Point Solutions Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
Oil Sands Employment Ltd.	Canadá	36,65%
Olympic Dam Maintenance Pty. Ltd.	South Australia, Australia	36,65%
Opal Insurance (Singapore) Pte. Ltd.	Singapur	36,65%
Optima Activities Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
Pacific Partnerships Holdings Pty. Ltd.	Victoria, Australia	36,65%
Pacific Partnerships Investments Pty. Ltd.	Victoria, Australia	36,65%
Pacific Partnerships Investments Trust	Victoria, Australia	36,65%
Pacific Partnerships Pty. Ltd.	Victoria, Australia	36,65%
Pacific Partnerships Services NZ Ltd.	Nueva Zelandia	36,65%
Pioneer Homes Australia Pty. Ltd.	Queensland, Australia	21,63%
PT Leighton Contractors Indonesia	Indonesia	34,82%
PT Thiess Contractors Indonesia	Indonesia	36,29%
Pulse Partners Finance Pty. Ltd.	Victoria, Australia	36,65%
Railfleet Maintenance Services Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
Regional Trading Ltd.	Hongkong	36,65%
Riverstone Rise Gladstone Pty. Ltd.	Queensland, Australia	21,63%
Riverstone Rise Gladstone Unit Trust	Queensland, Australia	21,63%
Sedgman Asia Ltd.	Hongkong	36,65%
Sedgman Botswana (Pty.) Ltd.	Botswana	36,65%
Sedgman Canada Ltd.	Canadá	36,65%
Sedgman Chile S.p.a.	Chile	36,65%
Sedgman Consulting Pty. Ltd.	Queensland, Australia	36,65%
Sedgman Employment Services Pty. Ltd.	Queensland, Australia	36,65%
Sedgman Engineering Technology (Beijing) Co. Ltd.	China	36,65%
Sedgman International Employment Services Pty. Ltd.	Queensland, Australia	36,65%
Sedgman LLC	Mongolia	36,65%
Sedgman Malaysia Sdn. Bhd.	Malasia	36,65%
Sedgman Mozambique Ltda.	Mozambique	36,65%
Sedgman Operations Employment Services Pty. Ltd.	Queensland, Australia	36,65%
Sedgman Operations Pty. Ltd.	Queensland, Australia	36,65%
Sedgman Pty. Ltd.	Queensland, Australia	36,65%
Sedgman S.A.S. (Columbia)	Colombia	36,65%
Sedgman South Africa (Proprietary) Ltd.	Sudáfrica	36,65%
Sedgman South Africa Holdings (Proprietary) Ltd.	Sudáfrica	36,65%
Sedgman USA Inc.	Estados Unidos	36,65%
Silverton Group Pty. Ltd.	Western Australia, Australia	36,65%
Sustaining Works Pty. Ltd.	Queensland, Australia	36,65%
Talcliff Pty. Ltd.	Queensland, Australia	21,63%
Tambala Pty. Ltd.	Mauricio	36,65%
Telecommunication Infrastructure Pty. Ltd.	Victoria, Australia	36,65%
Thai Leighton Ltd.	Tailandia	17,96%
Thiess (Mauritius) Pty. Ltd.	Mauricio	36,65%
Thiess Africa Investments Pty. Ltd.	Sudáfrica	36,65%
Thiess Botswana (Proprietary) Ltd.	Botswana	36,65%
Thiess Chile SPA	Chile	36,65%
Thiess Contractors (Malaysia) Sdn. Bhd.	Malasia	36,65%
Thiess Contractors (PNG) Ltd.	Papua Nueva Guinea	36,65%
Thiess Contractors Canada Ltd.	Canadá	36,65%
Thiess Contractors Canada Oil Sands No. 1 Ltd.	Canadá	36,65%
Thiess India Pvt. Ltd.	India	36,65%
Thiess Infrastructure Nominees Pty. Ltd.	Victoria, Australia	36,65%
Thiess Infrastructure Pty. Ltd.	Victoria, Australia	36,65%
Thiess Infrastructure Trust	Victoria, Australia	36,65%
Thiess Khishig Arvin JV LLC	Mongolia	29,32%
Thiess Minecs India Pvt. Ltd.	India	36,65%
Thiess Mining Maintenance Pty. Ltd.	Queensland, Australia	36,65%
Thiess Mongolia LLC	Mongolia	36,65%
Thiess Mozambique Ltda.	Mozambique	36,65%
Thiess NZ Ltd.	Nueva Zelandia	36,65%
Thiess Pty. Ltd.	Queensland, Australia	36,65%
Thiess South Africa Pty. Ltd.	Sudáfrica	36,65%
Think Consulting Group Pty. Ltd.	Victoria, Australia	36,65%
Townsville City Project Pty. Ltd.	Nueva Gales del Sur, Australia	29,32%
Townsville City Project Trust	Queensland, Australia	29,32%
Trafalgar EB Pty. Ltd.	Queensland, Australia	21,63%
Trafalgar EB Unit Trust	Queensland, Australia	21,63%
Tribune SB Pty. Ltd.	Queensland, Australia	21,63%
Tribune SB Unit Trust	Queensland, Australia	21,63%
UGL (Asia) Sdn. Bhd.	Malasia	36,65%
UGL (NZ) Ltd.	Nueva Zelandia	36,65%
UGL (Singapore) Pte. Ltd.	Singapur	36,65%
UGL Canada Inc.	Canadá	36,65%
UGL Engineering Pty. Ltd.	Queensland, Australia	36,65%
UGL Engineering Pvt. Ltd.	India	36,65%
UGL Operations and Maintenance (Services) Pty. Ltd.	Queensland, Australia	36,65%
UGL Operations and Maintenance Pty. Ltd.	Victoria, Australia	36,65%
UGL Pty. Ltd.	Western Australia, Australia	36,65%
UGL Rail (North Queensland) Pty. Ltd.	Queensland, Australia	36,65%

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Subsidiaries

Company	Registered Office	% Effective Ownership
UGL Rail Fleet Services Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
UGL Rail Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
UGL Rail Services Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
UGL Resources (Contracting) Pty. Ltd.	Victoria, Australia	36,65%
UGL Resources (Malaysia) Sdn. Bhd.	Malasia	36,65%
UGL Unipart Rail Services Pty. Ltd.	Victoria, Australia	25,66%
UGL Utilities Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
United Goninan Construction Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
United Group Infrastructure (NZ) Ltd.	Nueva Zelanda	36,65%
United Group Infrastructure (Services) Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
United Group International Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
United Group Investment Partnership	Estados Unidos	36,65%
United Group Melbourne Transport Pty. Ltd.	Victoria, Australia	36,65%
United Group Water Projects (Victoria) Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
United Group Water Projects Pty. Ltd.	Victoria, Australia	36,65%
United KG (No. 1) Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
United KG (No. 2) Pty. Ltd.	Victoria, Australia	36,65%
United KG Construction Pty. Ltd.	Australian Capital Territory, Australia	36,65%
United KG Engineering Services Pty. Ltd.	Victoria, Australia	36,65%
United KG Maintenance Pty. Ltd.	Nueva Gales del Sur, Australia	36,65%
Western Port Highway Trust	Victoria, Australia	36,65%
Wood Buffalo Employment Ltd.	Canadá	36,65%

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 Boreal Health Partner Inc.	Toronto, Canadá	50,43%
HOCHTIEF Canada Holding 2 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 Austria GmbH	Viena, Austria	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 Engineering International GmbH	Essen, Alemania	50,43%
Hochtief Infrastructure GmbH	Essen, Alemania	50,43%
HOCHTIEF LINXS Holding LLC	Wilmington, Estados Unidos	50,43%
Hochtief NEAH Partner Inc.	Edmonton, Canadá	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 Schulpartner GmbH & Co. KG	Heusenstamm, Alemania	47,86%
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%

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
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%
MOLTENDRA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Mainoffice 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%
Projekt Messeallee Essen GmbH & Co. KG	Essen, Alemania	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. Perú.	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.	Nicaragua 5935 3 Piso.Buenos Aires. Argentina.	100,00%
Agadirver	Rua Rui Teles Palhinha, 4. Leião. 2740-278 Porto Salvo. Portugal	74,54%
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%
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.	Raso de la Estrella, s/n. 28300 Aranjuez. España.	100,00%
API Movilidad, S.A.	Avda. de Manoteras, 26. 28050 Madrid. España.	100,00%
Argencobra, S.A.	Nicaragua 5935 2° Piso. CP C1414BWK, Buenos Aires, 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.	Avda. de Manoteras, 26. 28050 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%
C. A. Weinfer de Suministro de Personal	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82,80%
C.Talara Cobra SCL UA&TC	Amador Merino Reyna,267 Oficina 902. Distrito de San Isidro. Lima. Perú.	80,00%
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%
CIH e Hispano Sueca de Ingenieria	Calle 50 Edificio F&F Tower. Ciudad de Panamá. Panamá.	80,00%
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 Africa	Polo Industrial de Viana, Km 20 – Armazéns 3 e 4. Luanda. Angola.	35,41%
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 Madeira, S.A.	Rua Alegria N.º 31-3º. Madeira. Portugal	37,79%
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 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%

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
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 Great Island Limited	160 Shelbourne Road Ballbridge. Dublin. IrlandaIrlanda Dublin.	100,00%
Cobra Industrial Japan, Co Ltd.	Tokio. Japón.	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 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.	Concepción Arenal 2630 CP 1426. Buenos Aires. 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 Solutions, S.L.	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	13 Qeens Road. Aberdeen. Reino Unido.	100,00%
Codehon Instalaciones y Servicios S de RL	Edificio Corporativo Torre Alianza No. 2, Piso 10, cubículos 1005/1006, Boulevard San Juan Bosco, 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 128 No. 49-52 Prado Veraniego 6 No 50 - 80. 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 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.	Avda de Manoteras 26 4 planta. 28050 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%
Conyceto Pty Ltd.	9th Floor, The Towers, 15 Alice Lane Sandton.Johannesburgo. Sudáfrica.	92,00%
Cosersa, S.A.	Avda. de Manoteras, 26. 28050 Madrid. España	100,00%
Cuyabenopetro, S.A.	Avda.República del Salvador, 36-230. Quito. Ecuador.	90,00%
Cymi Canadá. INC.	160 Elgin Street, Suite 2600.Ottawa, Ontario. Canadá K1P1C3.	100,00%
Cymi Construçoes e Paticipaçoes, S.A.	Av. Presid Wilson 231 Sala 1701 Parte 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 Rio de Janeiro. Brasil	100,00%
Cymi Industrial INC.	12400 Coit Rd, Suite 700.Dallas, TX 75251. Estados Unidos.	100,00%
Cymi Investment USA, S.L.	Avda de Manoteras 26 4 planta. 28050 Madrid. España.	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 Parte. 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.	80,00%
Debod PV Plant SAE	124 Othman' Bin Affan Street. El Cairo. Egipto.	100,00%
Debod Wind Farm	124 Othman' Bin Affan Street. El Cairo. Egipto.	100,00%
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	Av. de Manoteras, 26. 28050. Madrid. España.	100,00%
Dracena III Parque Solar, S.A.	Avda. Marechal Camera, 160 Sala 323.Rio de Janeiro. Brasil.	100,00%
Dragados Construc. Netherlands, S.A.	Claude Debussylaan 24, 1082 MD Amsterdam. Holanda.	100,00%
Dragados Gulf Construction, Ltda.	P. O Box 3140 Al Khobar 31952. 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%

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Dragados Offshore México Analisis y Soluciones, S.A. de C.V.	Juan Racine, 112. Piso 8, Col. Los Morales 11510 México D.F. México.	100,00%
Dragados Offshore México Estudios Integrales, S.A. de C.V.	Juan Racine, 112. Piso 8, Col. Los Morales 11510 México D.F. México.	100,00%
Dragados Offshore México Operaciones y Construcciones, S.A. de C.V.	Juan Racine, 112. Piso 8, Col. Los Morales 11510 México D.F. México.	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 Imes Api Eleia, S.L.	Av. de Manoteras, 26. 28050. 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%
Emoción Solar S.L.U.	Cardenal Marcelo Spínola 10. Madrid. España.	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 Sierrezuela, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. 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%
Energías Ambientales de Soria, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. 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%
Enq, S.L.	C/ F, nº 13. P.I. Mutilva Baja. Navarra. España	100,00%
Envitero Solar S.L.U.	Cardenal Marcelo Spínola 10. Madrid. España.	100,00%
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.	75,00%
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%
Escal UGS, S.L.	Calle Cardenal Marcelo Spinola, 10, 28016 Madrid. España.	66,67%
Escarnes Solar S.L.U	Cardenal Marcelo Spínola 10. Madrid. España.	100,00%
Escatron Solar Dos, S.L.U.	Cardenal Marcelo Spínola 10. Madrid. España.	100,00%
Esplendor Solar, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. España.	100,00%
Etra Bonal, S.A.	C/ Mercuri, 10-12. Cornellá de Llobregat. Barcelona. España	100,00%
Etra Eurasia Entegre Teknoloji Hizmetleri Ve Insaat Anonim Sirketi	Buyukdere Cad. Maya Akar Center 100-102 C. Blok No. 4/23 34394, Esentepe Sisli.Estambul. Turquia.	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 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.	92,00%
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/ del Rosario 5,2 38108 LA Laguna 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.	Avda. de Manoteras nº 26.28050 Madrid. España	100,00%
Grupo Maessa Saudí Arabia LTD	Khobar -31952 P.O. Box 204. Arabia Saudí	100,00%
Guapore Transmissora de Energia, S.A.	Avenida Marechal Camara, 160. Sala 323. Rio de Janeiro. Brasil.	100,00%
Guatemala de Tráfico y Sistemas, S.A.	C/ Edificio Murano Center, 14. Oficina 803 3-51. Zona 10. Guatemala	100,00%
H.E.A Instalaçoes Ltda.	1ª Travessa Francisco Pereira Coutinho, s/n, lote 05, quadra 14, sala, Boca do Rio. Salvador de Bahía	66,60%
Hazaña Solar, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. España.	100,00%
Hidra de Telecomunicaciones y Multimedia, S.A.	Severo Ochoa, 10. Parque Técnológico de Andalucia. Málaga. España.	100,00%
Hidra de Telecomunicaciones y Multimedia, S.A.	C/ Severo Ochoa, 10. 29590 Campanillas. Málaga. España	100,00%
Hidráulica de Mendre, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panamá, Panamá	100,00%
Hidraúlica del Alto, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panamá, Panamá	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%
Hidraúlica San José, S.A.	Calle 50, Edificio F & F Tower, Oficina 27A Panamá, Panamá	100,00%

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
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.	Angle Rue Clerveau et Darguin, 1 Petion Ville.Port au Prince. Haiti	99,98%
Humiclima Jamaica Limited	77 Claude Clarke Ave, Flankers, Montego Bay. Jamaica	100,00%
Humiclima México, S.A. de C.V.	José Luis Lagrange, 103. Méjico D.F. 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.	60,00%
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.	60,00%
Ignis Solar Uno. S.L.U.	Cardenal Marcelo Spínola 10. Madrid. España.	100,00%
Imesapi Colombia SAS	Calle 134 bis nº. 18 71 AP 101.Bogot D.C. Colombia	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, Llc.	1209 Orange Street.Wilmington, Delaware. Estados Unidos.	100,00%
ImesAPI, S.A.	Avda. de Manoteras, 26. 28050 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	323 Lynnwood Road. Menlo Park. Gauteng 0081. Pretoria. 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.	C/ Misiones 13, Poligono el Sebadal, 35008 Las Palmas de Gran Canaria. 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 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%
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 Telecomunicaciones Ingeniería Instalaciones y Servicios S.A.	C/ Bari, 33 - Edificio 3. 50197 Zaragoza. España	99,40%
Maetel Chile LTDA	Huerfanos 779, oficina 608.Santiago de Chile. Chile	100,00%
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%
Maetel Romania SRL	Constantin Brancoveanu nr.15, ap 4, Biroul 3.Cluj-Napoca. Rumanía	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 Kenya Limited	5th Floor. Fortis Tower, Westlands. Nairobi.P.O.Box 2434 00606 Sarit Centre.Nairobi. Kenia.	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, Masa Chile, Ltda.	Los Militares 5885, Piso 10, Las Condes, Santiago de Chile. Chile	100,00%
Mantenimiento y Montajes Industriales, S.A.	Avda de Manoteras 26 4 planta. 28050 Madrid. España.	100,00%
Mantenimientos, Ayuda a la Explotación y Servicios, S.A. (MAESSA)	Cardenal Marcelo Spínola,10.28016 Madrid. España.	100,00%
Mas Vell Sun Energy, S.L.	C/ Prósper de Bofarull, 5 . Reus (Tarragona)	100,00%
Masa Algeciras, S.A.	Avda de los Empresarios S/N. Edif Arttysur Planta 2ª Local, 10.Palmones - Los Barrios. Cádiz. 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 Pipelines, SLU	Avda Manoteras 26 4 planta 28050 Madrid. Madrid. 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.	Políg. Ind. Zona Franca, Sector B, Calle B. 08040 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%
Mediomonte Solar, S.L.U.	Cardenal Marcelo Spínola 10. Madrid. España.	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.	Avda. Dolores Hidalgo 817 CD Industrial Irapuato Gto. 36541. México	99,99%

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Midasco, Llc.	7121 Dorsey Run Road Elkrige.Maryland 21075-6884. Estados Unidos.	100,00%
Mimeca, C.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82,80%
Mocatero Solar, S.L.U.	Cardenal Marcelo Spínola 10. Madrid. España.	100,00%
Monclova Pirineos Gas, S. A. de C. V.	Blvd hr Rape y Av Monterrey Plaza Maral 11. 25750. Monclova. Méjico	69,45%
Moncobra Constructie si Instalare, S.R.L.	Floresca, 169-A floresca Business Park.Bucarest. Rumanía	100,00%
Moncobra Dom	3296 Bld Marquisat de Houelbourg- Zl de Jarry97122 Baie Mahault. Guadalupe	100,00%
Moncobra Perú	Av. Victor Andres Belaunde N° 887 - Carmen de la Legua. 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	Calle Amador Merino Reyna,267 San Isidro, Lima	100,00%
Oficina Técnica de Estudios y Control de Obras, S.A	C/ Sepúlveda 6. 28108 Alcobendas. Madrid. España.	100,00%
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%
P.E. Monte das Aguas, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	60,00%
Palabra Solar, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. España.	100,00%
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 de Valdecarro, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. 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 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).	100,00%
Planta de Tratamiento de Aguas Residuales, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Perú	100,00%
Planta Solar Alcázar 1, S.L.	Bajo de la Cabezuela, s/n.11510 Puerto Real. Cadiz. España.	100,00%
Planta Solar Alcázar 2, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. España.	100,00%
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%
Ribagrande Energía, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. España.	100,00%
Rioparque, Lda.	Tagus Sapce - Rua Rui Teles Palhinha, N 4 2740-278.Porto Salvo. Portugal.	74,54%
Robledo Eólica, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. España.	100,00%
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.	Ave. Abraham Lincoln No. 1003, Torre Biltmore I, suite 404, Piantini. Santo Domingo. República Dominicana.	99,90%
Semi Israel	Totzeret ha haretz 5. Tel Aviv. Israel.	100,00%
Semi Italia, SRL.	Via Uberto Visconti Di Modrone 3.Milan. Italia.	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.	Ave. Abraham Lincoln No. 1003, Torre Biltmore I, suite 404, Piantini. Santo Domingo. República Dominicana.	70,00%
Seratype	Worl Trade Centre 3 Rd Floor Cnr of West South Road. Johannnesburgo. Sudáfrica.	52,00%
Sermacon Joel, C.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82,80%
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%

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
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	51,00%
Serveis Catalans, Serveica, S.A.	Avda. de Manoteras, 26. 28050 Madrid. 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 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 Hellas Sistemas Tecnológicos Sociedad Unipersonal de Responsabilidad Limitada	C/Omirou. 14562 Kifissia. Grecia	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, 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.	Avda de Manoteras 26 4 planta. 28050 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 Construccion Eléctricas, S.A	C/ Aquilino de la Guardia. Edificio IGRA Local 2. Urbanización Bella Vista. Panamá.	100,00%
Sociedad Industrial de Construcciones Eléctricas Siceandina, S.A.	C/ Chinchinal, 350. Barrio El Inca. Pichincha - Quito. Ecuador.	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%
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 50 Edificio F&F Tower Piso 23. Oficiona 23-C. Ciudad de Panamá. 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%
Talento Solar, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. España.	100,00%
Taxway, S.A.	Rincon,602, 11000, Montevideo. 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	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.	Avda. de Manoteras, 26. 28050 Madrid. España	100,00%
Trafiurbe, S.A.	Estrada Oct vio Pato C Empresar-Sao Domingo de Rana. Portugal	76,20%
Triana do Brasil Projetos e Serviços, Ltda.	Av. Presidente Wilson 231, Sala 1701 Parte. Rio de Janeiro. Brasil	50,00%
Trigeneración Extremeña, S.L.	Cardenal Marcelo Spínola, 10.28016 Madrid. España.	100,00%
Valdelagua Wind Power, S.L.	Cardenal Marcelo Spínola 10. Madrid 28016. 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%

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%
All Care (GB) Limited	3rd floor, 125-135 Staines Road, Hounslow, TW3 3JB. Londres. Reino Unido.	100,00%
Atende Servicios Integrados, S. L.	C/ Alexandro Volta, 2-4-6 Bl 3.46940 - Paterna (Valencia). 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%
Centre D'Integracio Social Balear Ceo, S.L.	C/. Gessami 10, 2º. Palma de Mallorca 07008 Illes Balears. España.	51,00%
Clece Airport Services Ltd.	3Rd Floor Quest House 125-135 Staines Road TW 3JB. Hounslow. Reino Unido.	100,00%
Clece Care Services, Ltd.	3rd floor, 125-135 Staines Road, Hounslow, TW3 3JB. Londres. Reino Unido.	100,00%
Clece II Serviços Sociais, S.A.	Concelho de Oeiras, Lisboa. Lisboa. Portugal.	100,00%
Clece Seguridad S.A.U.	Avda. de Manoteras, 46, Bis 1ª Pl. Mod. C 28050 Madrid. España.	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%
Clever Airport Services, S.A.	Avda Manoteras, 46 Bis 1ª Planta.28050. Madrid. España.	100,00%
Dale Care Ltd.	Hope Street, 13. Crook. Reino Unido.	100,00%
Eleva2 Comercializadora S.L.	Avenida de Manoteras. 46 BIS 2 Planta 2. 28050 Madrid. España.	100,00%

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
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.	75,82%
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.	Calle Resina, 29- C.Madrid, 28021. 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/ Resina, 29. Villaverde Alto. 28021 Madrid. 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.	C/ Industria Edif Metrópoli, 1 Esc 4, Pl MD P20. 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. Juan Carlos I, 59. 7ºC. 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/ Resina, 29. Villaverde Alto. 28021 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%
Lavintec Centre Especial D'Ocupació, S.L.	C/ Francesc Valduví , 5. Polig Industrial Can Valero.07011 Palma de Mallorca. España.	100,00%
Limpiezas Deyse, S.L.	C/ Lérida, 1. Manresa. Barcelona. España	100,00%
Lireba Serveis Integrats, S.L.	Cami de Jesús, s/n edificio Son Valentí Pol Son Valentí 1ª Planta. 07012 Palma de Mallorca. Islas Baleares. 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%
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 Traffic Control, 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
CONSTRUCTION - DRAGADOS			
Yesa	Cl. Rene Petit, 25 - Yesa. Navarra. España.	33,33%	12.393
Gorg Línea 9	Cl. Mare de Deu del Port, 71 - Barcelona. España	43,50%	25.609
Estructura Sagrera Ave	Cl. Vía Laietana, 33, 5ª Planta - Barcelona. España	33,50%	21.454
Estacions L9 Llobregat	Cl. Vía Laietana, 33, 5ª Planta - Barcelona. España	50,00%	20.284
Ave Portocamba - Cerdedelo	Cl. Wenceslao Fernández Florez, 1 - A Coruña. España	80,00%	27.179
Aduna	Cl. Ergoyen, 21 - Urnieta. España	26,00%	31.939
Túnel Prado. Vía izquierda	Cl. Wenceslao Fernández Florez, 1 - A Coruña. España	100,00%	10.593
Consorcio Constructor Metro Lima	Av. de la República de Colombia 791. Lima. Perú	35,00%	94.052
Rande	Cl. Wenceslao Fernández Florez, 1 - A Coruña. España	65,00%	18.057
Hospital Universitario de Toledo	Av. Europa, 18 - Alcobendas. España	33,33%	120.225
Almoraima	Av. Luis de Morales, 32 - Sevilla. España	100,00%	11.172
Consorcio Hospitalario Lima	Av. Benavides, 768, piso 9 - Miraflores. Lima. Perú.	49,90%	12.474
Can Feu	Cl. Vía Laietana, 33, 5ª Planta - Barcelona. España	50,00%	15.150
Techint - Dycasa Subte H	Hipólito Bouchard 557 - Piso 17 - Buenos Aires. Argentina.	40,00%	29.813
Dycasa - Green PASA Ruta 40	Acceso Este Lateral Sur Nº 6247 - Provincia de Mendoza - Guaymallén. Argentina	37,50%	23.838
Supercemento - Dycasa - Chediack RN7	Capitán General Ramón Freire 2265 - Buenos Aires. Argentina.	33,33%	22.180
N25 New Ross	BAM Civil, Kill, Co Kildare. Irlanda.	50,00%	56.791
M11 Enniscorthy	BAM Civil, Kill, Co Kildare. Irlanda.	50,00%	73.498
Durango Amorebieta	Cl. Elcano, 14 - Bilbao. España	75,00%	12.912
Hospital de Guadalajara	Av. Camino de Santiago, 50 - Madrid. España	50,00%	17.002
Reguerón	CL. General Pardiñas, 15 - Madrid. España	33,33%	26.292
Prado Porto	Av. Camino de Santiago, 50 - Madrid. España	67,50%	17.693
Olmedo - Pedralba	Cl. Francisco Gervás, 14, 1ºA - Madrid. España	56,00%	21.688
MIV Lote Norte	Cl. Francisco Gervás, 14, 1ºA - Madrid. España	100,00%	13.499
MIV Centro	Av. Camino de Santiago, 50 - Madrid. España	29,00%	16.514
MIV Noreste	Cl. Viriato, 47, 3º - Barcelona. España	5,00%	22.140
Tramo Ermua	Avenida Madariaga, 1-4º. Bilbao. España	33,34%	10.950
Mantenimiento Lote 2 Noroeste	Cl. Federico Echevarría, 1 - León. España	17,00%	13.277
CPB Dragados Samsung	Level 18, 177 Pacific Hwy, North Sydney NSW 2060. Australia.	30,00%	886.911
SH-288 Toll Lanes	5075 Westheimer Suite 690 Houston, TX 77058. Estados Unidos.	50,00%	238.439
GCT Constructors	597 5th Avenue 4th Floor, NY, NY 10017. Estados Unidos.	100,00%	102.229
White-Schiavone	1350 Main St. ,Suite 1005, Springfield, MA 01085. Estados Unidos.	100,00%	28.374
Unionport Constructors	998 Brush Avenue, Bronx, NY 10465. Estados Unidos.	55,00%	49.927
Chesapeake Tunnel	2377 Ferry Road, Virginia Beach, VA 23455 . Estados Unidos.	100,00%	62.833
Ottawa LRT Constructors	1600 Carling Avenue, Suite 450, PO Box 20,Ottawa K1Z 1G3. Canadá.	40,00%	174.571
SSL Construction SENC	2015 Rue Peel, Montreal Quebec H3A 1T8. Canadá.	25,00%	540.421
Crosslinx Transit Solutions - Constructors	4711 Yonge St, Suite 1500,Toronto M2N 7E4 . Canadá.	25,00%	735.520
Ruskin Generating Station Upgrade	10400 Hayward Street, Mission BC V4S 1H8. Canadá.	40,00%	12.502
Ottawa Combined Sewage Storage Tunnel	150 Isabella St, unit 212, Ottawa, ON, K1S 1V7. Canadá.	65,00%	41.087
Link 427	1 Royal Gate Boulevard, Unit G, Woodbridge, ON L4L 8Z7. Canadá.	50,00%	39.982
EDT GEC Civil SEP	1095 Rue Valets L'Ancienne-Lorette QC G2E 4M7. Canadá.	35,00%	42.904
Ottawa LRT Constructors OLRT Phase II	1600 Carling Avenue, Suite 450, PO Box 20,Ottawa K1Z 1G3. Canadá.	33,33%	41.524
SNC-DRAGADOS-PENNECON G.P.	1133 Topsail Road, Mount Pearl, Newfoundland, A1N 5G2. Canadá.	40,00%	242.295
NouvLR s.e.n.c.	1140 boulevard de Maissoneuve, Montreal, Quebec H3A 1M8. Canadá.	24,00%	249.802
Mosaic Transit Constructors GP	150 King Street West, Suite 2103, Toronto M5H 1J9. Canadá.	33,33%	35.922
BNA Constructors Canada GP	151 King Street West, Suite 2103, Toronto M5H 1J9. Canadá.	40,00%	70.928
Aecon-Flatiron-Dragados-EBC Partnership	1055 Dunsmuir Street, Suite 2124, Vancouver, BC V7X1G4. Canadá.	27,50%	124.684
White, Skanska, Koch	10 Burr Street, Framingham MA 01701. Estados Unidos	57,00%	15.589
White, Skanska, Consigli	10 Burr Street, Framingham MA 01701. Estados Unidos	55,00%	39.915
75-524 3rd Track Constructors	900 Merchants Concourse, westbury, NY 11590 Estados Unidos.	50,00%	135.422
Flatiron Dragados, LLC	500 N. Shoreline Blvd, Suite 500, Corpus Christi, TX 78401. Estados Unidos.	50,00%	175.325
Dragados/Flatiron	1610 Arden Way, Suite 175, Sacramento, CA 95815. Estados Unidos.	50,00%	154.704
Balfour/Fluor/Flatiron-West/Dragados USA	5901 W. Century Blvd., Los Angeles, CA 90045. Estados Unidos.	20,00%	159.799
Seattle Tunnel Partners	810 Seventh Ave, 9th Floor, New York, NY 10019. Estados Unidos.	55,00%	26.427
Dragados/Flatiron West/Sukut	12750 Calaveras Rd, Suite B, Fremont, CA 94539. Estados Unidos.	40,00%	85.095
Portsmouth	4301-C Lucasville-Minford Rd, Minford, OH, 45653. Estados Unidos.	50,00%	72.587
CONSTRUCTION - HOCHTIEF			
ARGE A7 Hamburg-Bordesholm	ARGE A7 Hamburg-Bordesholm, Hamburg, Germany	70,00%	156.462
ARGE BAUARGE A6 West	ARGE BAUARGE A6 West, Heilbronn, Germany	60,00%	155.654
Stuttgart 21 PFA 1. Los 3 Bad Cannstatt	Stuttgart 21 PFA 1. Los 3 Bad Cannstatt, Stuttgart, Germany	40,00%	72.705
Zuidasdok	Zuidasdok, Amsterdam, Netherlands	42,50%	64.958
ARGE SBT 1.1 Tunnel Gloggnitz	ARGE SBT 1.1 Tunnel Gloggnitz, Gloggnitz, Austria	40,00%	63.581
ARGE BMG Berlin	ARGE BMG Berlin, Berlin, Germany	50,00%	41.703
BT-Elbphilharmonie	BT-Elbphilharmonie, Hamburg, Germany	50,00%	39.776
ARGE Tunnel Rastatt	ARGE Tunnel Rastatt, Ötigheim, Germany	50,00%	37.125
ÚČOV Praha	ÚČOV Praha, Praha, Czech rep.	40,00%	34.503
CRSH1 - Sydhavnen	CRSH1 - Sydhavnen, Copenhagen, Denmark	50,00%	33.000
ARGE Tunnelkette Granitztal Baulos 50.4	ARGE Tunnelkette Granitztal Baulos 50.4, St. Paul Lavanttal, Austria	50,00%	27.683
Cityringen: Branch-off to Nordhavnen	Cityringen: Branch-off to Nordhavnen, Kopenhagen, Denmark	40,00%	23.945
ARGE Hafentunnel Cherbourger Strasse	ARGE Hafentunnel Cherbourger Strasse, Bremerhaven, Germany	33,00%	22.799
ARGE Tunnel Trimberg	ARGE Tunnel Trimberg, Wehretal, Germany	50,00%	17.519
Rekonš. cesty I/65 Tur Teplice - Príbovce	Rekonš. cesty I/65 Tur Teplice - Príbovce, Turčianské Teplice, Slovakia	40,00%	13.550

APPENDIX II

UTE's/EIG's

UTE / EIG	Address	% Effective Ownership	Revenue 100%
			Thousand euros
BAB A 100, 16. Bauabschnitt	BAB A 100, 16. Bauabschnitt, Berlin, Germany	50,00%	13.105
FHB Plateau GmbH	FHB Plateau GmbH, Hamburg, Germany	50,00%	12.800
ARGE Fuhle 101	ARGE Fuhle 101, Hamburg, Germany	50,00%	12.225
Projektgesellschaft Lindenhof	Projektgesellschaft Lindenhof, Ahrensburg, Germany	50,00%	11.708
Praha - Letiště - Depo + komunikace	Praha - Letiště - Depo + komunikace, Praha, Czech rep.	50,00%	11.269
Brno - FN- Tech. obnova operačních sálů	Brno - FN- Tech. obnova operačních sálů, Brno, Czech rep.	45,00%	10.463
Rakovník - Areál Valeo-Hala H VI	Rakovník - Areál Valeo-Hala H VI, Rakovník, Czech rep.	60,00%	10.164

INDUSTRIAL SERVICES

UTE / EIG	Address	% Effective Ownership	Revenue 100%
Consorc. Cis y gran solar Panamá	Ricardo J Alfaro. Panamá	50,00%	20.400
Ute Illescas park	calle jesús 81 Entresuelo. 46007. Valencia. España.	50,00%	50.171
Consorcio agua para gamboa	Calle comercial los pueblos. Panamá	50,00%	37.160
Consorcio grupo cobra norte	Calle amador merino reyna, 267 Lima Perú	100,00%	17.167
Ute mantenimiento ave energía	avenida Brasil 6, 28016 - Madrid España.	45,55%	15.933
Ute energia Galicia	Calle manzanares, 4 Madrid España.	20,00%	18.238
Avanzia energia Valle México	José Luis Lafrange, 103 - Mejico df. Mejico	1,00%	40.277
Ute Luz Madrid Centro	CL Sepúlveda, 6 28108 Alcobendas (Madrid). España.	85,01%	25.749
Ute Luz Madrid Oeste	CL Sepúlveda, 6 28108 Alcobendas (Madrid). España.	85,01%	22.472
Ute Devas 1	Calle General Perón 36 28020 Madrid. España.	33,28%	17.606
Ute Devas 2	Calle General Perón 36 28020 Madrid. España.	33,28%	18.544
Ute Parques Singulares Lote 2	Calle Embajadores 320 28053 Madrid. España.	50,00%	14.129
Consorcio Semona Ii	C/ Proyecto Central, 8 (Urb. La Esperilla Distrito Nac) Santo Domingo	70,00%	9.877
Ssem - Initec Energia Consortium	Jeddah Madinah Road Al Noor Center 6th Floor. P.O Box. 12776. Jeddah 21473 - KSA. Arabia Saudí.	50,00%	46.184

SERVICES

UTE / EIG	Address	% Effective Ownership	Revenue 100%
Ute Hospital De Majadahonda	Avendia Manoteras 46 Bis 2ª Pta 28050 Madrid. España.	67,00%	17.330

APPENDIX III

CHANGES IN THE SCOPE OF CONSOLIDATION

The main companies included in the scope of consolidation are as follows:

Consorcio Constructor Hospital de Quellón, S.A.
Esplendor Solar, S.L.
Hazaña Solar, S.L.
Logro Solar, S.L.
Palabra Solar, S.L.
Talento Solar, S.L.
Planta Solar Alcázar 2, S.L.
Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V.
Concesiones de Infraestructuras Chile Dos, S.A.
Concesiones de Infraestructuras Chile Tres, S.A.
Momentun Trains Finance PTY Ltd.
Sedgman USA INC
Turner Consulting and Management Services Private Ltd.
Tompkins Turner Grunley Kinsley JV
Turner Sanorubin Joint Venture
Aecon-Flatiron-Dragados-EBC
Turner/Plaza
Tishman-Turner Joint Venture II
Tishman Turner Joint Venture III
TMA JV III
Blachard Turner JV LLC
CPB Seymour Whyte JV
Leighton M&E - Southa Joint Venture (BR No. 56168583-000)
Konsortium Steigerwald GbR
C.Talara Cobra SCL UA&TC
Seratype
ACS Mosaic Transit Partners Holding Inc.
ACS MTP Partner INC
Mosaic Transit Partners General
ACS MTP Maintenance INC
Mosaic Transit Partners Maintenance GP
Semi Israel
Cobra Solutions, S.L.
Cobra Cote D'Ivoire S.A.R.L.
Bonete Fotovoltaica 1, S.L.U.
Bonete Fotovoltaica 2, S.L.U.
Bonete Fotovoltaica 3, S.L.U.
gGravity Engineering, S.A.
Operadora de Carreteras de Coahuila y San Luis
ACS LINXS Holdings, LLC
LAX Integrated Express Solutions Holdco, LLC
LAX Integrated Express Solutions, LLC
ACS LINXS O&M Holdings, LLC
ACS Bombardier Fluor HOCHTIEF OMJV d/b/a LINXS Operators
Nouvelle Autoroute 30 Financement, Inc.
Avanzia Exploración y Producción, S.A. de C.V.
Cmena No. 1 Pty Ltd.
Cmena Pty Ltd.
Regional Trading Ltd.
.Metro Trains Melbourne Pty Ltd.
Leighton Yongnam Joint Venture
Turner Consulting (Thailand) Ltd.

APPENDIX III

CHANGES IN THE SCOPE OF CONSOLIDATION

Turner – Martin Harris
ZOB an der Hackerbrücke GmbH & Co. KG
Desarrollo de Concesiones Hospitalarias de Toledo S.L.
Instalac y Serv Uribe-Cobra Panama, ISUC Panama, S.A.
Electricidad Imes Api Eleia, S.L.
Copemobe, S.L.
Costeraneo, S.L.
Fanelate, S.L.
Libaquera, S.L.
Liquetine, S.L.
ACS BNA Holdco Inc.
ACS BNA GP Inc.
Bridging North America Holding Corporation
Bridging North America Holding ULC
Bridging North America General Partnership
Cuyabenopetro, S.A.
Grupo Cobra East Africa Ltd.
Homecarers (Liverpool) Ltd.
Abertis Holdco, S.A.
Abertis Participaciones, S.A.
Wood Buffalo Employment Ltd.
Lakeside Alliance
Trans Hudson Brokerage, Llc.
Hochtief U.S. Holdings Lls.
Hochtief Linxs Holding Llc.
Fhb Beteiligungs Gmbh
Fhb Plateau Gmbh & Co. Kg
Ht Technology Gmbh
Azius Luz S.L.
Belenus Luz S.L.
Celeritas Luz S.L.
Ignis Luz S.L.
Ilio Luz S.L.
Saneta Luz S.L.
Taxos Luz
Acs Bna O&M Gp Inc.
Bna O&M General Partnership
Azius Luz S.L.
Belenus Luz S.L.
Celeritas Luz S.L.
Ignis Luz S.L.
Ilio Luz S.L.
Saneta Luz S.L.
Taxos Luz
Acs Bna O&M Gp Inc.
Bna O&M General Partnership
Servicios Integrales De Mantenimiento, S.A.
Soluciones Logísticas Auxiliares, S.A.
Soluciones Eléctricas Auxiliares, S.A.
Istoguard Pty Ltd.
Ingweguard Pty Ltd.
Cobra Oil & Gas, S.L.U.
Cobra Industrial Japan, Co Ltd.
Dirdam Luz S.L.

APPENDIX III

CHANGES IN THE SCOPE OF CONSOLIDATION

Gestió De Centres Policials, S.L.
Cih E Hispano Sueca De Ingenieria
Ggravity, Inc.
Alghamin Cobra Tedagua Sojitz Power & Water Llc.
Cobra Tedagua Contracting Llc.
Etra France Sas
Clece Airport Services Ltd.
Hidra De Telecomunicaciones Y Multimedia, S.A.
Instalaciones Y Servicios Spínola I, S.L.U.
Instalaciones Y Servicios Spínola Ii, S.L.U.
Instalaciones Y Servicios Spínola Iii, S.L.U.
Renovables Spínola I, S.L.U.
Renovables Spínola Ii, S.L.U.
Renovables Spínola Iii, S.L.U.
Pulse Partners Finance Pty. Ltd.
A.C.N. 630 634 507 Pty Ltd. (Momentum Trains Pty Ltd.)
Cip Holdings General Partner Ltd.
Cip Project General Partner Ltd.
Cornerstone Infrastructure Partners Holdings Lp
Cornerstone Infrastructure Partners Lp
Momentum Trains Holding Pty Ltd.
Momentum Trains Holding Trust
Momentum Trains Trust
Fluor/Balfour/Flatiron/Dragado
Hochtief Operators Holding Llc.
Axis Konsortium GmbH
LINXS Operators
LAX Integrated Express Solutions LLC
Konsortium Herrenwald GbR
Hochtief Technology Holding GmbH & Co. KG
Hochtief Technology Partnership Verwaltungs GmbH

The main companies no longer included in the scope of consolidation are as follows:

Vias y Construcciones UK Ltd.
IS Cobra Instalaçoes e Serviços, S.A.
JH AD Holdings PTY Ltd.
JH AD Investments PTY Ltd.
JH AD Operations PTY Ltd.
JH RAIL Holdings PTY Ltd.
JH RAIL Investments PTY Ltd.
JH RAIL Operations PTY Ltd.
Joetel PTY. Ltd.
LPWRAP PTY Ltd.
Martox PTY. Ltd.
Yoltax PTY. Ltd.
Zelmex PTY. Ltd.
Ganu Puri SDN. BHD
RUBY EQUATION SDN BHD
GSJV Ltd. (Barbados), Barbados
GSJV Ltd. (Guyana), Guyana
Leighton (PNG) Ltd., Papua-Neuguinea
Thiess Sedgman JV, New South Wales, Australien
Turner International Mexico LLC

APPENDIX III

CHANGES IN THE SCOPE OF CONSOLIDATION

Turner Construction Company - Singapore
Turner/Hoist
Turner-Penick JV
Tompkins/Gilford JV
McKissack & McKissack, Turner, Tompkins, Gilford JV
Turner/White JV
Turner International Consulting India Private Ltd.
Metro Trains Melbourne Pty Ltd.
Leighton BMD JV
Manukau Motorway Extension
New Future Alliance (Sihip)
University Construction Management Team
Turner-Acura-Lindvahl, triventure
Construct Signs
Cme Águas, S.A.
FGD da CT de Sines
Mexicobra, S.A.
Cobra Bahía Instalaçoes e Serviços
Saeta Yield, S.A.
Leighton Investments Mauritius Ltd.
Moving Melbourne Together Finance Pty Ltd.
Pacific Partnerships Services Pty Ltd.
Western Improvement Network Finance Pty Ltd.
Contrelec Engineering Pty Ltd.
Intermet Engineering Pty Ltd.
Moonee Ponds Pty Ltd.
Mosaic Apartments Unit Trust
Wedgewood Road Hallam No. 1 Pty Ltd.
Leighton M&E - Southa Joint Venture (Br No. 55380704-000)
Leighton M&E - Southa Joint Venture (BR No. 56168583-000)
Misener Constru-Marina, S.A. de C.V
Projektgesellschaft Quartier 21 mbH & Co. KG
Dracena I Parque Solar, S.A.
Dracena II Parque Solar, S.A.
Dracena IV Parque Solar, S.A.
Cleon S.A.
Promosolar Juwi 17, S.L.
Sice de Costa Rica S.A.
Corporación Ygnus Air S.A.
Hospec S.A.L.
Promosolar Juwi 17, S.L.
Guaimbe I Parque Solar, S.A.
Guaimbe II Parque Solar, S.A.
Guaimbe III Parque Solar, S.A.
Guaimbe IV Parque Solar, S.A.
Guaimbe V Parque Solar, S.A.
Interligação Elétrica Sul S.A.
Thiess Nc
Leighton Investments Mauritius Ltd. No. 2
Leighton Gbs Sdn. Bhd.
Sedgman Consulting Unit Trust
Wellington Gateway General Partner No. 1 Ltd.*
Leighton Yongnam Joint Venture
John Holland - Leighton (South East Asia) Joint Venture

APPENDIX III

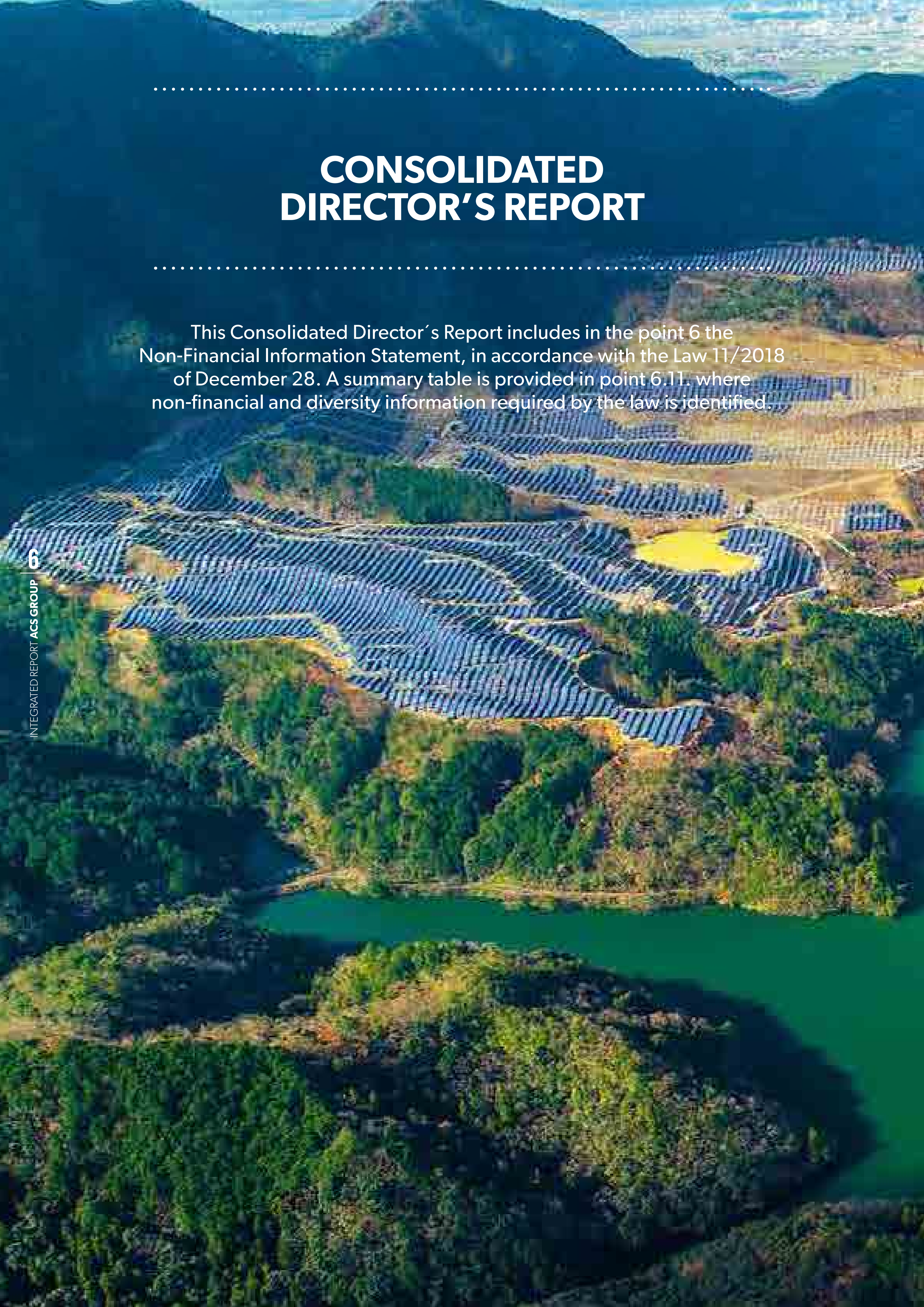
CHANGES IN THE SCOPE OF CONSOLIDATION

Leighton-China State-Van Oord Joint Venture
Leighton China State Joint Venture (Wynn Resort)
Leighton-John Holland Joint Venture (Lai Chi Kok)
China State - Leighton Joint Venture
Gammon - Leighton Joint Venture
Leighton-Able Joint Venture
Leighton China State John Holland Joint Venture (City Of Dreams)
Leighton-John Holland Joint Venture
Veolia Water - Leighton - John Holland Joint Venture
Leighton - Gammon Joint Venture
Leighton-Chubb E&M Joint Venture
Leighton Fulton Hogan Joint Venture (Sh16 Causeway Upgrade)
Murray & Roberts Marine Malaysia - Leighton Contractors Malaysia Joint Venture
Leighton-Total Joint Operation
Leighton John Holland Joint Venture (Registration No.: 53249905X)
Leighton - Chun Wo Joint Venture (Bn 54933910-000)
Leighton - Heb Joint Venture
Cpb Southbase Jv
Leighton - Chun Wo Joint Venture (Bn 56113156-000)
Leighton - China State Joint Venture (Bn 55653767-000)
Leighton - China State Joint Venture (Bn 55223875-000)
Leighton - Chun Wo Joint Venture (Bn 55479511-000)
Thiess Kmc Jv
Northern Gateway Alliance
Bic Contracting Llc (Former Hlg Contracting L.L.C)
Leighton Services Uae Co Llc
Majwe Mining Joint Venture (Proprietary) Ltd.
Mosaic Apartments Holdings Pty Ltd.
Mosaic Apartments Pty. Ltd.
Leighton-Infra 13 Joint Venture
Leighton-Ose Joint Venture
Gsjv Guyana Inc
Gsjv Ltd. (Barbados)
Hochtief Development Austria Verwaltungs Gmbh
Justitia Pps Breda B.V.
ABG Europaquartett Gmbh & Co. KG
Pansuevia Gmbh & Co. KG
P.E. Marcona S.R.L.
Parque Eólico Tres Hermanas S.A.C
Applied Control Technology Llc.
Delta P I Llc.
Integrated Technical Products Llc.
Placidus Investments Sp. z.o.o.
Fleetco Rentals Omega Pty. Ltd.
Erskineville Residential Project
Leighton M&E - Southa Joint Venture (Br No. 55380704-000)
Leighton Services Uae Co Llc.
City West Property Holding Trust (Section 63 Trust)
City West Property Investment (No.1) Trust
City West Property Investment (No.2) Trust
City West Property Investment (No.3) Trust
City West Property Investment (No.4) Trust
City West Property Investment (No.5) Trust
City West Property Investment (No.6) Trust

APPENDIX III

CHANGES IN THE SCOPE OF CONSOLIDATION

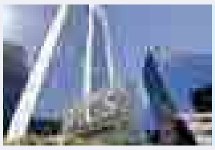
Erskineville Residential Project Pty Ltd.
Silverado Constructors
Turner Management International Ltd. - TiME
PSW Leinetal GmbH
PSW Lippe GmbH
PSW Hainleite GmbH
Constructora HOCHTIEF – TECSA S.A.
Skyliving GmbH & Co. KG
ZOB an der Hackerbrücke GmbH & Co. KG
Arbeitsgemeinschaft GÜ Köbis Dreieck KPMG
Süddeutsche Geothermie-Projekte Verwaltungsgesellschaft mbH
Biliki Sp. z o.o.
FBEM GmbH
Projekt DoU Baufeld Nord GmbH & Co. KG



CONSOLIDATED DIRECTOR'S REPORT

This Consolidated Director´s Report includes in the point 6 the Non-Financial Information Statement, in accordance with the Law 11/2018 of December 28. A summary table is provided in point 6.11. where non-financial and diversity information required by the law is identified.

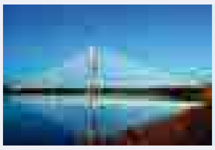
LINKS



WEBSITE

CONSOLIDATED FINANCIAL STATEMENTS

CORPORATE GOVERNANCE REPORT



ANNUAL DIRECTOR'S REMUNERATION

ABOUT THIS REPORT

The Integrated Annual Report consists of the present Consolidated Director´s Report, of the which is part of the Annual Government Report Corporate that is attached by reference and that available on the Group's website ACS and the CNMV, and the Consolidated Annual Accounts corresponding to the year ended 31 December 2018, prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.

This report has been prepared in accordance with the principle of integration and includes the most significant financial and extra-financial information to demonstrate the Group's value creation. The objective of the report is to provide a perspective that concisely presents the company's capacity to create value at short, medium and long-term, as well as its positioning vis-à-vis the risks and opportunities offered by the current environment.

In order to ensure maximum rigour and transparency, this document was prepared following the requirements established by the international standards of reference on reporting matters:

- The guidelines contained within the framework of the International Integrated Reporting Counsel (IIRC[1]).
- The Global Reporting Initiative's (GRI) new GRI Standards. The related indicators have been verified by an independent third party in accordance with the International Standard on Assurance Engagements (ISAE) 3000.

The requirements contained in the guide for preparing directors' reports for listed companies issued by the Spanish National Securities Market Commission were also taken into account, as well as Law 11/2018 on the disclosure of information non-financial and diversity information.

The content of the report was selected based on a preliminary analysis that identified the most relevant matters for the company and its primary stakeholders[2].

[102-45]

The report considers all the ACS Group's activities in all of the countries where it is present. The information published includes the in Construction, Industrial Services and Services operations carried out by the companies that are controlled by the ACS Group and that are described in the Group's consolidated financial statements.

Following the principle of the connectivity of information, the content of this report is supplemented with information from other documents published annually by the ACS Group (the Corporate Governance Report, Annual Directors' Remuneration Report and Financial Statements), as well as all of the information and policies published on the company's website.

1. For more information visit the International Integrated Reporting Counsel's website http://integratedreporting.org/

2. For more information regarding the identification of relevant matters, see Appendix 9.2. Identification of relevant matters.

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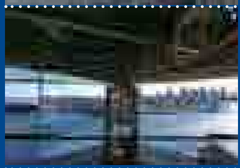
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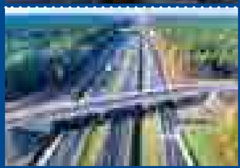
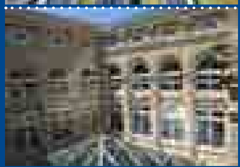

7. THE ACS GROUP'S RISK MANAGEMENT 196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LETTER FROM THE CHAIRMAN

PREPARE TO KEEP GROWING

Dear Shareholder,

In 2018, the ACS Group achieved excellent results, exceeding 915 million euros of net profit, 14.1% more than the previous year. These results were possible thanks to the positive evolution of all activities and the strong generation of operating cash, which grew 17% and has allowed us to make significant investments throughout the year, while simultaneously maintaining a solid financial structure. In fact, the Group closed the year with a positive net cash position and net assets over 6,000 million euros.

Sales totaled 36,659 million euros, 9.7% more than the previous year, adjusted for the exchange rate. The region with the greatest activity continues to be North America, with 46% of total sales, followed by Europe with 21%. Oceania represented 20% of sales while Asia amounted to 7%. The production in South America reached 5% while Africa did not reach 1% of sales. By countries, the most important are the United States, Australia, Spain, Canada, Germany and Mexico, which together represent around 85% of the Group's total sales.

In addition, we have a growing portfolio of projects, which total 72,223 million euros, mainly in the strategic markets where the Group maintains a solid competitive position. This has been strengthened with the acquisition of Abertis, a worldwide leader in the management of toll highways and infrastructures, which will allow us to accelerate our investment plan in concessional infrastructure projects.

The operating results show an improvement in the margins over sales, with the gross operating profit (EBITDA) at 2,437 million euros and the net operating profit (EBIT) at 1,791 million euros, growing respectively by 13% and 16.6% in comparable terms.

Another important milestone we reached this year is completely eliminating net debt, presenting a positive net cash balance of 3 million euros at 2018 year-end. This figure represents an improvement of 156 million euros from the previous year, despite having made total net investments of over 1,500 million euros, including the deal to acquire Abertis.

This positive operating and financial evolution of our Group has been reflected in the performance of ACS's share in 2018, which has been revalued at 3.7% , compared to the general drop of the main stock indexes in Europe, where the Stoxx50 has fallen 14.3% and the IBEX35 by 15%. In addition, we've increased the dividend per share by 17% up to 1.4 euros, such that the total remuneration for the shareholder reached 8% in 2018.

We've also experienced solid advances in matters related to safety, ethics and diversity during the year, demonstrating our continuous commitment to sustainability. The improvements are notable in the main safety indexes and the reduction of the accident rate as a result of the substantial increase in investments of 11.9% in this area. In aspects related to corporate governance, we've introduced internal standards intended to improve the Group's policies of due diligence, increasing the number of employees that have received training in this area by 50%.

ACS Group's Diversity Policy has started to bear fruit, as shown by the number of women in management positions increasing by 14.1% in 2018. This fact is especially significant in an industrial group of 195,461 employees distributed across over 60 countries, with a gender diversity greater than 40% and over 7,000 workers coming from disadvantaged groups, which together reflect the cultural diversity of the largest global infrastructure company.

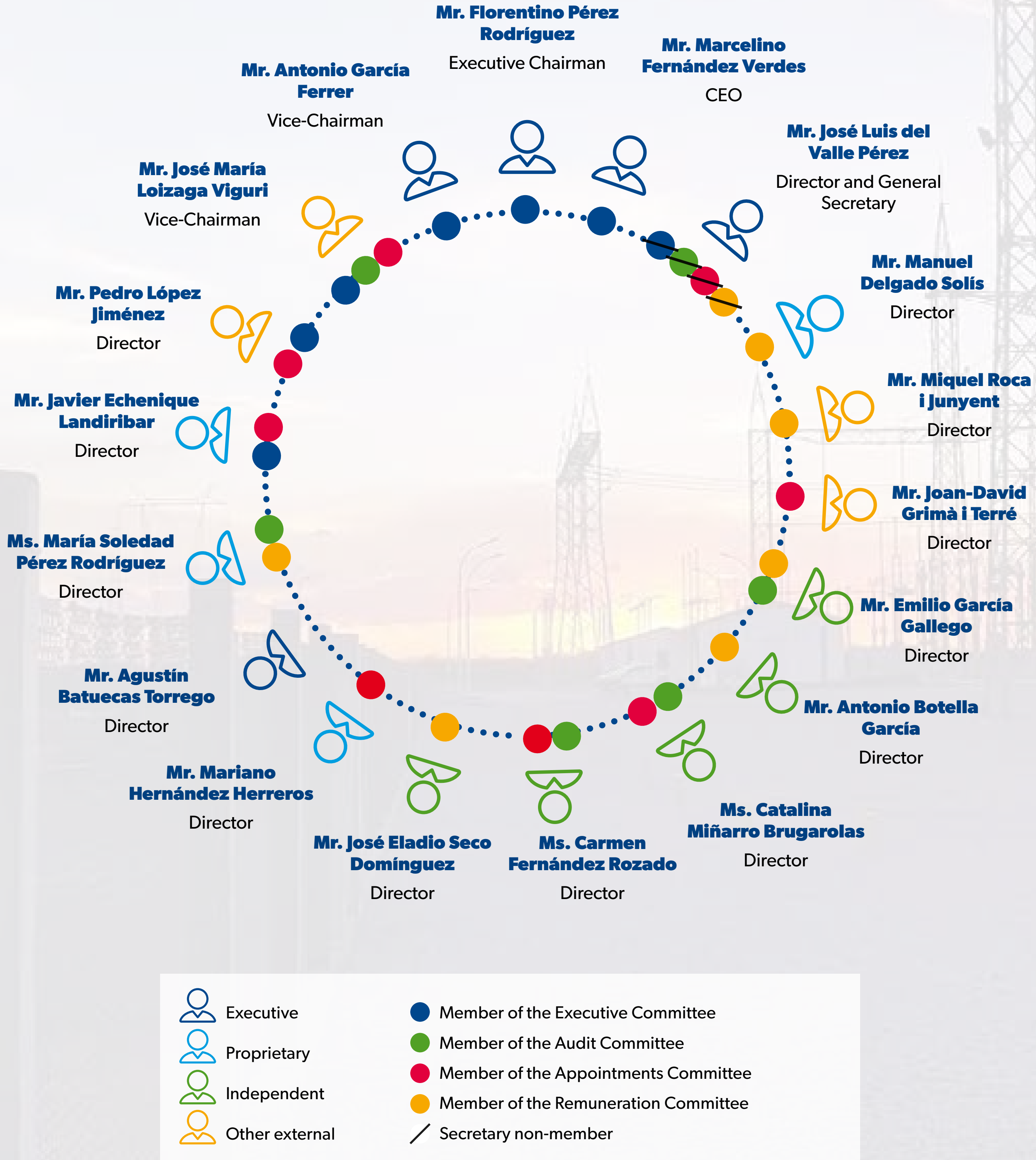
We owe the success of our journey to all these people who work for our Group, from our clients to our suppliers, and especially you, dear shareholder. ACS remains committed to the future, and we are excited to continue creating economic and social value. Rest assured that we will put all of our effort into these values, and I look forward to reporting the results next year.

Florentino Pérez
President of the ACS Group

1. MANAGING BODIES

1.1. BOARD OF DIRECTORS
1.2. MANAGEMENT COMMITTEE
1.3. MANAGEMENT TEAM

1.1. BOARD OF DIRECTORS



Mr. Florentino Pérez Rodríguez
Executive Chairman
Civil Engineer
Chairman of the ACS Group since 1993
Member of the Board of Directors of the ACS Group since 1989

Mr. Marcelino Fernández Verdes
CEO
Civil Engineer
Member of the Board of Directors of the ACS Group since 2017
Chairman of HOCHTIEF AG
Executive Chairman of CIMIC
Chairman of Abertis

Mr. Antonio García Ferrer
Vice-Chairman
Civil Engineer
Member of the Board of Directors of the ACS Group since 2003

Mr. José María Loizaga Viguri
Vice-Chairman
Economist
Member of the Board of Directors of ACS Group since 1989
Director of Cartera Industrial REA
Vice-Chairman of Zardoya Otis
Director of Moira Capital Partners, SGEIC, S.A. and its subsidiaries:
Moira Capital Desarrollo ALFA, SICC, S.A.
Moira Capital Desarrollo BETA, SICC, S.A.
Moira Capital Desarrollo GAMMA, SICC, S.A.

Mr. Agustín Batuecas Torrego
Director
Civil Engineer
Member of the Board of Directors of the ACS Group since 1999

Mr. Antonio Botella García
Director
B.A. in Law. Lawyer
State Lawyer (retired)
Member of the Board of Directors of the ACS Group since 2015

Mr. Manuel Delgado Solís
Director
B.S. in Pharmacy and B.A. in Law.
Member of the Board of Directors of the ACS Group since 2003

Mr. Javier Echenique Landiribar
Director
B.A. in Economics
Member of the Board of Directors of the ACS Group since 2003
Vice-Chairman of Banco Sabadell
Director of Telefónica, S.A.
Director of the Ence Group

Ms. Carmen Fernández Rozado
Director
B.A. in Economics and Business and in Political Science and Sociology.
Doctorate in Public Finances.
State Treasury Inspector.
Auditor.
Member of the Board of Directors of the ACS Group since 2017
Director of EDP

Mr. Emilio García Gallego
Director
Civil Engineer and B.A. in Law.
Member of the Board of Directors of the ACS Group since 2014

Mr. Joan-David Grimà i Terré
Director
Doctorate in Economics and Business
Member of the Board of Directors of the ACS Group since 2003

Mr. Mariano Hernández Herreros
Director
B.S. in Medicine
Member of the Board of Directors of the ACS Group since 2016

Mr. Pedro López Jiménez
Director
Civil Engineer
Member of the Board of Directors of ACS Group since 1989
Chairman of the Supervisory Board of HOCHTIEF, Chairman of the Human Resources Committee of HOCHTIEF and of the Appointments Committee of HOCHTIEF.
Member of the Board of Directors and of the Remuneration and Appointments Committee of CIMIC, and of the Ethics, Compliance and Sustainability Committee of CIMIC
Director of Abertis

Ms. Catalina Miñarro Brugarolas
Director
B.A. in Law and State Lawyer
Member of the Board of Directors of the ACS Group since 2015
Director, Member of the Delegate Committee and Chairman of the Appointments Committee of MAPFRE, S.A.
Director and Member of the Management Committee of MAPFRE ESPAÑA, S.A.
Director of MAPFRE INTERNACIONAL, S.A.

Ms. María Soledad Pérez Rodríguez
Director
B.S. in Chemistry and Pharmacy
Member of the Board of Directors of the ACS Group since 2014

Mr. Miquel Roca i Junyent
Director
Lawyer
Member of the Board of Directors of the ACS Group since 2003
Director of Endesa
Director of Aguas de Barcelona
Non-Director Secretary of the Board of Directors of Abertis Infraestructuras
Non-Director Secretary of the Board of Directors of Banco de Sabadell
Non-Director Secretary of TYPSA
Non-Director Secretary of WERFENLIFE

Mr. José Eladio Seco Domínguez
Director
Civil Engineer
Member of the Board of Directors of the ACS Group since 2016

Mr. José Luis del Valle Pérez
Director and General Secretary
B.A. in Law and State Lawyer
Member of the Board of Directors of ACS Group since 1989
Member of the Supervisory Board of HOCHTIEF
Member of the Board of Directors of CIMIC

For further information:
Online access to their biography
www.grupoacs.com

1.2. MANAGEMENT COMMITTEE

MR. ÁNGEL GARCÍA ALTOZANO

Corporate General Manager

Born in 1949.
Civil Engineer and MBA.

Mr. Garcia Altozano started his professional career in the construction sector. He was General Manager of the Instituto Nacional de Industria (INI) and President of Bankers Trust for Spain and Portugal. In 1997 he joined the ACS Group as the Corporate General Manager responsible for the economic-financial areas (CFO), corporate development and investees.

MR. JOSÉ LUIS DEL VALLE PÉREZ

Secretary General

Born in 1950.
B.A. in Law and State Lawyer

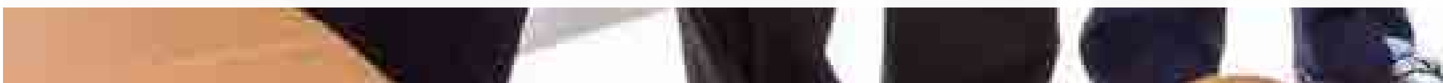
From 1975 until 1983 Mr. del Valle held various positions in the Public Administration and was a Member of Parliament from 1979 to 1982 and Deputy Secretary of the Ministry of Territorial Administration. He has been a member of the Board of Directors of the ACS Group since 1989 and has been the Secretary General to the Board of Directors since 1997.

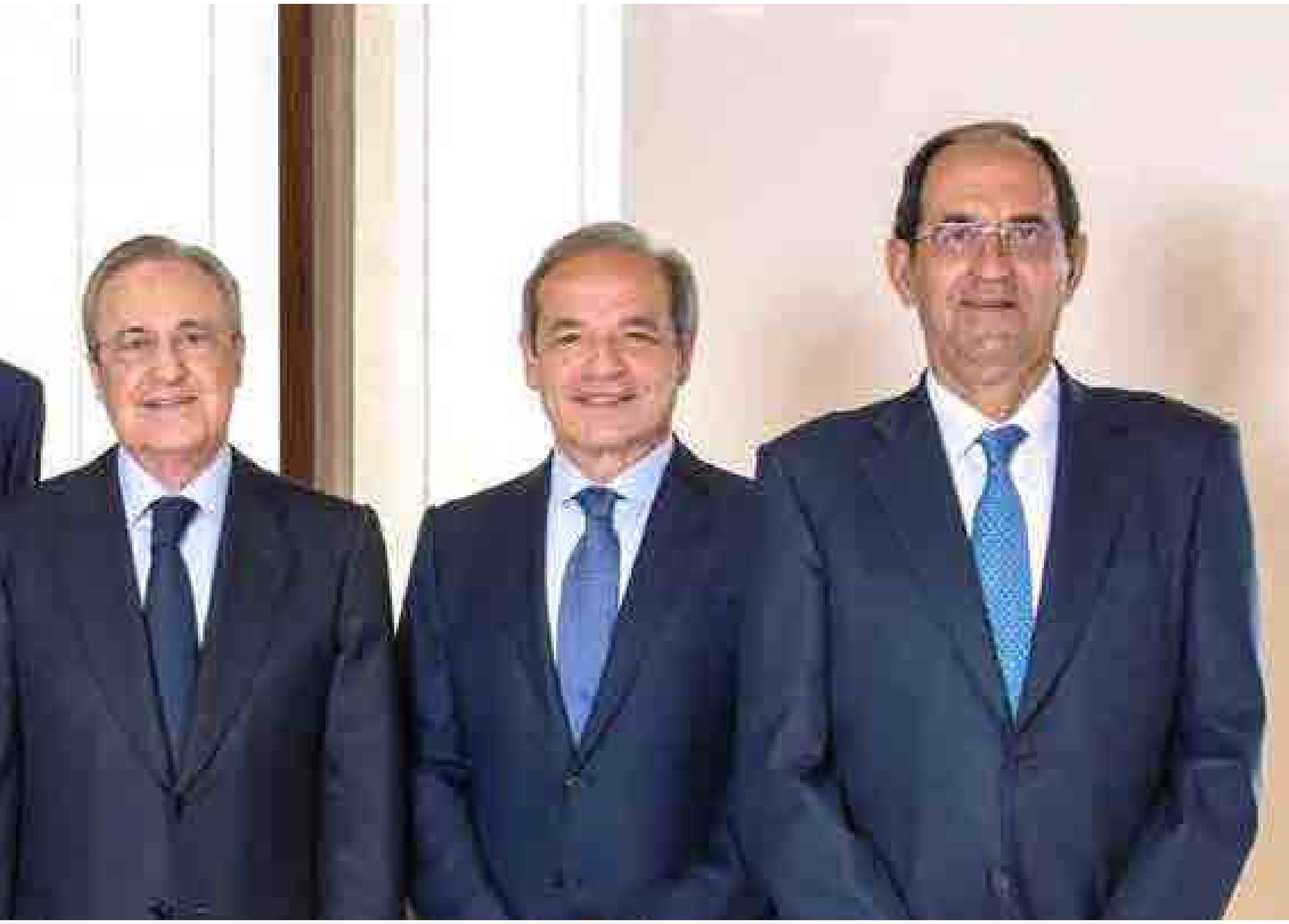
MR. ANTONIO GARCÍA FERRER

Vice-Chairman

Born in 1945. Civil Engineer.

Mr. Garcia Ferrer started his career at Dragados y Construcciones, S.A. in 1970. After assuming various positions of responsibility in the construction Company, in 1989 he was appointed Regional Manager for Madrid. Then, in 1998, he became the head of the Building business and in 2001, he became General Manager of the Industrial and Services Divisions. In 2002 Mr. Garcia Ferrer was appointed Chairman of Grupo Dragados, S.A., and in December 2003 he became the Vice-Chairman of the ACS Group.





MR. FLORENTINO PÉREZ RODRÍGUEZ

Executive Chairman
Born in 1947. Civil Engineer.

He started his professional career in a private company. Although Mr. Perez started his career in the private sector, he held different posts in the Public Administration between 1976 and 1983 when he was Delegate for Sanitation and Environment of the Madrid City Council, General Sub-Director of Promotion of the Centre for the Development of Industrial Technology in the Ministry of Industry and Energy, General Manager of Transport Infrastructures in the Ministry for Transport, as well as Chairman of IRYDA in the Ministry of Agriculture. In 1983 he returned to the private sector and since 1984 has been the top executive, Vice-Chairman and CEO, of Construcciones Padros, S.A., of which he is also one of the main shareholders. Since 1987, he has been the Chairman and CEO of Construcciones Padrós, S.A. Since 1993 he has been the Chairman and CEO of OCP Construcciones S.A., as a result of the merger of Construcciones Padrós S.A. and OCISA. Since, 1997 he has been the Executive Chairman of the ACS Group, as a result of the merger of OCP Construcciones S.A., Ginés Navarro, S.A. and Auxini, S.A.

MR. MARCELINO FERNÁNDEZ VERDES

CEO
Born in 1955. Civil Engineer

He joined the Group in 1987, being appointed General Director of OCP Construcciones in 1994. In 1998, he assumed the position of CEO of ACS Proyectos, Obras y Construcciones S.A., and in 2000 he was appointed Chairman of the same.
In 2004 he was appointed Chairman and CEO of Dragados, as well as responsible for the Construction area. In 2006, he was appointed Chairman and CEO of ACS Servicios y Concesiones, as well as responsible for the Group's Concessions and Environment areas, a responsibility he held until March 2012.
In April 2012, he was appointed to the Executive Committee of Hochtief AG and its Chairman in November of that same year, a position he continues to hold today, and he assumed the responsibility of the HOCHTIEF Asia Pacific division. From March 2014 to October 2016, he was Chief Executive Officer (CEO) of the CIMIC company of the Australian HOCHTIEF group, and has been Executive Chairman of CIMIC since June 2014. In May 2017, he was appointed CEO of the ACS Group. In May 2018, he was appointed Chairman of Abertis.

MR. EUGENIO LLORENTE GÓMEZ

Chairman and
CEO of Industrial Services

Born in 1947,
Industrial Technical Engineer and
MBA, Madrid Business School.

Mr. Llorente started his professional career in Cobra Instalaciones y Servicios, S.A. in 1973. After occupying different positions of responsibility, in 1989 he was named director of Downtown, in 1998 he was promoted to Corporate General Manager and in 2004 to General Manager. Currently, he is the General Manager of ACS Services, Communications and Energy and responsible for the Group's Industrial Services Area.

1.3. MANAGEMENT TEAM

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

Mr. Florentino Pérez Rodríguez
Executive Chairman

Mr. Marcelino Fernández Verdes
CEO

Mr. Antonio García Ferrer
Vice-Chairman

Mr. Ángel García Altozano
Corporate General Manager

Mr. José Luis del Valle Pérez
General Secretary

Mr. Ángel Muriel Bernal
Deputy General Manager to CEO

CONSTRUCTION

HOCHTIEF

Mr. Marcelino Fernández Verdes
Chairman of the Vorstand[1] of Hochtief AG. CEO Executive Chairman of CIMIC Group

Mr. Peter Sassenfeld
Member of the Vorstand[1] of Hochtief AG. CFO

Mr. José Ignacio Legorburo Escobar
Member of the Vorstand[1] of Hochtief AG. COO

Mr. Nikolaus Graf von Matuschka
Member of the Vorstand[1] of Hochtief AG. CEO of Hochtief Solutions

Mr. Peter Coenen
General Manager of Hochtief PPP Solutions.

Mr. Michael Wright
CEO of CIMIC Group

Mr. Ignacio Segura Suriñach
Deputy CEO of CIMIC Group

Mr. Diego Zumaquero García
COO of CIMIC Group

Mr. Stefan Camphausen
CFO of CIMIC Group

Mr. Juan Santamaría Cases
General Manager of CPB Contractors

Mr. Douglas Thompson
General Director of THIESS

Mr. Glen Mace
General Director of EIC Activities

Mr. Jason Spears
General Director of UGL

Mr. Emilio Grande
CFO of UGL

Mr. Peter Davoren
Chairman and CEO of Turner Construction

Mr. John DiCiurcio
Chairman and CEO of Flatiron

DRAGADOS

Mr. Adolfo Valderas
CEO and US Manager

Mr. Luis Nogueira Miguelsanz
Secretary General

Mr. Román Garrido
Canada Manager

Mr. Gonzalo Gómez Zamalloa
Latin America Manager

Mr. Santiago García Salvador
Europe Manager

IRIDIUM

Ms. Nuria Haltiwanger
CEO

1. Management Committee.

INDUSTRIAL SERVICES

Mr. Eugenio Llorente Gómez
Chairman and CEO

Mr. José María Castillo Lacabex
General Manager of Cobra

Mr. José Alfonso Nebrera García
General Manager

Mr. Epifanio Lozano Pueyo
Corporate General Manager

Mr. Cristóbal González Wiedmaier
Finance Manager

SERVICIOS

Mr. Cristóbal Valderas
CEO of Clece

2.
THE ACS GROUP

2.1. A GLOBAL INFRASTRUCTURE COMPANY

2.2. THE 2018 FINANCIAL YEAR: PROMOTING SUSTAINABLE AND PROFITABLE GROWTH

2.3. A SOLID AND PROFITABLE VALUE

2.1. A GLOBAL INFRASTRUCTURE COMPANY

1. THE ACS GROUP[2] IS A WORLDWIDE REFERENCE IN THE CONSTRUCTION AND SERVICES BUSINESS

A group comprised leading companies that participate in the development of sectors that are fundamental for the global economy in an increasingly complex, competitive, demanding and global market. A multinational company committed to economic and social progress in the countries where it is present.

WORLD LEADER IN CONSTRUCTION

ENR

THE TOP 250 INTERNATIONAL CONTRACTORS

The Top 250 List

RANK 2018	RANK 2017	FIRM	2017 REVENUE $ MIL. INT'L	2017 REVENUE $ MIL. TOTAL	2017 NEW CONTRACTS $ MIL	GENERAL BUILDING	MANUFACTURING	POWER	WATER SUPPLY	SEWER / WASTE	INDUS. / PETROLEUM	TRANSPORTATION	HAZARDOUS WASTE	TELECOM
1	1	**ACS, ACTIVIDADES DE CONSTRUCCION Y SERVICIOS SA,** Madrid, Spain†	36,389.1	41,423.0	37,997.8	36	0	7	3	1	11	28	0	4
2	2	**HOCHTIEF AKTIENGESELLSCHAFT,** Essen, NRW, Germany†	26,318.0	27,475.0	33,570.0	47	1	1	1	1	7	25	0	3
3	3	**CHINA COMMUNICATIONS CONSTRUCTION GROUP LTD.,** Beijing, China†	23,102.0	75,383.2	38,872.2	7	10	0	2	0	0	80	0	0
4	4	**VINCI,** Rueil-Malmaison, Hauts-de-Seine, France†	18,884.0	46,174.0	17,458.9	6	0	15	2	0	6	45	1	11
5	9	**STRABAG SE,** Vienna, Austria†	14,736.5	17,534.8	14,736.5	38	0	0	3	2	6	50	0	0
6	7	**TECHNIPFMC,** London, U.K.†	14,583.0	15,058.0	6,656.0	0	0	0	0	0	100	0	0	0
7	6	**BOUYGUES,** Paris, France†	14,183.0	30,886.0	14,893.0	22	1	8	1	1	1	60	1	1
8	11	**CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD.,** Beijing, China	13,971.7	145,046.5	28,132.1	55	0	1	1	0	0	40	0	0
9	8	**SKANSKA AB,** Stockholm, Sweden†	13,282.0	16,827.0	NA	46	5	5	1	2	5	35	0	0
10	10	**POWER CONSTRUCTION CORP. OF CHINA,** Beijing, China†	12,242.7	45,662.8	28,895.3	10	1	61	5	1	1	19	0	0
11	13	**FERROVIAL,** Madrid, Spain†	11,245.2	14,649.6	18,358.8	19	0	10	3	10	0	49	0	0
12	5	**BECHTEL,** San Francisco, Calif., U.S.A.†	10,018.0	18,267.0	515.0	0	0	0	2	0	49	48	0	0
13	16	**FLUOR CORP.,** Irving, Texas, U.S.A.†	7,384.9	15,777.6	6,698.0	11	1	1	0	0	81	2	3	1
14	23	**CHINA RAILWAY CONSTRUCTION CORP. LTD.,** Beijing, China†	7,003.0	102,237.0	15,623.0	25	0	1	3	0	3	65	0	0
15	18	**SALINI IMPREGILO SPA,** Milan, Italy†	6,574.2	7,171.1	6,566.2	7	0	0	19	3	0	68	0	0
16	14	**HYUNDAI ENGINEERING & CONSTRUCTION CO. LTD.,** Seoul, S. Korea	6,521.6	15,293.5	5,970.0	10	3	27	0	0	36	24	0	0

Source: ENR The top 250 global contractors.

WORLD LEADER IN CONCESSIONS

PUBLIC WORKS FINANCING

World's Largest Transportation Developers

2018 SURVEY OF PUBLIC-PRIVATE PARTNERSHIPS WORLDWIDE

Ranked by Number of Transportation Concessions Currently Operating or Under Construction

Company	Operating or Under Const.	Sold or Expired Since 1985	Pursuits	# Operating or Under Construction In: U.S.	Canada	Home Country	All Other
* ACS Group/Hochtief (Spain)	50	66	48	5	12	13	20
* Vinci (France)	48	9	15	2	3	17	26
Macquarie (Australia)	40	30	5	3	0	1	36
Abertis (Spain)	40	21	na	0	0	10	30
* Ferrovial/Cintra (Spain)	38	30	14	6	3	7	22
Meridiam (France)	33	1	4	7	3	3	1
* Sacyr (Spain)	31	25	6	9	3	4	17
* Egis (France)	26	2	16	0	1	6	19
Globalvia (Spain)	25	12	1	1	0	13	11
John Laing (UK)	25	10	7	4	0	14	7
* Bouygues (France)	25	7	4	1	1	7	16

Source: Public Works Financing.

EBITDA 2018
2,437
MILLION EUROS
6.6%
MARGIN

EBIT 2018
1,791
MILLION EUROS
4.9%
MARGIN

NET PROFIT 2018
915
MILLION EUROS
+14.1%
VS 2017

EMPLOYEES
195,461

2. The parent company of which is ACS, Actividades de Construcción y Servicios S.A., with registered offices in Madrid, Spain.

ACTIVITIES OF ACS GROUP

CONSTRUCTION

Execution of civil works, building and mining projects from project design through financing, construction and start-up to operation.

INDUSTRIAL SERVICES

For energy, industrial and mobility infrastructures including development, construction, maintenance and operation.

SERVICES

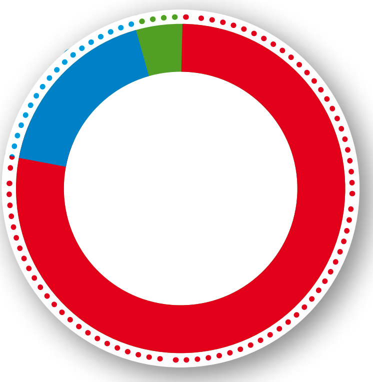
Focus on services for people, for buildings, for the city and the environment.

The ACS Group reaffirms its international leadership, which has been reinforced by the completion of the transformation process, the improvement of the financial structure and the growth in key markets

REVENUES

36,659

MILLION EUROS

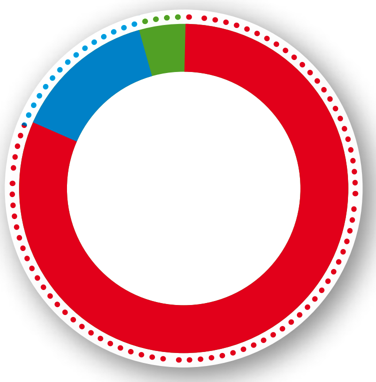


CONSTRUCTION **79%**
INDUSTRIAL SERVICES **17%**
SERVICES **4%**

BACKLOG

72,223

MILLION EUROS

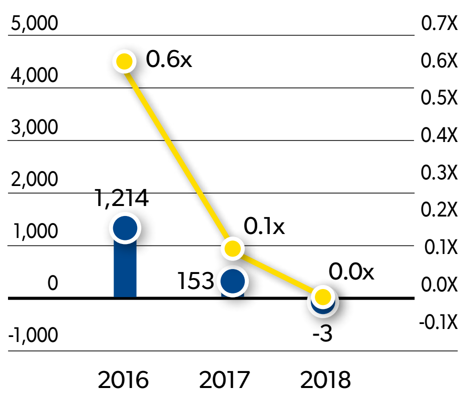


CONSTRUCTION **82%**
INDUSTRIAL SERVICES **14%**
SERVICES **4%**

FINANCIAL STRUCTURE

0.0x

NET DEBT/EBITDA



NET DEBT (CASH)
NET DEBT (CASH)/EBITDA

2. A GROUP THAT PARTICIPATES IN THE DEVELOPMENT OF SECTORS THAT ARE FUNDAMENTAL FOR THE GLOBAL ECONOMY

3. A MULTINATIONAL COMPANY COMMITTED TO ECONOMIC AND SOCIAL PROGRESS IN THE COUNTRIES WHERE IT IS PRESENT

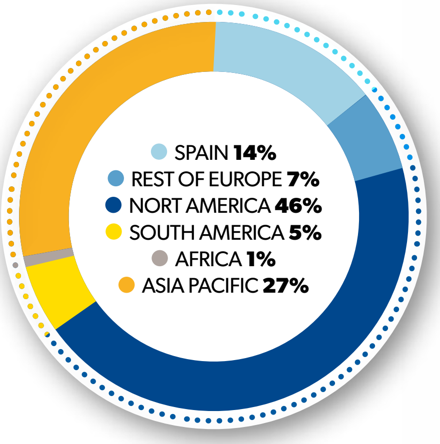
All ACS Group activities show a significant customer orientation, with a contracting culture and as a guarantee for future, building solid long-term relationships based on **trust** and mutual knowledge.

The flexible and decentralised Group structure promotes the responsibility and entrepreneurship of its employees, which is a basic tool for maximising **profitability** and encouraging the **excellence** necessary to offer the best services and products to the customers.

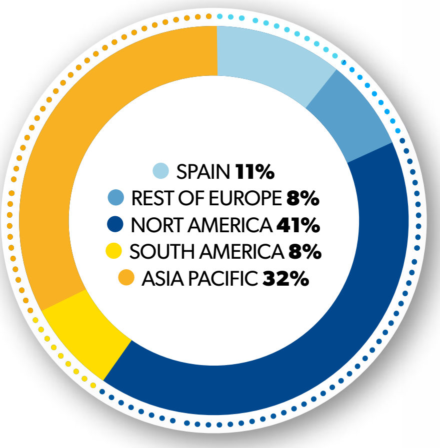
The ACS Group maintains an indispensable **commitment** to sustainable development, in order to serve society in an efficient and ethically responsible manner through its capacity to create value for shareholders and all of its stakeholders, demanding the highest standards of **integrity** from its employees and collaborators.

These values, which have formed part of the Group's culture since its foundation, have created the main competitive advantages that are the cornerstone of its past and future growth.

REVENUES
36,659
MILLION EUROS



BACKLOG
72,223
MILLION EUROS



THE ACS GROUP'S VALUES

PROFITABILITY | **COMMITMENT** | **INTEGRITY** | **EXCELLENCE** | **TRUST**

4. A HISTORY OF SUCCESS

The Group's success is based on an efficient organisation and dynamic and entrepreneurial management implemented through successive merger and acquisition processes and strategic plans committed to maximising profitability for its shareholders. The Group's capacity to integrate companies, assimilate them and develop a common culture has allowed it to consolidate its position as the international leader in infrastructure development.

1983	1986	1988	1989	1992	1996	1997	1997
Construcciones Padrós, S.A.	OCISA	SEMI	cobra GRUPO	OCP CONSTRUCCIONES	AUXINI CONSTRUCCION	GINES NAVARRO CONSTRUCCIONES S.A.	VIAS
Founded in 1968	Founded in 1942	Founded in 1919	Founded in 1948	Founded in 1992	Founded in 1945	Founded in 1930	Founded in 1928
Construction company based in Badalona (Spain), restructured and relaunched after acquisition. It was the seed for today's ACS Group.	Spanish construction company, the acquisition of which represented a leap in size for the Group in the 80s.	A company specialised in power lines, developer of the Spanish grid, the Group's first diversification into industrial services.	A leading industrial services company in Spain and Latin America, acquired in the market to lead the Group's expansion in this area.	The result of the merger between Ocisa and Construcciones Padrós, creating one of Spain's 10 biggest companies at the time.	State-owned construction company, increasing the Group's domestic presence.	One of Spain's most important construction companies, specialised in civil works.	One of Spain's most practised companies in railway development, with over 80 years' experience. Joined the ACS Group as a Ginés Navarro subsidiary.

1997	2003	2003	2011	2011	2011	2018
ACS	Grupo Dragados	Clece	HOCHTIEF	Turner	CIMIC	abertis
Founded in 1997	Founded in 1941	Founded in 1992	Founded in 1873	Founded in 1902	Founded in 1949	Founded in 2003
A world leader in infrastructure development. Created from the merger between OCP and Ginés Navarro in 1997.	A leader in Spain and a highly diversified company. Its merger with ACS created one of the world's five biggest companies and laid the foundations for the Group's future growth.	Initially focusing on providing cleaning services for public organisations, it has become Spain's leading multiservices Company.	A leading company in Germany and involved in over 50 countries, it is the ACS Group's platform for international growth.	A HOCHTIEF subsidiary since 1999, it is a leading "General Contractor" in the United States and is involved in executing large non-residential building projects across almost the whole country.	A subsidiary of HOCHTIEF, which holds a 72.68% of the company's shares at December 31, 2018, acquired in 1983. It is Australia's leading construction company and a world leader in mining concessions.	Abertis is one of the operators leaders in management of motorways toll, with more than 8,600 kilometers of roads in 15 countries, where the Group. ACS has a participation close to 50%.

2.2. THE 2018 FINANCIAL YEAR: PROMOTING SUSTAINABLE AND PROFITABLE GROWTH

2.2.1. SECTORAL LEADERSHIP WITH A DIVERSIFIED RISK PROFILE

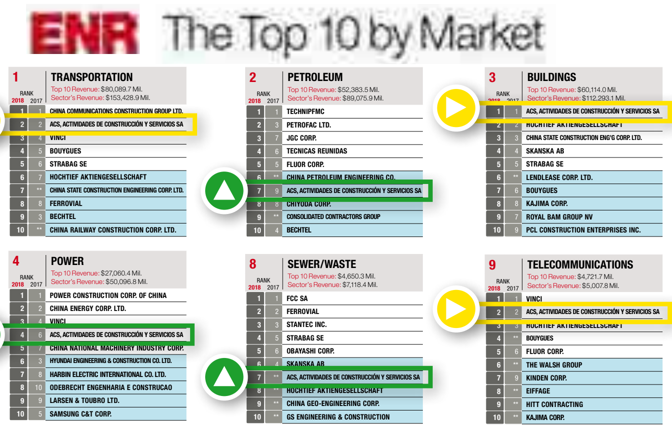
The ACS Group continues to consolidate its global leadership in the infrastructure sector, particularly in the developed countries.

TOP 1 for six consecutive year

ENR THE TOP 250 INTERNATIONAL CONTRACTORS

RANK 2018	RANK 2017	FIRM	2017 REVENUE $ MIL. INT'L	2017 REVENUE $ MIL. TOTAL
1	1	**ACS, ACTIVIDADES DE CONSTRUCCION Y SERVICIOS SA,** Madrid, Spain†	36,389.1	41,423.0
2	2	**HOCHTIEF AKTIENGESELLSCHAFT,** Essen, NRW, Germany†	26,318.0	27,475.0
3	3	**CHINA COMMUNICATIONS CONSTRUCTION GROUP LTD.,** Beijing, China†	23,102.0	75,383.2
4	4	**VINCI,** Rueil-Malmaison, Hauts-de-Seine, France†	18,884.0	46,174.0
5	9	**STRABAG SE,** Vienna, Austria†	14,736.5	17,534.8
6	7	**TECHNIPFMC,** London, U.K.†	14,583.0	15,058.0
7	6	**BOUYGUES,** Paris, France†	14,183.0	30,886.0
8	11	**CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD.,** Beijing, China	13,971.7	145,046.5
9	8	**SKANSKA AB,** Stockholm, Sweden†	13,282.0	16,827.0
10	10	**POWER CONSTRUCTION CORP. OF CHINA,** Beijing, China†	12,242.7	45,662.8
11	13	**FERROVIAL,** Madrid, Spain†	11,245.2	14,649.6
12	5	**BECHTEL,** San Francisco, Calif., U.S.A.†	10,018.0	18,267.0
13	16	**FLUOR CORP.,** Irving, Texas, U.S.A.†	7,384.9	15,777.6

Market leadership in infraestructure development



The current portfolio of projects amounting to €72,223 million, growing by 8.6% in comparable terms, reaffirms and preserves this leadership in the main strategic markets in which the Group operates.

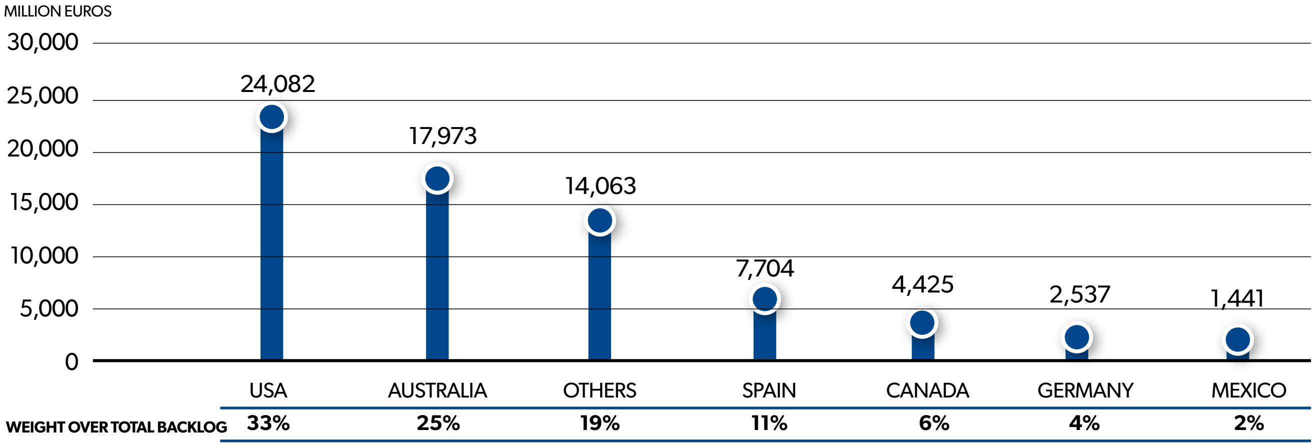
a) For another year, the ACS Group is positioned as a world leader in engineering and construction; since 2013 it has occupied first place among international contractors according to the ENR TOP ranking, being the only Spanish company among those ranked in the top ten to hold a leading position for the respective activity segments by specialty.

b) The ACS Group maintains a position of world leadership in the development of infrastructures, as accredited by the Public Works Financing magazine for six years. Specifically, the Group has a portfolio of 91 concessional assets for transport and social infrastructure of which about 75% are in operation, with a total managed investment of €47,500 million.

c) Likewise, the ACS Group has a very competitive position in the development of energy infrastructures. Currently, the project portfolio amounts to fifty different energy assets; with renewable energy amounting to nearly 2,000 MW, 7,300 km of transmission lines, desalination projects, irrigation and water treatment, among others.

The current geographical diversification of the ACS Group allows for the mitigation of the adversities of the macroeconomic environment and the cyclicality inherent to the construction business in small markets, while taking advantage of the opportunities for growth in more favorable environments and consolidating its presence in countries with greater potential for stable growth.

BACKLOG BREAKDOWN IN MAJOR COUNTRIES



2018 REVENUES BREAKDOWN

The ACS Group also maintains a diversification in terms of business segments. About 60% of the Group's revenues come from activities with a low risk profile, divided among operation and maintenance services, as well as Construction Management. The services represent 25% of sales and correspond to operation and maintenance contracts for transport, social, energy, industrial and mining infrastructures as well as services to the public provided by Clece.

Most of these contracts are long term or renewed on a consistent basis with historical customers. The 32% of revenues come from the business activities of Turner in the North American market, which does not assume virtually any price risks in its construction management business.

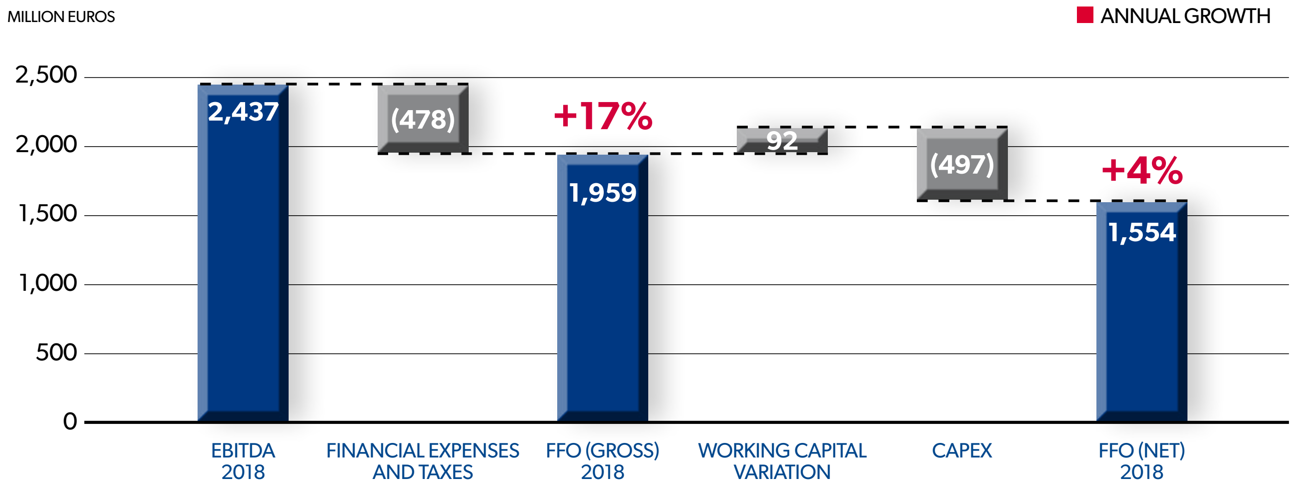
The 3% corresponds to the construction business in Spain and Germany. The remaining 40% corresponds to the engineering and construction activity, of which approximately 15% correspond to projects in which the Group participates or promotes, mainly in developed markets.

2.2.2. SOLID OPERATING AND FINANCIAL RESULTS

During the 2018 year, the ACS Group continued to demonstrate the solidity of its operating and financial results, demonstrating its capacity to achieve the objectives established.

- Sales reached €36,659 million, 9.7% after the exchange rate adjustment.
- EBITDA and EBIT amounted to €2,437 million and €1,791 million, respectively.
- The net profit attributable to the Group exceeded €915 million, 14.1% more than in 2017 and 18.8% after the exchange rate adjustment.
- The gross Operating Cash Flow (before operating investments and change in working capital) improved favorably, being 17.2% more than the last financial year, reaching €1.959 billion. This was also the case for the Net Funds from operations (after change in working capital and CAPEX), which amounted to €1,554 million.

FUNDS FROM OPERATION EVOLUTION



FFO (Funds from operations).

2.2.3. ELIMINATION OF THE NET INDEBTEDNESS

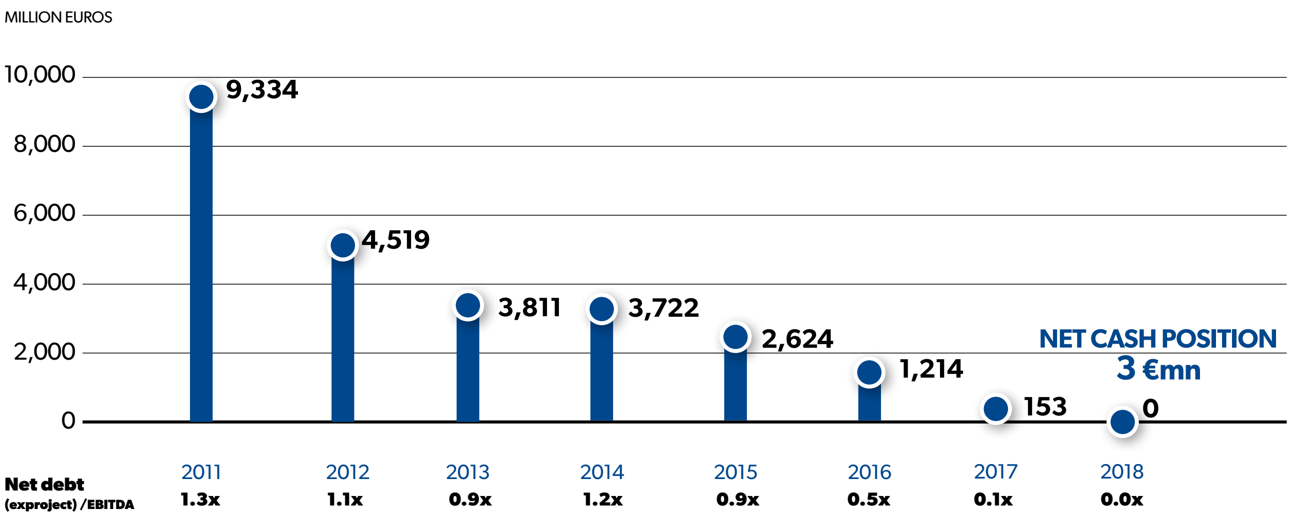
The excellent improvement in operating income has allowed the ACS Group to eliminate net debt, placing the cash position at €3 million at the end of the period, €120 million without counting the project financing debt, despite the great investment effort during the 2018 year, mainly for the acquisition of Abertis.

In recent years the Group has been able to:

- Reduce net debt by more than €9,300 million thanks to a determined strategy that combines an increase in production, the divestment of non-strategic assets, a disciplined management of working capital and control of operational investments.
- Decrease financial expenses and improve our financing conditions through the refinancing of different sources of bank debt.
- Obtain the "investment grade" credit rating in 2017, with a rating of BBB issued by the rating agency Standard & Poor's.

This solid financial position allows the Group to undertake new investment opportunities to ensure the group's long-term growth and continue to promote the creation of value for its shareholders.

NET DEBT EVOLUTION



2.2.4. ACQUISITION OF ABERTIS: A DRIVER FOR GROWTH IN INFRASTRUCTURES

At the end of the 2018 period, the acquisition of Abertis, the world's leading group in the management of toll roads and infrastructures, was completed following the transfer of the shares acquired in the takeover bid by HOCHTIEF through the SPV owned by HOCHTIEF with 20% (less one share), Atlantia with 50% (plus one share) and ACS with 30%.

The strategic acquisition of Abertis allows the ACS Group to:

- Be present in the entire value chain of infrastructure development, continuing with the participation in concessionary assets once they enter the maturity period.
- Significantly improve the visibility and recurrence of future cash flows for the Group.
- Strengthen the Group's investment commitment in concession infrastructure projects, taking advantage of growth opportunities in the PPP segment with more than €230,000 million in projects identified for the next 2-3 years.

2.2.5. STRENGTHENING THE SUSTAINABILITY STRATEGY AND GOOD GOVERNANCE

In 2018, the ACS Group made significant progress in the area of Social Responsibility and Good Governance, both in regards to the adaptation of the non-financial information report in accordance with the requirements of the law and international standards, as well as through the reinforcement of the internal regulations of the Group on this matter. Thus, during 2018, the Group has approved the new version of the Diversity Policy, the Environmental Policy of the ACS Group and the Code of Conduct for Business Partners, formalizing the Group's commitment to the principles established in the Corporate Social Responsibility Policy.

Additionally, in 2018, ACS and its main subsidiaries in Spain have been equipped with a criminal and anti-bribery Compliance Management System in order to structure an environment for the prevention, detection and early management of criminal and anti-bribery Compliance Risks, as well as to reduce their undesired effects in the event that they materialize, contributing to the generation of an ethical culture and respect for the Law among all ACS Group members, however it applies to them.

In addition, the Group has continued to advance in the objectives established in the 20-20 Plan. This Plan establishes the commitments and objectives for the year 2020 related to the relevant issues related to the field of sustainable development identified in the materiality analysis. Within the established commitments, each of the ACS Group companies must autonomously define the most appropriate measures and forms of action according to their business characteristics, which allow them to contribute to the overall compliance with the commitments established by the Group.

ACS GROUP'S 20-20 PLAN

COMMITMENTS	Objective for 2020	Evolution	2018
Health and Safety			
Reduce accidents rates among company employees	Increase employee certifications in occupational health and safety	Percentage of total employees covered by OHSAS 18001 certification (occupational health and safety)	**90%** Base year 2015: 83%
	Enhance employee training related to health and safety and ensure that all employees have received at least one course on health and safety in 2020.	Percentage of total employees who have received an occupational health and safety course who have received at least one occupational health and safety course in their professional career	**99.7%** Base year 2015: 99.5%
		Investment in occupational health and safety per employee (euros/employee)	**818** Base year 2015: 754
HR, Ethics and Social Action			
Maintain commitment to promoting, reinforcing and monitoring matters related to ethics and integrity, through measures that make it possible to prevent, detect and eradicate bad practices.	Adhesion by all new Group companies to the Code of Conduct	Companies that adhere to the code of conduct	**100%** Base year 2015: 98%
	Increase training for employees on matters related to ethics and integrity	Percentage of employees trained in Human Rights, Ethics, Integrity or Conduct content during the year	**28%** Base year 2015: 13%
Improve professional performance	Increase investment in training employees	Investment in training employees (millions of euros/employee)	**173.2** Base year 2015: 170.9
Greater contribution to the development of society	Increase the actions and funds that contribute to generating shared value for society through its own business strategy	Funds allocated to Social Action (millions of euros)*	**12.7** Base year 2015: 9.4
Customers			
Continue improving customer relation management	Measure customer satisfaction and establish plans for improvement	Percentage of "satisfied" or "highly satisfied" customer responses	**92.64%** Base year 2015: 85.24%
		Ratio of number of customer satisfaction surveys carried out/millions of euros billings	**0.12** Base year 2015: 0.07
Innovation			
Steadfast and ongoing commitment to innovation and development	Increase investment and effort in R&D	R&D investment ratio (euros/millions of euros billings)	**2,688**** Base year 2015: 2,392
Environment			
Improve the eco-efficiency and use of resources	Increase environmental certification in sales	Percentage of sales covered by ISO 14001 Certification	**76%** Base year 2015: 71%
	Rationalise waste generation	Ratio of (hazardous and non-hazardous) waste sent for management to sales (t/millions of euros).	**426** Base year 2015: 152
	Reduce water consumption	Ratio of total (potable and non-potable) water consumption to sales (m^3/millions of euros)	**685** Base year2015: 777***
	Rationalisation and efficient use of energy products	Scope 1 emissions/millions of euros billings	**84.2** Base year 2015: 99.9
		Scope 2 emissions/millions of euros billings	**4.1** Base year 2015: 8.2
Suppliers			
Continue working with qualified suppliers in CSR areas	Increase the inclusion of non-financial criteria in the harmonisation of suppliers and, in all cases, include the Code of Conduct in the criteria for evaluating suppliers	Inclusion of the Code of Conduct in the evaluation criteria (%/total expense)	**96.9%** Base year 2015: 77.3%
Quality			
Improve the quality of the services offered	Obtain and expand the scope of certifications	Percentage of sales from activities certified under the ISO 9001 standard (%)	**57%** Base year 2015: 61%
	Implement tools to improve management	Ratio of investments and expenses of the Quality Control Department or earmarked to improve quality management processes to sales (excluding staff costs, euros/millions of euros billings)	**95** Base year 2015: 180
	Increase the number and capacity of internal quality auditors	Number of quality audits per million euros of billings	**0.04** Base year 2015: 0.06
Improve non-financial reporting information			
Improve the quality, standardisation and reporting of non-financial indicators	Increase the scope of information of the financial indicators through the implementation of management systems		See appendix 9.3.3

* The administrative expenses due to the contribution of the company to social action (€ 0.827 mn) and the contribution of the Foundation (€ 4.49 mn) are being included.
** Calculated according to the scope of the data.
*** Recalculation of data to make comparable with 2018, see chapter 6.1.

2018 RELEVANT FACTS

FEB

DIVIDENDS

Payment of the interim dividend at €0.449 per share .

CORPORATE GOVERNANCE

Appointment by the Board of Directors of Mr. José Eladio Seco Domínguez as Coordinating Director, replacing Ms. Catalina Miñarro Brugarolas, and termination of the term on the Appointments Committee of the Board Member Mr. Agustín Batuecas Torrego.

TRANSFERS AND ACQUISITIONS OF EQUITY-HOLDINGS

Sale of the stake of Cobra in Saeta Yield, SA, through the irrevocable acceptance of the bid launched by a company controlled by Brookfield Asset Management.

MAR

TRANSFERS AND ACQUISITIONS OF EQUITY-HOLDINGS

Signing of an agreement between ACS, HOCHTIEF and Atlantia to make a joint investment in a holding company that Abertis would acquire, thus obligating HOCHTIEF to modify its initial offer so that the entire offer was in cash at €18.36 per share, adjusted by the dividend paid by Abertis in 2018.

In addition, the agreement included the acquisition by Atlantia for a maximum interest of 24.1% in HOCHTIEF at a price of €143.04 per share and a simultaneous increase of 10% in HOCHTIEF's capital at the same price, so that ACS would maintain its holdings at a minimum of 50.2%.

APR

LOANS, CREDIT AND OTHER FINANCIAL TRANSACTIONS

ACS Servicios Comunicaciones y Energía, SL obtained a BBB long-term and A-2 short-term corporate credit rating, as issued by the rating agency Standard and Poor's (S&P).

Issuance of Green Bonds, by ACS, Servicios, Comunicaciones y Energía, SL, for a total amount of € 750 million, for a term of eight years and with 1.875% annual interest.. Previously, S&P also assigned a BBB/A-2 rating to these Green Bonds.

MAY

TRANSFERS AND ACQUISITIONS OF EQUITY-HOLDINGS

Completion and liquidation of the takeover bid for Abertis.

JUL

CORPORATE GOVERNANCE

Establishment of a share options plan for ACS officers (Options Plan 2018) for a maximum of 12,586,580 shares at a price of €37.170 per share (modifiable in the event of dilution).

TRANSFERS AND ACQUISITIONS OF EQUITY-HOLDINGS

Payment of the final dividend at €0.936 per share.

OTHERS

Award of 50% of an integrated consortium to ACS Infrastructure (100% indirect subsidiary of ACS) and the US company Fluor for the construction and operation under the concession regime of the longest cable-stayed bridge in North America with an investment of more than €2.6 billion.

For further information:
Relevant facts

AUG

TRANSFERS AND ACQUISITIONS OF EQUITY-HOLDINGS

Effective stock market exclusion of Abertis shares.

OCT

TRANSFERS AND ACQUISITIONS OF EQUITY-HOLDINGS

Closing of the Abertis operation through the formation of a special purpose vehicle (Abertis Holdco, SA) with a capital contribution of €6,909 million, in which Atlantia holds a 50% stake plus one share, ACS a 30% stake and HOCHTIEF a stake of 20% minus one share. The agreement in itself included Atlantia acquiring a significant stake in HOCHTIEF. Therefore, on October 29th, ACS sold Atlantia a total sum of 16,852,995 shares in HOCHTIEF at a given price of € 143.04 per share, receiving in exchange € 2,410 million. Simultaneously, ACS Group subscribed a capital increase in HOCHTIEF worth 6,346,707 shares at the same price, € 143.04 per share, meaning a full disbursement of € 908 million. ACS Group's current stake in HOCHTIEF stands at 50.4%, while Atlantia's reaches 23.9%.

NOV

CORPORATE GOVERNANCE

Appointment by the Board of Directors of Mr. Mariano Hernández Herreros as member of the Appointments Committee, and his resignation as member of the Remuneration Committee.

TRANSFERS AND ACQUISITIONS OF EQUITY-HOLDINGS

Sale of MásMóvil debt, convertible into 4,800,000 shares, receiving, net of expenses, a total of €406.5 million and 700,000 shares of the company.

RELEVANT FACTS OCCURRING SINCE THE YEAR END

- On January 9, 2019, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second execution of the capital increase charged to reserves approved by the Ordinary General Meeting of Shareholders held on May 8, 2018. 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 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.

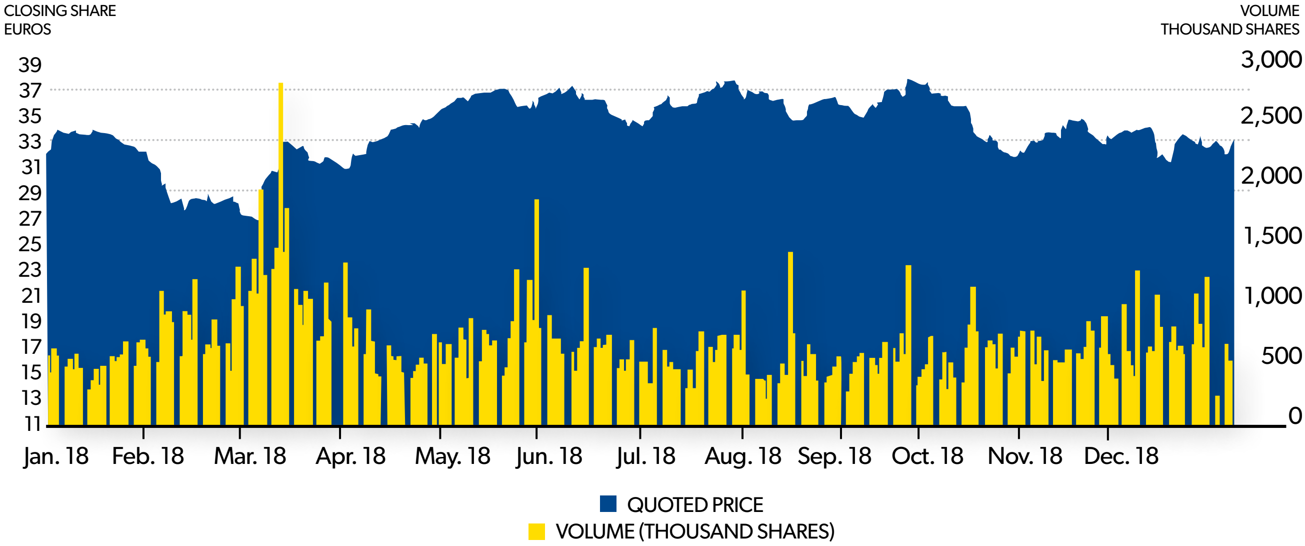
  - The maximum number of new shares to be issued in the second execution of the capital increase charged to reserves agreed upon at the General Meeting held on May 8, 2018 (through which an optional dividend in shares or cash is structured) was set at 4,140,323 on January 17, 2019.
  - The price at which ACS, Actividades de Construcción y Servicios, S.A. undertook to purchase from its shareholders the free allotment rights corresponding to said second execution of the capital increase was determined at a fixed gross amount of €0.450 for each right.
  - The second execution of the reduction of capital stock by amortization of treasury stock approved at the same General Meeting held on May 8, 2018 was set at the same amount as the second execution of the capital increase and simultaneously with it, as a result of which, consequently, it was also for a maximum of 4,140,323 shares.

- On February 11, 2019, Cobra Instalaciones y Servicios, S.A., a wholly-owned subsidiary of ACS, Actividades de Construcción y Servicios, S.A., acquired 49% of the company Bow Power, SL from Global Infrastructure Partners (GIP) for the amount of US$96.8 million (equity value), thus becoming the 100% shareholder of said company.

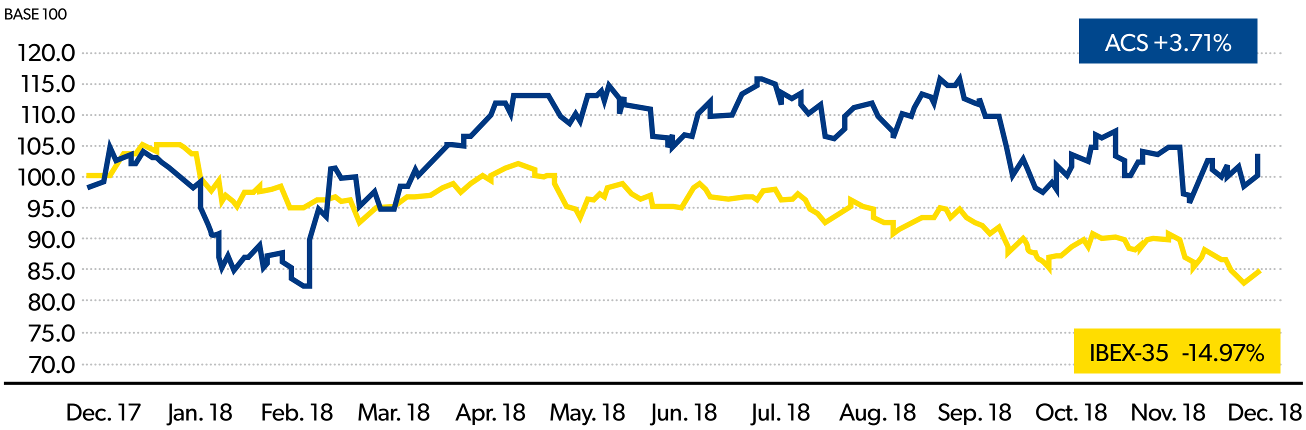
- Taking effect as of February 20, 2019, after having been admitted to trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, 2,965,728 new shares of ACS, Actividades de Construcción y Servicios, S.A. were issued as a result of the second execution of the capital increase issued, as agreed at the Ordinary General Meeting of Shareholders of the Company held on May 8, 2018, so as to implement an optional dividend system. Likewise, with effect from the same date, it has been amortized and the same number of shares have been canceled as a result of the capital reduction agreed upon.

2.3. A SOLID AND PROFITABLE VALUE

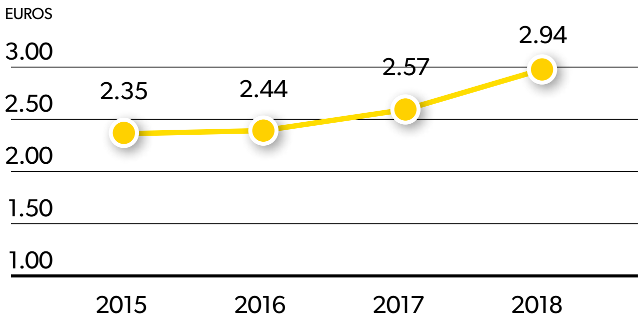
EVOLUTION OF THE SHARE 2018



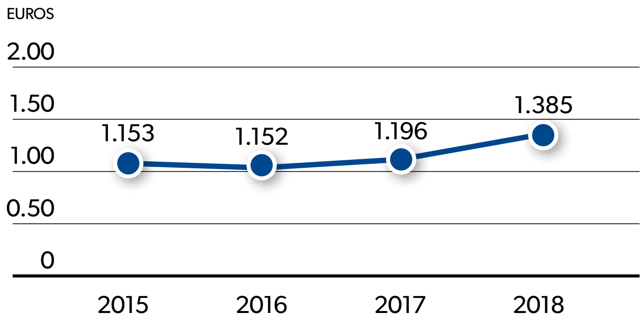
EVOLUTION OF THE ACS SHARE VS. IBEX-35 IN 2018



EARNINGS PER SHARE



PAID DIVIDENDS PER SHARE



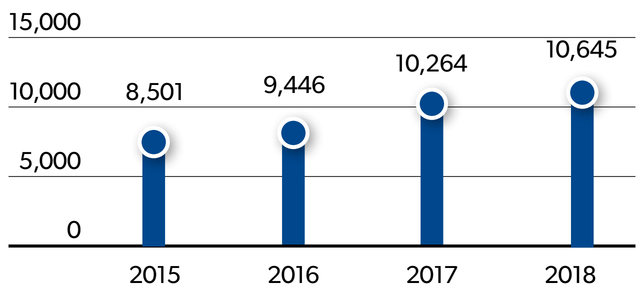
HISTORICAL EVOLUTION OF THE ACS SHARE

	2015 Jan-Dec	2016 Jan-Dec	2017 Jan-Dec	**2018** **Jan-Dec**
Closing price	27.02 €	30.02 €	32.62 €	**33.83 €**
Performance	-6.75%	11.12%	8.66%	**3.71%**
IBEX performance	-7.15%	-2.01%	7.40%	**-14.97%**
Performance vs. IBEX	0.44%	13.41%	1.18%	**21.97%**
Maximum in the period	34.06 €	30.33 €	36.75 €	**37.83 €**
Maximum Date	26-Feb	20-Dec	19-Jun	**21-Sep**
Minimum in the period	25.49 €	19.31 €	28.34 €	**27.10 €**
Minimum Date	29-Sep	11-Feb	31-Jan	**06-Mar**
Average in the period	28.57 €	25.88 €	32.49 €	**33.73 €**
Total volume (´000)	238,296	220,750	189,001	**175,727**
Capital turnover	75.81%	70.27%	60.07%	**55.85%**
Daily average volume (´000)	930.85	858.95	738.28	**689.13**
Daily average capital turnover	0.30%	0.27%	0.23%	**0.22%**
Total traded effective (€ mn)	7,158	5,714	6,140	**5,928**
Daily average effective (€ mn)	27.96	22.23	23.99	**23.25**

SHAREHOLDER STRUCTURE

Name or company name of the shareholder	%
Mr. Florentino Pérez Rodríguez	12.52%
Mr. Alberto Cortina/ Mr. Alberto Alcocer	5.13%
Blackrock	3.01%
Norges Bank	2.74%
Free float	76.60%

MARKET CAP



FINANCIAL ANALYST RECOMMENDATIONS

TARGET PRICE
39.83
EUROS/SHARE
(SOURCE: BLOOMBERG)

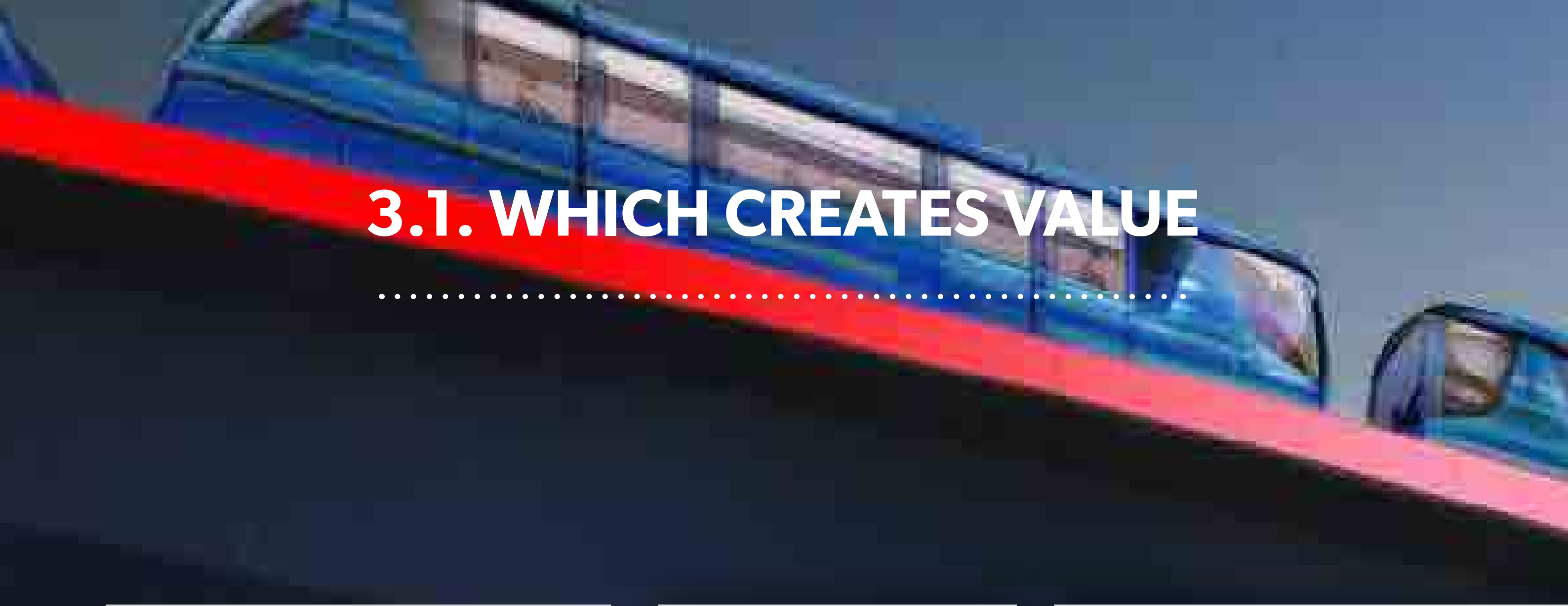
3. A COMPANY OF THE FUTURE

3.1. WHICH CREATES VALUE

3.2. WITH A CONSOLIDATED CORPORATE STRATEGY

3.3. HOW DOES IT RESPOND TO THE CHALLENGES AND OPPORTUNITIES IN THE SECTOR

3.4. WITH ITS ACTIVITY IT CONTRIBUTES TO MEETING THE OBJECTIVES OF THE 2030 GLOBAL AGENDA



3.1. WHICH CREATES VALUE

The ACS Group has consolidated a business model that guarantees maximum returns for its shareholders while, in turn, generating value in the form of social and economic development in the areas in which the Group companies operate.

The ACS Group is characterised by a highly decentralised structure in its three areas: Construction, Industrial Services and Services that carry out its activity through dozens of specialised companies that ensure the Group's presence throughout the entire value chain of the infrastructure business. This complex but highly-efficient organisation encourages the Group's companies to compete and carry out their work independently, while at the same time sharing common guidelines that add value to their activity.

Each ACS Group company is managed and operated autonomously, with an independent functional management and flexible and sovereign executive bodies, although they have a common culture and values. This enables each company to individually contribute numerous valid and profitable management formulas, thanks to the multiple factors involved in their decision making that generate know-how and good practices that are also independent.

INPUTS

OPERATING INVESTMENTS
606 MN €

PROJECT/ FINANCIAL INVESTMENTS
4,197 MN €

EMPLOYEES
195,461

GRADUATES AND PERSONNEL WITH DIPLOMAS
18.0%

R&D INVESTMENT
30 MN €

R&D ONGOING PROJECTS
107

DIALOGUE WITH STAKEHOLDERS

NUMBER OF MATERIALITY SURVEYS
2,819

MEETINGS ORGANISED BY THE INVESTOR RELATIONS DEPARTMENT
167

SHAREHOLDER CALLS/EMAILS HANDLED
524

CONSUMPTION

WATER
24,264,375 m^3

TOTAL ENERGY CONSUMPTION
12,127,578 MWH

TOTAL TIMBER PURCHASED
3,777,835 m^3

TOTAL STEEL PURCHASED
1,310,393 t

TOTAL CEMENT PURCHASED
4,739,630 m^3

...INTEGRATES LEADING COMPANIES...

DRAGADOS
HOCHTIEF
CIMIC
IRIDIUM
Turner
cobra GRUPO
Clece
Dragados Industrial
abertis

CONSTRUCTION / ENGINEERING

PROJECT DEVELOPMENT

PROMOTION FINANCING

(201-1) ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED

MILLION EUROS	2017	2018
Total income	34,898	**36,659**
Finance income	203	**155**
Disposals	632	**3,264**
(1) Economic value generated	**35,733**	**40,078**
Operating and purchasing expenses	25,363	**26,719**
Staff costs	7,688	**7,910**
Corporate tax	330	**390**
Dividends	297	**316**
Finance costs	486	**412**
Resources for the community	12	**13**
(2) Economic value distributed	**34,176**	**35,759**
Economic value retained (1-2)	**1,557**	**4,318**

*Divestments corresponding in 2018 mainly to the sale of a minority stake in Hochtief included in the acquisition of Abertis, which has increased the gross investments made.

SHAREHOLDER/INVESTOR

INVESTMENT DIVIDENDS

ACS
ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

...THAT OPERATE UNDER A COMMON CULTURE...

Operational decentralisation
Proximity to the customer
Optimising returns on resources
Control management
Sustainable growth

...IN STABLE ENVIRONMENTS...

...DEVOTED TO THE INFRASTRUCTURE SECTOR...

INDUSTRIAL SERVICES

OTHER SERVICES

...AND WITH PRESENCE IN ALL THE CHAIN VALUE...

CONSTRUCTION

OPERATION/ MAINTENANCE

EXPLOITATION

OUTPUTS

REVENUES
36,659 MN €

NET PROFIT
915 MN €

DIVIDENDS PAID AND TREASURY STOCK
492 MN €

PERSONNEL EXPENSES
7,910 MN €

% LOCAL EMPLOYEES
97.5%

BACKLOG
72,223 MN €

CONTRIBUTION TO THE COMMUNITY

SOCIAL ACTION INVESTMENT *
12.7 MN €

% LOCAL SUPPLIERS
72.5%

CORPORATE TAX
390 MN €

CONSUMPTION

VARIATION SCOPE 1 EMISSIONS/ REVENUES
(VS 2017)
14.5%

VARIATION SCOPE 2 EMISSIONS/ REVENUES
(VS 2017)
-6.5%

VARIATION SCOPE 3EMISSIONS/ REVENUES
(VS 2017)
-0.7%

TOTAL CARBON INTENSITY RATIO REDUCTION(TOTAL EMISSIONS SCOPE 1+2+3 / REVENUES
5.3%

*Administration costs are being included due to the contribution of the company to action social (€ 0.827 mn) and the contribution of the Foundation (€ 4.49 mn).

3.2. WITH A CONSOLIDATED CORPORATE STRATEGY

The ACS Group operates in an increasingly complex and competitive environment, with numerous risks, as well as opportunities, for its businesses. In order to face these challenges, the Group has developed a strategy that guarantees sustainable returns for its shareholders and value creation for all of its stakeholders.

PURSUING GLOBAL LEADERSHIP

- Positioning itself as one of the main players in all sectors in which it takes part as a means of boosting its competitiveness, maximising value creation in relation to its customers and continuing to attract talent to the organisation.

- Meeting the needs of customers by offering a diversified product portfolio, innovating daily and selectively investing to increase the range of services and activities offered.

- Continuously improving the quality, safety and reliability standards of the services offered.

- Expanding the Group's current customer base, through an ongoing commercial effort in new markets.

OPTIMISING RETURNS ON RESOURCES

- Increasing operating and financial efficiency and offering attractive returns to the Group's shareholders.

- Applying strict investment criteria in line with the company's strategy for expansion and growth.

- Maintaining a solid financial structure that facilitates obtaining resources and keeping their cost low.

PROMOTING SUSTAINABLE GROWTH

- Improving society by helping to grow the economy, generating wealth through the ACS Group's own activities, thereby guaranteeing the well-being of citizens.

- Respecting the economic, social and environmental context, innovating in the establishment of company procedures and respecting in each of the activities carried out by the Group the recommendations of the major domestic and international institutions.

- Helping the economy to grow by creating stable, respectable and fairly-remunerated employment.

The ACS Group's strategy extends to the various companies that compose it and that, individually, contribute to achieving the Groups overall goals that are brought about as follows:

PURSUING GLOBAL LEADERSHIP

DIVERSIFICATION OF ACTIVITIES

The ACS Group's goal is to maintain positive leadership in all the activities related to the infrastructure and industry sector. To that end, its presence throughout the value chain through its various companies is important because it enables synergies to be created between them, thereby increasing efficiency and profitability, identifying opportunities and accessing new customers and markets.

For further information:
2.2. The 2018 financial year

SELECTED INTERNATIONAL GROWTH

Geographic diversity and international growth are two of the main strategic priorities of the Group, which seeks to grow in countries that fit its risk profile. Therefore, the Group has established rigorous investment criteria, prioritising growth in developed countries, with a stable regulatory and financial framework and with growth potential, where there is a need for the development of new infrastructure.

Therefore, the ACS Group is very well-positioned in strategic markets and where the activity is expected to grow significantly.

Likewise, the Group carries performs its business in certain emerging markets that meet its investment criteria and where the demand for new infrastructure is expected to increase notably.

PROXIMITY TO THE CUSTOMER

All of the Group's activities are distinctly customer oriented, with a spirit of service and an eye to the future. The Group companies must develop solid long-term relationships based on trust and mutual knowledge.

The culture of decentralisation and delegation of responsibilities, together with the local origin of many of the Group companies, represents a competitive advantage when building these relationships, as it enables them to interact more directly and closely with customers, helping to understand their needs, identify opportunities and offer more appropriate solutions.

For further information:
Managing relationships with customers
6.8.2 Customer relationships

OPTIMISING RETURNS ON RESOURCES

OPERATIONAL DECENTRALISATION

Each ACS Group company is managed autonomously, with an independent functional management and flexible and sovereign executive bodies. The flexible and decentralised Group structure promotes the responsibility and entrepreneurship of its employees, which is a basic tool for maximising profitability and encouraging the excellence necessary to offer the best services and products to customers.

EXHAUSTIVE MANAGEMENT CONTROL SYSTEMS

All ACS Group companies have sophisticated management and control systems that seek to continuously improve operating and financial efficiency in all of the activities and projects they develop, enabling them to make the resources as profitable as possible, offering larger returns to the Group's shareholders.

For further information:
7. Risk management at the ACS Group

FINANCIAL STRENGTH

Another strategic priority for the Group is to maintain a solid financial structure that facilitates the process of obtaining resources and keeping their cost down.

For further information:
2.2. The 2018 financial year

PROMOTING SUSTAINABLE GROWTH

CONTRIBUTE TO THE DEVELOPMENT OF THE AREAS OF OPERATION

One of the Group's primary goals is to create value in the areas in which it operates, acting as a driver of economic and social development that can generate new infrastructure development opportunities. The dual commitment to remain and grow, together with open dialogue with its stakeholders, give the Group companies a key competitive advantage when creating trusting relationships in the areas of operation.

To maximise value creation, ACS prioritises the use of local resources, favouring the exchange of knowledge, the transfer of technology and the weaving of an industrial fabric that aids economic growth and contributes to social well-being.

RESPONSE TO GLOBAL CHALLENGES

The ACS Group wants to provide responses to the major global challenges through its activities. Consequently, it analyses these challenges and identifies the business opportunities that emerge from them, to focus its activity and position itself as a global leader in innovative and sustainable solutions.

97.5%
LOCAL EMPLOYEES

72.5%
PURCHASES FROM LOCAL SUPPLIERS

12.7
MILLION EUROS INVESTED IN SOCIAL ACTION *

*Administration costs are being included due to the contribution of the company to action social (€ 0.827 mn) and the contribution of the Foundation (€ 4.49 mn).

For further information:
3.3 How does it respond to the challenges and opportunities in the sector

CORPORATE SOCIAL RESPONSIBILITY STRATEGY

In relation to Corporate Social Responsibility, the ACS Group's commitment to society is summarised in four fields of action:

- **Respect for ethics, integrity and professionalism in the Group's relationship with its stakeholders.**
- **Respect for the social, economic and environmental context.**
- **Promotion of innovation and research in its application to infrastructure development.**
- **Creation of employment and well-being, as an economic driver for society.**

CSR Policy

To face the challenge of the ACS Group's Corporate Responsibility policy, given its characteristics of operational decentralisation and geographical scope, a functional, strategic and operational paradigm related to the ACS Group's Sustainability known as the One Project has been developed.

The One Project seeks to promote good management practices and assess the common principles and objectives defined in the ACS Group's Corporate Social Responsibility Policy and is framed within the Group's general strategy, focused on strengthening its global leadership.

The promotion of good management practices focuses on the following major areas:

For further information:
6. Consolidated Non -Financial Information Statement.
2.2. The 2018 financial year

THE GROUP'S POSITION IN TERMS OF ETHICS.

oneethics

IN TERMS OF EFFICIENCY, INVOLVING CLIENT, QUALITY, SUPPLIER, ENVIRONMENTAL AND R&D+I POLICIES.

oneefficiency

IN TERMS OF EMPLOYEES, PERSONNEL, HEALTH AND SAFETY AND SOCIAL ACTION POLICIES OF THE ACS GROUP.

oneemployees

In 2016 the ACS Group developed its 20-20-20 plan in line with the goals established in the Corporate Social responsibility policies.

3.3. HOW DOES IT RESPOND TO THE CHALLENGES AND OPPORTUNITIES IN THE SECTOR

The infrastructure sector continues to be immersed in a medium and long-term scenario defined by the current situation and the macroeconomic outlook worldwide.

On the one hand, there is a clear demand for infrastructure in most regions of the world. On the other, the challenges of the sector are concentrated in a greater demand for sophistication and complexity in the projects, together with limited financial resources to carry them out.

HIGH DEMAND FOR INFRASTRUCTURE

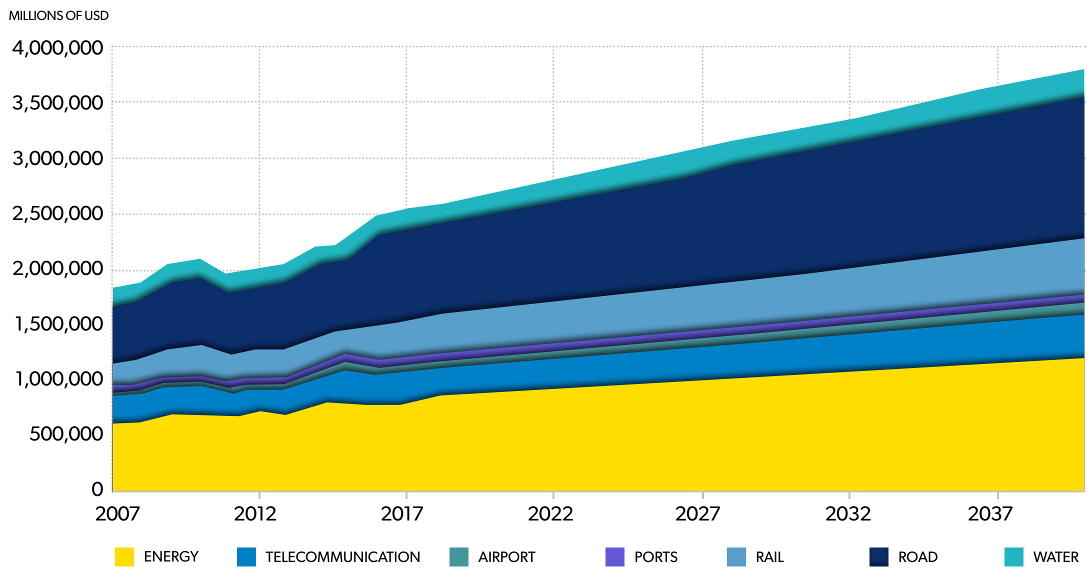
There is growing demand both in developing regions and in developed countries, as according to the Global Infrastructure Hub it is estimated that infrastructure demand exceeds US$90 trillion.

In developing regions, there is a greater increase in population along with a growth of cities due to the impact of emigration from rural areas by those seeking a better quality of life. In these countries of growing wealth, the deficit of energy, social and transport infrastructure remains considerable.

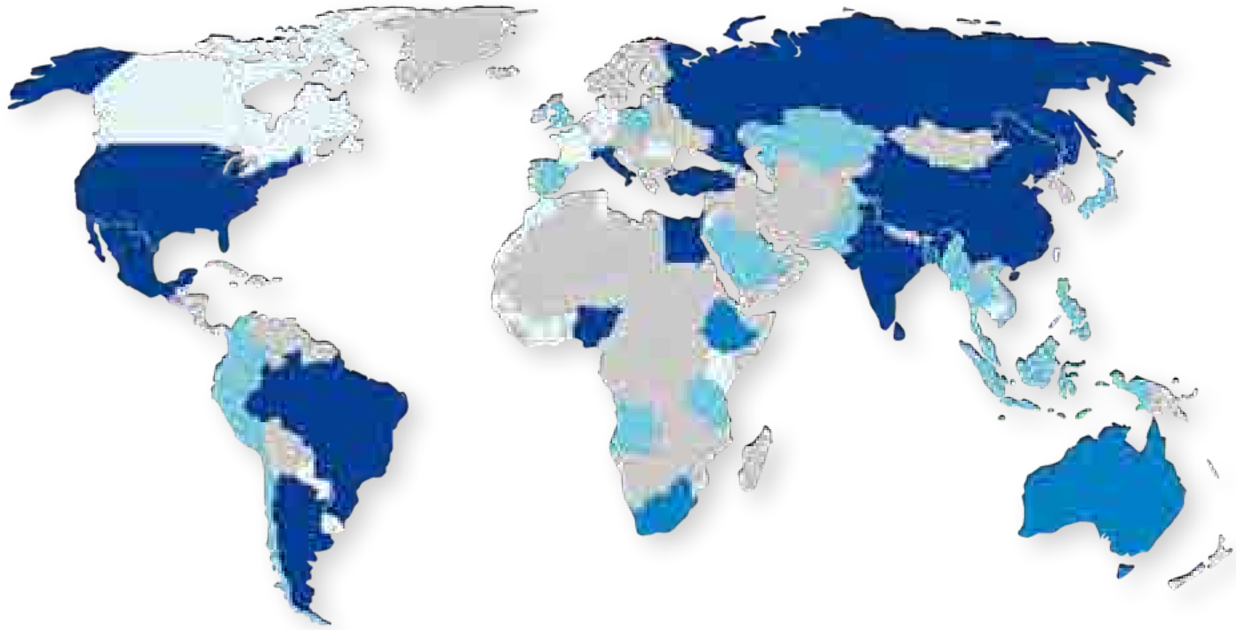
As for the most developed countries, the demand is mainly focused on:

- Renewal and expansion of the infrastructure network in large cities, which are increasingly populated.
- Adaptation of infrastructure to new regulations on sustainability, as well as the need for resilient infrastructures due to the increase in extreme weather events caused by climate change.
- Development of social infrastructure with new, more efficient and technologically advanced technologies (e.g., smart-green buildings, sustainable mobility development and management systems, Smart Cities).
- Improvement in interregional and even inter-country connection infrastructures.

INFRASTRUCTURE INVESTMENT AT CURRENT TRENDS FOR EACH SECTOR



TOTAL FORECAST INFRASTRUCTURE INVESTMENT GAPS TO 2040



> $200 BILLION US DOLLARS
$150-200 BILLION US DOLLARS
$100-150 BILLION US DOLLARS
$50-100 BILLION US DOLLARS
$0-50 BILLION US DOLLARS
N.A.

Source: Global Infrastructure hub.

SOPHISTICATION OF THE OFFER AND COMPLEXITY OF THE PROJECTS

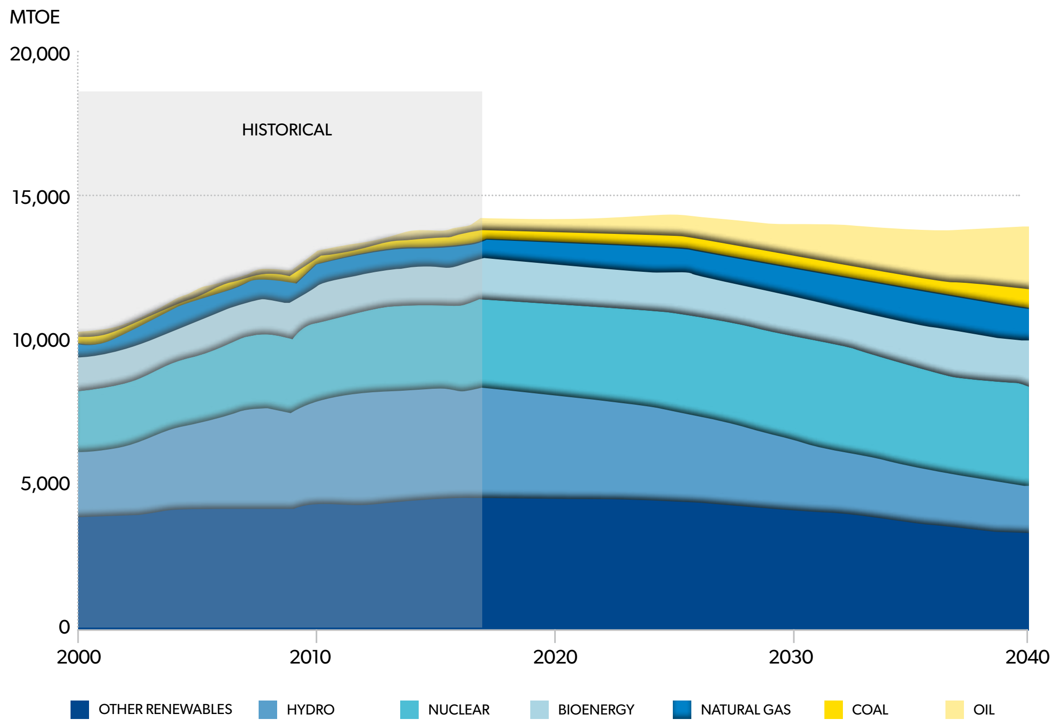
Globalization, exponential technological advances and digitalization, together with a greater awareness of the regulatory authorities in terms of sustainability and the environmental and social impact of the different economic sectors, opens the door to a new era with great challenges and opportunities in the infrastructure sector.

The role of this sector is key to the progress of the other sectors and is a challenge both from a technical and business perspective. Competitors in the infrastructure sector must be prepared to develop increasingly sophisticated, complex and cutting edge projects in which collaboration and integration will be key to these projects' success.

The commitments accepted by the countries in the fight against climate change in the historic Paris Agreement, the new regulations derived from this in terms of sustainability, the measures adopted to adapt to the consequences of climate change and the increased awareness of the private sector in this regard, places us in a transition period from the energy model where clean energy projects with increasingly efficient technologies will replace the most polluting obsolete infrastructures.

Likewise, technological evolution allows the learning curve to be enhanced in the development of energy projects, reducing costs and improving efficiency. This phenomenon is being experienced mainly in the renewable sector with a substantial improvement in the technologies involved at the cost-efficiency level, which is important to attract private investment.

ESTIMATES OF PRIMARY ENERGY DEMAND WORLDWIDE



https://www.iea.org/weo/

NEED FOR FINANCING ALTERNATIVES

The resources available for financing infrastructure development are not currently as abundant as in the years prior to the economic crisis. It is estimated that there is a deficit in investment capacity for the infrastructure sector of more than US$15,000,000 worldwide. Public investment capacity is substantially higher in emerging countries given the excessive accumulated debt in developed countries, however it is insufficient to meet current needs. In addition, the tightening of financial conditions limits bank financing by encouraging other alternative sources of private financing.

The public-private collaboration is key to increasing the investment capacity in infrastructure in addition to substantially improving efficiency in project development. The growing use of PPP models for the financing of infrastructure projects, mainly in countries where the regulations were not yet ready to receive them, is increasing the resources available considerably and generating investment opportunities in new projects.

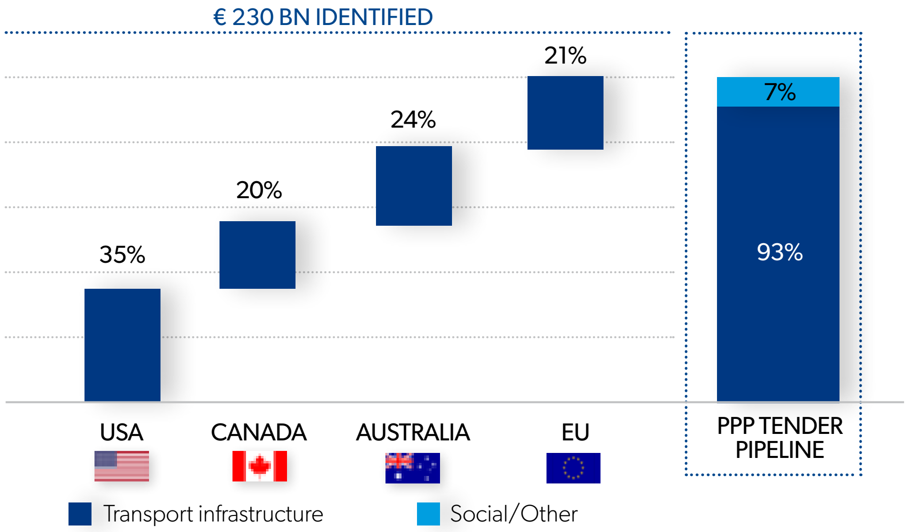
PROSPECTS IN THE STRATEGIC REGIONS FOR THE ACS GROUP

The ACS Group maintains a model of operational decentralization with a presence in the five continents of the world. The regions where the Group has greater exposure have very positive growth prospects for the infrastructure sector despite the expected global slowdown in growth. The ACS Group has identified a PPP[3] project portfolio of more than €230 billion to be developed in the next 4 years, located in the strategic regions of the Group.

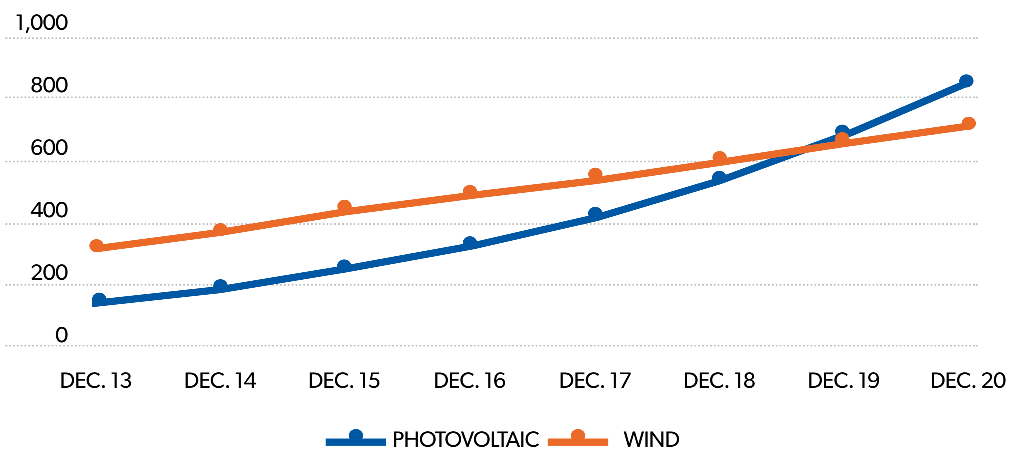
The Group also has very favorable prospects in the renewable energy sector. The group is a leader in carrying out integrated projects for solar thermal and wind, has a growing presence in large photovoltaic projects around the world, is a regional leader in mini-hydroelectric power in Latin America and other countries and implements biomass plants as well.

3. PPP stands for "Public-Private Partnership"

GREENFIELD PPP PIPELINE IDENTIFIED (2018-2021)

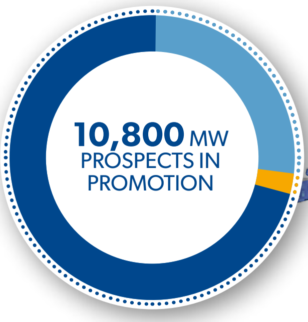


EVOLUTION OF TOTAL INSTALLED CAPACITY OF WIND AND PHOTOVOLTAIC ENERGY WORLDWIDE (GW)



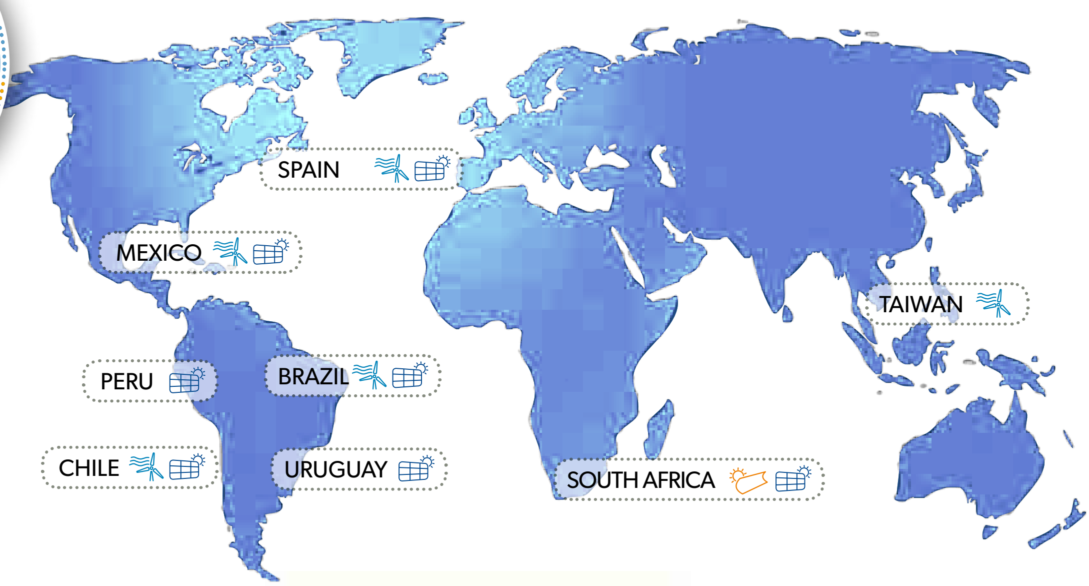
Source: Bloomberg

"PIPELINE" IN THE RENEWABLE MARKET



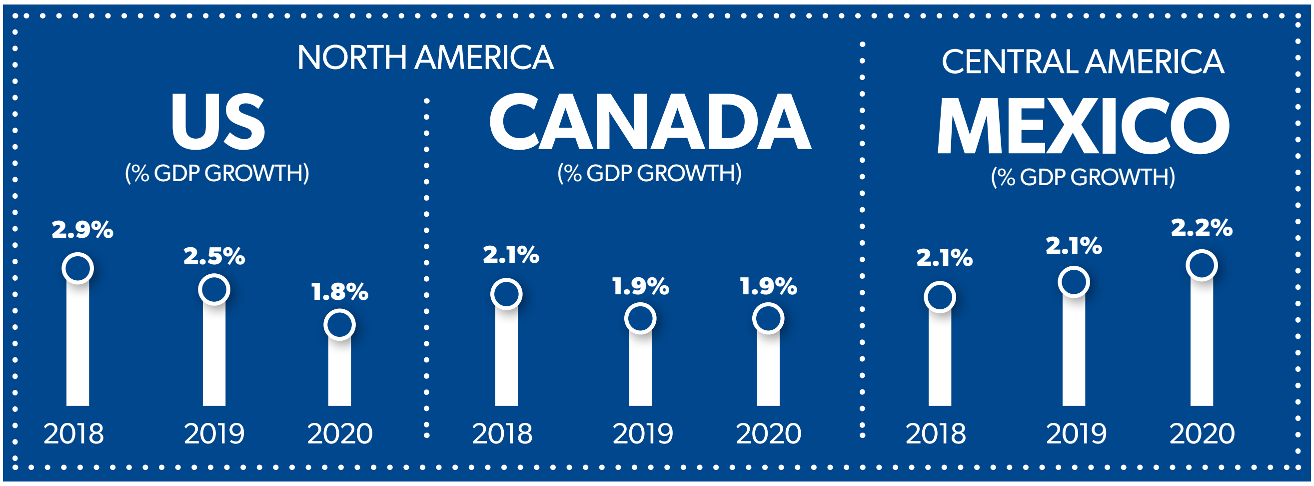
- WIND PARKS **27%**
- THERMOSOLAR **2%**
- PHOTOVOLTAIC **71%**

GEOGRAPHICAL DISTRIBUTION OF THE PIPELINE



WIND PARKS
THERMOSOLAR
PHOTOVOLTAIC

SPECIFICALLY, THE FUTURE PROSPECTS IN THE STRATEGIC REGIONS OF THE GROUP ARE:



Source: "World Economic Outlook", October 2018, January 2019, FMI.

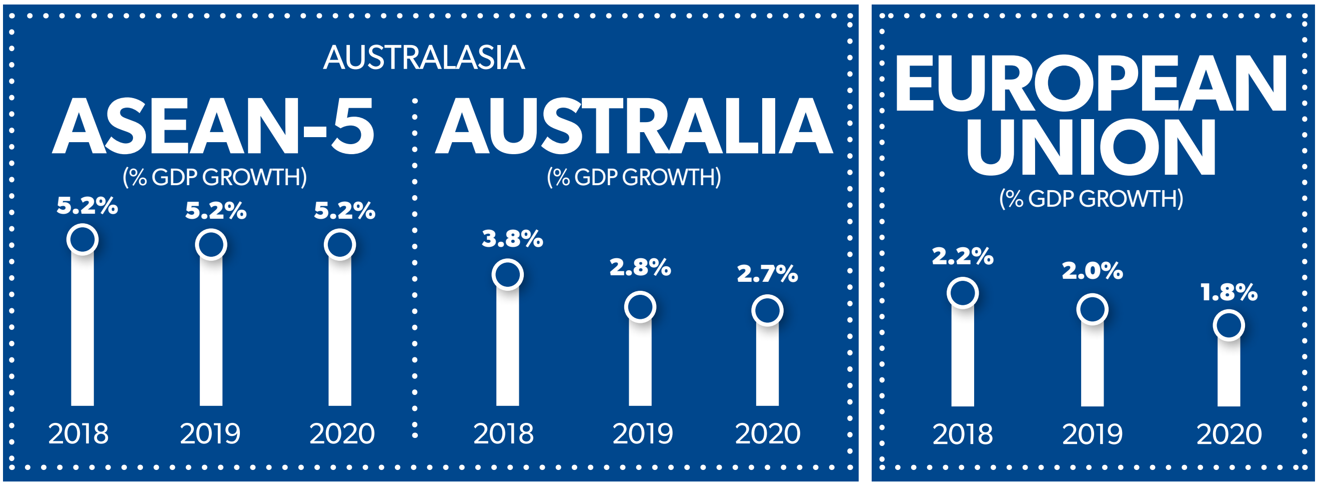
In the United States and Canada, despite the expected slowdown in growth over the next few years, the climate is not unfavorable: greater spending capacity and private investment are predicted in proportion to GDP, while the currencies are expected to recover strength and the interest rates to stabilize.

The demand for infrastructure differs in both countries; while in the United States there is a clear need for adaptation and renewal of the existing infrastructure network, Canada has reached a level of sophistication similar to that of European countries such as France and Spain, nevertheless continuous investment in infrastructure remains one of the priorities of the Canadian Government, currently executing a plan for the development of sustainable social and transport infrastructure for more than US$180 billion. In addition, the recent creation of the Canada Infrastructure Bank ensures greater availability of both public and private resources.

For its part, in recent years, several states in the United States have adopted in their legislative and administrative framework the public-private financing modality that is gradually becoming a key resource for the development of projects in states with a limited investment capacity.

Currently, the ACS Group has identified more than €125 billion in PPP projects (two thirds of them located in the United States and the rest in Canada, which has a trajectory of nearly three decades in the use of PPP models for infrastructure development) available for tender through the different companies with which the Group operates in this region, where it maintains a leading position both in the development of transport and social infrastructure.

In Mexico, it is expected that the prospects for stable economic growth, together with the change in Government in 2018, imply new opportunities for infrastructure investment, especially in the energy sector.



Source: "World Economic Outlook", October 2018, January 2019, FMI.

The Pacific region maintains optimistic growth forecasts for the coming years. In particular, forecasts for the infrastructure sector are favorable and are based on:

- High population demand given the scarce network of pre-existing infrastructure and the exponential urban growth in the main cities of the region.

- Available financial resources thanks to the governments having relatively little debt and the increasing wealth generated in the private sector. Specifically, one of the key figures in the financing of infrastructure projects are the pension funds that, in Asian countries, maintain a strong exposure to this sector.

- National commitments to climate change, mainly in countries that are intensive in energy resources.

- Upward trends in the price of raw materials, which favors the mining sector, among others.

Currently, the ACS Group has identified in Australia more than 85 billion Australian dollars in potential transport infrastructure projects to be tendered in the coming years, much of them included in the Infrastructure Investment Program to which the Government has committed 75 billion Australian dollars. The leadership that the Group maintains in this region through CIMIC predicts important project awards in the coming years. Likewise, prospects in the renewable energy sector are very positive where the Cobra Group has extensive experience in the development of clean energy projects.

The macroeconomic scenario in Europe is mainly marked by the tensions and political uncertainties in some of its member states, which significantly influences the growth forecast for the coming years and indicates a slowdown, although remaining above 1.8%. Additionally, the budgetary restrictions derived from commitments to the deficit target set by the European Union, limit the public resources available for investment in the infrastructure sector, which is mostly mature in this region. However, prospects in certain countries such as the United Kingdom and Germany, where the demand for transport infrastructure is higher, are more favorable. Likewise, commitments to climate change favor the recycling of the energy infrastructure network through new renewable energy projects. Countries such as Spain and Portugal are reactivating their investment in clean energy infrastructure (mainly wind and photovoltaic), while important offshore projects are being developed in the Baltic Sea.

Despite the stagnation of the sector in this region, the ACS Group has identified close to €50 billion in PPP projects for the coming years, mainly in Germany, the United Kingdom and Spain, for transport infrastructure. The Group also sees an acceleration of investment in the adaptation of the infrastructure network in this region to the new energy model and has identified more than €4 billion in renewable energy projects for the coming years.

3.4. WITH ITS ACTIVITY IT CONTRIBUTES TO MEETING THE OBJECTIVES OF THE 2030 GLOBAL AGENDA

In September 2016, the General Assembly of the United Nations adopted the 2030 Agenda for sustainable development, a plan of action for people, planet and prosperity. It also seeks to strengthen universal peace and access to justice.

The new strategy will govern development projects for the coming years. By adopting it, the States undertook to mobilise the means necessary for its implementation through alliances focused particularly on the needs of the poorest and most vulnerable.

The ACS Group, through its development activity, contributes to fulfilling certain of the goals and objectives on the global agenda. This contribution is amplified by its size and international presence in developed, as well as developing countries.

PRIMARY SUSTAINABLE DEVELOPMENT GOALS TO WHICH THE ACS GROUP CONTRIBUTES:

GOAL 5

ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

CONTRIBUTION

The ACS Group rejects any type of discrimination, in particular that due to gender, as well as age, religion, race, sexual orientation, nationality or disability. This commitment extends to its hiring and promotion processes. In addition, the ACS Group develops policies that promote the development of women's professional careers and allow them to attain a work-life balance.

SIZE OF THE CONTRIBUTION

— Women in management positions: 2,103

— Approval by the Board of Directors in 2018 of a new version of the Diversity Policy of the ACS Group.

— The ACS Group encourages work life balance, as well as in companies representing 81.01% of the Group's employees have been established measures such as flexible hours, teleworking, higher number of days of vacations that are legally established, improvement of the reduced working hours established of the law, accumulation of breastfeeding period, etc. and 38.11% of the Group's employees are covered by these measures. This has allowed in the year 2018, the reincorporation of 92.89% of the women after parental leave and 98.11% of men.

— The Group's commitment to diversity and equal opportunities it is reflected in all areas of the company. In terms of gender, companies representing 95.31% of the Group's employees have adopted measures to promote equal treatment and opportunities of men and women, with 72.55% of the Group's employees covered by Equality Plans and in companies that represent 98.27% of the Group employees have protocols against sexual harassment.

GOAL 6

6 CLEAN WATER AND SANITATION

ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL

CONTRIBUTION

Through its Industrial Services business, which develops water desalination, purification and filtering infrastructure, the ACS Group contributes to guaranteeing access to potable water and improving waste water quality.

SIZE OF THE CONTRIBUTION

— Number of water treatment infrastructures in which the ACS Group participates at 31 December 2018.

Name	ACS Stake	LOCATION	Status
DESALINATION PLANTS			
Benisaf Water Company	51%	Algeria	Exploitation
Hydromanagement	80%	Spain	Exploitation
Al-Hamra Water Co	40%	Dubai	Construction
Caitan	50%	Chile	Construction
WATER TREATMENT PLANTS			
Depuradoras del Bajo Aragón	55%	Spain	Exploitation
SADEP	40%	Spain	Exploitation
SAPIR	50%	Spain	Exploitation
Taboada	100%	Peru	Exploitation
Provisur	100%	Peru	Construction
IRRIGATION PROJECTS			
Majes	100%	Peru	Construction
Water			

GOAL 7

7 AFFORDABLE AND CLEAN ENERGY

ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

CONTRIBUTION

The ACS Group, through its Industrial Services business, designs, constructs and manages various energy infrastructures that contribute to guaranteeing universal access to energy.

A portion of this activity focuses on renewable energy facilities (solar, wind and small hydro), certain of which are in developing countries. It also offers services to improve energy efficiency for its customers, thereby contributing through its activity to a more efficient use of energy and cleaner energy, in all areas.

SIZE OF THE CONTRIBUTION

— MW of renewable energy managed by concessions under operation at 31 December 2018: 1,924 MW.

— Gwh of renewable energy produced by concessions under operation at 31 December 2018: 766.7 GWh.

— Kilometres of transmission lines managed by concessions at 31 December 2018: 7,306.

GOAL 8

8 DECENT WORK AND ECONOMIC GROWTH

PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

CONTRIBUTION

[102-41]
The ACS Group is an active defender of the human and labour rights recognised by various international organisations. The company promotes, respects and protects its workers' freedom to unionise and freedom of association.

The Group also understands the important role that having local roots and being sensitive to each place's unique features has in the company's success. Group companies maintain their commitments to remaining in the areas where they operate, actively contributing to the economic and social development of such areas and they promote hiring local workers and executives.

SIZE OF THE CONTRIBUTION

— Number of employees: 195,461

— % of employees covered by collective agreements or by an independent union: 71.5%

— % of local employees: 97.5%

GOAL 9

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALISATION AND FOSTER INNOVATION

CONTRIBUTION

Through its infrastructure and industry development activity, the ACS Group significantly contributes to the economic progress of societies and people's well-being.

Through its international business with a strong local focus, it contributes to developing the capabilities and the industry of the areas where it operates, where particular importance is placed on its commitment to remain.

The Group maintains a growing investment in R&D, which results in greater productivity, quality, occupational safety, as well as the development of new materials and products and the design of more effective production processes or systems.

SIZE OF THE CONTRIBUTION

— Revenue from infrastructure development in 2018 (civil works, building, mining and integrated projects): €31,359 million

— Investment in R&D in Construction and Industrial Services in 2018: €29.6 million

GOAL 10

10 REDUCED INEQUALITIES

REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES

CONTRIBUTION

Clece, the ACS company dedicated to, among other things, providing services to people, has a distinct social nature and is committed to including and integrating people, thereby contributing to a reduction in inequality. In addition to providing services to vulnerable people, it also hires staff in such circumstances.

On the other hand, the Foundation ACS has an Accessibility Programme for disabled persons, aimed at architects, engineers, urban developers and all professionals involved in design and universal accessibility.

SIZE OF THE CONTRIBUTION

— Clece, manages 197 centres for vulnerable groups[4].

— 11.6% of Clece employees (8,749) are disabled persons at risk of social exclusion or victims of gender violence.

— Investment by the Foundation in disability: €1 million

4. Residences and day centres to care for the disabled, centres for minors at risk of exclusion, centres for the protection of women, occupational centres and other centres for the homeless.

GOAL 11

11 SUSTAINABLE CITIES AND COMMUNITIES

MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

CONTRIBUTION

The ACS Group, through its various activities, provides services that contribute to creating more efficient and sustainable cities. Among these services, it is worth highlighting sustainable building, the construction of public transport systems, traffic management services, etc.

SIZE OF THE CONTRIBUTION

— Sustainable buildings built: 789

— Iridium manages public transport project contracts (mainly underground railway systems) with a total investment of €12,726 million including the Lima underground railway system and the Ottawa light rail.

GOAL 12

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

CONTRIBUTION

The ACS Group promotes the efficient use of natural resources in all of its projects, from design to execution, rationalising water and energy consumption, promoting the use of sustainable materials and properly managing the waste generated.

SIZE OF THE CONTRIBUTION

— Approval of a new Environmental Policy of the ACS Group.

4. THE ACS GROUP ACTIVITIES

4.1. CONSTRUCTION
4.2. INDUSTRIAL SERVICES
4.3. SERVICES

4.1. CONSTRUCTION

GLOBAL LEADER IN THE DEVELOPMENT OF INFRASTRUCTURES, BOTH IN CIVIL WORKS AS BUILDING PROJECTS

LEADERS IN CONSTRUCTION

The construction activity of the ACS group is carried out through three leading companies: Dragados, HOCHTIEF and Iridium, which are in turn composed of a large number of businesses, specializing in a range of geographical areas and infrastructure projects. These projects are carried out either through direct construction models for institutional or private clients or through public–private partnership models, where the ACS group covers the whole concession business value chain from project design through financing, construction and start-up to operation.

ACS develops all types of Civil Works through the Construction business unit (activities related to the development of infrastructure such as highways, railways, ports and airports), Building (residential buildings, social facilities and installations), infrastructure services (railway, transport, communication and technology, energy, resource, water and defense sectors) and projects related to the mining sector (mining service contracts and the required infrastructure for the mining activity).

These activities are carried out based on rigorous management of the risks associated with each project and optimization of the company's financial resources. In this way, the group seeks to maximize the operational efficiency and profitability of each project. This decentralized structure, together with the specialization and complementary nature of the various companies, enables the ACS group to tackle larger, more complex projects in a more agile manner, while maintaining close proximity to the projects.

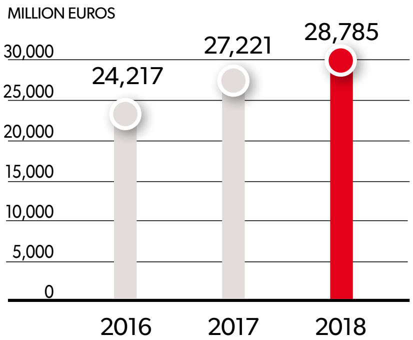
SALES
28,785
MILLION EUROS

BACKLOG
59,350
MILLION EUROS

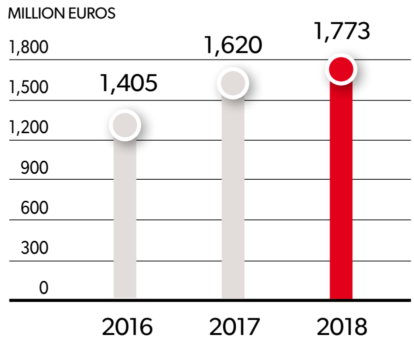
EBITDA
1,773
MILLION EUROS

NET PROFIT
469
MILLION EUROS

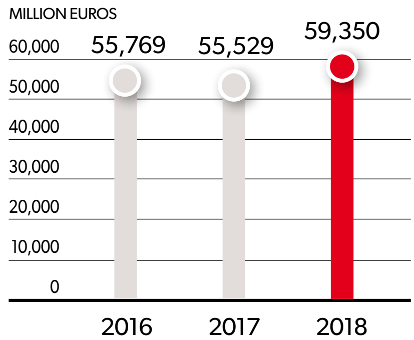
SALES



EBITDA



BACKLOG



86.68%
EMPLOYEES COVERED BY THE CERTIFICATION OSHAS18001

11,560,465
19.9% VS 2017
ENERGY CONSUMPTION (MWh)

6,278,631
+11.9% VS 2017
TOTAL EMISSIONS (tCO_2)

91%
LOCAL EMPLOYEES

65.0%
LOCAL SUPPLIERS

5.4 MN€
SOCIAL ACTION INVESTMENT *

* Administration costs are included (€ 4,458).

DRAGADOS

Dragados is a leading construction company founded at the beginning of the twentieth century that carries out civil engineering infrastructure development projects (highway, railway, marine, water and airport works) and both residential and non-residential Building projects. Dragados is a world leader in the construction sector having participated in the execution of more than 7,000 kilometers of highways, 3,500 kilometers of roads, 1,500 bridges, 1,380 kilometers of tunnels, 545 maritime works, 250 dams and hydroelectric power stations, 1,700 kilometers of railways, rail transport and numerous railway facilities, in addition to 70 million square meters of buildings of different types such as airports, hospitals, museums, high-rise buildings and residential buildings.

Dragados is thus the leading construction company in Spain through its domestic subsidiaries, being a global point of reference as well as one of the largest contractors of public/private partnerships (PPP) in the world, after having executed the design and the construction of more than one hundred tender projects around the world. Dragados is also involved in major infrastructure projects in other European countries such as the United Kingdom, Ireland and Poland, where it has established itself through its subsidiary Pol-Aqua. In recent years, the United States and Canada has become the main area of business concentration for Dragados, as it continues to strengthen its position thanks to the work of its North American subsidiaries Schiavone, Pulice, John p. Picone, Prince Contracting and J.F.White Contracting, and its lead companies in North America, Dragados USA and Dragados Canada. It also has over thirty-five years' experience in carrying out projects in Latin America, especially in Chile and Peru, as well as Argentina, where it has its own subsidiary: Dycasa.

SALES
4,792
MILLION EUROS

BACKLOG
12,083
MILLION EUROS

NET PROFIT
111
MILLION EUROS

IRIDIUM

Iridium is an ACS Group company that manages concession and public-private partnership contracts for transport infrastructure and public facilities, with a portfolio of more than 120 companies.

In terms of strategy and market positioning, ACS continues to be at the forefront of the market in the North American market (United States and Canada), especially for transportation concessions. As at the end of 2018, Iridium thus enjoys an existing portfolio of projects in the area valued at more than € 19,100 million of investment and the prospects for growth for the future are still very positive given the important infrastructure needs in this context. Meanwhile for the 2019 financial year, ACS Infrastructure (a subsidiary of Iridium) is already pre-qualified in eleven projects, eight of them in Canada and three in the United States. In Europe, Iridium has a consolidated position and closely follows the respective opportunities that certain markets in the area may pose, while in Latin America, it continues to have an active presence in the concession market with projects underway in Peru and Chile, where expectations remain promising.

With a track-record of more than 45 years, Iridium's success is based on a risk management policy that has been proven to be highly effective, both in terms of identifying and assessing risks, as well as the implementation of the adequate measures for the mitigation or elimination thereof.

For further information:
See Appendix 9.4.2.
Portfolio Concessions

SALES
111
MILLION EUROS

NET PROFIT
10
MILLION EUROS

HOCHTIEF

HOCHTIEF is a global group and leader in infrastructures, through its construction , services and concessions/public-private partnerships (PPP) business activities, in Australia, North America and Europe.

During its 145 years of experience, HOCHTIEF has executed highly complex projects for its customers based on its core business, which is construction, including the construction of buildings and civil engineering. Over time, it diversified geographically and incorporated business activities involving engineering, mining and maintenance services, as well as public-private partnership projects and concessions. Currently, HOCHTIEF is a leader in infrastructure, in developed markets covering the entire value chain of the infrastructure sector. The recent acquisitions made, such as that of the service company UGL in 2016 and the 20% stake in Abertis, the leading international operator of toll roads in 2018, the Group currently has a balanced commercial profile in terms of cash flow visibility, capital intensity and margins.

Hochtief's strategy is to further strengthen its position in its main geographical areas, focusing on the growth opportunities offered by the market, while maintaining profitability backed by a strong cash position and a rigorous approach to risk management. The flexibility of its business allows the management to adapt quickly to the various market conditions. The active and disciplined allocation of capital is a priority for HOCHTIEF, while continuing to focus on attractive returns for shareholders, and the investment in strategic growth opportunities to create sustainable value for all stakeholders.

SALES	BACKLOG	NET PROFIT	NET PROFIT CONTRIBUTION TO ACS GROUP
23,882 MILLION EUROS	47,267 MILLION EUROS	541 MILLION EUROS	368 MILLION EUROS

HOCHTIEF AMERICAS

The operating companies that comprise HOCHTIEF Americas are respectively focused on different segments of the building and infrastructure construction market, while carrying out transport and building projects.

Turner, a company based in New York, is a market leader with more than 110 years of experience, executing projects as a general contractor in a wide range of market segments.

The success of this approach is reflected in Engineering News-Record (ENR), which once again recognizes Turner as the main general contractor in the U.S. And in terms of Green Building, in addition to leading the ranking in other building segments, thanks to its innovation and implementation of new technologies (BIM).

Clark Builders executes building construction projects in western and northern Canada, which includes institutional, commercial and health care properties along with sports facilities, often in collaboration with Turner as the main operating division.

Flatiron, specializes in transportation and infrastructure projects including bridges, roads, railways / transit, airports, and water storage and treatment facilities. Flatiron's success is reflected in its continued growth, while ranking ninth on ENR's list of transportation contractors in 2018.

E.E. Cruz is HOCHTIEF's subsidiary in the states of New York and New Jersey. The company's focus is transportation infrastructure, deep foundations and geotechnical projects.

HOCHTIEF ASIA PACIFIC

The activities of the HOCHTIEF Asia Pacific division are developed by the CIMIC group, active in over 20 countries through its operating units in Australia, Asia, the Middle East and America, as well as Africa. The CIMIC Group is a leader in construction engineering, mining, services and public-private partnership contracts, while it also integrates experience with the ability to promote the development of solutions prepared for the future and offer lasting value throughout the project life cycle for assets, infrastructure and resources.

CPB Contractors, which also includes Leighton Asia and Broad Construction, is a leading international construction general contractor that carries out projects covering all key sectors of the industry, such as roads, railways, tunnels, defense, construction and infrastructure.

Thiess is the largest mining services provider in the world, offering the widest range of underground and surface mining capabilities for most of the world's commodities, along with the services to optimize the value chain.

Sedgman is a market leader in the design, construction and operation of state-of-the-art mineral processing plants, as well as all the infrastructure requirements associated with the mining sector.

Pacific Partnerships develops, invests in and manages infrastructure concession assets for the CIMIC Group, offering customers comprehensive solutions with the best quality/price ratio for key infrastructures under public-private partnerships and the creation of proprietary management and transfer structures.

UGL is a leader in the services market for critical assets in energy, water, resources, transportation, defense and security, along with social infrastructure.

EIC Actividades is the technical and engineering services business of the CIMIC Group.

CIMIC has a 45% stake in the construction company BIC Contracting (formerly HLG Contracting) and 47% stake in the service company Ventia.

HOCHTIEF EUROPE

HOCHTIEF Solutions AG is the management company of the HOCHTIEF Europe division. It combines its core businesses in Europe with other high growth regions around the world, through its respective subsidiaries.

Our companies offer a wide range of services that cover broad aspects of the construction business: infrastructure, PPP and engineering solutions, in particular turnkey infrastructure projects and construction of buildings, as well as public-private partnerships (PPP), which involve engineering services. We focus on the transport, energy and social/urban infrastructure. The company Synexs offers facilities management services in the German market.

HOCHTIEF Engineering, is divided into four business lines: Infrastructure; Infrastructure; Energy, Industrial and Special Services; Virtual Design and Construction (ViCon); Construction and Project Management Services, all of which provide engineering services for both internal and external construction projects.

HOCHTIEF PPP designs, finances, builds and operates projects for the public sector as a partner; while providing comprehensive public-private partnership solutions for transport, energy and social infrastructure projects.

	HOCHTIEF AMERICAS	HOCHTIEF ASIA PACIFIC	HOCHTIEF EUROPE
SALES	13,069 MILLION EUROS	9,266 MILLION EUROS	1,423 MILLION EUROS
NET PROFIT	190 MILLION EUROS	300 MILLION EUROS	37 MILLION EUROS

CONSTRUCTION

DRAGADOS
- 100% DRACE infraestructuras
- 100% VIAS
- 100% TECSA
- 100% GEOCISA
- 100% COGESA
- 100% POL-AQUA
- 66% DYCASA
- 100% DRAGADOS USA
- 100% DRAGADOS CANADA
- 100% SCHIAVONE
- 100% PULICE
- 100%
- 100% PRINCE
- 100%

HOCHTIEF

HOCHTIEF Americas
- Turner 100%
- FLATIRON 100%
- CLARK BUILDERS 51%
- E.E. CRUZ CO. INC. CONTRACTORS / ENGINEERS 40% / 60%

HOCHTIEF Europe
- HOCHTIEF SOLUTIONS AG
  - HOCHTIEF INFRASTRUCTURE 100%
  - HOCHTIEF ENGINEERING 100%
  - HOCHTIEF PPP SOLUTIONS 100%

HOCHTIEF Asia Pacific
- 72,68% CIMIC
  - CONSTRUCTION: CPB CONTRACTORS 100%; LEIGHTON 100%
  - MINING: THIESS 100%
  - MINING PROCESSING: SEDGMAN 100%
  - SERVICES: UGL 100%
  - PUBLIC PRIVATE PARTNERSHIPS: PACIFIC partnerships 100%
  - ENGINEERING: EIC ACTIVITIES 100%
  - OTHER INVESTMENTS: LEIGHTON PROPERTIES 100%; ventia 47%; BICC BIC CONTRACTING LLC 45%; Devine GROUP 59.2%

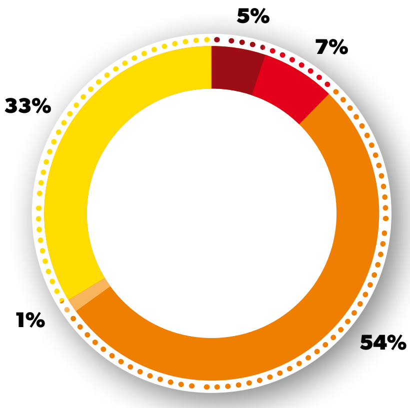
IRIDIUM
- 100% ACS INFRASTRUCTURE DEVELOPMENT
- 100% ACS INFRASTRUCTURE CANADA INC.

ACS 30% / HOCHTIEF 20%
- abertis — Equity Method


©Piotr Krajewski.

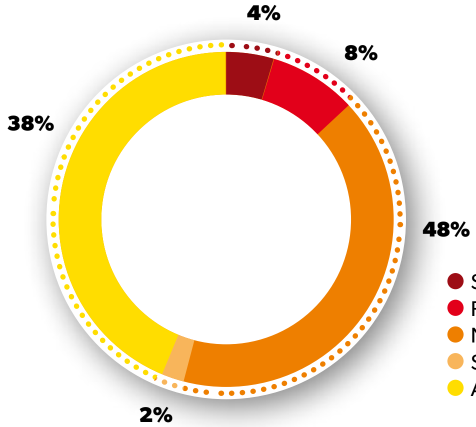
THE ACS GROUP'S CONSTRUCTION ACTIVITY IN 2018

2018 SALES BREAKDOWN BY GEOGRAPHICAL AREAS



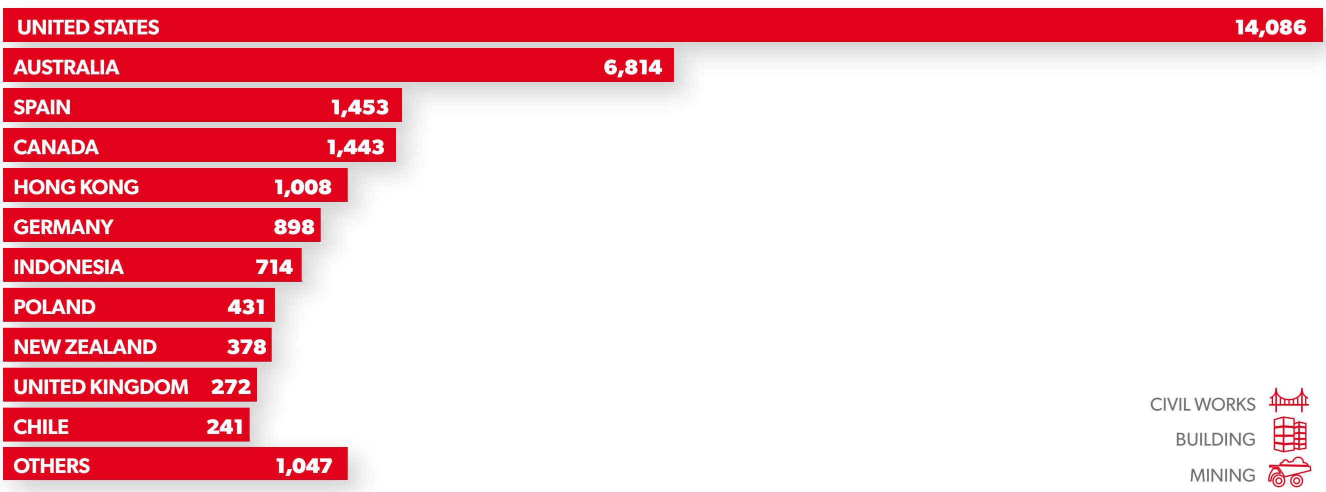
- SPAIN **1,453 MN €**
- REST OF EUROPE **1,958 MN €**
- NORTH AMERICA **15,530 MN €**
- SOUTH AMERICA **401 MN €**
- ASIA PACIFIC **9,443 MN €**

2018 BACKLOG BREAKDOWN BY GEOGRAPHICAL AREAS



- SPAIN **2,386 MN €**
- REST OF EUROPE **4,616 MN €**
- NORTH AMERICA **28,346 MN €**
- SOUTH AMERICA **1,407 MN €**
- ASIA PACIFIC **22,594 MN €**

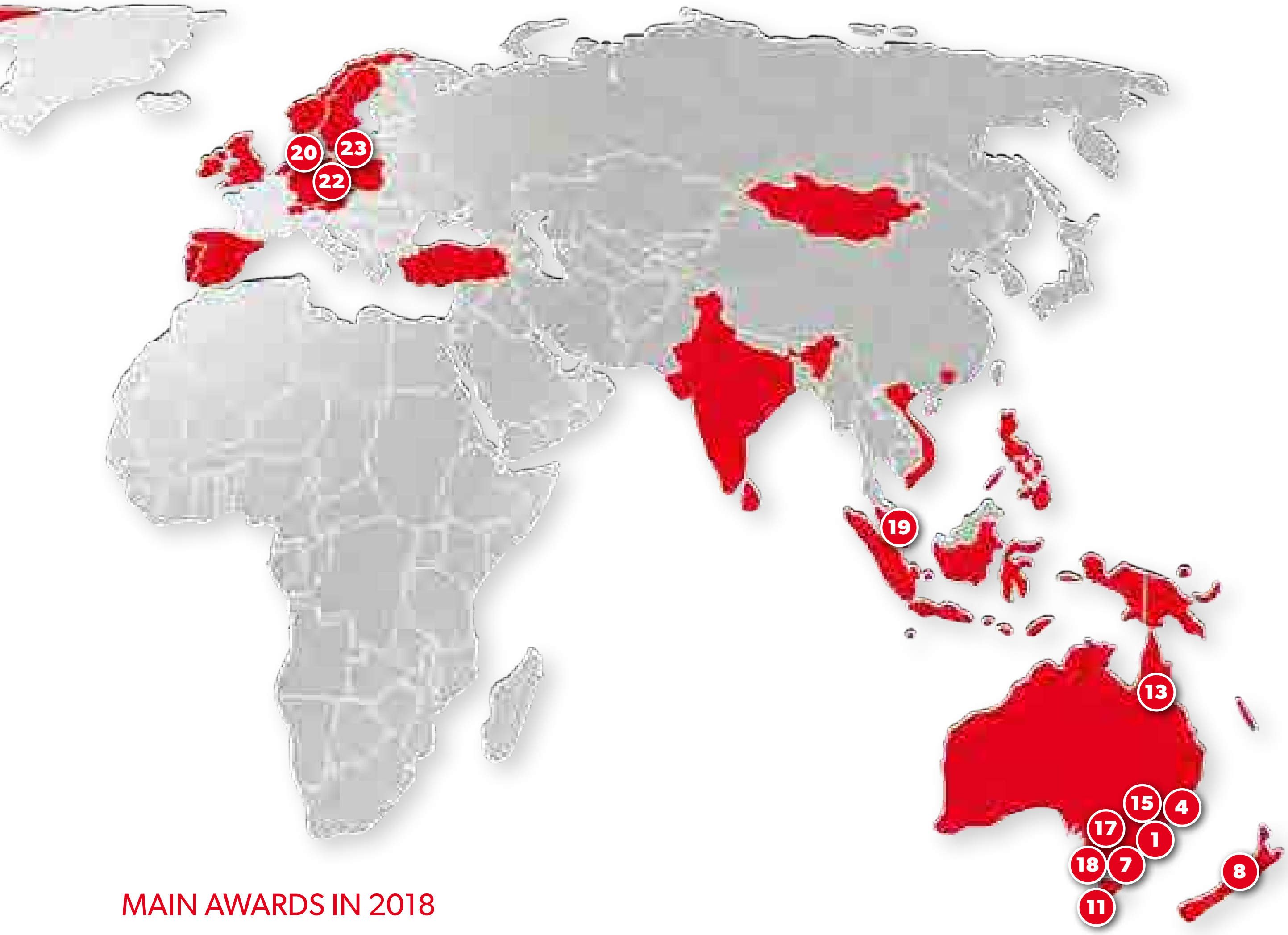
2018 SALES BREAKDOWN BY COUNTRY (MN EUROS)



CIVIL WORKS
BUILDING
MINING
SERVICES

* Main countries where the Construction area reported ongoing projects or new awarding projects.

MAIN COUNTRIES WHERE THE ACS GROUP IS DEVELOPING CONSTRUCTION ACTIVITY*



MAIN AWARDS IN 2018

1 ASIA PACIFIC
Project for the construction of the WestConnex M4-M5 Link Rozelle interchange (Sydney, Australia).
VALUE **1,238** MILLION EUROS

2 NORTH AMERICA
Construction of the new international bridge Gordie Howe of 2.5 km (Canada) and Detroit (United States), as well as the ports of entry in each country (PPP).
VALUE **1,052** MILLION EUROS

3 NORTH AMERICA
Construction of the new light railway line in Montreal, Canada.
VALUE **897** MILLION EUROS

4 ASIA PACIFIC
Extension of the contract for mining services in Arthur coal mine (Australia).
VALUE **739** MILLION EUROS

5 NORTH AMERICA
Construction of 6.5 km of automated people mover at the Los Angeles International Airport (United States) (PPP).
VALUE **629** MILLION EUROS

6 NORTH AMERICA
Contract for the execution of hydro generating station and spillways civil works on the Peace River in northeast British Columbia (Canada).
VALUE **571** MILLION EUROS

7 ASIA PACIFIC
Asset management program agreement to support the Royal Australian Navy's Landing Helicopter Dock and Landing Craft vessels (New South Wales, Australia).
VALUE **488** MILLION EUROS

8 ASIA PACIFIC
PPP project for the Waikeria Corrections and Treatment Facility construction (New Zealand).
VALUE **423** MILLION EUROS

9 NORTH AMERICA
Building of the new headquarters of the California Natural Resources Agency in Sacramento (United States).
VALUE **422** MILLION EUROS

10 NORTH AMERICA
Construction of a new 12 story hospital tower on the main campus of MetroHealth Medical Center in Cleveland, Ohio (United States).
VALUE **365** MILLION EUROS

11 ASIA PACIFIC
Development of water and wastewater infrastructure in Tasmania (Australia).
VALUE **360** MILLION EUROS

12 NORTH AMERICA
Rehabilitation and improvement works of the Coney Island Hospital in New York (United States).
VALUE **319** MILLION EUROS

13 ASIA PACIFIC
Contract for mining services at QCoal Northern Hub in Bowen Basin (Queensland, Australia).
VALUE **304** MILLION EUROS

14 NORTH AMERICA
Construction of the new Finch West light railway line (PPP) in Toronto, Canada.
VALUE **291** MILLION EUROS

15 ASIA PACIFIC
Project for the construction of the stage 1 of the Parramatta light rail project (New South Wales, Australia).
VALUE **262** MILLION EUROS

16 SOUTH AMERICA
Extension of the contract for mining services in the El Encuentro open pit (Chile).
VALUE **258** MILLION EUROS

17 ASIA PACIFIC
Works for Australia's National Broadband Network consisting of a construction of primarily fiber to the curb technology (FTTC) in different areas of Melbourne, Brisbane and Sydney (Australia).
VALUE **251** MILLION EUROS

18 ASIA PACIFIC
Works for the construction of metropolitan railway infrastructure Metro Tunnel in Melbourne (Australia).
VALUE **249** MILLION EUROS

19 ASIA PACIFIC
Works for the construction of the tunnel and infrastructure of the N103 highway within the North-South Transportation Corridor project in Singapore.
VALUE **245** MILLION EUROS

20 EUROPE
Contract for extension of Copenhagen´s underground network to Sydhaven (Denmark).
VALUE **230** MILLION EUROS

21 NORTH AMERICA
Improvements WORKS along I-16 between I-95 and I-516 which includes widening from 4 lanes to 6 lanes, and reconstruction of the I-16 at I-95 interchange to increase operational efficiency (Georgia, United States).
VALUE **229** MILLION EUROS

22 EUROPE
Construction of the new underway station of the Marienhof urban rail (Munich, Germany).
VALUE **197** MILLION EUROS

23 EUROPE
Project for the design and construction of 22 km of the S-6 bypass between Lebork-Trojmiasto in Poland.
VALUE **194** MILLION EUROS

ACTIVITY IN 2018

The ACS Group Construction division develops its diverse business activities mainly in developed markets that have growth potential and a low risk profile, where the Group already has a consolidated leadership position.

Sales in 2018 reached 28,785 million euros, of which North America (United States and Canada) and Australia together represent close to 80% while Europe represents 12% of which more than two thirds come from Spain and Germany.

In the United States and Canada, the ACS Group develops its construction activities through Dragados, focused on the execution of civil works projects, and the Hochtief Americas subsidiaries; Turner, market leader in "Construction Management", and Flatiron, dedicated to civil works. Sales in this region grew 13% in the year, which after removing the exchange rate difference, came to €15,528 million. The portfolio at the end of 2018 stood at € 28,325 million, growing 22% in the year thanks to the awarding of large civil works contracts such as the construction of the Gordie Howe Transnational Bridge, at this moment the longest in North America, that will unite the cities of Detroit and Windsor and the Automatic Passenger Transportation System at the Los Angeles International Airport, all of which are PPP projects.

In the Asia Pacific region, the Group operates mainly through CIMIC, a subsidiary of HOCHTIEF that is publicly traded in Australia, where its respective subsidiaries operate in different business segments:

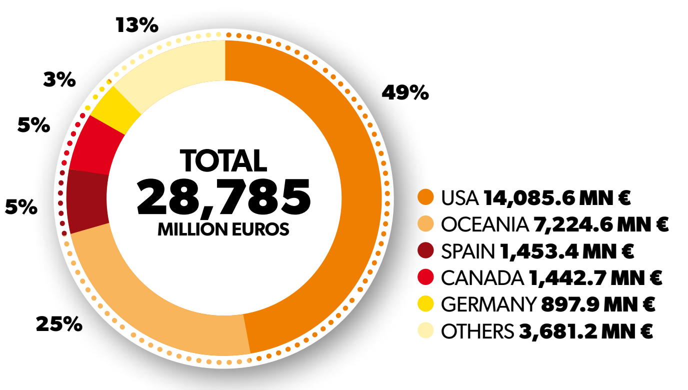
- CPB Contractors, dedicated to the construction and civil engineering business.
- Thiess and Sedgman, dedicated to the development, operation and maintenance of mines, as well as the processing of ore, respectively.
- UGL, is dedicated to infrastructure operation and maintenance services.

Sales in the region during 2018 amounted to € 9,443 million, growing by close to 10%, adjusted for the exchange rate, while the portfolio stood at € 22,594 million at the end of the year, growing by 6% in comparable terms. The most important awards of the year include the West Connex project in Sydney, for the merging of the M4-M5.

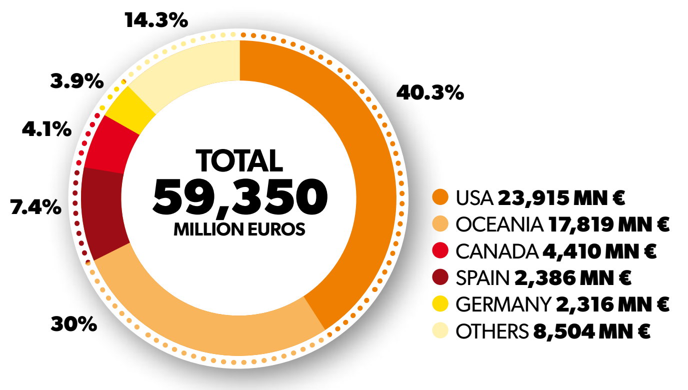
In Europe, the Group operates through Dragados and the division of HOCHTIEF Europe that conducts the civil engineering and construction business activities as well as building construction. Sales reached € 3,411 million and the portfolio stood at € 7,003 million.

Likewise, the Group has three companies dedicated to the development of both transport and social infrastructure concession projects: Iridium, world leader in the development of concessions according to the Public Works Financing magazine; HOCHTIEF PPP which mainly operates in Europe and North America and Pacific Partnership, subsidiary of CIMIC, which for the most part operates in Australia. The joint portfolio includes 91 concession assets, of which close to 75% are in operation. These assets represent a total managed investment of € 47,500 million, of which € 7,800 million represent the construction, operation and maintenance portion of the portfolio.

SALES



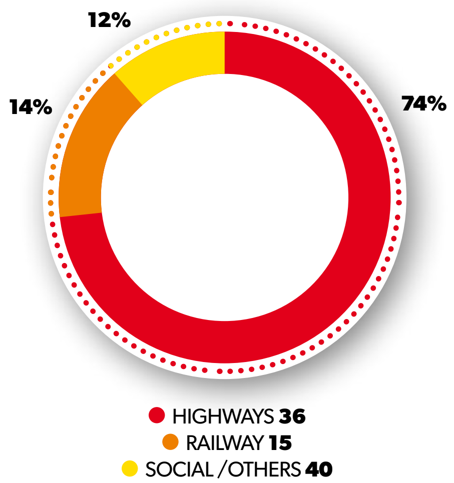
BACKLOG



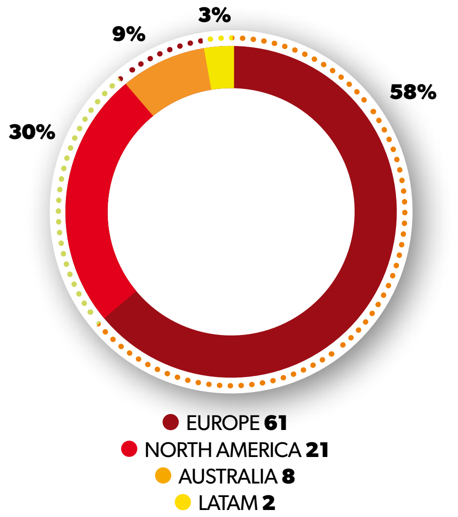
ACS GROUP CONCESSION PORTFOLIO

CONCESSIONS	TOTAL MANAGED INVESTMENT	CURRENTLY IN BACKLOG	COMMITTED INVESTMENT
91	**47,491 €MN**	**7,810 €MN**	**1,291 €MN**
75% DEVELOPMENT / 25% CONSTRUCTION	50% CONSTRUCTION / 50% O&M	75% EXECUTED / 25% REMAINING	

COMMITTED INVESTMENT BY TYPOLOGY (NUMBER OF CONCESSIONS)



COMMITTED INVESTMENT BY LOCATION (NUMBER OF CONCESSIONS)



PUBLIC WORKS FINANCING
ACS Global leader in concessions' development

The investment allocated by the ACS Group to these projects amounts to € 1,291 million, of which it has already disbursed approximately two thirds.

Additionally, the recent acquisition of Abertis reinforces the Group's tender business,by integrating the operation and maintenance of assets that have already began to mature, and supporting the investment plan for new PPP projects. In this market, more than 150 tender projects have been identified, representing an approximate value of € 230,000 million in the Group's main strategic regions: United States, Canada, Australia and Europe.

Of all the projects identified, the Group is pre-qualified in 15 of them, of which the following are noteworthy:

- The Sydney metro for € 7.3 billion.
- The Cross River Rail project in Brisbane (Australia) for approximately € 2.8 billion.
- The I-10 Mobile River Bridge in Alabama (United States) for more than € 2.1 billion.
- The Silvertown Link in the United Kingdom for about € 1 billion.
- And the LRT Hamilton Project in Ontario (Canada) for about € 1 billion.

AUTOMATED PEOPLE MOVER AT LOS ANGELES AIRPORT

For further information:
Website (www.grupoacs.com)
Construction Projects
Construction projects awarded

CLIENT
Los Angeles, California (USA)

PROJECT EXECUTION DATES
Construction: 5 years
Maintenance: 25 years

LOCATION
Los Angeles, California (USA)

TYPE OF WORK
Civil works

VALUE
Total Investment: € 2,181 million
Amount Construction ACS companies: € 629 million

COMPANIES INVOLVED IN THE PROJECT
Share Capital: ACSID (18%) + HOCHTIEF (18%) + Balfour Beatty (27%) + Fluor (27%) + Bombardier (10%)

Construction: Dragados (20%) + Balfour Beatty (30%) + Fluor (30%) + Flatiron (20%)

Maintenance: ACSID (12.5%) + HOCHTIEF (12.5%) + Fluor (20%) + Bombardier (55%)

The concession agreement, signed in April 2018, includes the design, financing, construction and operation for 30 years of an (Automated People Mover), placed at a height of 15 to 20 meters, which will have six stops that will connect the new car rental buildings and the light rail stations of the city, with the airport terminals. Dragados and Hochtief will participate in the construction.

The project, which is approximately 3.6 km in length, will have up to nine trains that will be able to travel simultaneously and will improve passenger access, in the future, to the terminals of the second largest airport in the United States. The project, with a construction price of US$ 1,950 million, includes the supply of the 44 Bombardier APM vehicles as well as the construction of a 7,000 m2 train warehousing and maintenance facility. Construction is expected to be completed in September 2023.

The financing includes an income tax exempt bonus tranche for bondholders, totaling approximately US$ 1,300 million. The fact that the demand was almost 7 times greater than the offering, speaks of the success of the issuance, as the transaction had the highest closing volume in California within the P3 market. Additionally, the financial structure includes a bank tranche of approximately US$ 270 million with five banks.

WESTCONNEX 4 EAST PROJECT

For further information:
Website (www.grupoacs.com)
Construction Projects
Construction projects awarded

CLIENT
Sydney Motorway Corporation

PROJECT EXECUTION DATES
2016-2023

LOCATION
Sídney (Australia)

TYPE OF WORK
Civil works

VALUE
Aprox. 2,000 MN AUD for CIMIC

COMPANIES INVOLVED IN THE PROJECT
CPB Contractors, EIC Activities

CPB Contractors is responsible for delivering several stretches of the WestConnex highway, which is the largest transportation infrastructure project in Australia. Through its Indigenous and Social Inclusion Strategy, the company is committed to supporting people who are disadvantaged in terms of access to employment and training opportunities. CPB Contractors is part of a joint venture selected to deliver WestConnex M4-M5 Link Rozelle Interchange, which is where two key freeway feeder roads intersect in Sydney. Scheduled for completion by 2023, the project is valued at some AUD 3.9 billion, half of which will be earned by the CIMIC company. EIC Activities will support the venture with geotechnical, structural, mechanical and electrical engineering expertise, thus ensuring cost-efficient construction. Since the traffic arteries will run underground, a roughly ten-hectare public area will be freed up above ground.

GORDIE HOWE BRIDGE CONCESSION CONTRACT (UNITED STATES AND CANADA)

For further information:
Website (www.grupoacs.com)
Construction Projects
Construction projects awarded

CLIENT
Canada Crown Corporation
'Windsor - Detroit Bridge Authority' (Federal)

PROJECT EXECUTION DATES
Construction: 2019-2024
Maintenance 30 years

LOCATION
Windsor (Canada) and Detroit (USA)

TYPE OF WORK
Civil works

VALUE
Total Investment: € 2,600 million
Construction Amount:
€ 1,052 million

COMPANIES INVOLVED IN THE PROJECT
Share Capital: ACSIC (40%) + Fluor (40%) + Aecon (20%)

Construction: Dragados (40%) + Fluor (40%) + Aecon (20%)

Maintenance: ACSIC (40%) + Fluor (40%) + Aecon (20%)

In July 2018, the Federal Government of Canada awarded the ACS Group, through its affiliates ACS Infrastructure Canada (Iridium) and Dragados Canada, the concession contract for the new Gordie Howe International Bridge Project connecting Detroit (USA) and Windsor (Canada), including the border crossings associated with the bridge.

The public-private partnership (PPP) project includes the design, construction, financing, operation and maintenance for 30 years of a new 2.5 km international cable-stayed bridge between the cities of Detroit (USA) and Windsor (Canada). The bridge, which will cross the Detroit River (which separates both countries), will have 6 lanes (three in each direction) and its main span will be the longest in North America, being more than 850 meters in length, without piers in the water. The contract also includes the construction and maintenance of border facilities in Canada (53 hectares) and in the United States (68 hectares), including all buildings for the control of passengers and vehicles, as well as rehabilitation works for the I-75 highway, which connects Detroit to the bridge.

The border crossing between Windsor and Detroit is one of the busiest in North America and is of vital importance for the economy and industries of both countries, representing up to 25% of the exchange of goods between the US and Canada. The new project will provide another alternative route for the transportation of goods and people between the United States and Canada, while reducing the congestion in the existing routes and favoring the growth of trade relations between both countries.

The funding is backed by more than CAN$ 1,033 million from a bond issuance in the capital markets of Canada and the US with two tranches, one long-term maturing in 35 years and a second tranche in the medium term maturing in 20 years. Both tranches have an A-credit rating according to Standard & Poors. The short-term financing during the construction period has been structured using bank debt, which was syndicated by five international banks.

ABERTIS

Abertis is one of the international market leaders in the management of toll roads, managing over 8,600 kilometers of high capacity and quality roads in 15 countries in Europe, the Americas and Asia.

Abertis is the first national operator of toll roads in countries such as Spain, Chile and Brazil, and also has a significant presence in France, Italy and Puerto Rico. The company has stakes in more than 700 km in the United Kingdom, Argentina and Colombia.

Due to the internationalization strategy developed by the Group in recent years, currently more than 70% of the revenue of Abertis comes from outside Spain, with special weight of France, Brazil and Chile.

For Abertis, the safety of drivers is a priority. It is continually investing in technology and smart engineering to make sure our customers have a smooth experience using our roads: safe, comfortable, fast and convenient.

Committed to research and innovation, Abertis combines the advances in high capacity infrastructures with the new technologies to drive innovative solutions to the challenges of the mobility of the future.

MAIN FIGURES

At the close of the 2018 financial year, activity in the highways of Abertis presents a positive evolution, thanks to the solid increases in activity registered in the main countries in which it operates the group. In this sense, the levels of achieved in Spain (which continues with the path of growth marked since 2016), growth traffic in France, as well as the contribution to the growth of Italy and Chile. Also highlights the recovery in Brazil, despite the strike transport that affected heavy traffic during the month of May, and in Puerto Rico, after the reconstruction work on the island after the damage caused by hurricane Maria in 2017.

TOTAL ADT
25,120
+1.8% VS. 2017

REVENUES
5,255Mn€
-0.3% VS. 2017

EBITDA
3,549Mn€
+3% VS. 2017

EBIT
2,172Mn€
+7% VS. 2017

NET PROFIT
1,681Mn€
+15% (Comparable) VS. 2017

KILOMETRES DIRECTLY MANAGED
7,759

2018 DATA

Country	Km	ADT	Var IMD
Spain	1,559	21,560	+3.3%
France	1,761	25,268	+1.7%
Italy	236	65,395	+1.2%
Brazil	3,014	18,681	+0.8%
Chile	773	27,626	+3.0%
Puerto Rico	90	69,185	+7.0%
Argentina	175	82,239	-0.7%
India	152	20,556	+4.8%
Total Abertis	7,759	25,120	+1.8%

4.2. INDUSTRIAL SERVICES

ONE OF THE MAIN GLOBAL COMPETITORS IN APPLIED INDUSTRIAL ENGINEERING SECTOR

AN INDUSTRY MODEL

The activity of the Industrial Services area of the ACS Group is focused on the development, construction, maintenance and operation of energy, industrial and mobility infrastructure, as well as the development of projects related to utility concessions.

Thanks to the large group of companies via which the Industrial Services area carries out its activities, it is now one of the main global competitors in applied industrial engineering, with projects in over 60 countries.

SALES
6,385
MILLION EUROS

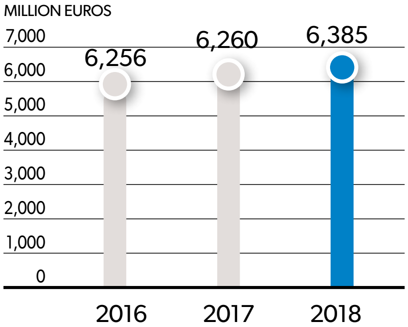
EBITDA
645
MILLION EUROS

BACKLOG
9,845
MILLION EUROS

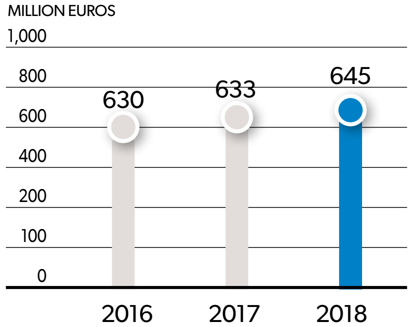
NET PROFIT
325
MILLION EUROS

EMPLOYEES
51,672

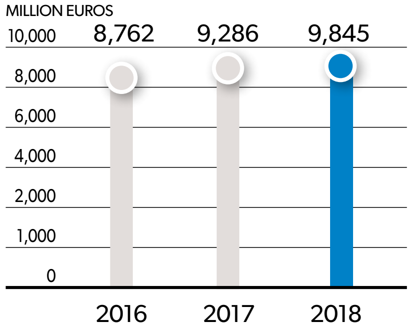
SALES



EBITDA



BACKLOG



5.55
-12.5% VS 2017
FRECUENCY RATE*

0.16
-5.9% VS2017
SEVERITY RATE **

11.20
-17.6% VS 2017
INCIDENT RATE***

57
NUMBER OF ONGOING R&D PROJECTS

15.7
INVESTMENT IN R&D (MN €)

33.1
INV. IN HEALTH AND SAFETY (MN €)

INCREASE IN THE SCOPE OF REPORTING ENVIRONMENTAL INDICATORS

*Frequency Rate: number of accidents that have occurred during the working day per each million hours worked.
**Severity Rate: number of working days missed due to accidents per every thousand hours worked.
***Incident Rate: number of accidents with time off per every thousand workers.

The activities carried out by the ACS Group's Industrial Services area are grouped into two primary business lines:

INDUSTRY SUPPORT SERVICES

Industry Support Services focus on industrial maintenance contracts and services, as well as support services for customers' operational activities that, in turn, includes three areas of activity:

- Networks: electricity, gas and water distribution network maintenance services and activities, in which the ACS group has over 80 years' experience.

- Specialized Facilities and Construction: covering construction, installation and maintenance activities for high-voltage electricity networks, telecommunications systems, rail facilities, electricity facilities, mechanical assemblies, marine platforms and artifacts and air conditioning systems.

- Control Systems: activities for installing and operating control systems for industrial and municipal services, of particular note traffic and transport control systems and systems for the comprehensive management of public infrastructure and industrial plants.

INTEGRATED PROJECTS AND RENEWABLE ENERGY: GENERATION

The ACS Group's Integrated Projects business is focused on executing integrated projects in which it designs, supplies, constructs and commissions projects related to the energy sector (electricity generation as well as, in particular, the execution of projects related to renewable energy, assets related to the oil and gas sector, among others) and engineering applied to industry and sectors such as healthcare, education and social services.

It is also worth highlighting the ACS Group's experience promoting and participating in concession assets, related mainly to energy, such as wind farms, solar thermal plants (either with a central tower or with parabolic trough collectors, and with molten salt energy storage technology) transmission lines, purification plants and desalination plants. As of December 31, 2018, the total volume of investment in the concession assets amounted to €4,485 million. See appendix 9.4.3 for the full breakdown.

Industry Support Services

SALES
3,794
MILLION EUROS

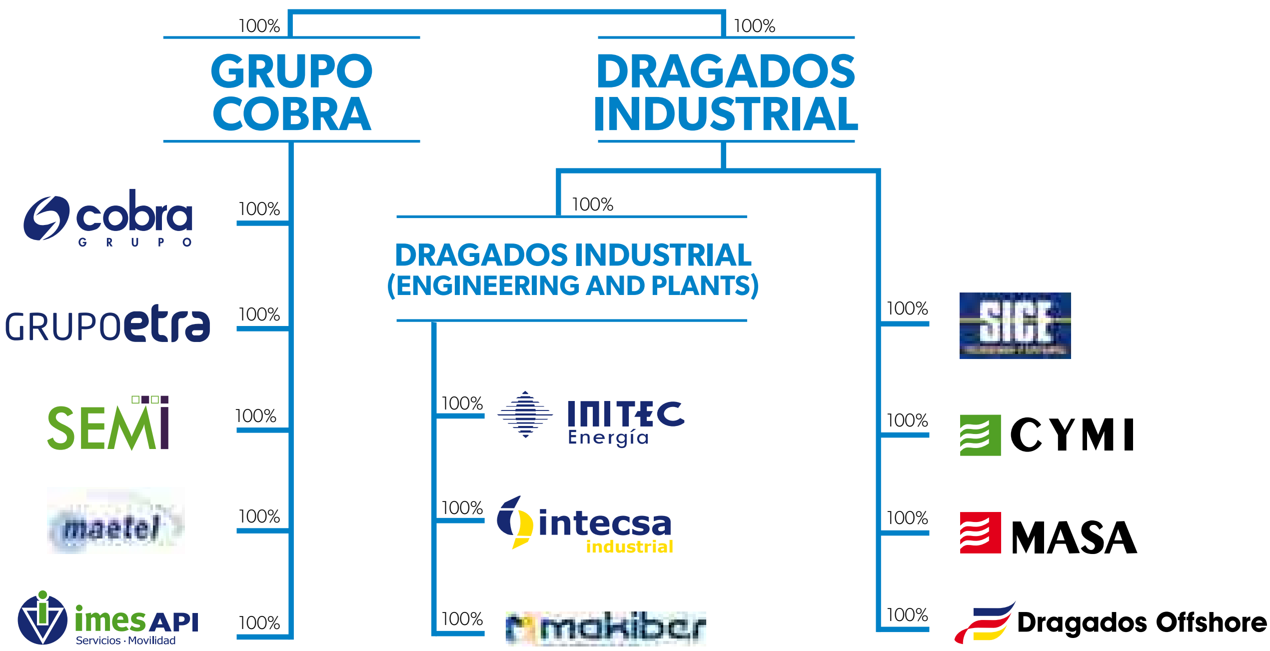
BACKLOG
5,165
MILLION EUROS

Integrated Projects and Renewable Energy: Generation

SALES
2,597
MILLION EUROS

BACKLOG
4,679
MILLION EUROS

INDUSTRIAL SERVICES



These activities are distributed among the various enterprises that comprise the companies at the forefront of the industrial services activity: the Cobra Group and Dragados Industrial, two sector-leading business groups with more than 50 years of proven experience.

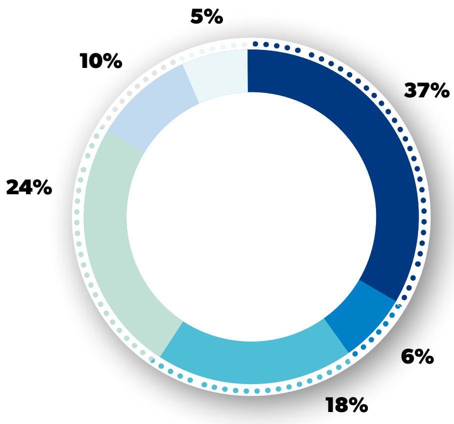
The ACS group is a leader in Industrial Services in Spain and one of the main competitors in Latin America, where it has extensive experience and a stable presence in the development of turnkey projects and as a service provider, particularly in Mexico and Peru, two countries in which it holds a leading position.

Likewise, the Industrial Services activity has a growing presence in European and Middle Eastern countries, where in recent years it has been awarded important projects. Similarly, the Group is consolidating its presence in regions such as North America, Africa and countries in the Asia-Pacific region.

For further information:
5.5. Industrial Services

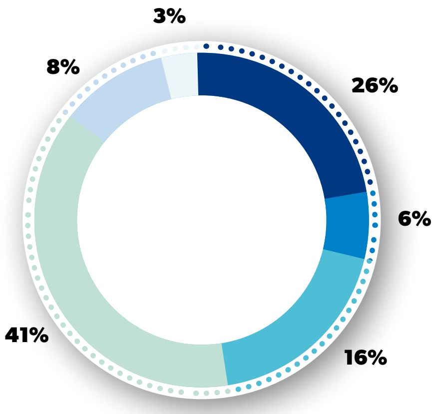
THE ACS GROUP'S INDUSTRIAL SERVICES ACTIVITY IN 2018

2018 SALES BREAKDOWN BY GEOGRAPHICAL AREAS



- SPAIN **2,369 MN €**
- REST OF EUROPE **383 MN €**
- NORTH AMERICA **1,124 MN €**
- SOUTH AMERICA **1,525 MN €**
- ASIA PACIFIC **640 MN €**
- AFRICA **345 MN €**

2018 BACKLOG BREAKDOWN BY GEOGRAPHICAL AREAS



- SPAIN **2,513 MN €**
- REST OF EUROPE **618 MN €**
- NORTH AMERICA **1,602 MN €**
- SOUTH AMERICA **4,038 MN €**
- ASIA PACIFIC **739 MN €**
- AFRICA **335 MN €**

2018 SALES BREAKDOWN BY COUNTRY (MN €)

SPAIN	2,369
MEXICO	976
BRAZIL	657
PERU	264
SAUDI ARABIA	204
UNITED ARAB EMIRATES	192
CHILE	184
JAPAN	146
PORTUGAL	127
UNITED STATES	115
EGYPT	109
SOUTH AFRICA	101
PANAMA	80
COLOMBIA	72
ARGENTINA	71
GERMANY	58
GUATEMALA	53
OTHERS	607

* Main countries where the Industrial Services area reported ongoing projects or new awarding projects.

INTEGRATED PROJECTS
SPECIALISED PRODUCTS
CONTROL SYSTEMS
NETWORKS

MAIN COUNTRIES WHERE THE ACS GROUP IS DEVELOPING INDUSTRIAL SERVICES ACTIVITY*

MAIN AWARDS IN 2018

			Value (million euros)
1	**ASIA PACIFIC**	Construction of a 300 MW Combined Cycle plant of natural gas, integrated with a seawater reverse osmosis desalination plant located in Duqm (Oman)	148
2	**AMERICA**	Contract for the construction of the project of Vale Azul II sa natural gas thermoelectric power plant (Rio de Janeiro, Brazil)	143
3	**EUROPE**	Contract for two Jackets for the Tyra Future Development Project in the North Sea (Denmark)	83
4	**ASIA PACIFIC**	Project for the upgrade and rehabilitation of the Qairokkum hydropower plant in Tajikistan	70
5	**ASIA PACIFIC**	Development of the Kurayoshi photovoltaic park with an installed capacity of 42MW (Japan)	61
6	**AMERICA**	Works for the development of Mexsolar I and II photovoltaic plants with an installed capacity of 70.35MW (Mexico)	53
7	**ASIA PACIFIC**	Works for the installation of the intelligent transport system and operation and maintenance of the control system for the M4-M5 project (main tunnel) within the WestConnex in Sydney (Australia)	44
8	**ASIA PACIFIC**	Integrated project for the construction of Kesennuma photovoltaic plant (Japan)	40
9	**AMERICA**	Remedial works to the Changuinola hydroelectric plant (Panama)	39
10	**SPAIN**	Contract for the service of maintenance and execution of new work in the period 2019-2021 for Endesa substations in different regions of Spain	35
11	**EUROPE**	Contract for the implementation of the traffic systems of the Stockholm bypass: a beltway that includes 55 kilometers of tunnel (Sweden)	31
12	**AMERICA**	Contract for the management of the electronic toll collection subject to performance standards in the highway network granted to Mexico's National Infrastructure Fund (Fonadin)	29
13	**AMERICA**	Services for works and support for the maintenance of medium and low voltage networks in Argentina	28
14	**SPAIN**	Contract for the operation and maintenance of the sewerage network and complementary facilities in Madrid (Spain)	27

BUSINESS IN 2018

The strategy of the Industrial Services area is based on three fundamental pillars that in 2018 have continued to contribute to the advancement and consolidation of the leadership of these companies in their respective sectors. These pillars are:

TERRITORIAL DIVERSIFICATION

Territorial diversification is one of the major assets of the Industrial Services area. Consolidation in the current geographical markets and penetration into new markets are essential for growth and stability in the medium and long term. Thus, in addition to having a strong presence in Spain, it maintains a high level of business activity in North America, mainly in Mexico, as well as significant consolidation in the Andean Region, Brazil, the Southern Cone, Central America and the Caribbean.

In Asia Pacific it is working on projects in the Middle East and in other countries, such as Japan. It also maintains a presence in countries such as Malaysia, New Zealand and Australia, and continues to explore opportunities in a selection of countries in Africa.

PERMANENT ADAPTATION TO ACCELERATED TECHNOLOGICAL AND MARKET EVOLUTION

One of the main business drivers in the world of industrial engineering is energy and environmental sustainability, which highlights the accelerated development of renewable energies, energy efficiency services and flexibility services for the balancing of electrical systems and the reliability of the electricity supply. In this regard, the Industrial Services area of the ACS Group has a privileged strategic position: as it is a leading company in executing integrated projects for onshore and offshore wind energy, it has a growing presence in large solar thermal and photovoltaic projects throughout the world, as well as being one of the leading regional hydroelectric companies in Latin America.

Likewise, in the coming years, the sector will benefit from the evolution and implementation of new technologies. The Industrial Services area has a good starting position thanks to several of its business units, which operate in the business segments of ICT, Big Data, Artificial Intelligence, advanced communications, etc. The monitoring and implementation of these technological advances, both for the improvement of internal processes and to adapt to customers' needs, will be one of the greatest development opportunities in the future.

CONCESSIONARY ACTIVITIES

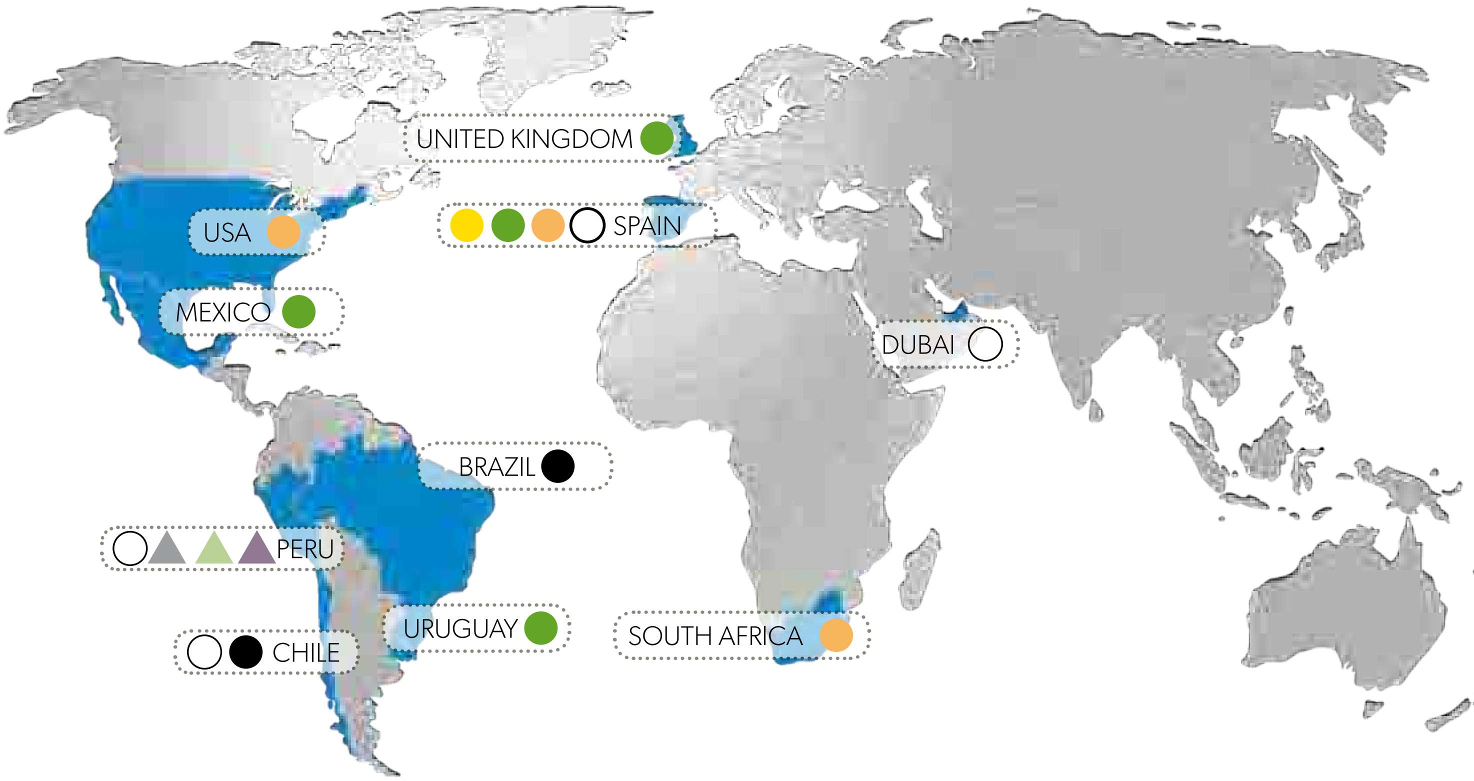
Lastly, an important factor for the Industrial Services area is its coexistence with a solid demand for investment in energy infrastructure. The reliability, experience and reputation of ACS as a guarantor of the technical success of projects, in terms of compliance with deadlines, prices and returns, makes the Group companies a partner that sets the standard for many of the major international investors, which makes it possible for the respective companies to take on the roles of developers and integrators of tender projects for operations in the field of energy (renewable energy generation, electricity transmission and sustainable transport) and the environment (desalination, water treatment, sewage treatment). These capacities are reinforced by the acquisition of the remaining 49% of Bow Power, that was formalized in February 2019

Currently, the ACS Group has around 50 assets in its project portfolio involving renewable energy, transmission lines, desalination projects, irrigation and water treatment, along with other energy assets. Renewable energy assets in operation or development account for nearly 2,000 MW, including photovoltaic plants. The contribution of ACS committed to these projects exceeds €1,600 million, of which €800 million have already been invested.

COMPETITIVE POSITION IN THE ENERGY SECTOR

ASSETS UNDER CONSTRUCTION / OPERATION

ACS CONTRIBUTION €800 M



INVESTMENT
€4,500 M

As for the portfolio of potential renewable energy projects, there are more than 10,800 MW being promoted, of which 7,700 MW are in photovoltaic plants, 2,900 MW in wind farms and 200 MW in solar thermal power plants, ensuring the future growth of the Group in this area.

RENEWABLE ENERGIES	2,000 MW
8PHOTOVOLTAIC (PV)	1,235 MW
9 WIND ENERGY	410 MW
3 THERMOSOLAR	260 MW
1 HYDROELECTRIC	20 MW

TRANSMISSION LINES	7,310 KM
9 DESALINATING / PURIFICATION PLANTS	2,266 KM^3/DAY
1 COMBINED CICLE	223 MW
1 WATERING	52.5 K HA

MAIN PROJECTS

DEVELOPMENT OF THE MULA PHOTOVOLTAIC PLANT

For further information:
Website (www.grupoacs.com)
Industrial Service Projects
Industrial Service Awards

CUSTOMER
Promosolar JUWI17 S.L.U

PROJECT EXECUTION DATES
February 2018 - June 2019

LOCATION
Mula (Murcia, Spain)

CONTRACT TYPE
Integrated Projects

AMOUNT
€285.3 M

COMPANIES INVOLVED IN THE PROJECT
Cobra Instalaciones y Servicios, S.A.

Photovoltaic project with 493.74 MW peak generating capacity, covering approximately 1,000 ha within the municipality of Mula in the province of Murcia.

The main characteristics of the Solar Power Plant are:

- Photovoltaic installation on ground in a fixed 3V metallic structure.

- Polycrystalline type photovoltaic modules.
- Internal 30 KV medium voltage distribution network.

- Two electrical substations, each located on site and interconnected by 132 KV high voltage underground line.

- 400 KV high voltage network consisting of approximately 20 km for evacuation line from the solar plant to the ST El Palmar Transmission Network junction.

KINCARDINE OFFSHORE FLOATING WIND FARM (SCOTLAND)

For further information:
Website (www.grupoacs.com)
Industrial Service Projects
Industrial Service Awards

CUSTOMER
KINCARDINE OFFSHORE WIND LIMITED (KOWL)

PROJECT EXECUTION DATES
December 2017 - September 2019

LOCATION
Aberdeen, Escocia

CONTRACT TYPE
Integrated Projects

AMOUNT
€330 million

COMPANIES INVOLVED IN THE PROJECT
Cobra instalaciones y Servicios

Project involving Offshore Floating Wind Farm generation. Kincardine Offshore Floating Wind Farm (KOWF) will be an offshore demonstration floating commercial wind farm with a capacity of up to 50 MW. When completed, it will consist of seven turbines installed in semi-submersible floating structures 15 km southeast of Aberdeen with two transmission cables running from the turbines to Altens.

The generation capacity will not exceed 50 MW, with each turbine generating between 2 and 8.4 MW.

4.3. SERVICES

CLECE, A BENCHMARK COMPANY IN SERVICES FOR PEOPLE

AN ACTIVITY GEARED TOWARDS PROVIDING SERVICES TO SOCIETY

1. ANOTHER WAY OF UNDERSTANDING THE SERVICES PROVIDED: QUALITY, COMMITMENT AND CLOSE PROXIMITY

Clece is the main multi-service company in Spain, founded 26 years ago, the company has a service portfolio with more than 30 different activities, grouped into three major areas: services for buildings, services for the environment and services for people, and it has consolidated its model in countries such as Portugal and the UK. During all these years, the company has maintained an uninterrupted growth with a single objective: to create and maintain a company of people for the people.

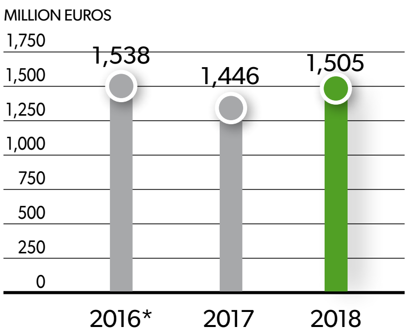
SALES
1,505
MILLION EUROS

EBITDA
80
MILLION EUROS

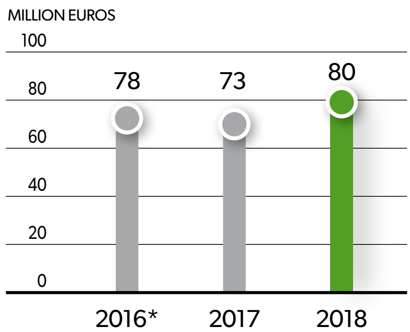
BACKLOG
3,028
MILLION EUROS

NET PROFIT
37
MILLION EUROS

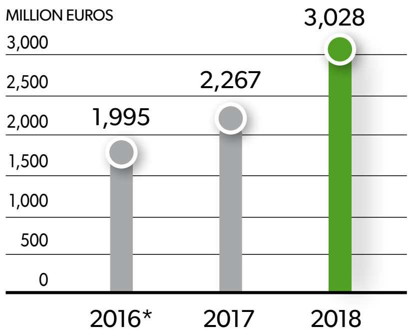
REVENUES



EBITDA



BACKLOG



*In 2016, Sintax was included.

11.6%
OF EMPLOYEES BELONGS TO VULNERABLE GROUPS

>1.3
MILLION ATTENDED PEOPLE

197
CENTERS FOR VULNERABLE GROUPS

261
RETIREMENT HOMES

218
CHILDREN SCHOOLS

6,800
BUILDING MAINTENANCE CONTRACTS

350
COLLABORATION AGREEMENTS WITH NON-PROFIT INSTITUTIONS AND ORGANIZATIONS

SERVICES FOR PEOPLE	SERVICES FOR BUILDINGS	SERVICES FOR THE CITY AND THE ENVIRONMENT
Meet assistance needs and resources for certain groups, such as the elderly, dependent individuals, individuals with disabilities or children from ages 0 to 3, including services such as care for the elderly; management of nursery schools or restorations in communities.	Include services necessary for the optimal operation of any property, such as maintenance, energy efficiency, cleaning, security, logistics and ancillary services.	Encompass activities related to the preservation and care of public spaces such as managing public lighting, including investing in changing the lighting, environmental services and airport services.

Clece's success in recent years is not only due to a constantly growing and diversified business model, but is also a result of its solutions provided to the new needs of citizens and organizations. These range from the development of dependency services in Spain and the UK, to activities linked to the sustainability of cities and their surroundings such as environmental protection and energy efficiency, plus the inclusion of vulnerable communities and a comprehensive vision of care for the elderly and early childhood education.

In all the activities developed by Clece, people have been placed as a central element of development. On the one hand, Clece provides professional development opportunities to 75,197 workers, 11.6% of them from disadvantaged groups (people with different abilities, victims of male violence, people at risk of social exclusion or unemployed young people), on the other hand, the services provided are aimed at caring for people and their environment, improving the quality of life of users and helping when and where it is most needed.

During recent years, all company figures have improved, increasing sales, the number of workers and, as a result, its contribution to society. The good results have been based on an appropriate selection of projects and type of services. It is a balanced combination of public and private services of medium duration, focused on human capital, where we take care of people and their places of work, leisure and transport through interior cleaning services, home care services, gardening and forestry services, maintenance of facilities, airport services, security or catering, among others. To this activity, Clece has incorporated the long-term and integral management of certain places such as residential homes, nursery schools and sports centers. In the more than 260 integral management centers, the company has invested to improve the facilities and provide them with the greatest level of comfort.

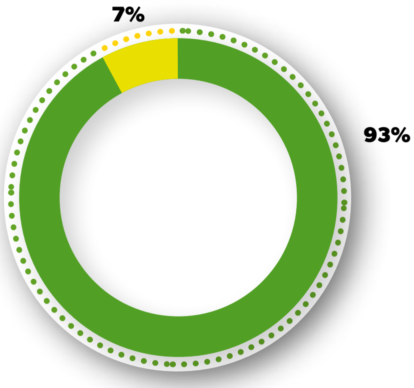
All this in a company where the prevention of labor risks, regulatory compliance and quality are synonymous with the services provided. This implies that all the workers reach the highest standards of quality and efficiency. This allows us to work in the most demanding environments such as nuclear power plants, automotive industries, laboratories, pharmaceutical companies, large healthcare centers, universities, agri-food industries, transport centers, as well as technological and financial industries.

In addition, Clece has achieved a solid financial position and sufficient profitability, which provides for the sustainable professional development of the workers. In addition, it continues to invest in improving the quality of life of users in the countries where it is present, combined with the care provided directly to thousands of people and taking care of their environment, all of which makes Clece a company that has a more human quality and social orientation.

In this way, Clece is a key player in the global strategy of the ACS Group and its commitment to the local environments where it carries out its activities. Its infrastructure management and maintenance activities ensure the presence of the ACS Group throughout the infrastructure business value chain. Its markedly social emphasis helps the Group to understand society's real needs, and enables it to identify opportunities in the Group's respective business activities.

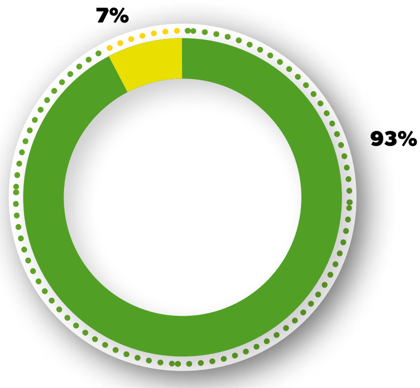
SERVICE ACTIVITY OF THE ACS GROUP IN 2018

2018 SALES BREAKDOWN BY GEOGRAPHICAL AREAS



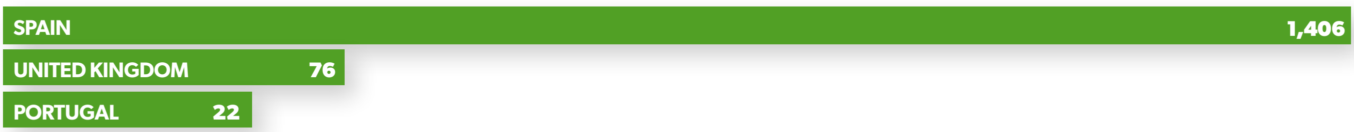
SPAIN **1,406 MN €**
REST OF EUROPE **98 MN €**

2018 BACKLOG BREAKDOWN BY GEOGRAPHICAL AREAS

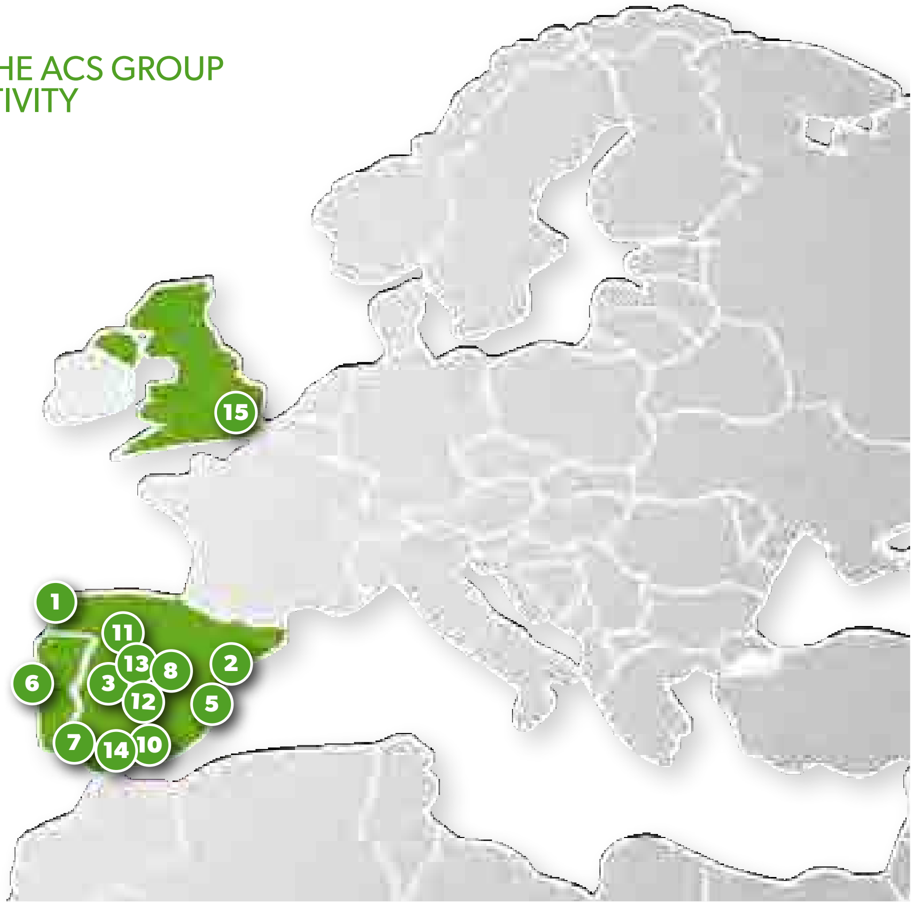


SPAIN **2,805 MN €**
REST OF EUROPE **223 MN €**

2018 SALES BREAKDOWN BY COUNTRIES (MN €)



MAIN COUNTRIES WHERE THE ACS GROUP DEVELOPS ITS SERVICES ACTIVITY



SERVICES FOR PEOPLE
SERVICES FOR BUILDINGS
SERVICES FOR THE CITY AND THE ENVIRONMENT

2018 MAIN AWARDS

1 SPAIN
New award for the management of the retirement homes of Oleiros, Emilia Pardo Bazán and Plaza Donoso Cortés (Spain)
VALUE **217** MILLION EUROS

2 SPAIN
New contract for cleaning services in the east area of Spain for the railway company Renfe
VALUE **95** MILLION EUROS

3 SPAIN
New award of the cleaning service contract for local buildings and state agencies located in the Community of Madrid (Spain)
VALUE **73** MILLION EUROS

4 SPAIN
Contract for the integral management of the retirement home of San Cristóbal de la Laguna in Tenerife (Spain)
VALUE **68** MILLION EUROS

5 SPAIN
Extension of the contract for the cleaning service in different hospitals in the Valencian Community (Spain)
VALUE **68** MILLION EUROS

6 SPAIN
New contract for management and exploitation of the Areeiro retirement home (Lisbon, Portugal)
VALUE **65** MILLION EUROS

7 SPAIN
New contract for facility management of a retirement home in Huelva (Spain)
VALUE **64** MILLION EUROS

8 SPAIN
Renewal of the contract for cleaning services anddisinfection, disinsection and rodent control in the facilities of the Ministry of the Interior (Spain)
VALUE **48** MILLION EUROS

9 SPAIN
Extension of the contract for the cleaning service in different hospitals in Canarias (Spain)
VALUE **40** MILLION EUROS

10 SPAIN
Extension of the service contract for Home Help in the Diputación de Jaén (Spain)
VALUE **39** MILLION EUROS

11 SPAIN
New contract for the management of of a retirement home in Salamanca (Spain)
VALUE **36** MILLION EUROS

12 SPAIN
Contract for the management of the retirement home of the Avda Carondelet in Madrid(Spain)
VALUE **35** MILLION EUROS

13 SPAIN
Expansion of the cleaning service contract in facilities of the Ministry of Defense (Spain)
VALUE **31** MILLION EUROS

14 UNITED KINGDOM
Renewal of the service contract for home help in Seville (Spain)
VALUE **27** MILLION EUROS

15 SPAIN
New contract for the home help service in Hampshire County Council (UK)
VALUE **27** MILLION EUROS

BUSINESS ACTIVITY IN 2018

The company's strategy focused on a multi-service model through which it responds to the needs of individuals and organizations, together with the expansion of its business areas in its target markets, ensures the visibility of the turnover for the next two years.

In Spain, it combines the procurement and renewal of public and private medium-term service contracts (such as the cleaning contract for RENFE in the eastern part of Spain or the extension of the home care service in Jaén) with contracts for the integral and long-term management of facilities such as early education schools, sports facilities or retirement homes. In the rest of Europe, Clece's portfolio has doubled compared to 2016, reaching €223 million, while already representing 7.4% of the company's total backlog. This growth is particularly evident in the United Kingdom, where during 2018 progress has been made with the acquisition of new contracts, such as the contract for home care services in Hampshire County Council, and the acquisition and integration of new companies specialized primarily in providing social services.

In this aspect, care for the elderly is a sector that has expanded in recent years, and will represent one of the main market niches in the coming decades. This is also the case in regards to social and health care for dependent individuals, where services such as telecare, home care, day centers and residential homes have plenty of room for development. Thus, demographic evolution poses a challenge for Public Administrations, which have to address issues such as increasing needs for healthcare and social services, making public-private collaboration essential. However, the challenge not only affects the public sector, but also private business.

In this area, in 2018, Clece implemented the management of five private residential homes in various parts of Spain and Portugal with the aim of providing 550 people, with different degrees of dependence, with a suitable and well located place for this stage of their lives. Clece started this project seven years ago with two residential homes located in Soria and Venta de Baños (Palencia). In the beginning this was an addition to the management of publicly owned residential homes where Clece is a renowned leader in Spain with more than 100 retirement homes under management. Currently there are 15 private centers managed by the company. A team of 800 workers cares daily for 1,550 users with different degrees of dependence. The goal is for residents to feel at home and be cared for in a personalized manner. Therefore, the environment, both personal and architectural, seeks to transfer an environment that is similar to home, strengthening the organization in units of coexistence with individual-focused close and personalized care.

Along these lines, the Clece teams are working on 14 new residential homes, which will open their doors in 2019 -2021, incorporating 1,350 additional spaces into the Clece offering in places like Madrid, Galicia, the Canary Islands, Andalusia, Catalonia, the Valencian Community, among others. With these private residential homes, Clece has reached a backlog totaling more than €900 million.

NOTEWORTHY PROJECTS

HOSPITAL CLEANING SECTOR

For further information:
Website (www.grupoacs.com)
Services Projects
Awards Services

CUSTOMER
GRUPO RENFE S.A.

PROJECT/CONTRACT EXECUTION DATES
10/18/2018 TO 10/17/2022 (4 YEARS OF CONTRACT + 1 YEAR OF POSSIBLE EXTENSION)

LOCATION
VALENCIAN COMMUNITY, MURCIA, ARAGON AND CATALONIA

TYPE OF PROJECT/ CONTRACT
TECHNICAL CLEANING

AMOUNT
€95M

COMPANIES INVOLVED IN THE PROJECT/CONTRACT
CLECE

MORE THAN **600** PEOPLE IS IN CHARGE OF THE TECHNICAL TASKS

MORE THAN **600** MACHINES AND AUXILIARY ELEMENTS

MORE THAN **300** LOCATIONS

Clece has served RENFE in an almost uninterrupted manner since 1996, when it was awarded the medium-distance trains. Since then, it has participated in several cleaning and maintenance contracts for the railway operator. This experience has been extended to other companies in the sector such as ADIF, Talgo, Alstom, Nertus, Bombardier and CAF. The execution of cleaning services for trains and locomotives, service and traveler premises in stations, RENFE shops and offices in the east zone amount to more than 300 locations. A team of 600 people is in charge of the technical cleaning tasks in the manufacturing and maintenance workshops, as well as the cleaning of premises, offices and the mobile fleet of more than 400 units, including commuter and Rodalies trains, medium-distance trains and freight locomotives.

The Clece offering includes the allocation of more than 600 machines and auxiliary elements that allow greater efficiency in the execution of the tasks as well as greater energy savings. Another improvement is the implementation of virtual presence controls through fingerprint systems, the use of TAGs and BIDI codes, as well as work controls in real time for the fleet.

5. THE FINANCIAL MANAGEMENT IN 2018

5.1. CONSOLIDATED INCOME STATEMENT
5.2. CONSOLIDATED BALANCE SHEET
5.3. NET CASH FLOWS
5.4. CONSTRUCTION
5.5. INDUSTRIAL SERVICES
5.6. SERVICES
5.7. ABERTIS

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5.1. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT OF THE ACS GROUP

EURO MILLION	2017		2018		Var.
Net Sales	**34,898**	**100.0 %**	**36,659**	**100.0 %**	**+5.0%**
Other revenues*	432	1.2 %	407	1.1 %	-5.7%
Total Income	**35,330**	**101.2 %**	**37,066**	**101.1 %**	**+4.9%**
Operating expenses	(25,363)	(72.7 %)	(26,719)	(72.9 %)	+5.3%
Personnel expenses	(7,688)	(22.0 %)	(7,910)	(21.6 %)	+2.9%
Operating Cash Flow (EBITDA)	**2,279**	**6.5 %**	**2,437**	**6.6 %**	**+6.9%**
Fixed assets depreciation	(611)	(1.8 %)	(573)	(1.6 %)	-6.3%
Current assets provisions	(42)	(0.1 %)	(74)	(0.2 %)	+76.7%
Ordinary Operating Profit (EBIT)	**1,626**	**4.7 %**	**1,791**	**4.9 %**	**+10.1%**
Impairment & gains on fixed assets	(15)	(0.0 %)	(0)	(0.0 %)	-96.9%
Other operating results	(170)	(0.5 %)	(138)	(0.4 %)	-18.9%
Operating Profit	**1,440**	**4.1 %**	**1,652**	**4.5 %**	**+14.7%**
Financial income	203	0.6 %	155	0.4 %	-23.7%
Financial expenses	(486)	(1.4 %)	(412)	(1.1 %)	-15.2%
Ordinary Financial Result	**(283)**	**(0.8 %)**	**(257)**	**(0.7 %)**	**-9.1%**
Foreign exchange results	(5)	(0.0 %)	(11)	(0.0 %)	+110.3%
Changes in fair value for financial instruments	244	0.7 %	66	0.2 %	-72.8%
Impairment & gains on financial instruments	(5)	(0.0 %)	(24)	(0.1 %)	n.a.
Net Financial Result	**(50)**	**(0.1 %)**	**(226)**	**(0.6 %)**	**+351.1%**
Results on equity method	27	0.1 %	225	0.6 %	n.s.
PBT of continued operations	**1,417**	**4.1 %**	**1,650**	**4.5 %**	**+16.5%**
Corporate income tax	(330)	(0.9 %)	(390)	(1.1 %)	+18.3%
Net profit of continued operations	**1,087**	**3.1 %**	**1,260**	**3.4 %**	**+16.0%**
Profit after taxes of the discontinued operations	0	0.0 %	0	0.0 %	n.a.
Net profit	1,087	3.1 %	1,260	3.4 %	+16.0%
Minority interest	(285)	(0.8 %)	(345)	(0.9 %)	+21.2%
Net Profit Attributable to the Parent Company	**802**	**2.3 %**	**915**	**2.5 %**	**+14.1%**

* Includes, apart from other revenues, the Joint Ventures Net Results, which are those companies that are executing projects but managed with partners.

5.1.1. SALES AND BACKLOG

Sales during the period accounted for € 36,659 million, increasing by 5.0% , 9.7% when adjusted to currency effects related to euro's revalorization.

Sales breakdown by geographical areas demonstrated the diversification of the Group's revenue sources, where North America represented 45.4% of total sales, Asia Pacific 27.5%, Europe 20.9%, with Spain rising up to 14.2%, and the remaining regions 12.8%.

SALES PER GEOGRAPHICAL AREAS

EURO MILLION	2017		2018		Var.
Europe	6,966	20.0 %	7,651	20.9%	+9.8%
North America	15,483	44.4 %	16,654	45.4%	+7.6%
South America	1,754	5.0 %	1,926	5.3%	+9.8%
Asia Pacific	10,226	29.3 %	10,083	27.5%	-1.4%
Africa	470	1.3 %	345	0.9%	-26.7%
TOTAL	**34,898**		**36,659**		**+5.0%**

SALES PER COUNTRIES

EURO MILLION	2017		2018		Var.
USA	13,331	38.2 %	14,200	38.7%	+6.5%
Australia	7,027	20.1 %	7,257	19.8%	+3.3%
Spain	4,427	12.7 %	5,213	14.2%	+17.7%
Canada	1,206	3.5 %	1,475	4.0%	+22.3%
Germany	923	2.6 %	956	2.6%	+3.6%
Mexico	946	2.7 %	978	2.7%	+3.4%
Rest of the world	7,038	20.2 %	6,579	17.9%	-6.5%
TOTAL	**34,898**		**36,659**		**+5.0%**

It is worth noting the good evolution of sales in the main countries where the Group operates with a solid growth of the North American markets, despite the negative impact of the exchange rate. Not considering this effect, growth rate stood at 10.3%in United States, with sales worth € 14,200 million and 26.6% in Canada, where sales reached € 1,475 million.

Sales in Australia, have also been affected by currency depreciation, accounted for € 7,257 million, with an adjusted growth due to the exchange rate variation of 10.4%.

On its side, Spanish market showed a recovery fostered by renewable energy projects and building. Sales reached € 5,213 million, growing by 17.7%.

BACKLOG PER GEOGRAPHICAL AREAS

EURO MILLION	Dec-17		Dec-18		Var.
Europe	12,212	18.2 %	13,162	18.2%	+7.8%
North America	25,286	37.7 %	29,947	41.5%	+18.4%
South America	4,324	6.4 %	5,445	7.5%	+25.9%
Asia Pacific	24,678	36.8 %	23,333	32.3%	-5.4%
Africa	581	0.9 %	335	0.5%	-42.3%
TOTAL	**67,081**		**72,223**		**+7.7%**

Group's total Backlog stood at € 72,223 million growing by 7.7% when compared to last year's figures, and when adjusted to currency effects, backlog grew by 8.6%.

CARTERA POR PAÍSES

EURO MILLION	Dec-17		Dec-18		Var.
USA	20,024	29.9 %	24,082	33.3%	+20.3%
Australia	17,781	26.5 %	17,973	24.9%	+1.1%
Spain	6,818	10.2 %	7,704	10.7%	+13.0%
Canada	3,376	5.0 %	4,425	6.1%	+31.1%
Germany	2,744	4.1 %	2,537	3.5%	-7.5%
Mexico	1,886	2.8 %	1,441	2.0%	-23.6%
Rest of the world	14,452	21.5 %	14,063	19.5%	-2.7%
TOTAL	**67,081**		**72,223**		**+7.7%**

To highlight, the strong growth in the North American and Spanish markets. United States Backlog raised up to € 24,082 million, growing by 20.3% with strong awards both in building and civil engineering projects. Canada also closed the year with 4,425 million Backlog, rising by 31.1% with major awards such as Gordie Howe transnational bridge or Montreal's subway.

On its side, Spain closed its Backlog in € 7,704 million, with a growth of 13.0% supported by renewable energy projects and the good evolution of Clece's recruitment.

Australia's Backlog was affected by the exchange rate impact and the reorganization of non-strategic businesses. Not considering the currency negative impact, Backlog in this area grew by 6.6%.

5.1.2. OPERATING RESULTS

EBITDA accounted for € 2,437 million, showing an increase of 6.9%, slightly higher than sales growth. Adjusted by currency impact, EBITDA grew by 13.0%.

EBIT reached € 1,791 million, growing by 10.1% from the prior period. Adjusted by currency impact, EBIT grew by 16.6%.

OPERATING RESULTS

EURO MILLION	2017	2018	Var.
EBITDA	**2,279**	**2,437**	**+6.9%**
EBITDA Margin	*6.5%*	*6.6%*	
Depreciation	(611)	(573)	-6.3%
Construction	*(547)*	*(508)*	
Industrial Services	*(40)*	*(41)*	
Services	*(24)*	*(24)*	
Corporation	*(1)*	*(1)*	
Current assets provisions	(42)	(74)	+76.7%
EBIT	**1,626**	**1,791**	**+10.1%**
EBIT Margin	*4.7%*	*4.9%*	

5.1.3. FINANCIAL RESULTS

The ordinary financial result increased by 9.1%. The 15.2% decreased in financial expenses due to the gross average debt and an improvement in the financing terms compensated the lower financial revenues in relation to the comparable period, which included several non-recurrent items.

Regarding the net financial result, the "Changes in fair value for financial instruments" item included the revalorization of the option over MásMóvil stake in both terms, as well as capital gains earned after its sale in 2018. It also included the impact of the derivatives linked to the stock options plan.

FINANCIAL RESULTS

EURO MILLION	2017	2018	Var.
Financial income	203	155	-23.7%
Financial expenses	(486)	(412)	-15.2%
Ordinary Financial Result	**(283)**	**(257)**	**-9.1%**
Construction	(143)	(137)	-4.0%
Industrial Services	(59)	(69)	+18.7%
Services	(7)	(4)	-42.4%
Corporation	(75)	(47)	-37.5%

EURO MILLION	2017	2018	Var.
Ordinary Financial Result	**(283)**	**(257)**	**-9.1%**
Foreign exchange results	(5)	(11)	
Changes in fair value for financial instruments	244	66	
Impairment & gains on financial instruments	(5)	(24)	
Net Financial Result	**(50)**	**(226)**	**+351.1%**

5.1.4. RESULTS FROM ASSOCIATES

The Results from Associates (Results on Equity Method) amounted to € 225 million, mainly due to Abertis' contribution during the period as well as other financial investments' results.

The contribution of the consolidated profit from Abertis to the ACS Group in the fiscal year amounts to EUR 175 million, comprising the proportional part of Abertis' profit, the impact of the amortization of the provisional PPA as well as its associated finance and transaction costs, after tax and non-controlling interests.

5.1.5 NET PROFIT ATTRIBUTABLE TO THE PARENT COMPANY

ACS Group reported Net Profit on 2018 reached € 915 million, 14.1% higher compared to the prior year.

Effective corporate tax rate stood at 30.9%.

NET PROFIT BREAKDOWN

EURO MILLION	2017	2018	Var.
Construction*	387	410	+6.1%
Industrial Services	319	325	+2.0%
Services	37	37	-0.2%
Net Profit from activities	**743**	**772**	**+4.0%**
Abertis Constribution	0	175	
Corporation	59	(32)	
TOTAL Net Profit	**802**	**915**	**+14.1%**

* Excludes ABE contribution via HOT.

5.2. CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET OF THE ACS GROUP

EURO MILLION	Dec-2017		Dec-2018		Var.
FIXED AND NON-CURRENT ASSETS	**10,706**	**34.2 %**	**13,327**	**38.9 %**	**+24.5%**
Intangible Fixed Assets	4,264		4,164		-2.3%
Tangible Fixed Assets	1,606		1,650		+2.7%
Equity Method Investments	1,569		4,709		+200.2%
Non current financial assets	1,704		1,244		-27.0%
Long Term Deposits	8		0		-97.2%
Financial instrument debtors	52		63		+21.5%
Deferred Taxes Assets	1,502		1,496		-0.4%
CURRENT ASSETS	**20,634**	**65.8 %**	**20,969**	**61.1 %**	**+1.6%**
Non Current Assets Held for Sale	411		1,034		+151.4%
Inventories	1,020		867		-15.1%
Accounts receivables	10,753		10,374		-3.5%
Other current financial assets	1,559		1,464		-6.1%
Financial instrument debtors	393		53		-86.5%
Other Short Term Assets	178		210		+18.1%
Cash and banks	6,319		6,966		+10.2%
TOTAL ASSETS	**31,339**	**100.0 %**	**34,295**	**100.0 %**	**+9.4%**

NET WORTH	**5,164**	**16.5%**	**6,056**	**17.7 %**	**+17.3%**
Equity	3,959		4,681		+18.2%
Value change adjustments	(216)		(292)		+35.6%
Minority Interests	1,421		1,667		+17.3%
NON-CURRENT LIABILITIES	**7,362**	**23.5%**	**8,456**	**24.7 %**	**+14.9%**
Subsidies	4		3		-19.5%
Long Term Provisions	1,567		1,683		+7.4%
Long Term Financial Liabilities	5,161		6,252		+21.1%
Bank loans and debt obligations	4,810		6,016		
Project Finance	147		101		
Other financial liabilities	203		135		
Financial Instruments Creditors	48		45		-6.7%
Long term deferred tax liabilities	478		381		-20.3%
Other Long Term Accrued Liabilities	104		92		-11.5%
CURRENT LIABILITIES	**18,813**	**60.0%**	**19,784**	**57.7 %**	**+5.2%**
Liabilities from Assets Held for Sale	221		537		+143.2%
Short Term Provisions	903		1,044		+15.6%
Short Term Financial Liabilities	2,879		2,175		-24.4%
Bank loans and debt obligations	2,676		2,092		-21.8%
Project Finance	48		16		
Other financial liabilities	155		67		
Financial Instruments Creditors	68		82		
Trade accounts payables	14,279		15,488		
Other Short Term liabilities	464		458		
TOTAL EQUITY & LIABILITIES	**31,339**	**100.0%**	**34,295**	**100.0 %**	**+9.4%**

5.2.1. NON-CURRENT ASSETS

Intangible assets, which amounted to € 4,164 million, included goodwill from past strategic transactions, of which € 743 million came from ACS's merger with Dragados in 2003 and € 1,389 million from HOCHTIEF's acquisition in 2011. The book value of HOCHTIEF amounts to € 2,329mn, while the market value amounts to € 4,192 mn.

The investment account balance held by Equity Method included the stake that the Group holds in Abertis, various holdings from HOCHTIEF's associated companies, energy assets from Industrial Services and several concessions from Iridium.

5.2.2. ABERTIS ACCOUNTING

After the transfer of Abertis Infraestructuras, S.A. shares acquired by HOCHTIEF to the SPV, ACS and HOCHTIEF stakes are booked as Investment in Associates (Equity Method) in their respective balance sheets. ACS stake (30%) accounted for € 2,177 million, while HOCHTIEF's (20% minus one share) raised by € 1,466 million. Therefore, total impact in ACS Group balance sheet stood at € 3,644 million.

5.2.3. WORKING CAPITAL

WORKING CAPITAL EVOLUTION

EURO MILLION	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Construction	(2,691)	(3,259)	(3,629)	(3,436)	(4,587)
Industrial Services	(977)	(897)	(844)	(678)	(1,200)
Services	(33)	(18)	(34)	(27)	(46)
Corporation	332	(11)	35	8	265
TOTAL	**(3,369)**	**(4,185)**	**(4,472)**	**(4,133)**	**(5,567)**

In the last 12 months, net working capital increased its credit balance by € 2,198 million. This variation is due to the implementation of IFRS 15 accounting standard, at the beginning of the period, which has led to the reduction of its balance in approximately € 1,600 million.

Commercial discount balance and securitization amounted to € 2,229 million by 2018 year-end.

5.2.4. NET WORTH

ACS Group Net worth accounted for € 6,056 million by 2018 year-end, showing an increase of 17.3% since December 2017 due to the sale of a part of HOCHTIEF and the profit generated along the year, which widely compensated the impact coming from the implementation of IFRS 9 and 15 new accounting standards at the beginning of the period.

NET WORTH

EURO MILLION	Dec-17	IFRS 9/15 impact	2018 Net Profit	DVD / TS/adj	Sale of 24% HOT	Dec-18
Shareholders' Equity	3,959	(1,554)	915	(413)	1,774	4,681
Adjustment s from Value Changes	(216)	(41)		(36)		(292)
Minority Interests	1,421	(591)	345	(144)	636	1,667
Net Worth	**5,164**	**(2,186)**	**1,260**	**(593)**	**2,410**	**6,056**

5.2.5. NET DEBT

The Group maintained a Net Cash position of € 3 million, improving by € 156 compared to last year's same period.

Not considering non-recourse debt (project financing), the Group's net cash position accounted for € 120 million.

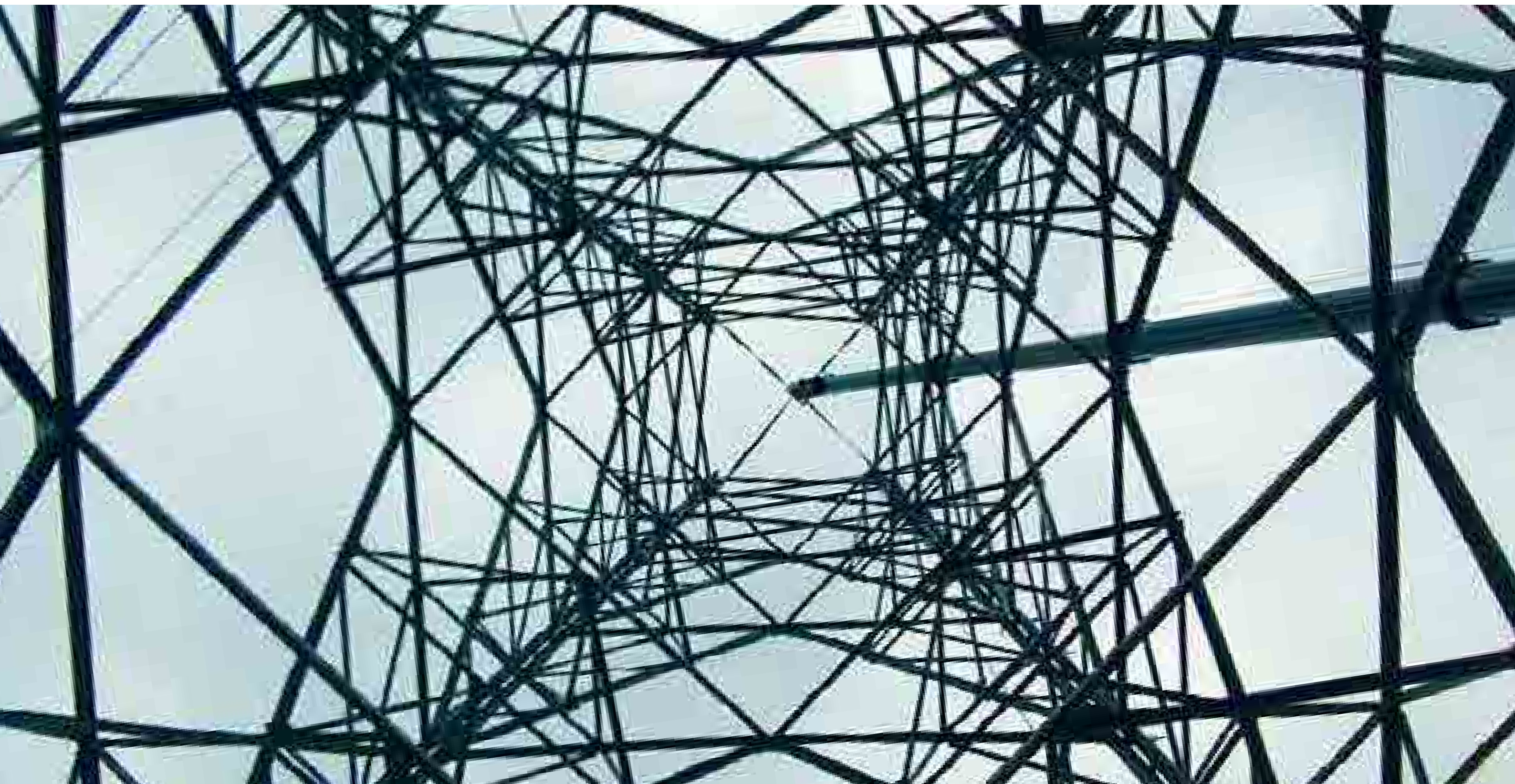
NET DEBT DECEMBER 31, 2018

Net Debt (€ mn)	Construction	Industrial Services	Services	Corporation / Adjustments	ACS Group
LT loans from credit entities	939	148	221	1,948	3,255
ST loans from credit entities	416	340	97	1	855
Debt with Credit Entities	**1,354**	**488**	**318**	**1,949**	**4,110**
Bonds	2,054	778	0	1,166	3,998
Non Recourse Financing	107	9	0	0	117
Other financial liabilities*	111	56	1	0	168
Total External Gross Debt	**3,627**	**1,331**	**319**	**3,115**	**8,393**
Net debt with Group's companies & Affiliates	119	8	0	(92)	35
Total Gross Financial Debt	**3,746**	**1,339**	**319**	**3,023**	**8,427**
ST* & other financial investments	1,012	184	190	79	1,464
Cash & Equivalents	5,021	1,891	54	0	6,966
TOTAL CASH AND EQUIVALENTS	**6,032**	**2,075**	**244**	**79**	**8,431**
(NET FINANCIAL DEBT) / NET CASH POSITION	**2,286**	**736**	**(75)**	**(2,944)**	**3**
NET FINANCIAL DEBT PREVIOUS YEAR	**1,428**	**602**	**(165)**	**(2,018)**	**(153)**

5.3. NET CASH FLOWS

NET CASH FLOW

EURO MILLION	2017			2018			Var.	
	Total	HOT	ACS exHOT	Total	HOT	ACS exHOT	TOTAL	ACS exHOT
Cash Flow from Operating Activities before Working Capital	**1,672**	**1,159**	**513**	**1,959**	**1,202**	**757**	**+17.2%**	**+47.7%**
Operating working capital variation	192	213	(21)	92	172	(81)		
Net CAPEX	(372)	(252)	(120)	(497)	(344)	(153)		
Net Operating Cash Flow from continuing activities	**1,492**	**1,120**	**372**	**1,554**	**1,031**	**523**	**+4.1%**	**+40.7%**
Financial Investments/Disposals	63	(43)	106	(936)	(1,467)	531		
Other Financial Sources	(21)	(17)	(4)	13	1	12		
Free Cash Flow	**1,534**	**1,060**	**474**	**630**	**(434)**	**1,065**	**-58.9%**	**+124.8%**
Dividends paid	(297)	(141)	(156)	(316)	(162)	(154)		
Hochtief capital increase	0	(120)	120	0	(156)	156		
Intra group Dividends	0	0	0	0	908	(908)		
Treasury Stock	(195)	0	(195)	(365)	0	(365)		
Total Cash Flow Generated / (Consumed)	**1,042**	**799**	**243**	**(50)**	**155**	**(206)**	**n.a.**	**n.a.**
Perimeter change (Increase)/decrease	275	13	263	66	59	8		
Exchange rate (Increase)/decrease	(256)	(250)	(6)	141	82	58		
Total Net Debt variation in BS	1,061	562	499	156	296	(140)		



5.3.1. OPERATING ACTIVITIES

Gross cash flows from operating activities before working capital amounted to € 1,959 million, improving by 17.2% versus last year's due to the positive performance across operating activities.

Operating working capital had a positive impact of € 92 million cash inflow in 2018.

On its side, CAPEX rose up to € 497 million, 33.8% more than last year, in line with the growth of the most intensive capital activities.

Therefore, net cash flows from operating activities reached € 1,554 million, 4.1% higher than prior year.

5.3.2. INVESTMENTS

ACS Group total net investments in 2018 grew up to € 1,538 million, from which € 1,041 million corresponded to financial investments and divestments' net balance, among which Abertis' transaction is included, as well as concession projects.

Net operating CAPEX amounted to € 497 million and mainly corresponded to the acquisition of machinery for the Group's several projects in Mining, Civil Works, and Industrial Facilities.

INVESTMENTS BREAKDOWN

EURO MILLION	Operating Investments	Operating divestments	NET CAPEX	Project / Financial Investments	Financial Divestments	Net Project / Financial invesments	Total Net Investments
Construction	**481**	**(94)**	**386**	**1,652**	**(120)**	**1,532**	**1,918**
Dragados	69	(27)	43	4	(3)	0	43
Hochtief	411	(68)	344	1,554	(86)	1,467	1,811
Iridium	0	0	0	95	(30)	64	64
Services	**35**	**(3)**	**32**	**13**	**0**	**13**	**45**
Industrial Services	**90**	**(12)**	**78**	**442**	**(386)**	**56**	**134**
Corporation & others	**0**	**0**	**0**	**2,090**	**(2,650)**	**(560)**	**(559)**
TOTAL	**606**	**(109)**	**497**	**4,197**	**(3,156)**	**1,041**	**1,538**

Financial investments are detailed as follows:

• The Construction area includes 20% acquisition of Abertis on behalf of HOCHTIEF, worth € 1,407 million, and € 125 million related to net investment in concession projects in Chile, Canada, United States, Germany, Australia and United Kingdom.

• Industrial Services invested € 442 million in several renewable energy projects in Spain, United Kingdom, South Africa, Mexico, and Peru, as well as transmission lines in Brazil. Divestments reached € 386 million, mainly due to the sale of its stake in SaetaYield (€ 241 million) and different wind plants in Latin America.

• Clece invested € 13 million in the acquisition of several small services companies in Spain and United Kingdom.

• Corporation invested € 2,081 million in the acquisition of 30% stake in Abertis, while divestments related mainly to the sale of a minority stake in HOCHTIEF to Atlantia, worth (after taxes) €2,271 million and the partial sale of MásMóvil worth € 410 million.

• Additionally, approximately € 100 million have been collected due to Urbaser's sale deferred payment accounted in 2016.

5.3.3. OTHER CASH FLOWS

Dividends paid worth € 154 million mainly corresponded to ACS Group scrip dividends paid in cash in February and July 2018.

Dividend payment to HOCHTIEF and CIMIC minorities, worth € 162 million, are equally included.

Likewise, € 365 million were devoted to the acquisition of treasury stock for 2018 and 2019 scrip dividends' payment.

Therefore, the Group devoted € 681 million to its shareholders and minorities' payment.

5.4. CONSTRUCTION

Sales in Construction reached € 28,785 million, showing an increase of 10.7%, adjusted by the exchange rate effect. This evolution is mainly due to the strong growth in the US, the positive evolution in Asia Pacific, and the recovery of the Spanish activity.

Construction EBITDA accounted for € 1,773 million. Margin over sales remained stable at 6.2%. EBIT accounted for € 1,198 million, growing by 14.8%. The PPA depreciation derived from the acquisition of HOCHTIEF rose up to € 52.7 million in the period.

Net Profit reached over € 469 million, showing an increase of 21.4% supported by a solid operating performance across all companies. This result included € 59 million net contribution from Abertis through HOCHTIEF, attributable to ACS Group since June that is to say, after minorities and interests.

CONSTRUCTION

EURO MILLION	2017	2018	Var.
Sales	**27,221**	**28,785**	**+5.7%**
EBITDA	**1,620**	**1,773**	**+9.4%**
Margin	*6.0%*	*6.2%*	
EBIT	**1,044**	**1,198**	**+14.8%**
Margin	*3.8%*	*4.2%*	
Net Profit	**387**	**469**	**+21.4%**
Margin	*1.4%*	*1.6%*	
Backlog	**55,529**	**59,350**	**+6.9%**
Months	*23*	*24*	

SALES PER GEOGRAPHICAL AREAS

EURO MILLION	2017	2018	Var.
Spain	1,280	1,453	+13.5%
Rest of Europe	2,048	1,958	-4.4%
North America	14,200	15,530	+9.4%
South America	493	401	-18.6%
Asia Pacific	9,199	9,443	+2.6%
Africa	0	0	n.a.
TOTAL	**27,221**	**28,785**	**+5.7%**

CARTERA POR ÁREAS GEOGRÁFICAS

EURO MILLION	Dec-17	Dec-18	Var.
Spain	2,599	2,386	-8.2%
Rest of Europe	4,723	4,616	-2.3%
North America	23,194	28,346	+22.2%
South America	1,260	1,407	+11.7%
Asia Pacific	23,679	22,594	-4.6%
Africa	76	0	n.a
TOTAL	**55,529**	**59,350**	**+6.9%**

Sales in Asia Pacific grew by 9.2% and in North America by 13.3%, both growths adjusted by currency effects.

Backlog at the end of the period stood at € 59,350 million. When adjusted by the revalorization of the Euro against the main currencies, it rose up to 7.6% due to the growing trend of awards in the American continent. Asia Pacific region was affected, firstly, by the exchange rate variation, and secondly by the reorganization of non-strategic businesses. Not considering these effects, operational activities' Backlog grew by 6%.

EURO MILLION	DRAGADOS 2017	DRAGADOS 2018	% Var.	IRIDIUM 2017	IRIDIUM 2018	% Var.	HOCHTIEF (ACS contr.) 2017	HOCHTIEF (ACS contr.) 2018	VAR.	ADJUSTMENTS 2017	ADJUSTMENTS 2018	TOTAL 2017	TOTAL 2018	% Var.
Sales	**4,498**	**4,792**	**+6.5%**	**92**	**111**	**+20.6%**	**22,631**	**23,882**	**+5.5%**	**0**	**0**	**27,221**	**28,785**	**+5.7%**
EBITDA	**313**	**334**	**+6.7%**	**14**	**25**	**+86.7%**	**1,294**	**1,414**	**+9.2%**	**0**	**0**	**1,620**	**1,773**	**+9.4%**
Margin	*7.0%*	*7.0%*		*n.a*	*n.a*		*5.7%*	*5.9%*				*6.0%*	*6.2%*	
EBIT	**231**	**247**	**+7.1%**	**(1)**	**10**	**n/a**	**886**	**993**	**+12.1%**	**(72)**	**(53)**	**1,044**	**1,198**	**+14.8%**
Margin	*5.1%*	*5.2%*		*n.a*	*n.a*		*3.9%*	*4.2%*				*3.8%*	*4.2%*	
Net Financial Results	(68)	(69)		(11)	(41)		(30)	(66)		0	0	(109)	(176)	
Equity Method	1	1		18	39		4	70		(1)	(1)	23	109	
Other Results & Fixed Assets	(20)	(24)		(3)	(3)		(36)	(19)		0	(0)	(59)	(46)	
EBT	**144**	**155**	**+8.0%**	**3**	**5**	**+60.4%**	**824**	**978**	**+18.8%**	**(73)**	**(54)**	**897**	**1,085**	**+20.9%**
Taxes	(31)	(40)		1	5		(241)	(260)		22	16	(249)	(279)	
Minorities	(4)	(4)		0	(0)		(280)	(350)		22	17	(262)	(337)	
Net Profit	**109**	**111**	**+2.4%**	**4**	**10**	**n/a**	**302**	**368**	**+22.0%**	**(28)**	**(20)**	**387**	**469**	**+21.4%**
Margin	*2.4%*	*2.3%*		*n.a*	*n.a*		*1.3%*	*1.5%*				*1.4%*	*1.6%*	
Backlog	**10,885**	**12,083**	**+11.0%**	**-**	**-**	**-**	**44,644**	**47,267**	**+5.9%**	**-**	**-**	**55,529**	**59,350**	**+6.9%**
Months	*29*	*30*					*22*	*22*				*23*	*24*	

Note: The column “Adjustments” includes the PPA adjustments, the PPA depreciation and the tax and minorities from both.

Dragados increased its sales by 6.5% and EBITDA margin remained stable at 7.0%. Net Profit increased by € 111 million.

HOCHTIEF showed solid growth across its operating figures, despite the negative currency effect. HOCHTIEF’s net profit reached € 541 million, and its contribution to ACS net profit, after minorities, amounted to € 368 million, 22.0% higher compared to the same period of the previous year, being proportional to its average stake in the period which stood at 68.2% equivalent to ten months at 71.7% and to two months at 50.4%, after selling a stake to Atlantia by the October end.

HOCHTIEF AG

EURO MILLION	AMERICA 2017	AMERICA 2018	AMERICA % Var.	ASIA PACIFIC 2017	ASIA PACIFIC 2018	ASIA PACIFIC % Var.	EUROPE 2017	EUROPE 2018	EUROPE % Var.	HOLDING 2017	HOLDING 2018	TOTAL 2017	TOTAL 2018	TOTAL % Var.
Sales	**11,839**	**13,069**	**+10.4%**	**9,077**	**9,266**	**+2.1%**	**1,609**	**1,423**	**-11.6%**	**106**	**125**	**22,631**	**23,882**	**+5.5%**
EBITDA	**291**	**339**	**+16.5%**	**1,019**	**1,074**	**+5.3%**	**44**	**76**	**+73.6%**	**(60)**	**(75)**	**1,294**	**1,414**	**+9.2%**
Margin	2.5%	2.6%		11.2%	11.6%		2.7%	5.4%				5.7%	5.9%	
EBIT	**265**	**315**	**+18.6%**	**668**	**705**	**+5.5%**	**14**	**50**	**+250.5%**	**(62)**	**(77)**	**886**	**993**	**+12.1%**
Margin	2.2%	2.4%		7.4%	7.6%		0.9%	3.5%				3.9%	4.2%	
Net Financial Results	(12)	(16)		(63)	(94)		17	(14)		28	59	(30)	(66)	
Equity Method	0	(0)		4	10		0	0		0	61	4	70	
Other Results & Fixed Assets	1	0		(31)	(1)		1	11		(8)	(30)	(36)	(19)	
EBT	**254**	**299**	**+17.6%**	**579**	**620**	**+7.1%**	**33**	**48**	**+47.4%**	**(42)**	**12**	**824**	**978**	**+18.8%**
Taxes	(51)	(61)		(182)	(190)		(9)	(12)		1	3	(241)	(260)	
Minorities	(40)	(48)		(122)	(130)		0	0		(0)	(0)	(162)	(177)	
Net Profit	**163**	**190**	**+17.2%**	**275**	**300**	**+8.8%**	**24**	**37**	**+54.9%**	**(41)**	**14**	**421**	**541**	**+28.6%**
Margin	1.4%	1.5%		3.0%	3.2%		1.5%	2.6%				1.9%	2.3%	

Amongst HOCHTIEF's different areas of activity, it is worth highlighting:

a) Growth in America where sales went up by 10.4%, despite negative currency effects, there was an improvement in operating margins and net profit rose by 17.2%. The main factors backing this positive behaviour are Turner and Flatiron's good performance, the growth in demand, and measures introduced to improve operating efficiency.

b) In Europe, the positive margins and results trend shown in the last terms are confirmed.

c) Asia Pacific (CIMIC), experienced 9.2% activity growth in the local market. The improvement in the operating margins enabled a net profit growth of 8.8% in nominal terms and over 16.3% adjusted by exchange rate effects.

d) Corporation Net Profit included Abertis' net contribution in the period due to HOCHTIEF's stake, amounting to € 84 million. Once minority interests have been deducted, its net contribution to ACS stood at € 59 million profit.

5.5. INDUSTRIAL SERVICES

Sales in Industrial Services accounted for € 6,385 million, increasing by 2.0%, and over 6.7% when adjusted by currency effects. This growth is backed by the positive evolution of Maintenance activities. The Integrated Projects' activity was affected by the completion of large Industrial Plants projects mainly in Middle East, the rebound of renewable energy projects will compensate this drop in the coming terms.

Sales in Spain went up to 30.7% with a good performance across all activities, primarily in EPC projects thank to the initial execution of the PV plants. South America grew by 20.8% backed by Brazil, Chile, and Colombia. While North America went down to 12.4% due to de completion of isolated projects in United States in 2017. On its side, activity in Europe and Asia Pacific also decreased due to the fulfilment of projects in the North Sea and Middle East, respectively.

INDUSTRIAL SERVICES

EURO MILLION	2017	2018	Var.
Sales	**6,260**	**6,385**	**+2.0%**
EBITDA	**633**	**645**	**+1.8%**
Margin	*10.1%*	*10.1%*	
EBIT	**586**	**601**	**+2.6%**
Margin	*9.4%*	*9.4%*	
Net Profit	**319**	**325**	**+2.0%**
Margin	*5.1%*	*5.1%*	
Backlog	**9,286**	**9,845**	**+6.0%**
Months	*18*	*19*	

SALES PER GEOGRAPHICAL AREAS

EURO MILLION	2017	2018	Var.
Spain	1,813	2,369	+30.7%
Rest of Europe	406	383	-5.6%
North America	1,283	1,124	-12.4%
South America	1,262	1,525	+20.8%
Asia Pacific	1,026	640	-37.7%
Africa	470	345	-26.6%
TOTAL	**6,260**	**6,385**	**+2.0%**

BACKLOG PER GEOGRAPHICAL AREAS

EURO MILLION	Dic-2017	Dic-2018	Var.
Spain	2,084	2,513	+20.6%
Rest of Europe	541	618	+14.3%
North America	2,093	1,602	-23.5%
South America	3,065	4,038	+31.7%
Asia Pacific	999	739	-26.1%
Africa	505	335	-33.7%
TOTAL	**9,286**	**9,845**	**+6.0%**

SALES BREAKDOWN BY ACTIVITY

EURO MILLION	2017	2018	Var.
Support Services	3,345	3,794	+13.4%
Networks	558	661	+18.5%
Specialized Products	1,898	2,211	+16.5%
Control Systems	889	921	+3.6%
Integrated Projects	2,888	2,573	-10.9%
Renewable Energy: Generation	34	23	n.s
Consolidation Adjustments	(7)	(5)	
TOTAL	**6,260**	**6,385**	**+2.0%**
International	4,447	4,016	-9.7%
% over total sales	71.0%	62.9%	

BACKLOG PER ACTIVITY

EURO MILLION	Dic-2017	Dic-2018	Var.
Support Services	5,183	5,165	-0.3%
Networks	500	528	+5.7%
Specialized Products	3,364	3,261	-3.1%
Control Systems	1,320	1,376	+4.3%
Integrated Projects	4,103	4,638	+13.0%
Renewable Energy: Generation	0	41	n.a.
TOTAL BACKLOG	**9,286**	**9,845**	**+6.0%**
International	7,202	7,331	+1.8%
% over total backlog	77.6%	74.5%	

Backlog grew by 6.0% up to € 9,845 million affected by the negative impact from the exchange rate effects; not considering this impact, Backlog grew by 8.5%. International Backlog represented 74.5% of the total.

It is worth noting the excellent performance in South America reflected in its 31.7% growth, mainly due to energy projects awarded in Brazil, Peru and Chile, as well as the solid rebound of the Spanish Backlog in the renewables sector, with more than 2,000 MW under development, mainly PV plants.

Operating results grew in line with sales, resulting in stable margins based on business diversification, considering both geography and area of activity.

Net profit accounted for € 325 million, 2.0% higher versus the prior year.

5.6. SERVICES

Sales in Services increased by 4.1%, growing both in the domestic and international markets.

EBITDA accounted for € 80 million, growing by 8.5% with an improvement in margin over sales of 20 b.p. EBIT increased by 14.4% up to € 55 million with a margin improvement of 30 b.p.

Net profit in the comparable term included the capital gain from Sintax sale in February 2017. Whilst in 2018 the figure only included Clece's contribution, whose net profit growth stood at 10.1% during the period.

Services Backlog reached € 3,028 million, equivalent to over 24 months of production and increasing by 33.6% compared to the prior term due to the good business activity, mostly in Spain, with important cleaning facilities contract awards, as well as the complete management of senior centres.

SERVICES

EURO MILLION	2017	2018	Var.
Sales	**1,446**	**1,505**	**+4.1%**
EBITDA	**73**	**80**	**+8.5%**
Margin	*5.1%*	*5.3%*	
EBIT	**48**	**55**	**+14.4%**
Margin	*3.3%*	*3.6%*	
Net Profit	**37**	**37**	**-0.2%**
Margin	*2.6%*	*2.5%*	
Backlog	**2,267**	**3,028**	**+33.6%**
Months	*19*	*24*	

SALES PER GEOGRAPHICAL AREAS

EURO MILLION	2017	2018	Var.
Spain	1,361	1,406	+3.3%
Rest of Europe	85	98	+16.0%
TOTAL	**1,446**	**1,505**	**+4.1%**

BACKLOG PER GEOGRAPHICAL AREAS

EURO MILLION	2017	2018	Var.
Spain	2,136	2,805	+31.3%
Rest of Europe	131	223	+70.7%
TOTAL	**2,267**	**3,028**	**+33.6%**

5.7. ABERTIS

Abertis' contribution to ACS Group profit has been recorded using the Equity Method since June 2018, and it rose up to € 175 million, from which € 116 million corresponded to ACS direct stake, and the remaining € 59 million to the indirect stake through HOCHTIEF, once minority interests were deducted.

Abertis' Net profit during 2018 stood at € 1,681 million, 87.4% higher compared to last year due to the positive impact of Cellnex Telecom sale (€ 605 million in capital gains, with no impact in ACS results). 2018 comparable Net profit grew by 15%.

ABERTIS

EURO MILLION	2017	2018	Var.	Var. Comp*
Sales	**5,271**	**5,255**	**-0.3%**	**+5.0%**
EBITDA	**3,456**	**3,549**	**+2.7%**	**+7.0%**
Net Profit	**897**	**1,681**	**+87.4%**	**+15.0%**
Net Debt	**15,578**	**12,538**	**-19.5%**	**n.a**

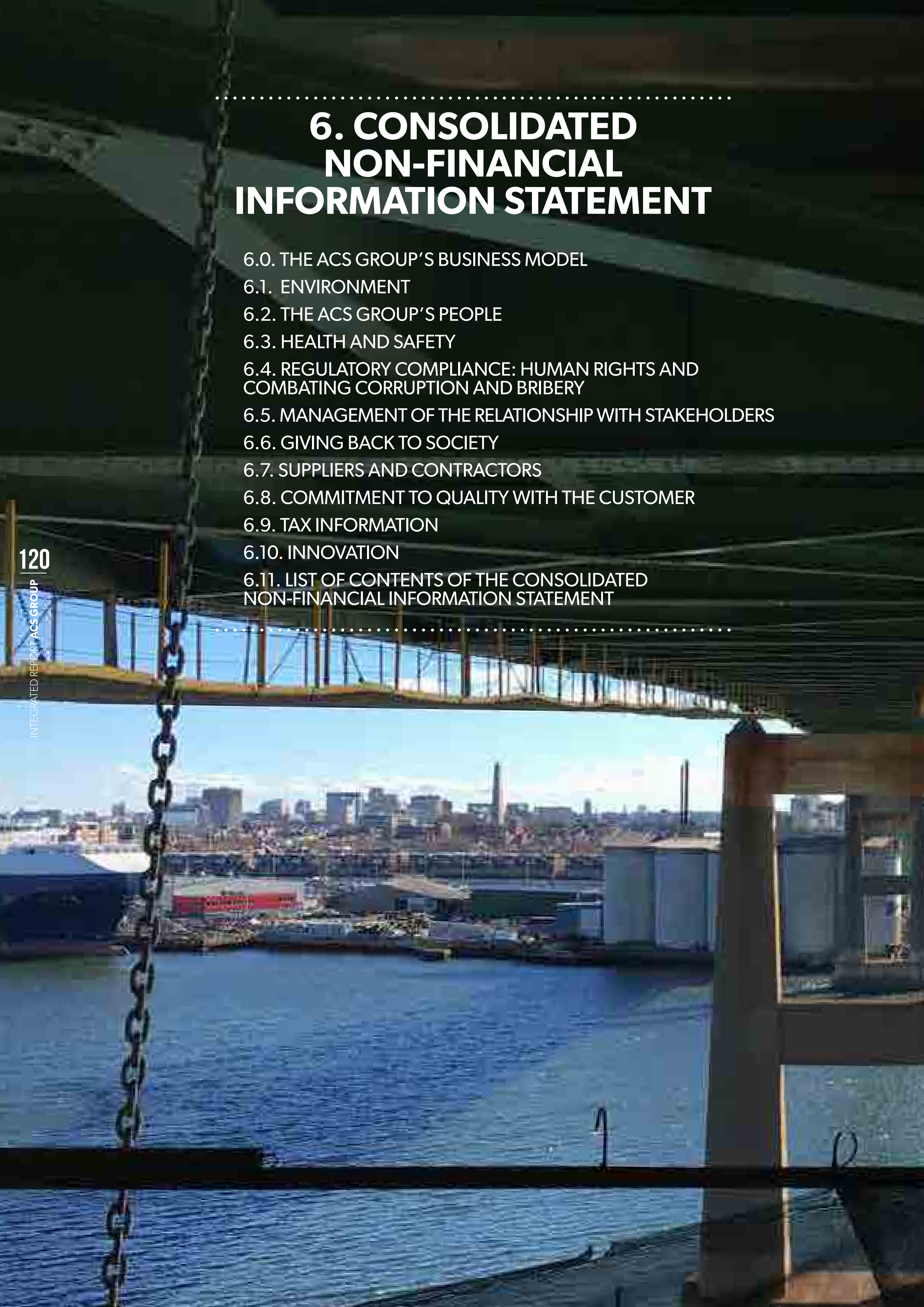
*Like for like variation adjusted by FX and extraordinary results.

Along the year, Abertis' highways performance was positive due to the solid growth of traffic rates registered in Spain (+3.3%), Chile (+3%), France (+1.7%), and Italy (+1.2%). Revenues reached € 5,255 million, meaning 5% in comparable terms.

EBITDA during 2018 accounted for € 3,549 million (+2.7%), boosted by the implementation of efficiency improvement measures and the optimization of operating expenses, growing by 7% in comparable terms.

Abertis' consolidated net financial debt, by December 2018, stood at € 12,538 million, equivalent to 3.5 times the year's EBITDA. This debt does not include the almost € 9,800 million debt derived from the acquisition of 98.7% of the company.

Abertis' Board of Directors suggested the Shareholders' Annual Meeting a € 875 million dividend distribution charged to 2018 results, subject to credit rating evaluation.



6. CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

6.0. THE ACS GROUP'S BUSINESS MODEL

6.1. ENVIRONMENT

6.2. THE ACS GROUP'S PEOPLE

6.3. HEALTH AND SAFETY

6.4. REGULATORY COMPLIANCE: HUMAN RIGHTS AND COMBATING CORRUPTION AND BRIBERY

6.5. MANAGEMENT OF THE RELATIONSHIP WITH STAKEHOLDERS

6.6. GIVING BACK TO SOCIETY

6.7. SUPPLIERS AND CONTRACTORS

6.8. COMMITMENT TO QUALITY WITH THE CUSTOMER

6.9. TAX INFORMATION

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6.0. THE ACS GROUP'S BUSINESS MODEL

The ACS Group is a reference in the infrastructure sector worldwide. This sector contributes to a great extent to the economic and social development of the different regions of the world in an increasingly competitive, demanding and global market.

The main areas of the Group are divided into:

a) Construction

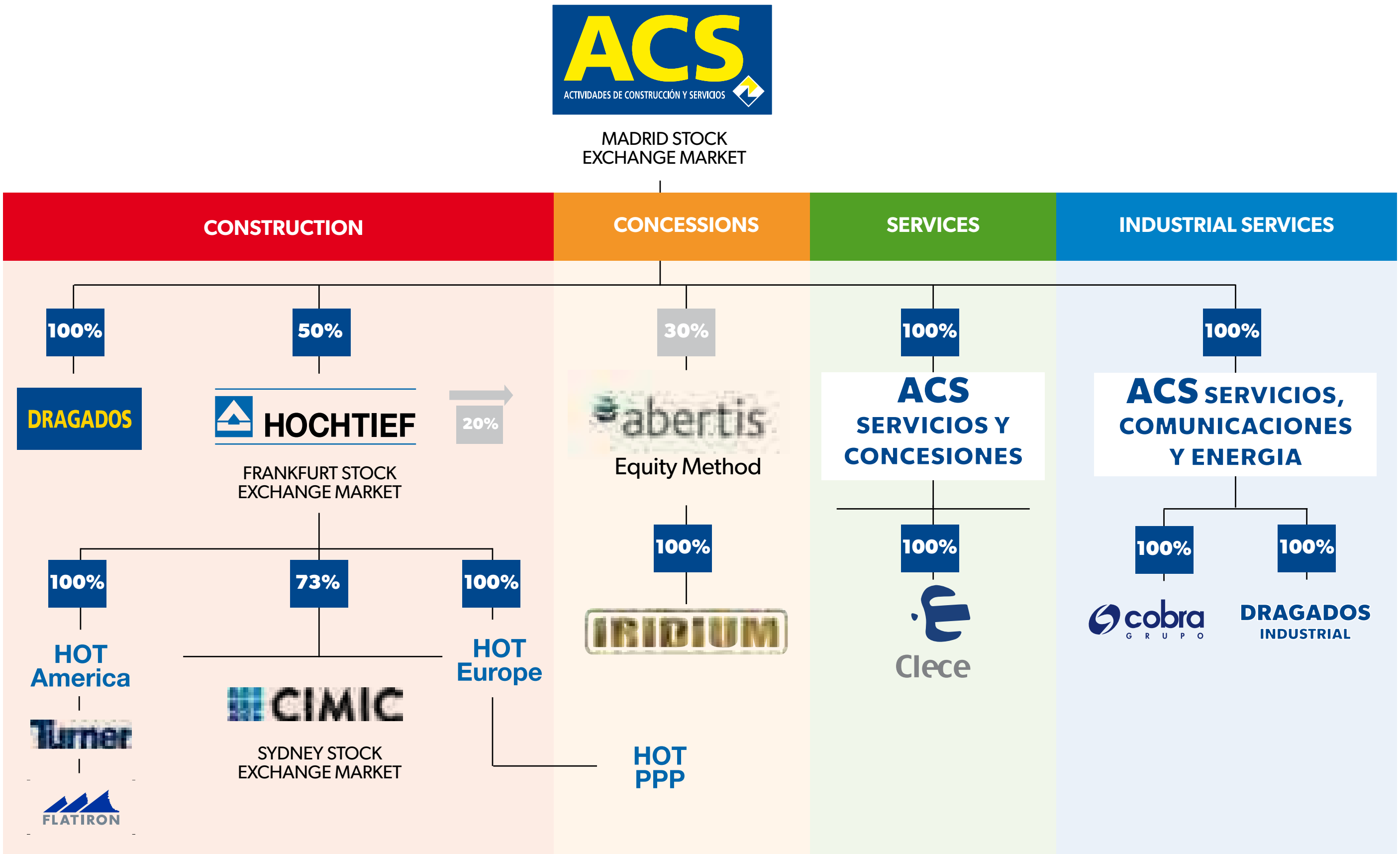
This area includes the activities of Dragados, Hochtief (including CIMIC) and Iridium and is oriented toward the development of all types of projects of Civil Works, Building and activities related to the mining sector (carried out by CIMIC, mainly in Asia Pacific). The geographic regions with the highest 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.

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.



6.0.1. STRATEGY AND IMPACTS

In this context of operational decentralization, the Group's strategy is centered on all of the companies sharing the Group's values and culture, at the same time as each operates in a standalone manner, individually contributing numerous valid and profitable management formulas, thanks to the multiple factors involved in their decision making and generating know-how and good practices that are also independent.

Specifically, there are many different companies within the ACS Group that make their own contributions towards Corporate Social Responsibility adding up to a combined whole. They define their action policies autonomously and manage their resources as efficiently as possible, which are always based on the common principles and objectives defined in the Corporate Social Responsibility Policy of the ACS Group, approved on February 26, 2016, setting out the basic and specific principles of action in this field, and the Group's relations with its environment, while simultaneously pursuing the objectives defined in the 20-20 Plan, concerning non-financial matters.

Within the Group's commitment to transparency, throughout this Consolidated Non-Financial Information Statement, the description of the policies applied by the group will be presented in regards to non-financial matters, as well as the results thereof, including key indicators. In order to maintain maximum rigor and transparency, this document has been prepared in accordance with the requirements of the international standards in reference to Reporting, such as the new GRI Standards of the Global Reporting Initiative (GRI). The related indicators have been verified by an independent third party, in accordance with the ISAE 3000 standard.

Thus, the contents of the report have been selected based on a previous analysis in which the matter most relevant for the company and its main stakeholders have been identified. In this analysis, the main factors and trends that may affect the development and expansion of the Group's business activity, as well as the main associated risks, have also been identified.

The detailed conclusions of the analysis can be seen in section 9.2., however, by way of summary, it can be indicated that according to this analysis the future scenario in which ACS will develop its business activity in the coming years will be marked by the following factors:

- Growing demand for infrastructure.
- Digitization and data management.
- Geopolitical changes.
- The circular economy.
- Population growth and urbanization.
- Increase in the size and complexity of projects.
- Climate change and decarbonization.
- New financing models.

For further information:
2. The ACS Group

For further information:
3. A company of the future

For further information:
3.3. How does it respond to the challenges and opportunities in the sector

For further information:
9.2. Identification of material aspects

6.0.2. RISKS

As regards risk management, the ACS Group conducts its business activities in a variety of sectors, countries and socio-economic and legal environments that involve exposure to different levels of risk inherent to the businesses in which it operates. ACS Group's risk control system is based on a range of strategic and operational actions which serve to mitigate these risks and comply with the objectives established by the Board of Directors. It is the Corporation's responsibility to define the basic guidelines, in order to standardize the operating criteria in each of the divisions, so that an adequate level of internal control is ensured. The companies and divisions that comprise the Group are in charge of developing the necessary and appropriate internal regulations so that, depending on the peculiarities of the respective business activity, the internal controls are implemented to ensure its optimal operating level.

Specifically in relation to non-financial risks, based on the materiality analysis performed, risks have been detected in terms of the relevance they may have for the business development of the respective company the risks have been prioritized depending on the relevance they can have for the development of the business of the company, according to the type of activity, areas of action, policies and management approaches, showing the table attached the results obtained from this prioritization of potential risks for development of the activity.

For further information:
7. The ACS Group's Risk Management

[102-44], [102-46], [102-47]

RELEVANCE (+ to -)

MATERIAL ASPECT	RISKS RELATED
Development and talent of diversity	Risks related to talent management (turnover, low employee satisfaction, etc.) and diversity (inequality, discrimination, wage gap, etc.)
Zero accidents objective	Risks related to the safety and health of employees (accidents, occupational diseases, etc.)
Ethical and responsible companies	Risks related to ethics and integrity (corruption, money laundering, lack of transparency, questionable lobbying activities, etc.)
Tools and new financing models	Risks derived from adapting to new financing models (new regulatory contexts, new sustainable financing frameworks, etc.)
Responsible supply chain	Risks related to the supply chain (for example, due to not having sufficient control over suppliers in social and environmental matters).
Responsibility with local communities	Risks related to local communities (opposition of the communities to the development of projects, negative perception of the management carried out by the company)
Efficient management of resources	Shortage of natural resources and need to adapt to a circular economy
The climate: a global concern	Climatic risks (physical, regulatory, market)
Resilient and socially responsible infrastructures	Derived risks related to the adaptation of infrastructures to extreme climatic events and / or to social changes
Protection of Human Rights	Risks related to human rights

For further information:
9.2. Identification of material aspects

6.1. ENVIRONMENT

Degree of implementation of environmental management systems in the ACS Group companies (expressed as a % of sales)

99.0%
IMPLEMENTATION OF AN ENVIRONMENTAL MANAGEMENT SYSTEM

75.5%
IMPLEMENTATION OF THE ISO 14001 CERTIFICATION

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, Jobs 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.

In order to construct and roll out a policy in relation to these environmental commitments, the most significant environmental impacts are identified and assessed, and are compared with each company's management systems and the environmental priorities for each business. For each of these priorities, objectives and key indicators are established to monitor environmental activities; in addition, we run programs to improve the environment and implement plans of action for each company or group of companies.

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.

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. Thus, according to note 37 on Environmental Information of the ACS Group's Annual Financial Statements, the companies of the ACS Group, the Expenses incurred in 2018 for environmental purposes amount to € 1,970 thousand (€ 1,046 thousands in 2017). Furthermore, according to note 20, the environmental provisions are within the provisions for liabilities, being included so as to cover the probable environmental risks that may occur, with no provision of this nature having been recorded in 2018.

The ACS Group will encourage among all companies the establishment of mechanisms and procedures to promote compliance with the principles of the Environmental Policy, while covering its entire value chain.

6.1.1. EMISSIONS: POLLUTION AND CLIMATE CHANGE

CO_2 emissions by area of activity (TCO_2eq)	2015	2016	2017	2018
ACS GROUP'S TOTAL	**8,454,528**	**7,019,256**	**5,724,855**	**6,446,742**
Scope 1	3,101,441	2,104,164	2,436,364	2,983,215
Scope 2	255,510	242,506	162,403	145,294
Scope 3*	5,097,577	4,672,586	3,126,088	3,318,234
Emissions intensity (total emissions/sales)	272	240	173	182
CONSTRUCTION: TOTAL EMISSIONS**	**8,333,390**	**6,910,850**	**5,609,536**	**6,278,631**
Scope 1	3,031,124	2,045,914	2,374,760	2,877,522
Scope 2	226,452	219,263	132,347	103,770
Scope 3*	5,075,813	4,645,673	3,102,429	3,297,339
Emissions intensity (total emissions/sales)	358.3	313.6	218.4	224.4
INDUSTRIAL SERVICES: TOTAL EMISSIONS***	**98,965**	**85,583**	**91,771**	**141,927**
Scope 1	54,476	44,326	47,766	89,491
Scope 2	22,725	16,430	23,736	35,631
Scope 3	21,764	24,827	20,269	16,805
Emissions intensity (total emissions/sales)	15.4	14.8	15.3	23.6
SERVICES: TOTAL EMISSIONS	**22,173**	**20,737**	**23,548**	**26,184**
Scope 1	15,841	13,924	13,838	16,201
Scope 2	6,333	6,813	6,319	5,892
Scope 3*	nd	nd	3,390	4,090
Emissions intensity (total emissions/sales)	16.1	14.7	16.3	18.1

* Scope 3 emissions include those calculated for employee travel. Furthermore HOCHTIEF and CIMIC include the emissions calculated for the supply chain (Cement, Wood, Waste and Steel). In 2017 and 2018, the emissions for Scope 3 include Clece's travel data.

** In Construction the scope has been expanded, with the data for Dragados USA and Dragados Canada being included in 2018.

*** The increase in 2018 in Industrial Services, is due to the fact that in the Scope 1 emissions the data for Cobra companies in Colombia were collected for the first time and in the Scope 2, and the electricity consumption of the Cobra's Peru division is included for the first time.

Climate change means that we need to change production and consumption models in order to mitigate the physical and transitional risks resulting from our activity. Therefore, it is crucial that both States and businesses are involved, working together in harmony. With this in mind, the ACS Group aspires to contribute to the transition to a low-carbon economy including the promotion of strategies to adapt and mitigate climate change in the context of their various business activities.

In addition, controlling contamination locally is especially relevant to guarantee the wellbeing of the communities where the Group operates. Thus, ACS commits to minimize emissions beyond just greenhouse gas emissions, also taking account of other pollutant gases (NOx, SOx, and substances that harm the ozone layer), noise emissions and other possible nuisances resulting from the Group's activity, including light pollution.

The ACS Group's activity in these spheres is governed by the following fundamental principles:

- Considering and assessing the impacts of their activities, products and services, in terms of climate change.
- Avoiding or minimizing energy consumption and the emission of greenhouse gases as a result of their activities.
- Establishing goals to reduce greenhouse gas emissions in keeping with the latest trends and standards.
- Avoiding or minimizing pollution as a result of their activities, by emissions into the environment, noise, vibration or light pollution.
- Establishing mechanisms to manage energy usage and emissions, to objectively measure the progress of their activities and decision-making.
- Identifying opportunities to promote products and services that are eco-friendly, suited to minimize the possible impacts of climate change and contribute to a transition to a low-carbon economy.

OTHER ATMOSPHERIC EMISSIONS (KG)	2017	2018
NOx	542,503	472,607
SOx.	8,549	8,834
Other significant atmospheric emissions*	1,636,354	1,702,713

*Includes indirect Emissions of NMVOC from bituminous mixtures.

On the other hand, the ACS Group contributes to society and its customers, by combating climate change through the identification of opportunities for the promotion of products and services that respect the environment, adapted to the possible impacts of climate change, while contributing to the transition to a low carbon economy.

For further information: ACS Group's Environmental Policy

In 2018 the ACS Group reduced its emissions, considering the period from 2015 to 2018, in both absolute and relative terms (based on sales) in all activities. ACS Group companies have carried out initiatives in 2018 to reduce CO_2 emissions, with an estimated emission savings of 105,712.28 tons of CO_2, resulting from initiatives such as the LIFE Huellas project of the company Vías, which is an analysis tool that supports decision making aimed at the planning of railway works, which optimizes each work considering, in addition to cost and time, the environmental impact.

IMPROVEMENT PROJECT FOR THE REDUCTION OF ELECTRICITY CONSUMPTION (ETRA)

The concept of self-consumption involves the implementation of renewable energy generation facilities (photovoltaic, wind...) intended for internal consumption, with the aim being to fully or partially cover the demand for a particular installation. In this way, the consumption of electricity by the network is reduced and the carbon footprint of the installation is optimized, reducing the amount of emissions associated with the generation of electricity.

In the case of the ETRALUX building on Calle Hermanos Granda in Madrid, a photovoltaic plant has been implemented that generates part of the energy consumed by the building, so that it does not have to be "bought" through the network. This generated energy does not have any type of surcharge or associated tax, therefore this energy source does not entail a cost for its consumption, which generates significant financial savings. The rest of the energy contribution necessary to supply 100% of the building's demand is supplied by the electricity network. The ETRALUX building, which the use case describes, has a contracted power of 72 KW, with an annual consumption of 157,000 kWh per year. A photovoltaic installation with 17 kWp of power has been installed in this building. Thanks to this solution, an annual energy generation of 19,930 kWh has been obtained, which represents almost 13% of the total energy consumed by the facilities, reducing emissions by 9 Tn CO_2. Taking into account the consumption data and current energy prices, a break-even point for the investment is estimated at 9 years.

A fundamental aspect of this type of facility is the part pertaining to the energy management and monitoring of the facilities. In order to carry out this implementation, management and monitoring equipment has been used with ETRA's proprietary technology. On the one hand, a Smartmeter, referred to as SLAM was used to measure the energy generated in the installation, and on the other hand, an Energy Management Platform known as BESOS was implemented for the monitoring of the energy generated and consumed, as well as the energy management of the photovoltaic energy installation. Both products have been developed by ETRA within the framework of the Horizon 2020 program of the European Union.

6.1.2. CIRCULAR ECONOMY AND WASTE PREVENTION AND MANAGEMENT

	2015	2016	2017*	2018*
ACS Group				
Non-hazardous waste (t)	4,408,470	2,877,029	9,345,697	15,058,309
Hazardous waste (t)	310,993	50,888	130,882	42,251
Construction				
Non-hazardous waste (t)	4,354,210	2,826,402	9,254,776	15,004,008
Hazardous waste (t)	308,848	49,255	130,052	38,701
Industrial Services				
Non-hazardous waste (t)	54,260	50,599	90,821	54,019
Hazardous waste (t)	2,141	1,618	766	3,478
Services				
Non-hazardous waste (t)	ND	28	99	283
Hazardous waste (t)	5	15	63	72

* In 2018, Hochtief's non-hazardous waste has increased from 8,860,189 tons to 14,538,068 tons, mainly due to the increase in large projects involving tunnels operated by Hochtief Asia Pacific, which produce large amounts of extracted material. Much of this material is used for purposes such as filling, in other construction projects. HOCHTIEF's focus on waste recycling is reflected in the Group's recycling rate, which stood at 87.1% in 2018 (2017: 90.6%).

The ACS Group's aim is, through its activities, to contribute to the implementation of a new, non-linear type of economy, based on the principle of Life Cycle Assessment (LCA) of products, services, waste, materials, water and energy. With this goal in mind, they will, at all times, consider solutions which have been proven effective over the past few decades, such as ecodesign or waste prevention, management and recycling, and new solutions as they are developed.

Waste management at the ACS Group is always aimed at minimizing the waste generated, in terms of quantity and the respective hazards, while giving priority to recycling and reuse above other management options and energy recovery as the preferred choice over dumping in landfills.

Waste is managed in accordance with the regulations in force in each country. The facilities have the corresponding authorizations for producers of hazardous waste, which allow for the respective recording, taking of inventory, storage and management. The non-hazardous waste generated is reused at the production site or collected by an authorized manager for treatment, recycling or recovery or, if this is not possible, for disposal in controlled dumps. Thus of the total non-hazardous solid waste managed by the Group only 1,011,958 tons[5] are deposited in landfills, which represents only 6.7% of total non-hazardous waste.

The ACS Group also generates other hazardous waste or waste specifically regulated that must be treated, respectively, by an authorized hazardous waste manager or by an Integrated Waste Management System. Hazardous waste is, in general, delivered to authorized waste managers in accordance with the applicable laws, with 35.3% of it being recycled or re-used[6]. During the 2018 year, the ACS Group companies have transported 0.022% of the total hazardous waste internationally.

5. Scope of the data: 94.34% of sales for 2018.
6. Scope of the data: 91.91% of sales for 2018

6.1.3. SUSTAINABLE USE OF RESOURCES

The ACS Group considers efficiency in resource consumption to be a priority, as an effective strategy implies benefits from two angles. On one hand, it reduces the environmental impact on the surrounding areas and, on the other, it cuts the costs needed for their purchase or treatment.

Energy Consumption

Energy is one of the main resources used by ACS Group companies. The energy consumption of the Group is influenced by the weight of the works carried out during the year, whereby given the strong diversification of the group certain activities are more energy intensive. The different companies of the ACS Group are carrying out a variety of initiatives in favor of conservation and efficiency, as well as the use of renewable energy sources, in this way during 2018, the electricity coming from renewable energies within the Group amounted to 58,657,631 kWh.

Energy consumption (kWh)	2015	2016	2017	**2018***
ACS Group's Total	**12,491,323,013**	**8,868,113,189**	**10,002,256,831**	**12,127,577,650**
Construction	12,098,557,642	8,547,226,929	9,638,133,817	11,560,464,513
Industrial Services	301,060,332	235,766,578	280,570,597	474,375,569
Services	91,705,040	85,119,682	83,552,418	92,737,568
ACS Group Energy intensity (kWh/mn EUR Sales)	**402,453**	**303,604**	**301,834**	**342,359**

* In Construction the scope has been expanded, with the data for Dragados USA and Dragados Canada being included in 2018.

**The increase in 2018 in Industrial Services is due to the fact that in the Scope 1 emissions the data for Cobra companies in Colombia were collected for the first time and in the Scope 2, and the electricity consumption of the Cobra's Peru division is included for the first time.

Efficient use of water resources

Efficient use of water resources	2015	2016	2017	2018
ACS GROUP'S TOTAL				
Total water consumption (m^3)*	16,064,122.2	13,847,033.3	14,406,179.8	24,264,375.7
Wastewater discharges (m^3)	11,803,032.4	15,340,485.1	23,662,287.1	25,519,321.3
Volume of water reused or recycled (m^3)	5,171,994.3	5,428,101.7	4,055,132.3	2,413,263.5
Ratio: m^3 of water consumed / Sales (€ M)	776.6	756.5	676.3	685.0
CONSTRUCTION				
Total water consumption (m^3)**	14,212,769.3	13,631,804.0	13,562,922.6	23,397,405.6
Wastewater discharges (m^3)	630,250.8	808,495.5	635,925.3	255,359.2
Volume of water reused or recycled (m^3)	5,171,634.3	5,427,801.7	4,055,132.3	2,413,263.5
Ratio: m^3 of water consumed / Sales (€ M)	1,101.7	1,224.5	979.8	836.3
INDUSTRIAL SERVICES				
Total water consumption (m^3)*	1,851,352.9	215,229.3	198,207.2	235,219.5
Wastewater discharges (m^3)	11,172,781.6	14,531,989.6	23,026,361.8	25,263,962.1
Volume of water reused or recycled (m^3)	360.0	300.0	0.0	0.0
Ratio: m^3 of water consumed / Sales (€ M)	289.0	37.3	33.0	39.2
SERVICES				
Total water consumption (m^3)	0.0	0.0	645,050.0	631,750.6
Wastewater discharges (m^3)	0.0	0.0	0.0	0.0
Volume of water reused or recycled (m^3)	0.0	0.0	0.0	0.0
Ratio: m^3 of water consumed / Sales (€ M)	0.0	0.0	446.2	437.8

* The data has been re-stated since 2015, excluding the water captured by Tedagua for the desalination processes, since this water is a collection of sea water, not a consumption as such, being that it is returned to the environment. Thus, in 2016 total water consumption of Industrial Services included 31,638,607 m^3 liters from Tedagua compared to the 18,107,550 m^3 in 2015, due to the start-up of the Escombreras desalination plants, which included 48,895,516 m^3 in 2017. In the discharges, where it is collected from the Tedagua part that corresponds to the discharge process derived from the desalination process.

** In 2018, the increase in construction water consumption is due to HT Americas water consumption being included, bringing the total number for Hochtief from 11,957,981 in 2017 to 21,123,194 m^3 in 2018.

The activities carried out by the ACS Group involve considerable water consumption, especially in the construction field. As such, the company recognizes the need to reduce consumption of this natural resource, especially in areas where there is water stress.

The ACS Group has adequate measurement systems (at the project, company and corporate level), which provide detailed knowledge of the main sources of consumption, information that enables the Group to implement the most appropriate efficiency measures for each case. Thus in 2018, the source of 99.75% of the total water consumption of the ACS Group was identified, which considers that, within this scope, 20.0% of the water was collected from the surface (sea, rivers, lakes, etc.), 7.2% of the water was collected from wells and groundwater sources, 13.8% of the water consumed is recycled or reused, and the remaining 58.9% comes from the municipal network or other private or public sources.

It is noteworthy that the Group also performs exhaustive checks on the quality of the water discharged into the environment, in order to ensure the discharges do not have significant effects and always comply with that stipulated by law.

In addition to responsibly managing water resources, the ACS Group, through its Industrial Services business, carries out projects that contribute to improving water quality and guaranteeing access to drinking water, such as drinking water, desalination and waste water treatment plants. As a result of the entry into operation of these assets, the Industrial Services business may experience significant one-off increases in water consumption.

Consumption of materials: Sustainable construction

The ACS Group specifically promotes the use of recycled and/or certified construction materials, offering customers these types of options when making decisions regarding the materials to be used.

In order to encourage the use of sustainable materials among the Group companies, the Group as a Construction Materials Policy that establishes guidelines and good practices in this regard.

For further information: Materials policy

MATERIALS POLICY

The ACS Group seeks to implement the following good practices in the process of recommending construction materials to customers in bids to tender where applicable:

1. Propose a traceability analysis of 100% of products used.
2. Keep a record of suppliers who offer recycled/certified products.
3. Stress the importance of aspects such as durability and maintenance when selecting construction materials.
4. Provide information about the characteristics of products which give off gases or contain harmful substances and also about the products' life cycles.
5. When making an offer or taking part in a bid to tender, always include the option of certified timber, and offer information on the environmental benefits of its use.
6. When making an offer or taking part in a bid to tender, always include the option of cement made from recycled aggregates, and offer information on the environmental benefits of its use.
7. Provide environmental details of the proposed construction materials, such as energy used by machinery during extraction or treatment, greenhouse gas emissions, etc.
8. Report on the corporate waste management policy.
9. Provide information on waste management plans in projects, including design phases.
10. Give information on specific targets to reduce, recycle and reuse waste. Construction materials policy
11. Report on procedures in place for the recovery and recycling of construction materials by subcontractors.
12. Give details of staff and subcontractor training processes in waste management techniques.
13. Provide details of waste separation processes in project facilities and works.
14. Actively promote the purchase and sale of recycled by-products.

PROJECT FOR THE ENRICHMENT OF STEEL SLAG AS SUBSTITUTE FOR CEMENT (DRACE AND GEOCISA)

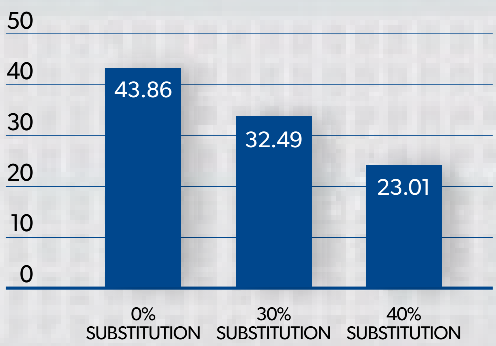
The management of steel slag waste is one of the biggest problems facing the steel industry, due to the storage requirements and the costs associated with it. However, this waste has a considerable potential for recovery, to the extent that the enrichment and reuse of this type of waste is a line where intensive work is being carried out in order to reduce the environmental and financial impact of the problem.

Along these lines, the companies DRACE Infrastructure and GEOCISA carried out between 2016 and 2018 the RD&I project "ENRICHMENT OF STEEL SLAG FROM SPILLWAY AS A SUBSTITUTE FOR CEMENT IN THE MANUFACTURE OF CONCRETE," with the purpose being to develop the necessary technology for the enrichment of steel slag from steel mills, through its incorporation, as a substitute for cement, in the manufacture of concrete for different prefabricated or manufactured elements in-situ.

By replacing different percentages of cement with these enriched slags; a significant impact is achieved on the sustainability of the product, by decreasing the demand for cement and, in turn, enriching a material that, at present, is considered to be waste.

The project has confirmed the feasibility of using steel slag as a substitute for cement in a wide range of products, compliance with the values and parameters collected in the reference tests, with the main problem being the current wording of the applicable quality standards that do not include the application of this product in the compositions of raw materials approved for the manufacture of the respective products. In addition, the project has enabled these two companies to define a work methodology that provides for the incorporation of slag from different origins, guaranteeing an adequate yield for the products.

CARBON FOOTPRINT PER UNIT (Kg CO_2)



SUSTAINABLE CONSTRUCTION BY DRAGADOS

Customer demand in the field of sustainable building construction continues to grow. However this is not only true for building projects, but also in the field of infrastructure, such as the Bank Station Capacity Upgrade in the UK with CEEQUAL certification and the Gordie Howe International Bridge, Cote Vertu Subway Garage and Finch West LRT through Dragados Canada, with the ENVISION certification.

During 2018 a total of 10 works were being executed by Dragados with LEED, BREEAM or CEEQUAL certification for a value of more than € 660 million and 49 projects were bid on with a certain type of sustainable certification requirement, corresponding to more than € 1,000 million.

In conformity with the commitment to continuous improvement held by Dragados, and in order to improve the process of reviewing contracts for works with LEED or BREEAM sustainable certification, guidelines have been made to collect the system requirements that guarantee compliance with the environmental requirements of the said certifications during the construction phase.

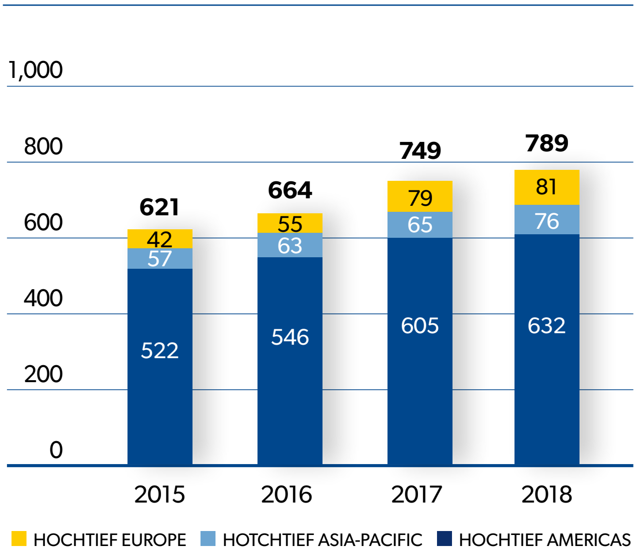
(301-1) Total materials used	2017	2018
Wood (m³)	1,219,383	**3,777,835**
Steel (t)	551,342	**1,310,393**
Concrete (m³)	4,104,025	**4,739,630**
Glass (m²)	77,333	**97,562**

The ACS Group's building construction activities, performed mainly by HOCHTIEF and its subsidiaries, are carried out in accordance with sustainable construction standards in its main areas of operation.

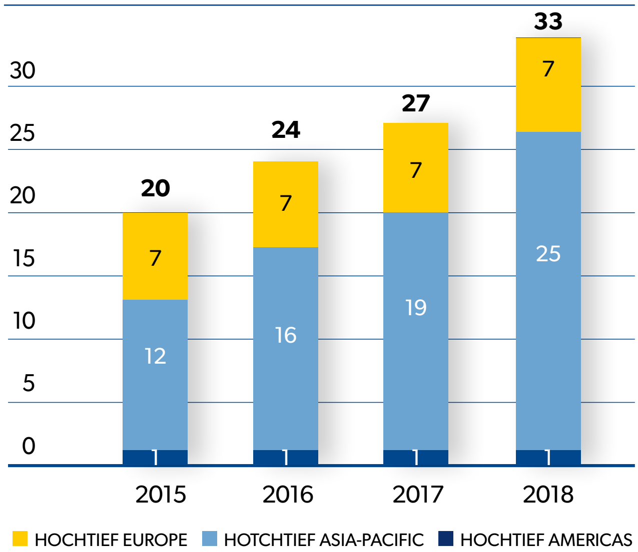
Since 2000, a total of Hochtief's 789 projects have been registered and certified in accordance with the respective certifications in terms of efficient construction.

Turner mainly adopts the LEED standard. While, CIMIC uses the Australian Green Star Methodology of the GBCA (Green Building Council of Australia) and LEED in its construction activities, while HOCHTIEF mainly adopts the DGNB, LEED and BREEAM certifications in Europe. Similarly, 33 projects were certified in terms of efficient infrastructure since 2013 (CEEQUAL, ISCA and Greenroads).

GREEN BUILDINGS IN HOCHTIEF*



GREEN INFRASTRUCTURE IN HOCHTIEF**



* Cumulative number (since 2000) of green Buildings certified built by HoCHTIEF.
** Certified and registered green Infrastructure (since 2013) number built by HoCHTIEF.

Also, in 2017, Dragados began the LEED and BREEAM certification for various building projects and in 2018, the objective was extended to include infrastructure projects.

In addition, the ACS Group companies also develop R&D projects aimed at reducing the consumption of construction materials, as well as its reuse and recovery.

6.1.4. PROTECTION OF BIODIVERSITY

The ACS Group's activities have an effect on the environment where the construction work is carried out, however, the company always tries to minimize the impact of its activities on the biodiversity, especially in protected areas or that of high ecological value.

Therefore, in its operations, the Group aims to strike a balance between development and conservation, in accordance with the following fundamental principles:

- Considering the initial value of the ecosystems which may be significantly affected by the Group's activities, products and services.
- Evaluating the impact of those activities, products and services on the ecosystems.
- Applying the imperative to mitigate impacts on the ecosystems by activities aimed at prevention, reduction, restoration and compensation.
- Implementing management plans whose purpose is to preserve or restore biodiversity in those activities or services which have a significant impact on the ecosystems.
- Establishing criteria for non-action, to prevent the development of activities or services in specific areas, on the basis of criteria tied to the intrinsic value or vulnerability of these areas.

Thus, the implementation of measures to conserve the flora and fauna is one of the environmental principles applied in planning operations. These measures are based on physical protection, transplanting or transfer, as well as on respect for the life cycles of the plant and animal species affected.

The ACS Group prepares environmental impact studies, which attempt to minimize the possible adverse effects of projects on the environment. Public participation in procedures to approve these projects is guaranteed by the national and regional legislation in each of the countries where they are carried out. The company also has supervision plans that guarantee the fulfilment of the preventive measures and reduce the impact of projects and processes not subject to environmental impact assessments.

ENVIRONMENTAL MITIGATION MEASURES IN THE ABERDEEN HARBOUR EXPANSION PROJECT (DRAGADOS)

The port of Aberdeen is one of the most active ports in the United Kingdom. In Nigg Bay south of the port there is continuous transformation through the development of new facilities and infrastructures. This will give the port greater capacity for the placement of the larger ships, for which the markets, both existing and new, have expanded.

To design the increase in the existing depths, which vary between -9m and -10.5m, dredging and blasting of the seabed of the bay will be required. These activities can be highly disruptive, especially to the local population of marine mammals, which include the bottle nosed dolphin, harbor porpoise, white-bill dolphin, minke whale, Risso dolphin, gray seal and harbor seal. As a result of this, several measures will be implemented to mitigate the impact and minimize the possible negative factors.

In 2015 an Environmental Declaration was prepared in which the possibility of significant effects on a number of issues related to the recipients was considered, including, among others, the surrounding marine physical environment, the conservation of local natural habitat, the ecology of fish and shellfish, marine ornithology and marine mammals.

In addition to this, an additional Environmental Report was developed in 2016, to provide more information on, among other topics, the methodology of the blasting project and the mitigation strategies to follow. More recently, and once all the relevant stakeholders were in agreement, including the Scottish Marines, Scottish Natural Heritage, the Aberdeen City Council, the Scottish Environmental Protection Agency, etc.; it was ratified within the Construction Environmental Management Document (CEMD), which also ratified that all blasting works must comply with European legislation on protected species.

The most relevant measures agreed upon and in force during the project's blasting activities to mitigate the impact are:

1. Blasting will be limited to daylight hours. If explosions occur outside daylight hours due to exceptional circumstances, a full written report will be sent to the competent authority (Marine of Scotland) within 48 hours.

2. Due to the operating limits of the vessels that carry out the drilling and blasting, this will not take place during bad weather, if the height of the waves is greater than 0.5 m or the sea state is higher than three on the Beaufort Scale.

3. Mitigation zones have been defined (1000 m for marine mammals and 500 m for seals), thus ensuring that no marine mammals are close enough to the point of explosion to harm them. The constant presence of the marine mammal observer (MMO) and the passive acoustic monitors (PAM) ensure that there are no marine mammals within the mitigation zone, as of 1 hour prior to the scheduled explosion.

4. The ECoW Project will also carry out bird checks in the vicinity of the blasting area before the scheduled explosion.

5. Before each main explosion, a small detonation is done to scare the fish away.

6. The explosion will only occur behind a double bubble curtain that will activate 15 minutes before each explosion and will be located at different points to attenuate any explosion noise reaching "open waters."

7. A vibration, terrestrial noise and underwater monitoring (UWM) control will be performed for each explosion, which will serve to ensure the compliance of the underwater noise in comparison with the agreed upon reference point.

8. Information on dead or injured fish recorded before blasting and after blasting will be recorded and provided to the Marine Scotland Licensing Operations Team (MS LOT) in the blast report. If MMOs see adverse effects on marine mammals, they will also provide immediate notification.

9. After each explosion, MMOs will continue to observe for 15 minutes and the PAMs will continue to monitor for 20 minutes to determine how quickly the seals return to the 500 m mitigation zone with that all remaining marine mammals return to the mitigation zone of 1 km.

REHABILITATION OF MINING AREAS BY CIMIC

The rehabilitation of the affected areas is a fundamental element of the treatment of biodiversity in construction sector, infrastructure services and especially in mining activities. In this area, the rehabilitation and progressive recovery of the affected areas is especially important, which involves establishing erosion control structures, soil recovery and replanting. Cimic seeks to ensure that all affected areas are rehabilitated in a way that is safe, stable and suitable for the agreed upon subsequent uses, such as agriculture, grazing or natural habitats.

Rehabilitation of CIMIC mining areas (hectares)	Reshape	Soil Recovery	Seeded
Australia / Pacific	105.9	90.6	7.8
Asia / Africa / America	229.5	180.4	0
Total	**335.4**	**271.0**	**7.8**

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6.2. THE ACS GROUP'S PEOPLE

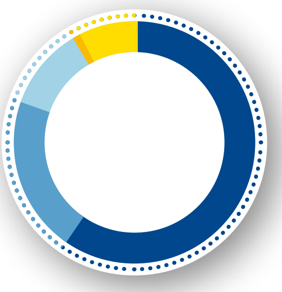
The ACS Group's business success comes from the talent of its teams. Hence the company maintains its commitment to continuously improving their skills, capabilities and level of responsibility and motivation, while at the same time addressing working and safety conditions with the utmost dedication.

The ACS Group applies modern and efficient human resource management tools with the goal of retaining the best professionals. Some of the fundamental principles governing the Group companies' corporate human resources policies are based on the following common actions:

- Attracting, retaining and motivating talented individuals.
- Promoting teamwork and quality control as tools to drive the excellence of work well done.
- Acting quickly, promoting the assumption of responsibilities and minimizing bureaucracy.
- Supporting and increasing training and learning.
- Innovating to improve processes, products and services.

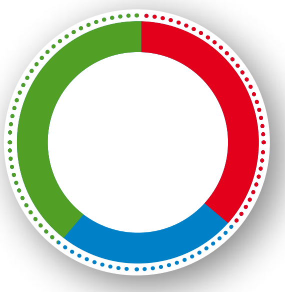
The ACS Group is an active advocate of human and labor rights, as recognized by various international bodies.

EMPLOYEES BREAKDOWN BY GEOGRAPHICAL AREAS



- EUROPE **56.9%**
- AMERICA **23.1%**
- ASIA **10.5%**
- AFRICA **0.2%**
- OCEANÍA **9.3%**

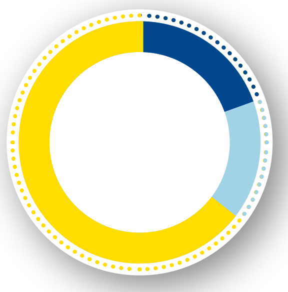
EMPLOYEES BREAKDOWN BY ACTIVITY AREA *



- CONSTRUCTION **35%**
- INDUSTRIAL SERVICES **26%**
- SERVICES **39%**

* Not including 52 employees from Corporate.

EMPLOYEES BREAKDOWN BY PROFESSIONAL CATEGORY



- GRADUATES AND PERSONNEL WITH DIPLOMAS **18%**
- NON GRADUATE AND ADMINISTRATION STAFF **17%**
- OTHER STAFF **65%**

STAFF OF THE ACS GROUP
AT YEAR END

195,461

WOMEN

38.8%
AS % OF THE ACS GROUP'S TOTAL

9,431 GRADUATES AND PERSONAL WITH DIPLOMAS

2,103 EMPLOYEES WITH A MANAGEMENT POSITION (HEAD OF CONSTRUCTION/PROJECT OR SIMILAR AND HIGHER)

10,833 NON GRADUATE AND ADMINISTRATION STAFF

125 SENIOR MANAGEMENT POSITIONS

12.9% TOTAL TURNOVER

9.5% VOLUNTARY TURNOVER

41 YEARS AVERAGE AGE

55,654 OTHER STAFF

6.4 YEARS AVERAGE SENIORITY

EMPLOYEES BREAKDOWN BY AGE

<35 YEARS **28%**
>35 YEARS AND <50 YEARS **45%**
>50 YEARS **27%**

EMPLOYEES BREAKDOWN BY COUNTRIES

SPAIN **50%**
AUSTRALIA **9%**
UNITED STATES **8%**
INDONESIA **5%**
BRAZIL **3%**
MEXICO **3%**
PERU **3%**
OTHER **19%**

MEN

61.2%
AS % OF THE ACS GROUP'S TOTAL

25,755 GRADUATES AND PERSONAL WITH DIPLOMAS

10,203 EMPLOYEES WITH A MANAGEMENT POSITION (HEAD OF CONSTRUCTION/PROJECT OR SIMILAR AND HIGHER)

23,082 NON GRADUATE AND ADMINISTRATION STAFF

866 SENIOR MANAGEMENT POSITIONS

18.2% TOTAL TURNOVER

13.1% VOLUNTARY TURNOVER

41 YEARS AVERAGE AGE

70,708 OTHER STAFF

5.7 YEARS AVERAGE SENIORITY

In 2018, the total turnover in the ACS Group was 17.47% and the voluntary turnover was 12.44%. The number of dismissals reported was 27,239[7], in these figures, more than 70% of them come from international construction companies based on the respective management systems, considering both dismissals and contract terminations. In 2019, work is being done to adapt these management systems to report only the data on dismissals in subsequent reports. Of these dismissals, 90% were men and 10% of women. The breakdown by professional category is 7% Graduates and personal with diplomas, 8% Non graduate and administration staff and 85% of other personal. By age range, 53% corresponds to under 35, 32% to employees between 35-50 years and the remaining 15% to people over 50 years.

7. Scope of data: 93.98% of the ACS Group's staff in 2018.

6.2.1. DIVERSITY AND EQUALITY

In the basic principles contained in the Code of Conduct of the Group there is an emphasis on equal opportunities, non-discrimination and respect for human and labor rights, which are also important factors in promoting the professional and personal development of all the employees of the ACS Group. Therefore, the ACS Group rejects any type of discrimination, in particular that which is based on age, sex, religion, race, sexual orientation, nationality or disability.

Likewise, in 2018 year the ACS Group has approved a new version of its Diversity Policy which serves to manifest, implement and develop the commitment of ACS and its Group to diversity and inclusion of all types of groups and sensitivities in the different areas and levels of the Group, establishing the guidelines and objectives that should govern the performance of the Group in terms of diversity.

Given that the ACS Group's geographic spread means that it is a diverse and multicultural Group, the intention is to continue and encourage the joining of professionals with a broad range of profiles, including various races, ethnicities, ages, nationalities, languages, levels of education, skills, religions and gender, so that all of this is a constant in the Group's day-to-day activities. This Policy applies to the members of the administrative bodies as well as any job position. Within this Policy, it is stated that the companies of the ACS Group must adopt those measures that, given their characteristics and specific circumstances, allow them to achieve the diversity objectives specified therein, generating a diverse and inclusive work environment, and will be applied in the ACS Nominating Committee, which will monitor and evaluate the application of this Diversity Policy. The breakdown of the different types of contracts by gender, age and professional classification is shown below. Part-time contracts are not broken down, being that the information collection systems are not prepared to collect this information, whereby an effort will be made to include this information in the 2019 report. Even so, a query has been carried out and it has been estimated that, due to the characteristics of the ACS Group's activities, Clece is the company with the greatest representation of this type of contract, which is estimated at around 60% of its contracts.

	2018		
	Men	Women	Total
Permanent contracts	63,572	47,969	**111,541**
Temporary contracts	55,972	27,948	**83,920**

	2018			
	Age <35 years	Age between 35 and 50 years	Age >50 years	Total
Permanent contracts	27,409	47,126	37,006	**111,541**
Temporary contracts	28,176	40,315	15,430	**83,920**

	2018			
	Graduates and personal with diplomas	Non graduate and adminis-tration staff	Other staff	Total
Permanent contracts	27,751	22,525	61,265	**111,541**
Temporary contracts	7,435	11,389	65,097	**83,920**

Specifically, the Appointment Committee will ensure that the selection procedures for the members of the Board favor diversity with regard to the aforementioned issues and, in particular, that they facilitate the selection of female directors in a number that makes it possible to obtain a balanced presence of women and men. The remuneration of the Board is shown in the table below.

The ACS Group's Management Committee, is composed of 6 managers (all men) who in the year 2018 have had an average annual remuneration of € 3,855 thousand of euros (including fixed and variable compensation) and an average annual contribution to the pension plans of € 989 thousand of euros.

Thousands of Euros	Number of Board Members	Average remuneration 2017 period	Average remuneration 2018 period	Change
EXECUTIVE DIRECTORS (1)	**5**	**6,920**	**4,962**	**-28.3%**
Fixed remuneration		1,414	1,472	4.1%
Variable remuneration (2)		4,718	2,606	-44.8%
Contributions to the long-term savings systems		787	879	11.7%
Other items		0	6	n.a.
Thousands of Euros	**Number of Board Members**	**Average remuneration 2017 period**	**Average remuneration 2018 period**	**Change**
NON-EXECUTIVE BOARD MEMBERS	**13**	**234**	**233**	**-0.7%**
WOMEN	3	164	189	15.4%
MEN	10	255	246	-3.8%

(1) The Executive Directors of the ACS Group are men.
(2) Includes annual short-term variable remuneration and long-term plans.

The Group's commitment to diversity and equal opportunities is reflected in all areas of the company. Regarding gender, companies representing 95.31% of the Group's employees have adopted measures to promote equal treatment and opportunities for men and women, among which 72.55% of the Group's employees are covered by Equal Opportunity Plans and in companies that represent 98.27% of the employees of the Group there are protocols against sexual harassment.

Likewise, in Group companies that represent 98.27% of the Group's employees, measures have been taken to ensure equal opportunities and avoid discrimination in the selection processes for any job position. In regards to this aspect, it is worth noting that, in recent years, the ACS Group's commitment to the representation of women in the working world and their professional development, has materialized, as since 2012 the number of women in executive positions has increased by 112%.

The ACS Group promotes the policies of equal opportunities and diversity for all its companies, by encouraging the participation of its employees in initiatives and proposals that make progress in this direction. The Group also ensures that the policies regarding compensation and retention of talent are in line with these basic principles. To this end, the ACS Group carried out a preliminary study in 2018 on wage equality among all the companies of the Group, which made it possible to provide the first assessment of the average remuneration of the more than 195,000 employees that comprise the ACS Group. For the average remuneration, the average annual compensation for the ACS Group employees was taken into account considering the respective base salary and other cash incentives. The weighted average is shown in the consolidated data, while being disaggregated by gender, professional classification and age.

The salary differences detected are mainly due to the greater presence in activities such as Construction in countries with a higher per capita income, as well as the typology, specialization, working hours, seniority, risk factors or location of the different activities of the Group, which includes everything from workers at heights in the United States to mining in Australia, with high levels of danger and higher per capita income, to the activity of Services, where the staff is located mostly in Spain and its activity is concentrated in cleaning services, home care and care for the elderly with salaries regulated by the collective bargaining agreements of each business activity.

This diversification of activities and the distribution of employees in countries with different income levels justify the differences found in the breakdown of the average compensation table.

Likewise, the ACS Group has launched a study on the possible salary gap in the different countries of the Group, which will make it possible to deepen the commitment to equality, which is an essential principle of action for the ACS Group.

	2018		
Annual average remuneration (€)	**Men**	**Women**	**% Change**
Directors and university graduates	79,936.0	62,720.5	-21.5%
Middle-level skills and Administration staff	39,842.4	37,459.2	-6.0%
Other staff			
Construction	53,160.6	46,023.3	-13.4%
Industrial Services	19,035.0	15,871.4	-16.6%
Services	14,223.6	13,439.4	-5.5%

Annual average remuneration (€)	2018
Age <35 years	30,304.3
Age between 35 and 50 years	36,118.5
Age >50 years	30,403.6

The ACS Group also understands the important role that having local roots and being sensitive to each place's unique features has in the company's success. For that reason, it promotes direct hiring of local employees and executives. In addition, the ACS Group is strongly committed to the inclusion of people with disabilities and others from vulnerable groups into the workforce. Specifically, in the year 2018 the ACS Group had 7,080 people with a disability and in companies that represent 76.77% of the employees, they have systems to ensure the universal access by their employees.

WORKFORCE INCLUSION OF VULNERABLE GROUPS IN CLECE

Clece Social is the social project of the Clece Group which expresses its commitment to the people. A commitment which is not considered to be a duty of the company or a strategy designed for social responsibility, but rather something inherent to its origin and its development: a company of people for the people. Among its objectives is to promote equal opportunities through the inclusion of people from disadvantaged groups, mainly persons with disabilities, persons at risk of social exclusion, women experiencing gender-based violence, victims of terrorism and long-term unemployed youth.

Whereby, in 2018, 8,749 people, representing 11.6% of the Clece Group's staff belonged to one of these groups. This figure has increased by more than 1,200 people compared to the previous year.

To achieve this goal, during this year Clece has continued working through collaboration agreements with more than 350 institutions and non-profit organizations, in addition to its own initiatives. One of them was "Project 139" which was the name given to the commitment undertaken by Clece in the delivery of the III Commitment Awards in November 2017, to hire 139 women victims of gender violence throughout 2018. It was a symbolic figure equal to the number of nominations submitted that year for the category of Best Social Project. In an effort to promote the labor integration of victims of gender violence, Clece works with more than 120 associations dedicated to this group. The company is part of the program of the Network of Companies for a Society Free of Gender Violence, promoted by the Ministry of Health, Consumption and Social Welfare, which aims to raise society's awareness of this menace, while also promoting the social and labor inclusion of the victims. The project was completed on October 31, 2018 with a final figure of 169 women victims of gender violence being hired in 11 months.

In the same way, Clece continued to hold its VII Forum for Integration in Santander in 2018 under the slogan "Are we talking about labor inclusion?" which brought together different players involved in the inclusion of people with disabilities into the workforce, as well as victims of gender violence and people at risk of exclusion. On the other hand, in May 2018 LaboralMAD was held, which was an event that Clece organized in Madrid, intended for the recruitment of people from vulnerable groups to work in the respective services that the company provides in the Community of Madrid. An event that allowed hundreds of personal interviews with candidates interested in occupying any of the more than 1,500 positions offered in such service as home care, nursing homes and senior care centers, property cleaning services, maintenance, gardening, information services and access control.

Social Project

Inclusion & Employment Project

Video of Project 139

Video of LaboralMAD

6.2.2. ORGANIZATION OF THE WORK AND SOCIAL RELATIONS

[102-41]

The ACS Group encourages spending time with the family, and in companies that represent 81.01% of the Group's employees, measures have been established such as flexible hours, telecommuting, a greater number of vacation days than legally required, reduced working hours according to the law, accumulation of breastfeeding time, among others, with 38.11% of the Group's employees being covered by these measures. In 2018, this has provided for the reincorporation of 92.89% of the women after their maternity leave and 98.11% of the men.

This improvement in the organization of the work and also the improvements related to safety and health, as a result of both mandatory and voluntary programs carried out by the company, have allowed for a reduction in the absenteeism rate in recent years.

	2015	2016	2017	2018
Total number of days lost (due to absenteeism)	967,184	1,046,251	765,812	641,337
Percentage of days lost due to absenteeism	2.1%	2.3%	1.5%	1.2%

In a similar manner, the company promotes, respects and protects the freedom to form trade unions and the right of association for its workers. Thus, in 2018, 13.47% of the employees of the ACS Group were affiliated with union organizations and 70.42% were covered by collective bargaining agreements or by an independent union. By country, in companies with headquarters located in Spain 90.3% are covered by collective bargaining agreements or by an independent union, 96.4% of employees for which the respective headquarters is in Germany and 24.1% of employees for which the respective headquarters is in Australia. As regards the list of collective bargaining agreements on safety and health, in 2018, 80.17% of the workers of the ACS Group are represented by formal committees of safety and health for management and employees. In companies representing 67.82% of the Group's workers, the collective bargaining agreements with the unions cover matters related to health and safety, and in these, 70.68% of health and safety matters are covered.

In a similar manner, in addition to the list of unions, the ACS Group also provides formal channels of dialog for maintaining relationships with workers, as with the ethics channels for example, and in the majority of the group there are minimum periods required for the advance notice of significant operational changes.

6.2.3. DEVELOPING TALENT

TRAINING: COMMITMENT TO PROFESSIONAL DEVELOPMENT

The ACS Group promotes the professional development of its workers. With this aim, it has an employment policy that generates wealth in the areas where it operates.

Each ACS Group company manages the development of its staff independently, adapting their needs to the specific characteristics of their activity, although all address the elements defined in the Skill Development and Assessment Policy:

	2017	2018
Employees covered by a formal system of professional development	94.2%	94.6%
Employees subject to performance evaluation processes	30.8%	32.8%
Employees covered by variable compensation systems	93.3%	97.7%

SKILL DEVELOPMENT AND ASSESSMENT POLICY

The ACS Group seeks to develop the following best practices with regard to skill development and assessment:

1. Strengthen performance evaluations through the achievement of goals.
2. Multidimensional performance evaluation (180° or 360°).
3. Strengthen the individual evaluation of employees, by recognizing and encouraging leadership among those with high potential.
4. Apply incentives related to long-term goals for staff below senior management.
5. Associate incentives related to long-term goals with non-financial performance indicators (environment, health and safety, customer satisfaction, relationship with stakeholders, etc.).
6. Implement measures to reduce the rate of voluntary turnover.
7. Measure employee satisfaction.
8. Take measures to increase employee satisfaction.
9. Implement a global metric to quantitatively evaluate the benefits for the business of investing in human capital.

DRAGADOS YOUNG TALENT PROGRAM

In an increasingly competitive international market in which the search for and retention of talent is essential for the development of companies, Dragados has once again invested in hiring young talent that recently graduated, for the company's main construction projects, thus offering them the opportunity to learn and develop in this sector.

This program is aimed at establishing itself as a benchmark in the learning and development of these young people through the experience in construction, training, mentoring and evaluation, with the objective being to obtain information that will serve to identify and retain their talent based on their concerns.

For this reason, in 2018, more than 60 recent graduates in Civil Engineering, graduates in Business Administration and Industrial Engineering have been hired for national projects with the aim being to train them in the main business segments and systems. This training will allow them to acquire a global and complete vision that is fundamental for their subsequent development in the main national and international projects of Dragados.

CURRENT

	Spain	International
Civil Engineers	64	35
Industrial Engineers	9	6
Business Administration	29	15
Architect	1	
Total	**102**	**56**

These technicians join the almost 100 young participants of the program from previous editions who are developing their career with us.

Since 2017 we have been working on a coordinated project between the Human Resources Departments of Dragados Spain, USA and Canada with the aim being to continue to expand the young talent development program at the international level. The success obtained in this program in Spain since 2014, led to the implementation of this program at the international level.

In this way, the different North American construction companies of the Group have been incorporated into this Plan. It aims to promote and encourage young talent and provides a first step into the world of work.

The program entitled "Engineering & Finance Development Program" currently has more than 100 Engineers and 20 Financial Professionals, hired by North American construction companies. In 2018, around 60 Engineers and 10 Financial Professionals were hired. The plan consists of 3 years of training and follow-up where they receive technical professional training and have a mentor who evaluates them and provides guidance regarding their performance. The practical training is obtained by incorporating them into the company's most significant works.

The company's interest in incorporating young graduates continues to be more and more evident, which is providing opportunities for promotion and continuous development.

DRAGADOS EVALUATION AND TALENT PLAN

Dragados considers it to be essential to obtain information that allows for the development and retention of in-house talent. For this reason, during the 2018 year, the project to evaluate the young talents hired by the company, within the Young Talent Program of Dragados, continued.

The profile of these graduates in Road, Channel and Port Engineering, graduates in Business Administration and Industrial Engineering, newly hired and with up to 4 years of experience, demonstrate a high level of English, learning potential and motivation to develop their professional career in the construction field.

Currently around 160 young talents are incorporated into large construction projects both in Spain and in the rest of Europe, USA, Canada and South America. They are beginning or consolidating a career as great professionals in our company nationally and internationally, while acquiring more and more responsibilities.

The objective of the evaluation is, on the one hand, is to learn about the professional status of these workers in order to offer an answer to their professional concerns and expectations and, on the other hand, to identify the internal talent which, based on their attitudes and aptitudes, provides for an adjustment of the employee to the internal needs of the company.

After conducting the evaluations consisting of a questionnaire and a personal interview with the worker and his/her superior/professional mentor, assessments and information have been obtained in terms of competence as well as the worker's previous experience and professional expectations, which allows us to make decisions about possible internal changes, promotions and professional development in the company.

SICE EXECUTIVE DEVELOPMENT PROGRAM

The Executive Development Program provides tools to improve the management of SICE's professionals and managers, while enhancing their managerial skills. From a practical point of view, we work on the fundamental aspects of today's management practices.

The fundamental skills, techniques and tools are developed to improve management. The participants benefit from enhanced development of managerial skills and a more complete vision of management.

SICE seeks to develop greater competitiveness, reduce turnover and increase its profitability, by delivering the tools to carry out its activities more efficiently, while developing the skills of managers, which directly impact the company's bottom-line.

Contents:

I. People and business leadership.

II. Change Management in the company and staff changes.

III. Effective negotiation techniques and conflict management.

IV. Executive effectiveness: management of time and work under pressure and optimization of results.

TRAINING PLANS

The ACS Group has programs for on-going training and skills development, aimed at covering the employees' training wants and needs, as identified during the year and in line with the competences established in the management models. In addition, the training plans are highly focused on employees' professional and personal development.

The training plans for the different companies are updated regularly to adapt them to the needs of each business and, in the end, of each person.

In order to determine the efficacy of the training programs, the Group companies evaluate the courses given at various levels: satisfaction of the participants, knowledge acquired by the participants and impact on the performance of the participants in the area in which they have been trained.

CLASS HOURS BREAKDOWN BY PROFESSIONAL CATEGORY

GRADUATES AND PERSONNEL WITH DIPLOMAS **32%**
NON- GRADUATE AND ADMINISTRATION STAFF **22%**
OTRO STAFF **46%**

	2017	**2018**
Total class hours given	2,174,758	2,553,214
Class hours per employee (based on total employees)	12.5	13.6
Employees participating in training activities	83,845	94,159
Class hours per employee (based on total employees trained)	25.9	27.1
Investment in training (Millions of €)	28.5	33.0
Investment per employee in training (based on the total number of employees) (€)	156.4	173.2
Investment per employee in training (based on total employees trained) (€)	340.0	350.3

6.3. HEALTH AND SAFETY

The prevention of labor risks is one of the strategic pillars of all ACS Group companies. Each of these companies and the Group in general maintain the commitment to reach the most demanding standards in this area and so become a reference in health and safety protection, not only for its own employees, but also for its suppliers, contractors and collaborating companies.

The ultimate target of the ACS Group is to create a culture of occupational risk prevention enabling it to attain an accident rate of zero. The Group is getting closer and closer to reaching this goal thanks to the work of the prevention services and the commitment of employees, suppliers, contractors and collaborating companies.

Although each Group company is managed independently, the great majority of them share common principles in the management of their employees' health and safety.

• Compliance with current regulations on occupational risk prevention and other requirements voluntarily observed.

• Integration of occupational risk prevention into all activities and at all levels through proper planning and implementation.

• Adoption of measures beyond regulations to ensure employees' protection and well-being.

• Application of the principle of on-going improvement of the system. And the extension of its principles and the participation of employees through training and information.

• Investment in certification of personnel and application of technological innovations to prevent accidents.

• Development of measures to protect the safety of third parties at the companies' facilities.

The large majority of companies have a specific department and a health and safety management system to comply with the above action plans and priorities.

At the companies that have these types of systems, the following activities are performed:

• Periodic assessment of the risks to which employees are exposed.

• Definition of prevention plans with formal targets that incorporate the improvements identified in the assessment processes.

• Identification and recording of situations that could have given rise to an incident (near misses).

• Workers' and managers' remuneration are linked to achievement of formal targets in regards to health and safety.

The supervision and optimization of these systems involves setting and monitoring objectives, generally on an annual basis, which are approved by senior management. The Risk Prevention Plans implemented at the Group companies include the conclusions from the periodic risk assessments made and establish guidelines for achieving the objectives set.

6.3.1. TRAINING

Training and information are the most effective measures to raise awareness and get people from the company involved in meeting the health and safety goals.

The ACS Group collaborates with organizations specialized in health, safety and risk prevention and actively participates in the major conferences, congresses and forums organized domestically and internationally.

	2017	**2018**
Employees who have received training on safety and health during the year (%)	69.6%	73.1%
Employees who have received training in occupational safety and health throughout their career with the company (%)	99.9%	99.7%

6.3.2. SAFETY STATISTICS

This ongoing effort made by all ACS Group companies in relation to health and safety is evident year after year in the continued improvement in the loss rates that have decreased for all areas of activity.

The Services activity has, by its nature of business, has greater incidence and frequency. Given the weight of the service activity, it has an impact on all the consolidated indicators, especially in the breakdown by gender, since the Services activity is where the highest concentration of women in the ACS Group can be found.

	2015	2016	2017	**2018**
Percentage of total employees covered by the certification OSHAS18001	82.8%	85.4%	88.0%	90.1%
Investment in Safety and Health (€ mn)	128	142	143	160
Spending per employee on safety (€)	754.2	838.0	783.5	817.6

Accident rates Employees	2015	2016	2017	**2018**
Frequency rate	**13.04**	**13.73**	**12.25**	**11.27**
Construction	3.29	3.02	2.72	3.17
Industrial Services	9.89	6.81	6.33	5.55
Services	28.80	32.74	31.46	28.68
Severity rate	**0.37**	**0.38**	**0.34**	**0.30**
Construction	0.09	0.11	0.08	0.08
Industrial Services	0.33	0.17	0.17	0.16
Services	0.79	0.87	0.88	0.77
Incident rate	**24.62**	**25.85**	**23.14**	**21.09**
Construction	7.65	7.01	6.04	6.91
Industrial Services	20.36	14.25	13.60	11.20
Services	41.15	46.79	44.95	41.86

	2018	
	Men	Women
Frequency rate	**6.13**	**22.24**
Construction	3.62	0.63
Industrial Services	5.97	1.53
Services	21.45	31.01
Severity rate	**0.16**	**0.60**
Construction	0.09	0.03
Industrial Services	0.16	0.04
Services	0.59	0.83
Incident rate	**12.70**	**34.63**
Construction	7.99	1.38
Industrial Services	12.04	3.16
Services	35.43	43.39

	2018
Total number of cases of occupational diseases (employees)	**105**
Total number of cases of occupational diseases (Male employees)	75
Total number of cases of occupational diseases (Female employees)	30
Frequency Rate of Occupational Diseases (employees)	**0.280**
Frequency Rate of Occupational Diseases (Male employees)	0.295
Frequency Rate of Occupational Diseases (Female employees)	0.250

Health and Safety Glossary

Frequency Rate: Number of accidents that have occurred during the working day per million hours worked.

Severity Rate: Number of working days missed due to accidents per 1,000 hours worked.

Incident Rate: Number of accidents with time off per 1,000 workers.

Occupational Frequency Rate: Number of occupational diseases per million hours worked.

RDI PROJECT (COBRA): REPORTING OF INCIDENTS, THE BRIDGE TOWARDS A PREVENTIVE CULTURE

The Senior Management of the COBRA Group maintains a firm leadership and commitment regarding the management of Occupational Health and Safety. There are many actions that have been carried out, although not all receive notoriety. Both the most visible, and the least, are fundamental for results-oriented management in relation to Occupational Health and Safety, the fact is that the Incident Reporting Project (Proyecto RDI) is an essential tool, which remains a lever for change towards a preventive culture, which has an interdependent relationship.

In COBRA, there is a firm belief in this Project globally. The objective is to significantly improve the voluntary reporting of information. To this end, the commitment of the Senior Management is maintained, which has been transmitted in several conferences, meetings and campaigns in a continuous manner over time. Given that it is a cultural change, much work must be done in carrying out pedagogical work throughout the Organization, so that it reaches each and every one of the employees, both in-house and those of the partner companies.

The project is based on transmitting the following basic principles:

- Risk prevention is not only a priority, it is one of the company's values. There is nothing more important than a person's life.

- When an incident occurs, the organization must know about it. Therefore, any incident that occurs should be reported with absolute confidence. As, Cobra will include it as a "lesson learned" in order to prevent it from occurring again and avoid escalation. Each report is analyzed and resolved.

- Reporting an incident is a personal initiative, in which the employee demonstrates their concern for their own safety and that of their colleagues. This constitutes pro-active participation, and not a passive one, in the management of the Occupational Health and Safety. We encourage positive recognition of the person who participates by providing the voluntary information report.

In 2018, this initiative was a fully implemented project, with more than 31,000 reports of registered labor incidents, which has provided for a significant reduction in accident rates recorded since the implementation of the Incident Reporting project. For the next few years, the objective is to continue the advancement of this project, as a measure for continuous improvement in this area.

The Management is firmly committed to being a reference in the field of safety, by introducing an authentic culture of prevention in all the tasks that are carried out, until ensuring that safety is an inalienable value, which is part of the daily life of all members of our Organization, being, therefore, a tool that allows us to achieve operational excellence.

ACCIDENT RATES SUBCONTRACTORS

The spreading of the risk prevention culture among suppliers, contractors and collaborating companies is another of the Group's basic lines of action in terms of safety. Details on the control and management efforts in this area are included in this document in the Suppliers section.

CONTRACTORS	2015	2016	2017	2018
Frequency	**4.74**	**3.16**	**3.44**	**3.17**
Construction	9.99	4.46	4.75	4.01
Industrial Services	1.90	1.36	1.60	1.85
Services	0.00	0.00	0.00	0.00
Severity	**0.05**	**0.09**	**0.11**	**0.10**
Construction	0.07	0.13	0.09	0.10
Industrial Services	0.04	0.04	0.13	0.10
Services	0.00	0.00	0.00	0.00

* Given that Clece does not work with subcontractors, the indicators of the Services activity drop to zero.

** Since 2016 the data for HT Asia Pacific is included under Construction.

6.4. REGULATORY COMPLIANCE: HUMAN RIGHTS AND COMBATING CORRUPTION AND BRIBERY

The ACS Group and the companies that comprise it are firmly committed to complying with its internal codes and the Corporate Social Responsibility policy. Throughout 2018, all divisions of the ACS Group proceeded to implement Compliance Management Systems, aligned with the main international regulatory standards. This process culminated in the last quarter of the 2018 period with the certification of the criminal compliance systems of the Group's head companies (ISO Standard 37001 and UNE Standard 19601).

In this manner, in 2018, the head companies of ACS in Spain were equipped with a criminal and anti-bribery Compliance Management System in order to structure an environment for the prevention, detection and early management of criminal and anti-bribery Compliance Risks, as well as to reduce its undesired effects in the event that they materialize, contributing to the generation of an ethical culture and respect for the Law among all ACS associates.

6.4.1. RESPECT FOR HUMAN RIGHTS: THE ACS GROUP'S CODE OF CONDUCT AND HUMAN RIGHTS POLICY

For the ACS Group, its commitment as a business to respecting human rights according to the ethical principles and the corporate culture that guide the performance of its activities and the achievement of its goals, is a key aspect. The main commitments in regards to this matter are contained in two internal codes of the ACS Group: the Code of Conduct and the Human Rights Policy.

CODE OF CONDUCT

The Code of Conduct summarizes the basic principles of Conduct for the ACS Group and constitutes a guide for employees and managers of the ACS Group in relation to their daily work, the resources used and the business environment in which this takes place.

The basic principles for action in the Code of Conduct are as follows:

• **Integrity:** Among its employees, the ACS Group promotes the recognition of behavior consistent with the fulfillment of the principles of: loyalty to the company, abiding by the law, honest management, fair competition, fiscal responsibility and confidentiality.

• **Professionalism:** the employees and directors of the ACS Group must demonstrate their high level of professionalism. In this regard, their behavior must be based on the following principles: quality and innovation, customer mindedness, use and protection of company assets, impartiality and objectiveness in relationships with third parties and transparency.

• **Respect for others and for the environment:** ACS assumes the commitment to at all times act in accordance with the United Nations Global Compact, to which it has adhered since its inception. Likewise, ACS Group companies undertake to act responsibly and diligently in order to identify, prevent, mitigate and respond to the negative consequences that could arise from their activities. The Code has also includes the company's adaptation with the framework of the United Nations Ruggie Report on Business and Human Rights.

All actions taken by the ACS Group and its employees shall strictly abide by the Human Rights and Civil Liberties included in the Universal Declaration of Human Rights, and, specifically, the United Nations Ruggie Report on Business and Human Rights.

The relationship of the Group with its employees, as well as the relationship among employees, therefore, shall be based on the following commitments:

- Equal opportunities
- Non-discrimination
- Training
- Occupational health and safety
- Eradication of child labor
- Eradication of forced labor
- Respect for minority rights
- Respect for the environment.

Code of Conduct

HUMAN RIGHTS POLICY

The ACS Group, in accordance with its Human Rights Policy, undertakes to assume its responsibility to respect human rights. This includes a due diligence process to identify, prevent, mitigate and account for how it addresses the impact of its business activity on human rights, as a process that will provide for the repair of all the negative impacts on human rights that it has caused or has contributed to the cause.

The systems established by the company for the management of its compliance systems take the regulatory aspects related to human rights into account, such as the workers' rights, financing of terrorism, hate crimes, corruption of minors, public health, etc. In fact, the company considers issues relating to the existence of a formal and documented commitment to the Universal Declaration of Human Rights in the principles for action of the Group's Code of Conduct.

The standard establishes that organizations must, for example, identify and assess their risks, take disciplinary action, oversee the compliance system and create a culture in which the company's compliance policy and management system is integrated. For this reason, in 2018 the company continued to work on developing and adapting its internal standards and management systems.

In 2018, there were no legal complaints against the companies of the ACS Group for violating human rights. The communications received through the Ethical channels of the company are explained in the chapter 6.4.3.

6.4.2. COMBATING CORRUPTION AND BRIBERY: CRIMINAL COMPLIANCE MANAGEMENT SYSTEMS (UNE 19601) AND ANTI-BRIBERY MANAGEMENT SYSTEMS (UNE-ISO 37001)

In 2018, the ACS Group carried out an intense task of developing and adapting its internal regulatory bodies to the ISO-UNE compliance management system regulations. In the second half of 2018, this process culminated in the certification of the adequacy and effectiveness of the compliance management systems implemented both in the Group's parent company and in the main heads of the divisions, by obtaining the certificates for criminal compliance management systems (UNE 19601) and anti-bribery management systems (UNE-ISO 37001).

Thus, in 2018 ACS was equipped with a criminal and anti-bribery Compliance Management System in order to structure an environment for the prevention, detection and early management of criminal and anti-bribery Compliance Risks. This system seeks to reduce the undesired effects of risk, in the event that they materialize, contributing to generate an ethical culture and respect for the Law among all ACS associates. The fundamental document governing this system is the Criminal and Anti-bribery Compliance Policy.

Criminal and Anti-bribery Compliance

In 2018, the ACS Group did not make financial or in-kind contributions to political parties and the value of the contributions trade associations, business associations and others is shown below:

	2017	**2018**
Value of financial and in-kind contributions made by the organization to associations (trade associations, business associations, etc.) (€)	782,088	928,026

6.4.3. CONTROL AND MONITORING MEASURES

CODE OF CONDUCT MONITORING COMMITTEE AND COMPLIANCE COMMITTEE

The implementation of compliance management systems has resulted in the creation of a new Compliance Committee that has been assigned criminal prevention functions and will be responsible for putting the Criminal and Anti-bribery Compliance Policy into practice. ACS' Governing Body has appointed the Compliance Committee, giving it autonomous powers of initiative and control as well as the maximum possible independence to carry out its tasks, so that it is free of any business condition that could harm its performance. The independence of the Compliance Committee ensures the neutrality in the decision-making process. This independence is supported by its functional relationship and direct access to the Governing body through its Audit Committee and, therefore, distance from the management team and middle management in charge of managing the operations. In addition, the performance evaluation of the Compliance Committee is ultimately the responsibility of the Governing Body.

In the Criminal and Anti-bribery Compliance Policy, the main tasks of the Compliance Committee are grouped in a structured manner.

The Code of Conduct Monitoring Committee, according to its current Rules of Procedure, approved in its latest version on December 13, 2018, is entrusted, among others, with the function of maintaining a two-way communication with the Compliance Committee, especially in relation to the inquiries or complaints received through the Ethical Channel.

THE COMPLIANCE CHANNEL AND ETHICAL CHANNEL

To ensure maximum flexibility and enhance the effectiveness of the Compliance Committee, complaints or observations in criminal matters may be processed through the different channels available to the organization, ranging from simple reporting to the hierarchical superior to verbal or written correspondence (by mail, for example) addressed to any member of the Compliance Committee, as well as through the ACS Ethical Channel (which is managed by the Code of Conduct Monitoring Committee).

To contact the ACS Compliance Committee, the following address may be used:

Compliance Committee
ACS Group
Avda. Pío XII 102, 28036 Madrid, Spain.
+34 913439200
cumplimiento@grupoacs.com

On the other hand, to access the ACS Ethical Channel, the following address can be used for such purposes:

Ethical Channel
ACS Group
Avda. Pío XII 102, 28036 Madrid, Spain.
canaletico@grupoacs.com

Without prejudice to the existence of different channels for the communication of observations or complaints regarding Compliance Risks, any complaint regarding criminal prevention received by the Compliance Committee, which translates into the existence of indications of actions that may violate the principles of the Code of Conduct of the ACS Group, must be transferred to the Code of Conduct Monitoring Committee, so that said Committee may assess the opening of an investigation file. In the event the parent of the ACS Group receives reports related to the activity of companies comprising the Hochtief Group, or its subgroup Cimic, which has its own systems due to it being publicly traded, the Monitoring Committee will inform the reporting party of the corresponding internal reporting mechanisms so that they may, in each case, seek out the respective channel.

In 2018, only two files were opened by the ACS Ethical Channel. These are complaints filed by third parties, unrelated to the organization, which after their study have proven that they were not within the competence of the Committee (identity theft of the ACS Group on the Internet for fraudulent purposes and request for identification of a supposed employee of the Group), with its resolution being processed in less than 15 days.

The decrease in the number of communications received is due to the effort made to reinforce the ethics of the respective head companies of the ACS Group. Below is a summary by Division of the communications received:

- **Dragados Group:** has received, through its Ethical Channel, 6 digital communications, all of them from employees, 3 from the United States and 3 in Spain. The reason for the communications received was: three for alleged abuse of power, one for an inquiry on conflict of interest and two requests for information. Two of the communications were resolved in less than 15 days and the other four in more than 30 days. In three communications, information was provided on internal procedures and in the remaining three, belonging to the same file, the complainant withdrew it.

- **Iridium:** has received, through its Ethical Channel, 5 employee communications in Spain, all in digital format. Four of them concerning doubts regarding the internal policies that were responded to in less than 30 days and one requesting authorization for the reception of an accommodation that was approved in less than 15 days.

- **Clece:** has received 46 communications through its Ethical Channel, all of them from Spain and through e-mail. Of these, 4 of them were for harassment, 19 for the quality of the service, 22 for workers' rights and 1 for violation of the Code of Conduct. The communications received were resolved in an average period of less than 15 days.

- **ACS Industrial:** has received 40 communications through its Ethical Channels, 23 of them by email, 13 by telephone and the rest by other means. Of these communications, the breakdown by country of origin is: 15 from Spain, 15 from Brazil , 4 in Mexico and the remaining 6 are distributed in Guatemala, India and U.S. Of these complaints, 11 of them were related to labor-related complaints, 11 of them with personnel selection procedures, 8 with breaches of the Code of Conduct, 1 administrative violation and the rest for a variety reasons. Of these 40 communications in 24 of the cases it was concluded that no evidence of non-compliance has been observed, 10 of them involved the dismissal of the employees involved, in 4 of them measures were taken to avoid future situations, and two of them remain under investigation.

TRAINING

In order to guarantee compliance with all of its internal commitments and regulations, the ACS Group encourages all of its employees to become familiar with them through awareness campaigns and training courses that are carried out at all Group companies.

	2017	2018
Coverage of training plans regarding Human Rights, Ethics, Integrity, Conduct or other Compliance policies and procedures (% of employees).	97.7%	**98.1%**
Number of courses with content regarding Human Rights, Ethics, Integrity, Conduct or other Compliance policies and procedures.	1,405	**873**
Number of employees trained in courses on Human Rights, Ethics, Integrity, Conduct or other Compliance policies and procedures.	34,494	**53,048**
Training hours per trained employee *	1.4	**2.9**

* In 2017 this indicator reached a coverage of 82%, which provides the basis by which the training hours were calculated per employee.

6.5. MANAGEMENT OF THE RELATIONSHIP WITH STAKEHOLDERS

[102-42]

The ACS Group defines stakeholders as groups with the capacity to have an influence on the achievement of the organization's objectives or those which may be affected by its business activities. The ACS Group's basic principles for action in relation to its stakeholders and the environment are based on complying with the Spanish and international applicable laws, and fulfilling the corporate social responsibility commitments voluntarily complied with by the ACS Group.

The graph below identifies the main stakeholders with which the company has a relationship:

[102-40], [102-43]

[102-40], [102-42], [102-43]

Stakeholders	Relevant areas for stakeholders	Relationship mechanisms and bodies
Customers	• Quality and innovation of products and services offered • Risk management	• Contracting department • Customer satisfaction survey • Channels for submitting complaints/claims • Ethics channel
Employees	• People • Healthy and safety management • Transparency, ethics and integrity • Giving back to society	• HR departments of the companies • Employee satisfaction surveys • Performance evaluation • Ethics channel • Prevention committee
Shareholders	• Economic/financial results • Risk management • Transparency, ethics and integrity • Corporate governance	• Investor relations department • General Shareholders' Meeting • Electronic forum and shareholder offices • Section on shareholders and investors on the website
Investors, analysts and rating agencies	• Economic/financial results • Risk management • Transparency, ethics and integrity • Corporate governance	• Investor relations department • Section on shareholders and investors on the website
Financial institutions	• Financial soundness	• Finance managers
Partners	• Contracting with the ACS Group • Healthy and safety management • Transparency, ethics and integrity	• At Group level, Chairman of the ACS Group • At the local level, the managers of the companies and specific projects
Suppliers and contractors	• Contracting with the ACS Group • Ability to pay • Healthy and safety management • Transparency, ethics and integrity	• Purchasing departments of the companies • Supplier approval and management process • Ethics channel
Supranational bodies, public authorities and regulators[1]	• Giving back to society • People • Healthy and safety management • Transparency, ethics and integrity • Environmental management • Economic/financial results	• At Group level, Chairman of the ACS Group • At the local level, the managers of the companies and specific projects
Local community, society and NGOs	• Giving back to society • Transparency, ethics and integrity • People • Healthy and safety management • Environmental management	• Regular meetings of the ACS Foundation with organizations of civil society • Environmental impact assessments
Sector associations	• All aspects mentioned above	• Participation in associations, work groups and discussion forums[2]
Media	• All aspects mentioned above	• Communications departments of the companies and the ACS Group

1. The ACS Group made no financial or in kind contributions to political parties in 2018. The subsidies received by the ACS Group in 2018, as shown in the Group's consolidated balance sheet, included in the economic financial report published together with this report, totaled € 3.2 million.

2. The main sector associations in which ACS participates are as follows: CNC, AESPLA, SEOPAN, PESI, IEFP, Workplace Inspection, ENCORD, Australian Constructors Association, Safety Institute of Australia, National Safety Council of Australia, Federal Safety Commission Accreditation, Associated General Contractors, Infrastructure Health & Safety Association, among others.

[102-40], [102-42], [102-43]

It should be noted that within the framework of the definition of material aspects of this report, the ACS Group consults its stakeholders in order to identify those areas of the company's management that they considered to be most important. The results of the survey are provided in point 9.2. Identification of material aspects. Likewise, during the year the main subsidiaries of the various divisions of Construction, Services and Concessions, as well as Industrial Services have been working to undergo independent external audit procedures in order to obtain certificates of criminal compliance management systems (UNE 19601) and anti-bribery management systems (UNE-ISO 37001), whereby, in particular for the latter, the procedures for relations with certain interest groups are included.

COMMITMENT TO INFORMATION TRANSPARENCY

An essential requirement for the ACS Group to be able to fulfil its mission of generating return for its shareholders and the society in which it operates is information transparency. The objective of this strategy is to ensure that its activity is as open as possible and that the interests of its customers and the company's other stakeholders are respected.

The ACS Group is committed to total rigor in the information transmitted, especially with respect to the media.

Transparency Indicators	2017	2018
Website		
Visits to the website	351,168	351,510
Page views	1,104,324	1,059,045
% of new visitors	23%	13%
Shareholders and Investors		
Meetings organized by Investor Relations	282	167
Calls/emails from attending shareholders	595	524

This general objective of transparency is stated by means of the following guidelines:

- Transmitting the Company's overall corporate strategies, as well as those specific to each of the Company's business areas, to the outside world.
- Projecting the Group's business reality so that the Group's different stakeholders recognize it as being sound and well-managed in Spain and abroad.
- Contributing to the make-up of a positive corporate image which helps to achieve business objectives and commercial activity.
- Maintaining a fluent relationship with external agents, particularly with representatives of the media.
- All of the above leads to an increase in the value of the ACS brand and of its different companies and businesses.

The ACS Group manages its commitment to transparency to its stakeholders through three main channels:

- The ACS Group's Communications Department.
- The ACS Group website.
- Shareholder and investor information activities.

6.6. GIVING BACK TO SOCIETY

One of the main objectives of the Group is to create value in the environments in which it operates, acting as a driver of economic and social development that serves to generate new opportunities for infrastructure development. The commitment of permanence and joint growth combined with the open dialog with its stakeholders gives the Group companies a clear competitive advantage when it comes to generating relationships based on trust in the operating environments.

To maximize the creation of value, ACS prioritizes the use of local resources, which favors the exchange of knowledge, the transfer of technology and the growth of an industrial network that helps economic growth and contributes to social

(201-1) Economic value generated, distributed and retained (€ M)	2017	**2018**
Total value of production	34,898	**36,659**
Finance income	203	**155**
Divestments*	632	**3,264**
(1) Economic value generated	**35,733**	**40,078**
Operating expenses and costs	25,363	**26,719**
Staff costs	7,688	**7,910**
Corporate tax	330	**390**
Dividends	297	**316**
Finance costs	486	**412**
Resources destined for the community	12	**13**
(2) Economic value distributed	**34,176**	**35,759**
Economic value withheld (1-2)	**1,557**	**4,318**

* In 2018, divestments corresponds mainly to the sale of a minority stake in Hochtief included in the operation of acquisition of Abertis that increased simultaneously gross investments made.

THE ACS GROUP'S SOCIAL ACTION POLICY

RESPONSIBLE PARTIES
- GROUP COMPANIES
- ACS FOUNDATION

FORMS OF CONTRIBUTIONS
- INVESTMENTS IN THE COMMUNITY
- TRADE INITIATIVES
- PHILANTHROPIC DONATIONS

TYPES OF CONTRIBUTIONS
- IN KIND
- CASH

- Corporate v
- Citizen awa
- Environmer
- Efficiency
- Road safety
- Support for

- Elimination access for di people with
- Education a
- Rehabilitatio
- Scientific an
- Sponsorship and institution
- Support for
- Support for
- Developme

SOCIAL ACTION

welfare. Thus, the Group contributes to social improvement from two perspectives:

1. By contributing with through its business activity to the development of society through the creation of value, local development and the fulfillment of the Sustainable Development Goals.

2. Through its social action that is articulated following the Group's business strategy, which allows it to be maintained over the long term.

Contribution of ACS' activities in complying with the SDGs.
3.4 And contributes with its business activity, which serve to fulfill the global objectives.

The ACS Group's Social Action Policy

In order to fulfil this commitment, the ACS Group has defined a Social Action Policy with the following main objectives:

- To drive forward the business and its sustainability
- To improve the recognition and reputation of the company.
- To increase the satisfaction of the employees and associates.
- To help improve the society in which the ACS Group operates

This policy is based around an Action Plan, which sets out the procedures for application in its various business areas. It has been drawn up in accordance with the guidelines and recommendations of the London Benchmarking Group (LBG), includes the experience accumulated over the years by the ACS Foundation and addresses social initiatives of ACS Group companies.

The policy determines the responsibilities assigned to social action, the action categories and areas that form the framework of the projects, the types of contributions that may be made, the geographical areas of action, the model for monitoring the initiatives and communication of the results obtained:

SCOPES OF ACTION	GEOGRAPHICAL AREAS	MONITORING	REPORTING
volunteerism reness ntal awareness / Workplace hazards NGOs and community organizations of barriers and universal isabled people and reduced mobility nd defense of the environment on of historical heritage monuments d technical research of other foundations ns cultural activities sports activities nt cooperation	ALL COUNTRIES WHERE ACS OPERATES	INTERNAL MONITORING, MONITORING COMMITTEE, ACHIEVEMENTS AND IMPACT ASSESSMENT	RSC REPORT FOR THE ACS GROUP ACS FOUNDATION ANNUAL REPORT

6.6.1. SOCIAL ACTION OF ACS GROUP COMPANIES

8.2
CASH FUNDS AND CONTRIBUTION IN KIND ALLOCATED TO SOCIAL ACTION (MN €)[8]

2,459
NUMBER OF VOLUNTEERS (EMPLOYEES)

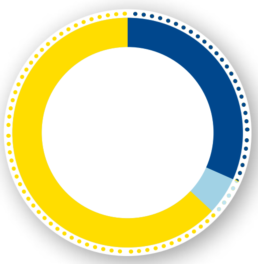
402
NUMBER OF FOUNDATIONS OR NGOS THAT RECEIVED AID / SUPPORT DURING THE YEAR

14,214
HOURS THE EMPLOYEES HAVE SPENT AS VOLUNTEERS DURING THE WORKING DAY

Each Group company is be free to select its own social action activities as long as they are connected to the experience that it has acquired in its line of business and help meet the objectives of this policy. Subsequently, the company's' employees will have the chance to take part in such activities as corporate volunteers.

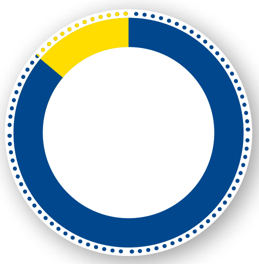
Main Indicators of Social Action by Group Companies	2017	**2018**
Cash funds allocated to Social Action (€ M)	5.7	6.5
Monetary estimate of the contributions in kind allocated to Social Action (€ M)	0.2	0.9
Estimation of the number of people benefited by social action	96,086	144,458
Number of courses or citizen awareness activities conducted (road safety, environment, efficiency, social integration, etc…)	384	154
Number of volunteers (employees) that have participated in these awareness-raising activities	4,196	2,459
Number of foundations or NGOs that received aid / support during the year	411	402
Number of events (conferences, exhibitions, sporting events, etc…) sponsored during the year.	114	86
Time that employees have spent this year volunteering during the workday (h)	9,786	14,214

BY TYPE OF ACTION



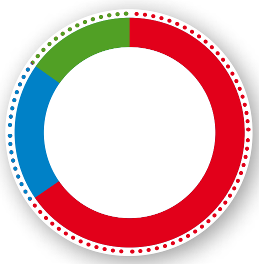
INVESMENT IN COMMUNITY **32%**
COMMERCIAL INITIATIVES **5%**
PHILANTROPHIC DONATIONS **63%**

BY TYPE OF CONTRIBUTION



CASH FUNDS **88%**
IN-KIND **12%**

BY BUSINESS AREAS



CONSTRUCTION **66%**
INDUSTRIAL SERVICES **21%**
SERVICES **13%**

8. The administrative expenses due to the contribution of the company to the social action are being included: € 826,976.

HOCHTIEF'S BRIDGES TO PROSPERITY (B2P)

As part of the focus of the sponsorship to "create and maintain living spaces", HOCHTIEF supports projects executed by the NGO Bridges to Prosperity (B2P). This collaborative effort involves the construction of pedestrian bridges in remote regions. The bridges provide the local population with a safe way to access educational facilities, medical treatment and markets, especially during the rainy season, when rivers often increase in flow so dramatically that crossing them represents a serious danger. HOCHTIEF and its Group companies have been working with B2P since 2010.

Regarding B2P projects, HOCHTIEF is involved in regions where it does not actively work.

By helping to improve people's connections with other areas, it becomes possible for them to participate in economic development both nationally and locally. Better access to educational institutions is especially important for enhancing the potential for economic success, which translates into better prospects for young people. According to B2P's estimates, the income of households in areas that obtain regular access to commercial areas is 30% higher on average. The projects not only benefit the local communities, but also the participating HOCHTIEF employees; as a team of ten people travels to the region to build the bridges along with the locals. This creates a special network within the HOCHTIEF team and strengthens loyalty to the company. More than 260 people in the Group have participated in B2P projects to date. Their reactions have been decidedly positive. Among those who worked on the Rwanda project in the year of the report, for example, the number of people who would recommend the bridge building experience to others was 100% once again.

In order to ensure that bridges are maintained in the long term, local helpers are hired in each region. Their assistance and the training they receive, provides them with adequate knowledge to maintain and repair the bridges in the future. In addition, the B2P project has multiple benefits, such as the fact that the subcontractors and suppliers are usually local teams, who benefit from a fair salary. And last but not least, our employees also get involved in the communities socially, for example, by visiting schools and partaking in sports activities. This makes it possible to contribute to long-term growth and knowledge transfer.

In the year of the report, HOCHTIEF built a bridge in Rwanda (in the Muganza sector) and Flatiron built another in Nicaragua (in the Matiguas district).

PUENTES PEATONALES CONSTRUIDOS POR HOCHTIEF Y B2P POR PAÍS

HOCHTIEF Americas (flatiron, Turner, E.E. Cruz)	**Number of realized projets**
Honduras	1
Guatemala	1
El Salvador	2
Nicaragua	14
HOCHTIEF Europe HOCHTIEF Asia-Pacific	
Rwanda	7
HOCHTIEF Group	**25**

ACCORDING TO B2P'S ESTIMATES, THE 25 BRIDGES BUILT BY HOCHTIEF HAVE ENABLED:

14,000
THE SAFE ACCESS TO EDUCATIONAL CENTERS FOR 14,000 CHILDREN

43,000
BETTER ACCESS TO MEDICAL CARE FOR 43,000 PEOPLE

107,400
PEOPLE FROM THE LOCAL COMMUNITY TO BENEFIT FROM THESE 25 BRIDGES BUILT

CLECE'S FOURTH COMPROMISO AWARDS

Link to the video

The Compromiso Awards [Commitment Awards] are a culmination of Clece's social project and in 2018 they were solely dedicated to combating gender violence. The Awards of the Fourth Event have recognized the work of social organizations and non-profit organizations that help women victims of gender violence.

The jury, comprised of individuals from the institutional world and civil society, evaluated 118 projects. Taking into account the social value and scope of the initiatives, the 3 best projects have been rewarded with an award and a cash prize of € 10,000 each.

The best journalistic work was also awarded, under the theme of violence against women with an award and a cash prize of € 7,000.

The best initiative to raise awareness of gender violence, was also rewarded with an award.

The winners of the fourth edition were:

Best Projects:

- Santa María La Real Foundation for its project "Empleo Mujer de Castilla y León"
- AXEL for its project "Blester, capsules of knowledge"
- Don Bosco Foundation for its project "Itinerarios integrados de inserción sociolaboral"

Best Journalistic Work:

- Marisa Kohan of the newspaper "Público".

- Best initiative to raise awareness of "Tolerancia cero. Contra el maltrato, la fuerza de todos" of **Antena 3 News** and **Mutua Madrileña Foundation**.

- The jury awarded special mentions to **María José Garrido Antón**, Captain of the Civil Guard, for her work and the preparation of the Guide for Psychological First Aid in Gender Violence ("Guía de Primeros Auxilios Psicológicos en Violencia de Género") and the **Candelitas Association** and **ARED Foundation** for their work in including women victims of gender violence within Clece.

EDUCATE TO TRANSFORM, IHSA

Iberoamericana de Hidrocarburos SA (IHSA), is a consortium formed by Cobra with Monclova Pirineos Gas, tenderer of the development of the Nejo block in the Mexican state of Tamaulipas. During its work in the area, it has implemented the social action program "Committed to San Fernando" ("Comprometidos con San Fernando") to promote local development.

This program has focused on the students from the surrounding area and their families, with actions in the field of education, health and values. This program culminates in the initiative referred to as the Educate to transform project, launched in 2012, focused on selecting the most outstanding students of the municipality and those with limited resources, providing support for their professional studies and offering job opportunities in the company. To do this, IHSA periodically offers a communication and application submission stage, followed by a selection process and a follow up phase.

The selected students study in the field and the university of their choice and the support of IHSA consists of the payment of all the costs of the studies, from the beginning of their career until the finalization of both the degree and certification, in addition to a monthly amount for the respective maintenance throughout the student's career.

Generation	Scholarship Period	Students
1st	2012-2017	8 graduates
2nd	2013-2018	10 graduates
3rd	2014-2019	2 graduates, 9 active
4th	2017-2021	10 active
5th	2018-2022	12 active

6.6.2. SOCIAL ACTION OF THE ACS FOUNDATION

The objective of the Foundation is to integrate and manage the ACS Group's efforts in matters involving patronage and cultural, institutional, sporting or environmental sponsorships, awards and scholarships, training and research, charity and similar activities, at the national and international levels, while providing greater social involvement.

The Social Action of the Foundation allows the ACS Group to give back a portion of its profits to society, in order to collaborate in improving the quality of life of the citizens.

To this end, various programs focused on this objective are carried out:

- Improvement in the quality of life of people with physical or sensory disabilities, or in a situation of dependence, through three sub-programs:
  - Universal Accessibility.
  - Training, workforce inclusion and social integration.
  - Inclusion in sports.
- Defense of and support for best practices in relation to the environment.
- Collaborations with institutions in the field of innovation, engineering, science, economics and law.

CAPITULARY ROOM OF THE PRIMATE CATHEDRAL OF TOLEDO

Among the monuments that make up the historic center of the city of Toledo, which was declared a World Heritage Site by UNESCO in 1986, the Cathedral of Santa Maria de Toledo Cathedral of Spain stands out and is one of the best examples of a Gothic church in our country.

Construction of the Primate Cathedral began in 1227, with a French Gothic influence on the foundations of the ancient Visigothic Cathedral of Toledo, built in the sixth century and later reused as a mosque.

The construction of the Capitulary Room of the Primate Cathedral was the result of the desire of Cardinal Francisco Jiménez de Cisneros to have a space for the meetings of the Cabildo, which until then were held in a space located at the base of the tower.

The spectacular mural paintings of the Capitulary Room were executed by Juan de Borgoña and his assistants between 1509 and 1511. In them, the north and south walls depict the life of the Virgin, with the Passion of Christ on the east wall and the Last Judgment on the west wall, while the lower frieze is occupied with 72 figures of the bishopric of Toledo, which were painted by Juan de Borgoña.

From the first known interventions applied to the paintings, work of the painter Blas de Prado in the sixteenth century, numerous interventions have been documented, the most recent being in 1974. This succession of repaints concealed the authentic painting of Juan de Borgoña, which needed to be removed from it.

The intervention followed criteria based on prior knowledge of the surfaces to be treated and respect for the materials and techniques used by the artist. To do this, work was performed to identify the subsequent additions, by objectively assessing the feasibility and suitability of their removal, and the progressive development of treatments to maintain greater control over the evolution of the works. The final objective was to at all times guarantee the stability of the paintings and the preservation of all the historical and documentary information that they behold, without losing their artistic and aesthetic characteristics.

- Contribution to the dissemination, restoration and maintenance of buildings belonging to Spain's artistic heritage.
- Cultural support by making Contributions to the promotion, rehabilitation and maintenance of the buildings of the Spanish Artistic Heritage, as well as support for the entities that improve the cultural level of the people.
- Support for research, mainly medical research, including rare diseases.
- Cooperation for development and technical assistance, for the purpose of supporting the development objectives and respecting human rights, through collaboration with competent bodies.
- Social collaboration with stakeholders.

A budget of €5.2 million has been approved for 2019. In 2018, the ACS Foundation spent €4.49 million.

FOUNDATION BUDGET
BREAKDOWN BY CATEGORY (IN M€)

6.7. SUPPLIERS AND CONTRACTORS

96.9%
ADHERENCE WITH THE ACS GROUP'S CODE OF CONDUCT

98.4%
ANALYSIS OF THE LABOR STANDARDS AND PRACTICES OF SUPPLIERS AND SUBCONTRACTORS

99.5%
EVALUATION OF CERTIFICATION IN ENVIRONMENTAL ASPECTS

99.5%
EVALUATION OF CERTIFICATION IN QUALITY ASPECTS

Supplier and contractor management is an important aspect for the Group, since the work performed thereby has a direct influence on the quality of the final result of the projects carried out by the Group.

In ACS Group companies, the purchasing departments are responsible for managing the relationship with suppliers and contractors by means of specific systems for managing, classifying, approving and controlling the risk thereof.

As a characteristic that differentiates the Group from its competitors, it is important to highlight the distinct manner in which purchasing and supplier management departments is decentralized, in this regard. This provides Group companies with a competitive advantage as a result of the agility flexibility and autonomy granted by this model.

ACS has a variety of systems in this aspect, which vary according to companies' operating needs. A central corporate reference department defines the policies and prices, with a greater level of autonomy, while always using a common and generalized policy. In this regard, it should be noted that in 2018, the Board of Directors of the ACS Group approved the Code of Conduct for Business Partners of ACS, which establishes the principles of action based on the Group's Code of Conduct that Business Partners must comply with and accept expressly in their relationship with ACS.

The Group companies handle three different types of suppliers or subcontractors:

• Suppliers of materials and/or services defined by the customer.

• Suppliers of services or subcontractors contracted by the ACS Group.

• Materials suppliers contracted by the ACS Group.

Code of Conduct for Business Partners

In the first instance, the customer determines the type of suppliers through contracts, as well as the quantity and characteristics of the materials to be used, and the Group companies, in general, obey these requirements. Even so, the ACS Group's purchasing and supplier departments have established a control procedure to verify the efficiency of the supplier designated by the customer, which enables any delays to be reported and corrective measures to be implemented for other work.

If suppliers of services and materials are directly contracted by the ACS Group, whether through a central purchasing department or in a decentralized manner by construction managers, detailed management and control processes are defined, which have the following points in common in all Group companies:

• There are specific standards and a system for managing, classifying, proofing and controlling the risk of suppliers and subcontractors.

• The level of compliance with these systems is analyzed.

• Collaboration with suppliers and transparency in contractual relationships are promoted.

• There is an extensive comparison policy that promotes the participation of various suppliers in selection processes. In order to objectively take decisions and facilitate access for new suppliers in different parts of the world, a study on customary suppliers has been launched.

• Visible purchasing portals for all services are being developed, offering a wide range of products from different suppliers. This is a real aid to cost saving

(because the most competitive prices are identified) and to controlling material consumption by employees or construction managers. In Spain this portal helps local suppliers to sell their products domestically, promoting their development and growth.

SUPPLIER APPROVAL SYSTEMS

Companies representing 96.76% of the ACS Group's procurement expenses have a formal system for approving suppliers and subcontractors, in line with a series of clearly established criteria, which is subsequently used by the construction managers of the projects and provides them with information on the suitability or otherwise of a supplier to fulfill the intended task. The main concepts used for approving suppliers are as follows:

- Cost, payment and collection period, experience, professional prestige and technical capability.

- History of fulfilment of contractual clauses in their prior relationship with ACS.

- Additional non-financial criteria, related to compliance with the Code of Conduct for Business Partners, shown in the table below.

Degree of implementation of the non-financial criteria in the approval of suppliers (% of ACS Group purchases)	2017	**2018**
Adherence with the ACS Group's Code of Conduct	97.0%	96.9%
Adherence with international standards in relation to human rights and labor rights	90.3%	92.7%
Certification in quality aspects (ISO9001)	98.2%	99.5%
Certification in environmental aspects (ISO14001, EMAS or equivalent)	98.3%	99.5%
Analysis of the labor standards and practices of suppliers and subcontractors	96.2%	98.4%

The ACS Group's supplier approval system includes a phase for subsequently analyzing the suppliers that were contracted, a process that provides feedback for the system. This process, which seeks to guarantee compliance with contractual clauses and agreements and includes the identification of economic, environmental and social risks, is based fundamentally on the detection of non-compliance and on corrective or management measures to be applied.

In the case of detection and control initiatives, they are based on internal and independent audits performed on a regular basis.

Once any non-compliance or risks are detected, the relevant corrective measures are applied, which are adapted taking into account the following circumstances:

• If it is a critical supplier for the company, the reasons for the negative assessment are analyzed and initiatives proposed to strengthen the identified areas for improvement including, among others, training and collaboration activities.

• If the company is not critical for the company, it is classified as not approved in the database.

• In the case of serious breaches, the contracts or agreements regarding supplier relations may be immediately terminated.

ANALYSIS OF CRITICAL SUPPLIERS

The ACS Group's companies carry out an analysis to identify critical suppliers in their supply chains. The Group considers a supplier to be critical when the percentage of procurement or subcontracting expenses are significantly greater than the average for the company's other suppliers.

Therefore, companies that represent 94.9% of the Group's procurement expenses have determined processes to identify critical suppliers. As a result of these processes, the main data from the analysis of critical suppliers is as follows:

• Companies representing 83.1% of suppliers have performed this analysis.

• Of these, 5.9% are considered critical suppliers.

• These suppliers represent 37.5% of the total costs for Group companies with critical suppliers.

• Almost all these suppliers consider ACS to be a key customer to their business activity.

Likewise, given the importance of the supply chain analysis for risk management, ACS Group companies have begun to identify critical suppliers of their direct suppliers. The ACS Group evaluated 2,307 suppliers considered to be tier-1 in terms of sustainability in 2018.

AVERAGE PAYMENT PERIOD TO SUPPLIERS

The following table details the information required by the second additional Provision to Law 31/2014, of December 3, which was prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of January 29, 2016 concerning the information to be included in the management report with regard to the average payment period to suppliers in commercial transactions:

	2017	**2018**
	Days	
Average period of payment to suppliers	65	66
Ratio of transactions paid	66	65
Ratio of transactions pending payment	64	67
	Thousands of Euros	
Total payments made	2,403,985	3,248,352
Total payments pending	1,494,087	1,423,922

6.8. COMMITMENT TO QUALITY WITH THE CUSTOMER[9]

6.8.1. QUALITY IN OUR ACTIVITIES

For the ACS Group, which works in an industry with high technical sophistication, quality represents a fundamental competitive advantage over the competition.

Quality management at the ACS Group is decentralized, whereby each company is responsible for managing quality. Although each company has the autonomy to manage quality according to their interests, a series of common lines of action have been identified:

- Establishment of objectives and regular assessment of compliance therewith.

- Development of actions aimed at improving the quality of the services provided.

- Performance of actions in collaboration with suppliers and subcontractors to improve quality.

In order to move forward in this regard, most Group companies have a quality management system. These systems are audited on a regular basis to verify compliance with the benchmark standard, customarily ISO 9001.

The improvement targets customarily set are as follows:

- Obtain and expand the scope of the certifications, especially with regard to developing a new technique or expanding activities to a new geographical area.

- Implement tools to improve management.

- Improve specific performance indicators.

- Improve the training of supervisors, operators and works managers.

- Increase customer satisfaction indices, reducing complaints due to problems in execution and incidents.

- Comply with delivery periods, adjusting to quality expectations.

- Investment in measures to promote and improve quality.

Production certified in accordance with ISO 9001	2017*	**2018**
Construction	47.8%	47.3%
Industrial Services	94.8%	92.1%
Services	96.0%	93.3%
ACS Group's Total	**58.5%**	**57.1%**

Other management indicators	2017	**2018**
Number of Quality Control audits	1,254	1,407
Number of Quality Control Audits per million of Euros	0.037	0.040
Investment in measures to promote and improve Quality*	3.2	3.3
Intensity of investment in measures to promote and improve Quality (investment in Euros / Millions of Euros in Sales Revenue)	96.13	95.12

*The figure for 2017 has been re-stated as the scope has expanded. As a result, in 2017 and 2018 these indicators achieved a coverage of greater than 95% of the Group's sales, with these ratios therefore being calculated based on this revenue.

9. The ACS Group, given its business activity as a supplier of infrastructure and the services thereof, works with clients, as opposed to the final consumers.

6.8.2. CUSTOMER RELATIONS

Given the nature of the ACS Group's business, where large infrastructure projects are carried out or general agreements are entered into for the provision of services (such as the cleaning of a city or maintenance of an electricity grid), the number of customers with which the company relates is very limited or they are large corporations or public institutions from around the world.

The ACS Group's commitment focuses on maintaining a high degree of customer loyalty and offering services with high added valued over time. The strategy of customer relations is built on the following main principles:

- Focus on problem solving.
- Customer relationship feedback.
- Information on the ACS Group's capabilities.
- Identification of future needs and opportunities for collaboration.

FOLLOW-UP AND COMMUNICATION

The ACS Group companies hold regular follow-up meetings with customers, through the managers of each project. In those particular projects where customers devote resources to controlling production, an even more ongoing relationship is maintained.

In addition, targets, follow-up systems and plans for reporting to the customer for each project are determined. These plans establish control points at the end of important phases in the production, certification meetings for payment in instalments of the construction work and partial follow-up points.

Similarly, computerized customer relationship management (CRM) systems are gradually being implemented to collect information relating to customers, in order to facilitate analysis and carrying out actions to improve satisfaction. In 2018 ACS Group companies representing 78.62% of sales have implemented a computerized CRM (Customer Relationship Management) system.

CUSTOMER SATISFACTION

ACS's second key customer relationship management policy is measuring customer satisfaction and establishing plans for making improvements. Many Group companies have established individual channels and processes to enable customers to file their complaints and claims.

For those projects that pose a greater technological challenge, the ACS Group also establishes alliances with partners (normally detailed engineering companies), which contribute to offering end customers the best technical and economic solution.

Another of the Group's values is confidentiality. ACS Group companies' contracting and customer relationship departments promote responsible use of information, therefore guaranteeing customer confidentiality.

As a result of this good relationship, proximity, transparency and customer satisfaction regarding quality expectations on the services provided, the level or recurrence of ACS Group customers is very high.

Main Management Indicators - Customers	2017	2018
Number of customer satisfaction surveys received	1,154	1,269
Responses from "satisfied" or "very satisfied" customers as a percentage of the total surveys RECEIVED (%)	87.6%	92.6%

*In 2017 and 2018 these indicators reached a coverage of 31% and 69% of sales, respectively.

6.9. TAX INFORMATION

In 2015, the ACS Board of Directors approved the corporate fiscal policy, in accordance with which it aims to establish a collaborative relationship with the tax authorities based on mutual trust and transparency. Furthermore, the Group undertakes, to abstain from creating artificial corporate structures unrelated to the Company's business activity for the sole purpose of reducing its tax payments or that which creates a lack of transparency, nor to perform transactions between related companies that aim to reduce the respective tax base and artificially transfer profit to territories with low tax rates.

All Group companies comply in every country with the applicable tax regulations in relation to transparency and tax information.

In particular, in Spain in 2010, ACS signed the Code of Best Tax Practices promoted by the Spanish Tax Authority (Agencia Estatal de la Administración Tributaria) and, in application thereof, voluntarily provides the Annual Fiscal Transparency Report to the said authority, with special emphasis on the Group's international composition, including information related to tax havens.

Therefore, the ACS Group's current policy is not to promote the creation of new companies in tax havens or low or no-tax territories (unless necessary for the execution of works or physical facilities in the said territories), as well as to commit to the gradual liquidation of the existing companies. In this regard, several entities that are residents of tax havens are in the process of liquidation.

In accordance with the provisions of the tax regulations in the majority of countries, profit is taxed in the country in which it is obtained, i.e. given the nature of the construction business, in the place where the construction work or facility is executed.

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Following this criterion, the following table shows, by country, the income before taxes, the income taxes paid and the subsidies received in 2018:

Country	Earnings before taxes	Income taxes paid	Subsidies received
THOUSANDS OF EUROS			
Australia	336,125	3,067 (1)	0
Spain	284,979	117,064	1,215
Indonesia	194,526	12,937 (1)	0
Brazil	99,816	46,330	0
India	93,248	531 (1)	0
Singapore	72,940	8,494	0
United States	70,493	52,092	21
Mexico	61,339	6,579	0
Hong Kong	52,901	9,878	14
Luxembourg	34,130	3,652	0
Mongolia	33,267	7,203	0
United Arab Emirates	28,630	0	0
Saudi Arabia	26,810	992	0
Japan	18,887	1,546	0
Malaysia	16,749	925	0
Argentina	11,723	2,076	0
Portugal	10,685	-289	0
New Zealand	10,256	334	0
Algeria	9,424	2,782	0
Ireland	6,583	86	0
Others with profit less than €5 million or losses	-144,170 (2)	22,180	6
Non-attributable consolidation adjustments	-64,856 (3)	3,368	0
Total	**1,264,488** (4)	**301,826** (5)	**1,242**

(1) The reduced tax paid in these countries is due to the effect of the return of taxes paid in excess in previous years, as well as the application of carry forward losses, also from previous years.

(2) This includes profits obtained in countries considered to be tax havens under Spanish law, or "non-cooperative countries and territories for tax purposes" according to the European Union regulation, for a total of €1,329 thousand for which a payment has been made for taxes in the amount of €341 thousand .

(3) Accounting consolidation entries not subject to attribution to specific countries are included (essentially amortization of PPA - Purchase Price Allocation- from acquisitions), without having an impact on the payment of taxes in any of them.

(4) It corresponds to the profit before taxes according to the Consolidated Income Statement, without including the financial results through the equity method (which are presented, in accordance with the accounting standards, and net of taxes, without any additional information being available, as they are not companies controlled by the group); without excluding the attribution to non-controlling interests.

(5) Significant deviations from the nominal tax rates of each country are due to the fact that the tax regulations themselves generate differences between the taxes in terms of payment and the tax on the accrual basis, representing differences that are offset in the long term.

On the other hand, to assess the overall tax contribution made to the Public Administrations, not only the taxation on profits should be considered, but also the other taxes or social charges incurred in the respective jurisdictions, with it being pertinent to emphasize, given the Group's type of business activity, those relating to its own staff, in which case it is appropriate to consider both social charges that are legally assumed by the company, which have amounted to € 1,013 million, as well as the charges and taxes, withheld from wage payments which are owed by the respective employee, also being transferred to the Public Administrations, which have exceeded € 1,400 million. The sum of both types results in a transfer of funds equivalent to 5.5 times that which is transferred as distribution of profits to the shareholders of ACS.

Finally, in order to assess the overall tax contribution made by the group, it would be necessary to additionally consider other taxes incurred, that are linked to the business activity, which are very diverse nature, which being significant, by way of example, are excise taxes for the use of fuels, or the taxes on works, present in the majority of countries, representing costs not quantified because they are internally included in other items.

6.10. INNOVATION

The ACS Group is a continuously evolving organization that responds to the growing demand for improvements in processes, technological advances and quality of service from its customers and from the company.

The company's commitment to innovation is clear from its increased investment and the R&D efforts made by the ACS Group year after year. The result of this effort leads to, among others, improvements in productivity, quality, customer satisfaction, occupational safety, the use of new materials and products, and the design of more efficient production processes and systems.

Management of innovation at Group companies normally has the following characteristics:

• The function is assumed by technology management, usually the Technological Development Committee.

• R&D is managed through recognized management systems. Usually, standard UNE 166002:2006.

• Compliance with reference standards is reviewed through independent audits.

Compliance with the requirements of the systems usually involves the development of individual strategic lines of research, collaboration with external organizations and an investment that seeks to promote research and regular generation of new patents and operating techniques.

The ACS Group's capabilities were strengthened and complemented through the alliances with technological centers, research institutes and universities, as well as other institutions related to R&D in order to successfully complete the innovation processes.

THE ACS GROUP INVESTED € 30 MILLION IN TOTAL, IN RESEARCH, DEVELOPMENT AND INNOVATION IN 2018.[10]

IN 2018, THE ACS GROUP HAD 107 PROJECTS UNDERWAY[10] *AND REGISTERED 5 PATENTS. OVER THE LAST 10 YEARS, GROUP COMPANIES HAVE REGISTERED A TOTAL OF 57 PATENTS.*

10. Scope of the data:30.63% of total sales.

6.10.1. CONSTRUCTION

The management of research, development and innovation in construction activities is coordinated by the Dragados departments and by Hochtief companies.

In accordance with the targets established by the head companies, at the end of 2018 the ACS Group's construction companies had a total of 46 projects in progress. A total of €13.9 million was invested in 2018 in order to conduct its RD&I activities.

FASSTBRIDGE PROJECT (DRAGADOS)

The FASSTBRIDGE R&D project: Fast and Effective Solution for Steel Bridges Life-Time Extension, has received funding from the ERA-NET Plus Infravation Programme. The Infravation program has been co-financed by several European countries and the United States, as well as the 7th Framework Programme for Research and Technological Development of the European Commission. The project was developed between 2015 and 2018 by a consortium formed by 8 organizations from Spain, France, Germany, Italy and the United States, in which DRAGADOS has been the main industrial partner.

In many countries steel bridges are vital components in transport infrastructures, which frequently cause negative impacts in densely populated areas due to service disruptions, accessibility problems, delays, etc. In addition, the problems derived from its inadequate functionality also cause significant impacts on the economic activity of the affected area.

In Europe, 15% of the 300,000 existing bridges are made of steel or have structures made of concrete and steel. From this number, it is considered that approximately 68% are in need of structural interventions. In the United States, 34% of the 599,000 existing bridges are made of steel. From this number, approximately 9% is classified as structurally deficient, 15% functionally obsolete and 9.5% structurally deficient and functionally obsolete. Many of these bridges were built with outdated standards and a service life designed for 50 years that is coming to an end or has already been surpassed. In Europe, in the current scenario, it is estimated that the necessary repairs will represent 40% of the total costs of construction contracts, while in the United States, the Federal Highway Administration has declared that each year 10,000 bridges must be renovated.

The objective of the FASSTBRIDGE project has been to develop a preventive, reliable and easy to apply method to anticipate fatigue problems in existing steel bridges and use this information to calculate the life expectancy of these existing bridges using the AASHTO code or the Eurocode.

The methodology includes a method for evaluating the service life considering the fatigue of existing structures and the design and application of a reinforcement system. A new reinforcement methodology based on plates made of CFRP (Carbon Fiber Reinforced Polymer) placed by using an adhesive has been developed. The system combines a specifically formulated adhesive within the project and a commercially available CFRP plate. The materials and the system have been validated experimentally in the laboratory. Finally, a pilot application has been carried out on the Bridge over the Jarama River in Madrid, in order to validate the methodology and the system.

In the real-scale application, six welds were reinforced with three different reinforcement configurations, consisting of the application of 1, 2 and 3 layers of CFRP. All selected welds were monitored with a strain gauge to demonstrate the effectiveness of the FASSTbridge methodology before and after reinforcement. A load test was performed before and after the application of the CFRP, which included static and dynamic tests: quasi-static (20 km / h) and at low speed (50 km / h). For all measurements, a decrease in strain between 8% and 30% was measured, in accordance with the theoretical expectations. This has allowed to prove the efficiency of the solution, which implies an improvement in the useful life of the structure.

PROJECT MENHIR (DRAGADOS)

The MENHIR R&D project: Offshore floating wind turbine made of concrete in deep waters, approved in the RETOS-COLABORACIÓN 2015 notice, has been co-financed by the Spanish Ministry of Economy and Competitiveness within the State Program for Technological Research, Development and Innovation, having been executed during 2015-2018 and coordinated by DRAGADOS.

The general objective of the project has been the development, at the level of the design specifications, of a semi-submersible platform for offshore wind at great depths, built in concrete and steel, which will allow for the development of the offshore wind industry in deep waters using Spanish technology and with competitive costs for offshore wind compared to conventional methods.

The project has focused on the development of a floating structure and its anchoring system, for use in deep water, specifically designed to serve as a platform for the integration of new wind turbines. The structure is stable and resistant to the impact of waves, wind and currents, guaranteeing its durability in the hostile and extreme conditions of the high seas, which are typical for the Spanish or European coasts.

The structure was designed to be capable of offering adequate and sufficient operational conditions to accommodate a high-power turbine (10MW), satisfying the standard requirements required by the respective turbine manufacturers in order to be able to offer a sufficiently attractive production framework. The structural elements that contribute to ensuring the structural integrity of the solution: hull, transition piece, tower, anchoring lines and other elements, were also designed.

The constructive process, towing and positioning have been studied, including land and marine means, as well as the estimation of construction times, operability and sizing of the supply chain.

The technical-economic feasibility study of the equipment and its construction method, has paid special attention to its production, manufacturing costs, installation costs as well as the costs related to operation and maintenance.

For the validation of the solution and the numerical models developed, a prototype at 1/35 scale on which a battery of 101 tank tests has been carried out, consisting of two phases. During the initial phase, dry characterization tests were carried out, and characterization in water (damping, tilt, static offset), including that of the heave plates. Subsequently, during the main testing phase, 85 simulation tests of environmental conditions of waves (regular and irregular), current and wind were conducted. Likewise, the execution of the tests has included the simulation of loads in two directions, both at 0 degrees and at 45 degrees.

The test has validated the design of the executed platform. Essentially, laboratory tests involve the reproduction, at laboratory scale, of operational and extreme waves (up to 12 meters of significant height), which demonstrate that the design achieved, meets the technical requirements of the project.

EXPANSION OF BIM CAPABILITIES AT HOCHTIEF

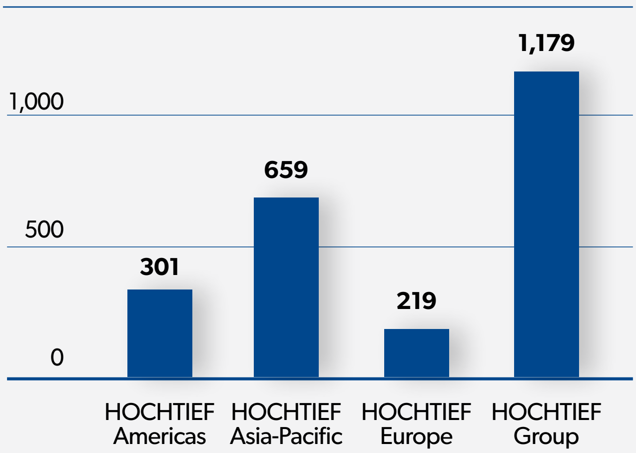
Building information modeling (BIM) is the digital tool of the future for the execution of projects. The design and construction of projects using BIM is what customers in many countries are currently demanding. The methodology is based on actively connecting all the people participating in a project using 3D computer models that can be detailed with additional information, such as deadlines, costs and utilization.

Based on this model, project participants can also calculate the carbon footprint and possible savings. HOCHTIEF recognized this potential from the outset and founded the company HOCHTIEF ViCon GmbH, which specializes in these methods. The objective is for HOCHTIEF ViCon to be the BIM expert in all HOCHTIEF, offering courses in this area both for its own employees and as a provider of courses for other companies, as well as a consultant and advisor specialized in BIM for projects undertaken by the public administration or private companies. Additionally, BIM is already used in many of HOCHTIEF's companies. In 2017, the activities of EIC were fundamental to ensure the Kitemark certification of CIMIC from the British Standards Institution (BSI) in recognition of its experience and implementation of BIM. EIC's business activities play a fundamental role in ensuring the consistent implementation of digital engineering in CIMIC. Leighton Asia, for example, used BIM in the Passenger Clearance Building project in Hong Kong to construct the Roof of 40,000 square meters at a height of 30 meters. Currently, CIMIC is the only company in Australia that has been awarded the BSI Kitemark for Design and Construction (BSI PAS 1192-2, BS 1192 and BS 1192-4).

Turner in the United States, also uses BIM for almost all its projects being a pioneer of its use in that country. The increasingly widespread use of BIM not only promotes good planning and management of the construction process, but also simplifies maintenance and operations when combined with other digital applications such as 3D printing information, which provides an optimization for the project teams, being able to reliably improve safety, reduce execution risks and improve the overall quality of the project, among other benefits.

Thus, in 2018 the number of completed projects accumulated using BIM increased to 2,300 projects (compared to 2,052 in 2017) and the number of employees trained on the subject stands at 1,179 (819 in 2017), all of which is in response to meeting the needs of the customers, while offering sustainable products and services and, therefore, improve its position in the market.

NUMBER OF EMPLOYEES PROVIDED WITH BIM OR SIMILAR TRAINING IN 2018



6.10.2. INDUSTRIAL SERVICES

The ACS Group's Industrial Services area carries out significant work in promoting research, development and innovation through the various R&D departments in several of the companies in this line of business.

The R&D strategy is based on an external approach, aimed at its stakeholders and an internal approach, aimed at process modernization and improvement.

At the end of 2018 the industrial services companies of the ACS Group had a total of 57 projects underway. A total investment of €15.5 million was allocated to executing the projects.

IMPORTAES PROJECT (SICE)

The IMPORTAES project, co-financed through FEDER Funds and the Ministry of Science, Innovation and Universities, within the Challenges-Collaboration Program (Programa Retos–Colaboración), focuses on the development of a technological solution for buses that allows for the complete tracking of the journeys of travelers, supported by wireless -RFID- technology, while guaranteeing the complete privacy of the users.

The main technological objectives included in the project are:

1) Development of an on-board device that allows for the anonymous tracking of passengers, through the detection of passive RFID tags.

2) Algorithm development focused on the calculation of detailed Origin-Destination matrices, based on the data of the entry and exits of travelers along the different stops of the line.

3) The information extracted by the service information system may be used to establish SAE services according to the demand that improves the efficiency in the operation of the bus fleet and the quality of the service offered.

The on-board device developed consists of:

A. Passive label carried by the traveler, which emits the "impersonal" identifier that is registered when it is "interrogated" by the RFID reader. It is characterized by its low cost.

B. Set of antennas that cover access / exit doors to / from the bus.

C. RFID reader that collects the signals captured by the antennas and records the identifiers of each of them.

D. HW communications platform where all the information collected is stored and sent to a central server, for further processing.

Once the system is configured, different tests are carried out to measure the performance of the system. Whereby, it can be concluded that the system is capable of detecting, with high reliability, the entry and exit of bus users, despite no temporary and continuous detection of tags being present. This observation validates the technology developed as a source of information to build Origin-Destination matrices in quasi-real time.

Likewise, the system would make it possible to provide real time data on the occupation of buses in service and the number of travelers at a stop, with high a degree of reliability.

In terms of commercial viability, the low cost of the system (both RFID passive tags and the onboard platform) together with the high value of the information offered by the system, make it a potential product for public transport service managers. Likewise, the passenger detection rate is clearly higher than that offered by other types of technologies because of its approach that includes the integration of the RFID tag in the transport ticket itself.

HIDROCALERAS PROJECT

The purpose of the project is the construction of a reversible hydroelectric plant for accumulation by pumping of seawater located between the mining area of Dicido and the La Tejilla inlet, for approximately 50 MW of nominal power.

The project includes the reversible plant, the reservoir or upper storage tank, the water intake works, the penstocks, accesses, substation and connecting power lines as well as the rest of the associated facilities.

The area where the project will be developed is located in the municipality of Castro Urdiales, between the towns of Mioño and Onton. The works will be situated between the coastline, bordered by the beach of Mioño, to the west, and the Derivados del Fluor factory, to the east, and the Alto de Camposquerra mountain. The intermediate level of the project crosses the route of the A-8 highway.

Rehabilitation and recovery of elements belonging to the industrial mining archaeological heritage existing in the Campoezquerra area are also included, as part of the environmental improvements.

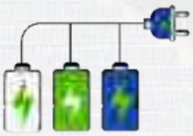
It is an environmentally sustainable project, without negative environmental impacts. Most of its facilities are underground, which will not even have a visual impact on the landscape. When using the Cantabrian Sea as a lower reservoir, it has an inexhaustible source of supply, since as a result of the "reversibility" the seawater returns to its bed again. It is a hydroelectric power station that does not produce CO_2, therefore the carbon footprint is much lower, being that it does not emit greenhouse gases. In addition, the Hidrocaleras projects clearly demonstrates very positive environmental impacts.

A highly degraded area is recovered, the waste dump of the former mining exploitation by creating a wet zone in the basin of the former mine, with the planting of native trees and plants and the consequent revival of Cantabrian fauna.

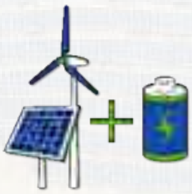
Currently, a consortium has been formed between private companies and public research centers to develop the project and seek subsidies at the regional, national and European level. The consortium is made up of: COBRA INFRAESTRUCTURAS HIDRÁULICAS (Spain), INSTITUTO DE HIDRÁULICA AMBIENTAL (Spain), UNIVERSIDAD DE CANTABRIA (Spain), LADICIM (Spain), CSM (Italy), CENTRO TECNOLÓGICO CTC (Spain), POYRY (Finland), INDAR, HIGHVIEW POWER (United Kingdom), BANCO SANTANDER (Spain), HIDROCALERAS S.L.

CROSSBOW PROJECT (ETRA/COBRA)

For further information:
crossbowproject.eu



ETRA has led the CROSSBOW project since 2017, with the noteworthy participation of COBRA INSTALACIONES Y SERVICIOS. CROSSBOW is one of the most relevant innovation projects in the field of electricity transmission networks in the European Union. With 4 years of duration and co-financing from the Research and Innovation Program of the European Commission (Horizon 2020), the project has a budget of € 22 million. CROSSBOW is being developed by a consortium of 24 partners from 13 countries, including COBRA INSTALACIONES Y SERVICIOS and ETRA, the latter holding the position of project coordinator.



The main objective of CROSSBOW is to facilitate the shared use of renewable energy generation and storage units in Southeast Europe, which will allow for a greater penetration of clean energies in the market. In addition, it seeks to achieve a reduction in operating costs and an increase in the economic benefits associated with them, both for the operators of the electricity system and for the owners of the generation and storage plants.

These benefits will be achieved by fostering regional cooperation among system operators in Southeast Europe. All this will be possible thanks to the development and implementation of nine different tools that help system operators in the region and the regional coordination center in Belgrade to facilitate this greater penetration of renewable energies.

The nine solutions complement each other to offer the regional transmission network greater flexibility and solidity through:

1) Better control of the exchange power at international interconnection points.

2) Better energy storage solutions - distributed and centralized.

3) Better communication and control, that is, better observability of the network.

4) The definition of a transnational market, which proposes fair and sustainable remuneration for clean energies through the definition of new business models.

The impact of CROSSBOW products will be evaluated under real conditions for 18 months (starting at the end of 2020) in Transmission System Operators of the national electricity grid of 8 countries (Bulgaria, Romania, Greece, Montenegro, Former Yugoslav Republic of Macedonia, Croatia, Bosnia-Herzegovina and Serbia).

In summary, CROSSBOW will allow for set of solutions and technologies to be put on the market that increase the intelligence, flexibility and security of an open and sustainable European energy network, with improved use of storage technologies, flexibility of demand and increase in the proportion of renewable energies in the European energy mix.

WISEGRID PROJECT

WiseGRID (Wide scale demonstration of Integrated Solutions and business models for European smartGRID) is a European project in the field of energy that is being developed under the framework of the European Innovation Program - Horizon 2020.

The project, with a budget of € 17.6M and a consortium in which 21 partners from 8 different countries are working together, is coordinated by ETRA.

WiseGRID promotes a virtuous circle between three key aspects in future electricity distribution networks: storage technologies, renewable energy systems and the large-scale deployment of the electric vehicle as a key player in the energy ecosystem and mobility.

To this end, WiseGRID provides 9 technological solutions that will provide added value to all players in the energy ecosystem, from the distribution network operators to the end users - who become electricity prosumers. The project empowers all these players and facilitates their synergistic collaboration, whatever their size may be, in order to achieve a more decarbonized and safe electricity network.

These solutions are being deployed in five large-scale pilot prototypes in Crevillent (Spain), Flanders (Belgium), Terni (Italy), Kythnos and Mesogia (the latter both in Greece).

WiseGRID is having a great impact and has received outstanding recognition internationally. By way of example, only during 2018 the project has received three prestigious awards:

- Good Practice of the year Award, in the category of technology and design, awarded by the Renewables Grid Initiative.
- Business Award of the EU Sustainable Energy Week (EUSEW).
- Citizen's Award of the EU Sustainable Energy Week (EUSEW).

Both the European Commission and the consortium developing the WiseGRID are convinced that the technologies developed by the project will have an important impact on the process of energy transition that Europe has before it.

6.10.3. SERVICES

To carry out this function, Clece has its own specific R&D department and a formal management system certified under the UNE 166002:2006 standard, which is audited by an independent third party.

As of December 31, 2018, there were 4 ongoing research and development projects, in which € 0.9 million were invested.

6.11. LIST OF CONTENTS OF THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

Information requested by the Non-Financial Information Bill	Corresponding GRI indicators	Location of Information included
General Information		
A brief description of the group's business model, which will include its business environment, its organization and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect its future development and expansion.	102-2 Activities, brands, products and services 102-4 Location of operations 102-6 Markets served 102-7 Size of the organization 102-15 Main impacts, risks and opportunities	6.0.Business model Page 122
A description of the applicable group policies in regards to the said matters [environmental and social matters, that which relates to human rights and combating corruption and bribery, as well as that which pertains to staff, including the measures that have been adopted to favor the principle of equal treatment and opportunities among women and men, non-discrimination and inclusion of persons with disabilities and universal accessibility], which shall include due diligence procedures applied to the identification, evaluation, prevention and mitigation of risks and significant impacts, along with the verification and control thereof, including which measures have been adopted.	103-2 The management approach and its components	6.0.1. Strategy and impacts Page 123
The results of these policies, including key indicators of relevant non-financial results that allow for the monitoring and assessment of progress, while favoring the comparability between companies and sectors, in accordance with the national, European or international frameworks of reference used for each matter.	103-2 The management approach and its components 103-3 Evaluation of the management approach	6.0.1. Strategy and impacts Page 123
The main risks related to these matters [environmental and social matters, that which relates to human rights and combating corruption and bribery, as well as that which pertains to staff, including the measures that have been adopted to favor the principle of equal treatment and opportunities among women and men, non-discrimination and inclusion of persons with disabilities and universal accessibility] linked to the group’s business activities, including, where appropriate and proportionate, the respective business relationships, products or services that may have negative effects on these areas, and how the group manages these risks, while explaining the procedures used to detect and evaluate them in accordance with the national, European or international frameworks of reference for each matter. Information on the impacts that have been detected must be included, along with a breakdown of them, in particular regarding the main short, medium and long-term risks.	102-15 Main impacts, risks and opportunities	6.0.2. Risks Page 124

Information requested by the Non-Financial Information Bill	Corresponding GRI indicators	Location of Information included
Key indicators of non-financial results that are relevant to the specific business activity, while meeting the criteria for comparability, materiality, relevance and reliability. In order to facilitate the comparison of information, both in terms of time and between entities, we will use standards for key non-financial indicators in particular, which can be generally applied, while complying with the guidelines of the European Commission on this matter and the standards of the Global Reporting Initiative, with it being required to mention in the report, the national, European or international framework used for each matter. The key indicators for non-financial results must be applied to each of the sections of the status of non-financial information disclosure. These indicators should be useful, taking into account the specific circumstances, while being consistent with the parameters used in their internal risk assessment and management procedures. In any case, the information presented must be accurate, comparable and verifiable.	103-2 The management approach and its components 103-3 Evaluation of the management approach 102-54 Statement on the preparation of the report being in accordance with the GRI Standards	6.0.1. Strategy and impacts Page 123
Environmental Matters		
General Detailed Information		
Regarding current and foreseeable effects of the activities of the company on the environment and, where appropriate, health and safety	-	6.1. Environment Page 125
Regarding environmental assessment or certification procedures	-	6.1. Environment Page 125
Regarding the resources dedicated to the prevention of environmental risks	-	6.1. Environment Page 125
Regarding the application of the precautionary principle	102-11 Precautionary principle or approach	6.1. Environment Page 125
Regarding the amount of provisions and guarantees for environmental risks	-	6.1. Environment Page 125
Pollution		
Measures to prevent, reduce or repair emissions that seriously affect the environment; while taking into account any form of air pollution specific to a particular business activity, including noise and light pollution.	305-1 Direct GHG emissions (scope 1) 305-2 Indirect GHG emissions when generating energy (scope 2) 305-3 Other indirect GHG emissions (scope 3) 305-5 Reduction of GHG emissions 305-6 Emissions of ozone depleting substances (ODS) 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	6.1.1. Emissions: Pollution and climate change Page 126-127
Circular economy and waste prevention and management		
Prevention, recycling, reuse, other forms of recovery and disposal of waste; actions to combat food waste.	301-2 Recycled supplies 301-3 Reused products and packaging materials 303-3 Recycled and reused water 306-1 Water discharge according to quality and destination 306-2 Waste by type and method of disposal	6.1.2. Circular economy and waste prevention Page 128 6.1.3. Sustainable use of resources Efficient use of water resources Page 130
Sustainable use of resources		
Water consumption and water supply according to local constraints	303-1 Water extraction by source 303-2 Water sources significantly affected by water extraction	6.1.3. Sustainable use of resources Efficient use of water resources Page 130
Consumption of raw materials and measures taken to improve the efficiency of their use	301-1 Materials used by weight or volume	6.1.3. Sustainable use of resources Consumption of materials: Sustainable construction Page 131-134

Information requested by the Non-Financial Information Bill	Corresponding GRI indicators	Location of Information included
Direct and indirect consumption of energy	302-1 Energy consumption within the organization 302-2 Energy consumption outside the organization	6.1.3. Sustainable use of resources Consumption of materials: Energy Consumption Page 129
Measures taken to improve energy performance	302-4 Reduction of energy consumption 302-5 Reduction of the energy requirements for products and services	6.1.3. Sustainable use of resources Energy Consumption Page 129
Utilization of renewable energies	302-1 Energy consumption within the organization	6.1.3. Sustainable use of resources Energy Consumption Page 129
Climate Change		
The important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces.	305-1 Direct GHG emissions (scope 1) 305-2 Indirect GHG emissions when generating energy (scope 2) 305-3 Other indirect GHG emissions (scope 3)	6.1.1. Emissions: Pollution and climate change Page 126-127
Measures taken to adapt to the consequences of climate change		6.1.1. Emissions: Pollution and climate change Page 126-127
Reduction goals established voluntarily in the medium and long term to reduce greenhouse gas emissions and the means implemented for that purpose.	305-5 Reduction of GHG emissions	6.1.1. Emissions: Pollution and climate change Page 126-127
Protecting biodiversity		
Measures taken to preserve or restore biodiversity	304-3 Habitats protected or restored	6.1.4. Biodiversity Page 135-137
Impacts caused by activities or operations in protected areas	304-2 Significant impacts of activities, products and services on biodiversity	6.1.4. Biodiversity Page 135-137
Social and staff related matters		
Employment		
Total number and distribution of employees according to the representative criteria of diversity (gender, age, country, etc.)	102-8 Information on employees and other workers 405-1 Diversity in governing bodies and among employees	6.2. People Page 138-139
Total number and distribution of work contract modalities, annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification.	102-8 Information regarding employees and other workers	6.2.1. Diversity and equality Page 140
Number of dismissals by gender, age and professional classification		6.2. People Page 139
The average remunerations and their evolution disaggregated by gender, age and professional classification or equal value	102-38 Total annual compensation ratio 102-39 Ratio of the percentage increase in the total annual compensation	6.2.1. Diversity and equality Page 142
Wage gap, equal or average salary for job positions of the company	405-2 Ratio of base salary and remuneration of women compared to men	6.2.1. Diversity and equality Page 141-142
The average remuneration of directors and executives, including variable remuneration, allowances and compensation	-	6.2.1. Diversity and equality Page 141
The payment to pension systems of long-term savings and any other collection, disaggregated by gender	201-3 Obligations of the defined benefit plan and other retirement plans	6.2.1. Diversity and equality Page 141
Implementation of employment termination policies	-	At present, the ACS Group has conciliation measures but not for labor termination
Employees with disabilities	405-1 Diversity in governing bodies and employees	6.2.1. Diversity and equality Page 140-143

Information requested by the Non-Financial Information Bill	Corresponding GRI indicators	Location of Information included
Organization of work		
Organization of work hours	-	6.2.2. Organization of work and social relations Page 144
Number of hours of absenteeism	403-2 Types of accidents and frequency of accidents, occupational diseases, days lost, absenteeism and number of deaths due to work-related accidents or occupational diseases.	6.2.2. Organization of work and social relations Page 144
Measures designed to facilitate the utilization of conciliation and encourage the co-responsible exercise of it by both parents	401-3 Parental permission	6.2.2. Organization of work and social relations Page 144
Health and safety		
Health and Safety Conditions at Work	403-3 Workers with high incidence or high risk of diseases related to their activity	6.3. Health and Safety Page 150
Work accidents, in particular their frequency and severity, as well as occupational diseases; disaggregated by gender.	403-2 Types of accidents and frequency of accidents, occupational diseases, days lost, absenteeism and number of deaths due to work-related accidents or occupational diseases.	6.3. Health and Safety Page 150
Social Relations		
Organization of social dialogue, including procedures to inform and consult staff and negotiate with them.	102-43 Approach for the participation of the interest groups 402-1 Minimum advance notice periods on operational changes 403-1 Representation of the workers in formal committees on worker-company health and safety	6.2.2. Organization of work and social relations Page 144
Percentage of employees covered by collective bargaining agreements by country	102-41 Collective bargaining agreements	6.2.2. Organization of work and social relations Page 144
Total collective bargaining agreements, particularly in the field of health and safety at work	403-4 Health and safety issues addressed in formal agreements with unions	6.2.2. Organization of work and social relations Page 144
Training		
The policies implemented in regards to training	404-2 Programs to improve employee skills and transition assistance programs	6.2.3. Developing talent Page 145-149
The total amount of training hours by professional categories	404-1 Average training hours per year per employee	6.2.3. Developing talent Page 149
Universal accessibility of people with disabilities		
Universal accessibility of people with disabilities	-	6.2. 1. Diversity and equality Page 140-143
Equality		
Measures taken to promote equal treatment and opportunities between women and men	401-3 Parental permission	6.2. 1. Diversity and equality Page 140-143
Equality plans (Chapter III of Organic Law 3/2007, of March 22, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, hiring and the universal accessibility of people with disabilities	-	6.2. 1. Diversity and equality Page 140-143
The policy against all types of discrimination and, where appropriate, management of diversity	406-1 Cases of discrimination and corrective actions taken	6.4.1. Respect for Human Rights: The ACS Group's Code of Conduct and Human Rights Policy Page 158-159

Information requested by the Non-Financial Information Bill	Corresponding GRI indicators	Location of Information included
Respect for human rights		
Human rights		
Application of due diligence procedures in the field of human rights; prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage and repair possible abuses committed	102-16 Values, principles, standards and norms of conduct 102-17 Advisory mechanisms and ethical concerns 410-1 Security personnel trained in human rights policies or procedures 412-1 Operations subjected to human rights review or impact assessments 412-2 Training of employees on human rights policies or procedures 412-3 Significant investment agreements and contracts with clauses on human rights or subject to human rights evaluation	6.4.1. Respect for Human Rights: The ACS Group's Code of Conduct and Human Rights Policy Page 156-157
Complaints regarding cases of violation of human rights	419-1 Non-compliance with laws and regulations regarding social and economic aspects	6.4. Regulatory Compliance: Human Rights and Combating Corruption and Bribery Page 156-159
Promotion and compliance with the provisions of the fundamental conventions of the International Labor Organization related to respect for freedom of association and the right to collective bargaining; the elimination of discrimination in regards to employment and occupation; the elimination of all forms of forced or compulsory labor; and the effective abolition of child labor.	406-1 Cases of discrimination and corrective actions taken 407-1 Operations and suppliers for which the right to freedom of association and collective bargaining could be at risk 408-1 Operations and suppliers with significant risk of child labor cases 409-1 Operations and suppliers with significant risk of cases of forced or compulsory labor	6.4.1. Respect for Human Rights: The ACS Group's Code of Conduct and Human Rights Policy Page 156-159
Combating corruption and bribery		
Corruption and bribery		
Measures taken to prevent corruption and bribery	102-16 Values, principles, standards and norms of conduct 102-17 Advisory mechanisms and ethical concerns 205-1 Operations assessed for risks related to corruption	6.4.2 Combating corruption and bribery: Criminal compliance management systems (UNE 19601) and anti-bribery management systems (UNE-ISO 37001). Page 157
Measures for combating money laundering	205-2 Communication and training on anti-corruption policies and procedures 205-3 Confirmed cases of corruption and measures taken	6.4.2 Combating corruption and bribery: Criminal compliance management systems (UNE 19601) and anti-bribery management systems (UNE-ISO 37001). Page 157
Contributions to foundations and non-profit entities		6.4.2 Combating corruption and bribery: Criminal compliance management systems (UNE 19601) and anti-bribery management systems (UNE-ISO 37001). Page 157

Information requested by the Non-Financial Information Bill	Corresponding GRI indicators	Location of Information included
Company Background Information		
The company's commitments to sustainable development		
The impact of the company's business activity on employment and local development	204-1 Proportion of spending on local suppliers 413-1 Operations with local community participation, impact assessments and development programs	6.6. Giving back to society Page 165-169
The impact of the company's business activities on local populations and in the territory	204-1 Proportion of spending on local suppliers	6.6. Giving back to society Page 165-169
The relationships maintained with the players in the local communities and the modalities of dialog with them	102-43 Approach for the participation of the stakeholders	6.5. Management of the relationship with Stakeholders Page 161-163
The actions take regarding associations or sponsorship	-	6.6. Giving back to society Page 165-169
Subcontracting and suppliers		
The inclusion of social, gender equality and environmental issues in the purchasing policy	308-1 New suppliers that have passed evaluation and selection filters according to environmental criteria 414-1 New suppliers that have passed evaluation and selection filters according to social criteria	6.7. Suppliers and contractors Page 172-174
Consideration in the relations with suppliers and subcontractors regarding their social and environmental responsibility	308-1 New suppliers that have passed evaluation and selection filters according to environmental criteria 414-1 New suppliers that have passed evaluation and selection filters according to social criteria	6.7. Suppliers and contractors Page 172-174
Oversight systems and audits and the respective results	308-2 Negative environmental impacts in the supply chain and measures taken 414-2 Negative social impacts in the supply chain and measures taken	6.7. Suppliers and contractors Page 172-174
Consumers		
Measures for the health and safety of consumers	416-1 Assessment of the health and safety impacts of the categories of products or services	The matter is not material according to the materiality report (chapter 9.2), because the company does not have direct consumers due to the type of business (business to business). The information regarding the commitment of quality to the customer can be verified in chapter 6.8. Page 165
Complaint systems, complaints received and the respective resolution	102-43 Approach for the participation of stakeholders 102-44 Key issues and concerns mentioned 418-1 Fundamental complaints related to violations of customer privacy and loss of customer data	The matter is not material according to the materiality report (chapter 9.2), because the company does not have direct consumers due to the type of business (business to business). The information regarding the commitment of quality to the customer can be verified in chapter 6.8. Page 165
Tax information		
The profits obtained country by country	201-1 Direct economic value generated and distributed	6.9. Tax Information Page 178-179
The Income Taxes paid	201-1 Direct economic value generated and distributed	6.9. Tax Information Page 178-179
The public subsidies received	201-4 Financial assistance received from the government	6.9. Tax Information Page 178-179

KPMG Asesores S.L.
P°. de la Castellana, 259 C
28046 Madrid

Independent Assurance Report on the Consolidated Non-Financial Information Statement of ACS, Actividades de Construcción y Servicios, S.A. and subsidiaries for the year 2018

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

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

Pursuant to article 49 of the Spanish Code of Commerce, we have provided limited assurance on the consolidated Non-Financial Information Statement (hereinafter NFIS) for the year ended 31 December 2018, of ACS, Actividades de Construcción y Servicios, S.A. (hereinafter the parent Company) and subsidiaries (hereinafter the Group) which forms part of the Group's 2018 Consolidated Director's Report.

The 2018 Consolidated Director's Report includes additional information to that required by prevailing mercantile legislation that has not been the subject of our assurance work. In this regard, our assurance work was limited only to providing assurance on the information contained in table "List of Contents of the Consolidated Non-Financial Information Statement" of the accompanying 2018 Consolidated Director's Report.

Directors' responsibilities

The Board of Directors of the parent Company is responsible for the preparation and presentation of the NFIS included in the 2018 Consolidated Director's Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards in its comprehensive option and the Construction and Real Estate Sector Disclosures of the Global Reporting Initiative (GRI Standards), in accordance with that mentioned for each subject area in table "GRI Content Index" of the aforementioned 2018 Consolidated Director's Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The directors of the parent Company are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for preparing the NFIS was obtained.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report, referring solely to 2018, based on the work performed. The data for previous years were not subject to assurance according to prevailing mercantile legislation.

2

We conducted our review engagement in accordance with International Standard on Assurance Engagements, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Performance Guide on assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units of the parent Company and subsidiaries that participated in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS and in the application of certain analytical procedures and sample review testing described below:

- Meetings with the parent Company personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these questions and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS based on the materiality analysis performed by the parent Company and described in the section Principles of Reporting, considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2018.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2018.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2018 and whether it has been adequately compiled based on data provided by information sources.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of ACS, Actividades de Construcción y Servicios, S.A. and subsidiaries for the year ended 31 December 2018 has not been prepared, in all material respects, in accordance with the contents collected in prevailing mercantile legislation and in accordance with the Sustainability Reporting Standards of Global Reporting Initiative (GRI Standards), in accordance with that mentioned for each subject area in the table "GRI Content Index" of the aforementioned 2018 Consolidated Director's Report.

Use and distribution

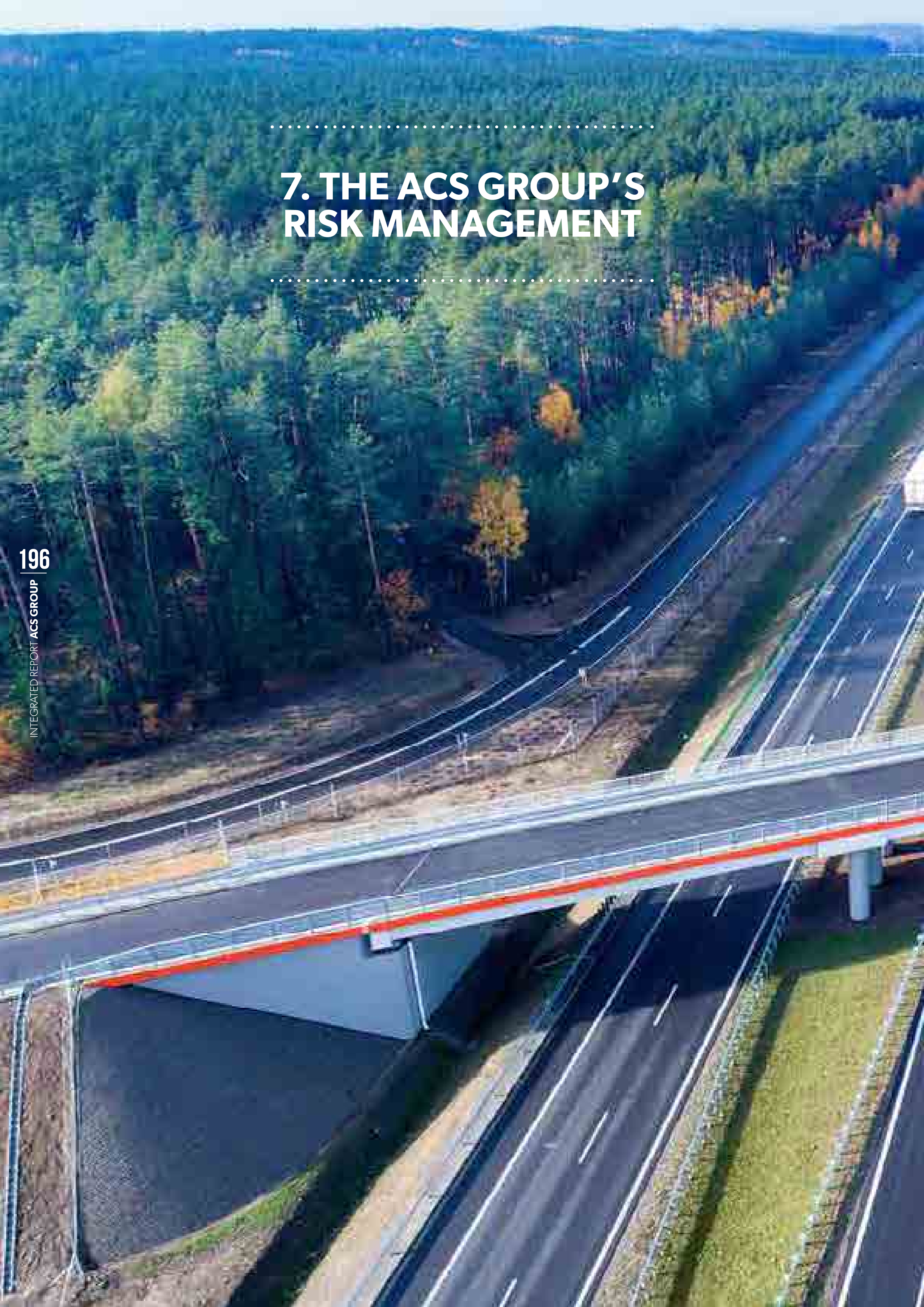
This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Patricia Reverter Guillot

12 April 2019



7. THE ACS GROUP'S RISK MANAGEMENT

THE TWO-TIERED SYSTEM OF CONTROL AND MONITORING OF RISKS

The ACS Group conducts its business activities in a variety of sectors, countries and socio-economic and legal environments that involve exposure to different levels of risk inherent in the businesses in which it operates.

ACS Group's risk control system is based on a range of strategic and operational actions which serve to mitigate these risks and comply with the objectives established by the Board of Directors. It is the Corporation's responsibility to define the basic guidelines, in order to standardize the operating criteria in each of the divisions, so that an adequate level of internal control is ensured. The companies and divisions that comprise the Group are in charge of developing the necessary and appropriate internal regulations so that, depending on the peculiarities of the respective business activity, the internal controls are implemented to ensure its optimal operating level. In order to respond to the need for a global and homogeneous risk management system, the Corporation has established a model that includes the identification, evaluation, classification, assessment, management and monitoring of risks at the Group level and that of the operational divisions. With these risks identified, a schedule of risks is prepared which is regularly updated based on the respective variables that comprise it and the areas of business activity that comprise the Group.

The risk control systems use the decentralized model characteristic of the Group, which allows each business unit to exercise its policies of control and assessment of risks under certain basic principles. These principles are as follows:

- Definition of the maximum risk thresholds that are acceptable for each business according to its expected characteristics and profitability, which are implemented upon entering into the respective contract.

- Establishment of identification, approval, analysis, control and information procedures for the respective risks of each business area.

- Coordination and communication so that the policies and procedures for the risks of the areas of business activity are consistent with the Group's global risk policy.

The systems provide the necessary information to supervise and evaluate the risk exposure of each business area and develop the corresponding management reports for decision making with monitoring of the appropriate indicators.

Of particular importance are the systems related to the controls in the bidding, contracting, planning and management of the works and projects, the quality management systems, as well as that of environmental management and human resources.

For further information:
General Risk Control and Management Policy

GOVERNANCE OF THE RISK FUNCTION

BOARD OF DIRECTORS

Approves the global risk policy and its control and management system.

AUDIT COMMITTEE

Supervises compliance with risk procedures.

Controls the levels of risks relevant to each activity.

EXECUTIVE COMMITTEE

Defines and determines the global risk policy.

Establishes the control and management mechanisms.

CORPORATE INTERNAL AUDIT

Periodically evaluates and verifies the effectiveness of the implementation of the risk management policy and systems.

ACS GROUP LISTED COMPANIES

Develop internal regulation in function of the peculiarities of their activity, implement an appropriate internal control.

Manage the information systems that allow the elaboration of the map of corporate risks, the supervision and valuation of exposures to the risk of each business area.

Prepare management reports for decision-making with the monitoring of the appropriate indicators.

INTERNAL AUDIT OF COMPANIES

Periodically evaluates and verifies the effectiveness of the implementation of the risk management policy and systems.

The Risk Management System of the ACS Group identifies and assesses various risk scenarios grouped into two categories:

CORPORATE RISKS

Are that which affect the Group as a whole and the publicly traded Company in particular.

REGULATORY RISKS

Derived from the reliability of the published Financial Information, the litigation of the company, the regulatory regulations of the Securities Market, the data protection law, the possible changes in national and international tax regulations and in terms of civil liability regarding the integrity of the assets.

FINANCIAL RISKS

Are that which include the level of indebtedness, the liquidity risk, the risks derived from the fluctuation in the exchange rates, the risks derived from the fluctuation in the interest rates, the risks coming from the use of financial derivative instruments, investment risks and exposure to equity risk relating to investments made in publicly-traded companies.

INFORMATION RISKS

Are both the reputational risks that may affect the Group's image, as well as that of the transparency and relationship with analysts and investors.

STRATEGIC RISKS

Are that which may arise as a result of opting for a certain strategy, which could directly or indirectly influence, in a significant manner, the achievement of the ACS Group's long-term objectives.

REPUTATIONAL RISKS

Are those with a potential negative impact that may affect the Group's image, such as that of transparency and relations with analysts, investors and the respective stakeholders with expectations regarding the behavior of the Company and the Group.

BUSINESS RISKS

Are that which specifically affect each of the businesses and vary depending on the uniqueness of each business activity.

OPERATIONAL RISKS

Include the risks related to the contracting and bidding processes for works and projects, the planning and control of the execution of the various works and projects, the relationship with the client and that which involves credit, the quality of the product, as well as the environmental, purchasing and subcontracting risks.

NON-OPERATIONAL RISKS

Include risks related to prevention, workplace safety and health, Human Resources, compliance with specific laws and taxation applicable to the businesses, reliability of the accounting and financial information and the management of the financial resources and the indebtedness.

In addition to those inherent risks to the different businesses in which it operates, ACS Group is exposed to various financial risks, either by changes in interest or exchange rates, liquidity risks or credit risks.

a) Risks arising from changes in cash flow's interest rates are mitigated by ensuring rates through financial instruments which may cushion its fluctuation.

b) Risk management related to exchange rates is done by taking debt in the same functional currency as that of the assets that the Group finances overseas. To cover net positions in currencies other than euro, the Group arranges various financial instruments in order to reduce such exposure to exchange rate risks.

c) The most important aspects impacting the liquidity financial risks of ACS during 2018 and detailed in 2017 annual statements are:

- After the closing of Abertis' transaction in October 2018 and the creation of Abertis Holdco, S.A. and Abertis Participaciones S.A.U. (100% participated by this one), to where HOCHTIEF has transferred the total amount of its stake in Abertis' share capital, and has cancelled its credit line worth approximately € 18,200 million for the acquisition of Abertis Infraestructuras, S.A., which previously allowed the substitution of the complete guarantee submitted to the CNMV for the takeover bid for Abertis.

- HOCHTIEF, A.G. has issued a bond worth € 500 million euros with due date by July 2025 in order to finance Abertis' capital contribution, and has extended by a year (until 2023) the due date for its syndicated credit facility, worth € 1,700 million.

- The rating agency Standard and Poor's (S & P) has assigned ACS, Servicios, Comunicaciones y Energía, S.L. (subsidiary wholly owned by ACS, Actividades de Construcción y Servicios, S.A.) the BBB long-term corporate credit rating and A-2 short-term corporate credit rating.

- The issuance of Green Bonds by ACS, Services, Communications and Energy, S.L., worth € 750 million that have been used to refinance a large part of its financial debt, within eight years, and with 1.875% annual interest. Previously, S & P assigned the BBB / A-2 rating to such Green Bonds.

- ACS, Actividades de Construcción y Servicios, SA, has renewed the Euro Commercial Paper (ECP) program for a maximum amount of € 750 million, the Negotiable European Commercial Paper program (NEU CP) for a maximum amount of € 300 million, and the debt issuance program called Euro Medium Term Note Program (EMTN Program).

- The rating agency Standard and Poor's (S & P) has maintained ACS, Actividades de Construcción y Servicios, S.A. the long-term BBB and A-2 short-term corporate credit rating ("investment grade"), with stable outlook, by Standard & Poor's agency. Likewise, HOCHTIEF and CIMIC have maintained the same credit rating.

- During December 2018, Dragados S.A. has executed a new syndicated loan worth € 323.8 million, divided into two different tranches. Tranche A worth € 161.9 million (currently allocated in cash), and Tranche B worth the remaining amount (available according to their particular needs). This new loan yields an interest rate based on the Euribor and with an expiry date no longer than 2023. By December 2018 drawn balance is zero.

- In the framework of the acquisition of Abertis, during ACS Actividades de Construcción y Servicios, S.A. has formalized contracts of loans with different entities by amount of 750 million euros with various maturities in 2023 (between June 28 and 12 December 2023) with interest rates of market referenced to Euribor.

The Corporate Governance Reports and ACS Group Consolidated Financial Statements (www.grupoacs.com), discusses more in detail the risks and the tools for its control. Likewise, HOCHTIEF's Annual Report (www.hochtief.com) details the risks inherent and its control mechanisms.

For the next six months, from the closing date of the accounts referred in this document, ACS Group, based on information currently available, does not expect to deal with situations of risk and uncertainty significantly different to those of the last six months of 2018, particularly those derived from the internationalization of the Group's activities.

8. CORPORATE GOVERNANCE

8.1. GENERAL SHAREHOLDERS' MEETING
8.2. BOARD OF DIRECTORS

THE CORPORATE GOVERNANCE OF THE ACS GROUP

The ACS Group, following the latest recommendations of the benchmark entities such as the Spanish Securities Market Commission and the best practices in corporate governance, has adopted a governance model consisting of the following bodies:

GENERAL SHAREHOLDERS' MEETING

The General Meeting is the supreme body of expression of the will of the Company, and its decisions, adopted in accordance with the provisions of the Bylaws, bind all shareholders. It is responsible for the approval of the annual financial statements, the allocation of the profit/loss and the approval of the corporate management. Also the appointment and replacement of the officers, as well as any other positions that may be determined by the Law or the Bylaws.

BOARD OF DIRECTORS

The Board has the broadest powers to represent the company and manage it as a supervisory body that controls its activity, in addition to directly assuming the responsibilities and decision-making regarding the management of the businesses. Its management is subjected to the approval of the General Shareholders' Meeting.

COMMITTEES DESIGNATED BY THE BOARD

EXECUTIVE COMMITTEE

Committee designated by the Board of Directors, which can exercise all the powers of the Board of Directors except for those that can not be delegated or those that the Board considers to be solely under its mandate.

AUDIT COMMITTEE

Committee designated by the Board of Directors to which is responsible for the duties related to the accounting controls and risk management, including the oversight of the compliance with the corporate governance rules, the internal codes of conduct and that of the corporate social responsibility policy.

APPOINTMENTS COMMITTEE

Committee designated by the Board of Directors, which is responsible for nominating the Directors and Secretary of the Board, appointment of Senior Executives and the issues related to gender diversity in the Board of Directors.

REMUNERATION COMMITTEE

Committee designated by the Board of Directors that is responsible for the control of the remuneration of the directors and senior managers.

The good governance model of the ACS Group, as well as the composition, operation and duties of the governing corporate bodies are stated in the Group's corporate Bylaws.

In this manner, the Group has rules on the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, senior management or significant shareholders.

RULES RELATING TO THE GOOD GOVERNANCE OF THE ACS GROUP

- Corporate Bylaws
- Rules Governing the General Meeting
- Rules of conduct in securities markets
- Bylaws Governing the Board of Directors
- Diversity Policy

8.1. GENERAL SHAREHOLDERS' MEETING

ACS, Actividades de Construcción y Servicios,S.A., (ACS), the parent company of the ACS Group, is a company publicly-traded in Spain, which as of December 31, 2018, has capital stock amounting to € 157,332,297, represented by 314,664,594 shares with a nominal value of € 0.5 per share, fully subscribed and paid up, all of which are of a single class with equal rights.

The General Meeting is the supreme body of expression of the will of the Company, and its decisions, adopted in accordance with the provisions of the Corporate Bylaws, bind all shareholders, including those absent, dissenting and abstaining.

The General Meeting is composed of all the holders of at least one hundred shares, whether present or represented. The owners or holders of less than one hundred shares can be grouped in order to arrive at that number, being represented, either by one of them, or by another shareholder who owns by itself the number of shares necessary to be part of the General Meeting.

The announcement of the convening of the General Shareholders' Meeting will be published simultaneously in the Official Gazette of the Commercial Register (Boletín Oficial del Registro Mercantil), on the company's website and on the website of the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores), stating all the regulations which govern the following subject-matters:

- Supplement to the notice of the convening and presentation of new proposals for agreement.
- Rights of attendance and vote and register of shareholders.
- Voluntary Representation.
- Appointment or revocation of the representative and notification to the company, both in writing and by electronic means.
- Conflict of interests of the representative.
- Public request for representation and exercise of the right to vote by the officers in the event of public request for representation.
- Voting in advance remotely.
- Special information instruments: corporate website and shareholders' online forum.

From the same date of publication of the convening of the General Meeting, until the fifth day before it, including the one which the first convening is scheduled, shareholders may request in writing the information or clarifications they deem necessary or formulate in writing the

questions that they deem pertinent about the subject-matter included in the agenda, as well as that which pertains to the information accessible to the public that would have been provided by the company to the Spanish Securities Market Commission since the last general meeting took place, or with the auditor's report on the company's financial statements. The board of directors will be obligated to provide the information in writing by the day of the general meeting.

All these requests for information may be made by delivering the petition at the registered office or by sending it to the company by mail correspondence or by means of electronic communication or by calling in remotely. Valid requests for information, clarifications or questions made in writing along with the answers provided in writing by the board of directors will be included in the company's website.

In addition to the written requests for information, during the General Meeting, shareholders may verbally request the information or clarifications that they deem necessary concerning the matters included in the agenda or in relation to the information made available to the public furnished by the Company to the Spanish Securities Market Commission after the execution of the last General Meeting, or the auditor's report on the Company's financial statements. If it is not possible to satisfy the shareholder's rights at this time, the Board of Directors will be obligated to provide the information in writing within seven days, following the completion of the Meeting.

From the publication of the convening notice and until the general meeting is held, the company will continuously publish on its website www.grupoacs.com the following information, which every shareholder can, in a likewise manner, examine at the headquarters, or obtain in an immediate and free manner:

- All documents or agreements that are submitted for the vote or consideration of the board and, in particular, the managers' and auditor's reports as well as that of the independent experts.

- The system and forms for voting by proxy, the forms for delegating the vote and the means to be used so that company can accept an electronic notification from the designated representations.

- The procedures and forms established for making the vote remotely.

The measures adopted by the Group to encourage attendance at the Board Meeting are reflected in the attendance percentages.

	2013	2014	2015	2016	2017	**2018**
Total Quorum	75.25%	70.20%	73.23%	70.00%	64.45%	61.51%
Quorum shareholders present	20.19%	7.31%	7.52%	6.85%	1.90%	1.59%
Quorum of shareholders represented	55.06%	62.89%	65.71%	63.15%	62.54%	59.91%

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8.2. BOARD OF DIRECTORS

The composition of the Board of Directors is based on the principle of proportionality, by which, within the Board the interests of all groups of shareholders of ACS are represented.

The mission of the members of the independent and external advisory counsel is to represent the interests of the floating capital within the Board of Directors. The Chairman of the Board of Directors, Mr. Florentino Pérez, is also the CEO of ACS.

The General Meeting, for the purposes of the Board of Directors, serves to establish the exact number of Board members, while also appointing the individuals who will occupy those positions. As of December 31, 2018, the ACS Board of Directors consisted of 18 members. The Company considers the composition of the Board of Directors to be adequate to represent the interests of the majority and minority shareholders. In this regard, we must also consider that a significant part (three of the four) of the other external board members are directors who, although due to the legal regulation for exceeding the maximum term of 12 years, prevent the consideration of independent members, they are considered to be directors who, considering their personal and professional conditions, can perform the respective duties without being conditioned by relations with the company or its group, its significant shareholders or its directors.

For further information: Composition of the Board of Directors of ACS
1. Management Bodies

DUTIES

The Board assumes the duties of representation and administration of the company, as the highest supervisory and control body of its activity. It includes among its non-delegable duties, among others[11], the following:

- The investment and financing policy.
- The definition of the structure of the group of companies.
- The Corporate Governance policy.
- The Corporate Social Responsibility policy.
- The approval of the financial information.
- The Strategic or Business Plan, the management objectives, and the annual budgets.
- The remuneration policy and performance evaluation of senior managers.
- The control and risk management policy, including the auditors, and the supervision of the internal information and control systems.
- The dividend policy, as well as that which pertains to the company's treasury stocks and interests
- The related-party transactions, except in those cases provided for by the Bylaws.
- The determination of the tax strategy of the Company.

The principles governing the composition of the Board and its functioning can be revised in the Corporate Governance Report prepared annually by the ACS Group.

Annual Corporate Governance Report

11. The complete list of non-delegable duties can be found in article 5 of the Bylaws Governing the Board of Directors.

An analysis of the competences of the members of the Board of Directors was prepared, the results of which are reflected in the following matrix of competences:

MATRIX OF COMPETENCES OF THE BOARD OF DIRECTORS

	Executive Chairman	CEO	Vice chairman 1	Vice chairman 2	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7	Board Member 8	Board Member 9	Board Member 10	Board Member 11	Board Member 12	Board Member 13	Board Member 14
EXPERIENCE																		
Sectorial	●	●	●	●	●			●		●	●		●	●		●	●	●
International	●	●		●				●	●		●		●			●	●	●
Academic	●			●		●	●		●	●	●	●	●		●	●		
Public administration	●					●	●		●	●		●	●	●		●	●	●
KNOWLEDGE																		
Accounting and finance	●	●	●	●	●			●	●		●		●	●				●
Risks	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Operations	●	●	●	●	●					●			●				●	
Legal and fiscal						●	●	●	●		●			●		●		●
Technology and digital trans-formation		●						●										●
Human resources	●	●	●	●				●		●		●	●		●	●	●	●

COMPOSITION OF BOARD OF DIRECTORS

● WOMEN **3**
● MEN **15**

COMPOSITION OF BOARD OF DIRECTORS BY TYPE OF BOARD MEMBER

● EXECUTIVE **28%**
● PROPRIETARY **22%**
● INDEPENDENT **28%**
● OTHER EXTERNAL **22%**

8.2.1. DELEGATED COMMITTEES

The specific and detailed functions of each of the Committees delegates of the Board of Directors of the ACS Group are described in title four of the Regulations of the Board of the ACS Group.

EXECUTIVE COMMITTEE

- EXECUTIVE **50%**
- PROPRIETARY **17%**
- OTHER EXTERNAL **33%**

AUDIT COMMITTEE

- INDEPENDENT **60%**
- PROPRIETARY **20%**
- OTHER EXTERNAL **20%**

APPOINTMENTS COMMITTEE

- INDEPENDENT **29%**
- PROPRIETARY **28%**
- OTHER EXTERNAL **43%**

REMUNERATION COMMITTEE

- INDEPENDENT **50%**
- PROPRIETARY **33%**
- OTHER EXTERNAL **17%**

8.2.2. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the members of the Board is defined by a general policy approved by the Board as a whole, in accordance with the recommendations of the Remuneration Committee.

The detail of the remuneration received by the Board of Directors, as well as the criteria for its determination, are published in the Annual Remuneration Report.

During the 2018 General Shareholders' Meeting, the remuneration of the Board was approved with 59.10% of the votes in favor, based on the votes cast.

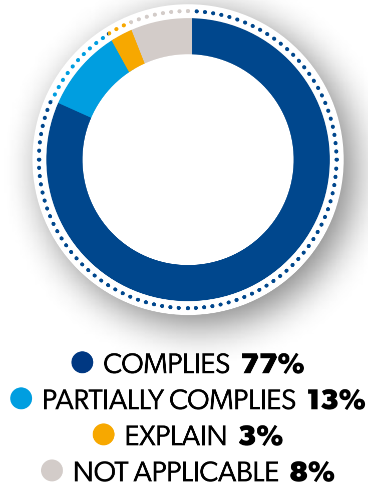
	Number	% over total
Votes cast	193,543,887	61.51%
Opposing votes	78,320,976	40.67%
Votes in favour	114,391,920	59.10%
Abstentions	830,991	0.43%

Annual Report on Directors' Remuneration

8.2.3. GOOD GOVERNANCE

During the 2018 year, the parent company of the ACS Group continued to carry out the task of adapting its internal regulatory body to to follow up on recommendations of the Code of Good Governance of the listed companies. The degree of follow-up of them can be consulted at the point G. of the Corporate Governance Report that is part of and is attached to this Report of Consolidated Management.

COMPLIANCE WITH THE RECOMMENDATIONS OF THE GOOD GOVERNANCE CODE



9. APPENDICES

9.1. REPORTING PRINCIPLES
9.2. IDENTIFICATION OF MATERIAL ASPECTS
9.3. NON- FINANCIAL INFORMATION APPENDICES
9.4. ECONOMIC-FINANCIAL APPENDICES

9.1. REPORTING PRINCIPLES

This report from the ACS Group was prepared following the principles established in the framework of the International Financial Reporting Standards (IFRS[12]).

This report includes the financial and extra-financial information considered relevant to the stakeholders of the ACS Group. The information related to the extra-financial matters has been reported in accordance with the Standards of the Global Reporting Initiative, including the additional applicable information required by the Construction and Real Estate sectoral supplement. This report has been prepared in accordance with the Exhaustive option of the GRI standards. This extra-financial information has been verified by an independent third party, including the verification letter on page 244-245 of this document.

Regarding the financial and management information of the Group, the Integrated Annual Report addresses the recommendations of the Spanish Securities & Exchange Commission contained in the Guide for preparing management reports of publicly traded companies, as well as Law 11/2018 regarding the disclosure of non-financial information and information on diversity.

The main subjects identified as relevant and that are addressed in this report are the following (in order of priority):

- Responsibility with local communities.
- Efficient management of resources.
- Development and talent of diversity.
- Ethical and responsible companies.
- Zero accidents objective.
- The climate: a global concern.
- Responsible supply chain.
- Resilient and socially responsible infrastructures .
- Protection of Human Rights.
- Tools and new financing models.

To prepare this report, the ACS Group has applied the following criteria:

12. For more information, visit the website of the International Financial Reporting Standards http://integratedreporting.org/

PRINCIPLES FOR DEFINING THE CONTENT OF THE REPORT:

Inclusion of stakeholders: the ACS Group aligns the management of relevant matters with the expectations of its stakeholders. To do so, it has mechanisms for dialog adapted to its relationship with each one of them (indicated in section 6.5 of this report). In line with this commitment, a review process of the materiality has been carried out, both through the external documentation and by carrying out 1,724 inquiries with stakeholders in the entire ACS Group with stakeholders in order to incorporate their perspectives about the relevant matters concerning the Group.

Context of sustainability: this report has the objective of depicting the management of the ACS Group in each one of the three dimensions of sustainability: economic, social and environmental. Throughout the document, information is provided to give context to each one of them.

Relevance: The ACS Group has performed an analysis of matters, whose methodology and results can be consulted in section 9.2. of this report, which has allowed discovering which matters are relevant to the ACS Group and its stakeholders.

Exhaustiveness: In the process of preparing this report, its coverage and scope have been clearly defined, giving priority to the information considered to be material and including all significant events that have taken place in 2018, without omitting information that is relevant to our stakeholders.

[102-48], [102-49]

Along with determining its context, the coverage of the report has been established. In 2017 and 2018, the companies of the ACS Group have been involved in transformation processes that have meant organizational and management changes, which have changed the scope of some indicators. Annex 9.3.3 indicates the scope and coverage of each one of the indicators reported. In addition, if there are significant changes to the coverage, they must be indicated throughout the chapters.

The relevant subject matters, the indicators collected and the coverage of the 2018 Integrated Annual Report offer a vision of the group of significant impacts on the economic, social and environmental areas, as well as the ACS Group's activity.

[102-46]

PRINCIPLES FOR DETERMINING THE QUALITY OF THE REPORT:

Precision and clarity: This report contains tables, graphics and schemes with the intention of facilitating the comprehension thereof. The information collected is intended to be clear and precise in order to be able to evaluate the ACS Group's activity. In addition, to the greatest extent possible, the use of technical language has been avoided, whose significance may be unknown to stakeholders.

Balance: Both positive and negative aspects are included, with the objective of presenting an unbiased image and allowing the stakeholders to reasonably evaluate the Company's activity.

[102-46], [102-48], [102-49]

Comparability: To the greatest extent possible, the information reflected has been organized in such a way that the stakeholders can interpret the changes experienced by the ACS Group with respect to previous years. For the sake of comparing data, when possible, certain data has been recalculated in 2017 with the same scope as the data reported in 2018. It has not been possible to recalculate the data retroactively in some indicators, and in these cases, the historically reported data has been presented for information purposes.

Reliability: The reliability of the data collected in this 2018 Integrated Annual Report in relation to Corporate Social Responsibility has been checked by KPMG, a firm that performed the verification thereof. The verification letter is on page 244-245.

Punctuality: The ACS Group is committed to report its performance as a Group on an annual basis. This report contains its activity throughout 2018 in the economic, social, environmental and activity areas.

9.2. IDENTIFICATION OF MATERIAL ASPECTS

[102-46], [102-47]

Following the principles established by GRI Standards to define the content of the 2018 Integrated Report, the ACS Group has carried out a process of updating the materiality analysis that it performed in 2015 and that was revised in subsequent years.

To update the analysis, the list of relevant subjects identified in 2015 has been reviewed, taking it as a base and updating it through an external cabinet study.

Public sources and international bodies of reference have been reviewed to identify the main trends and challenges that affect the sector. In addition, from the external perspective, the main aspects evaluated by investors were considered in terms of financial and extra-financial matters. Regarding the analysis of risks and opportunities present in the different markets, it has been considered that the analysis carried out in 2015 continues to be valid, and has only been narrowly updated. In this year, special emphasis was put on the regulatory changes introduced regarding reporting non-financial and diversity information (Law 11/2018).

[102-44]

For the internal evaluation analysis, the latest materiality study carried out by HOCHTIEF has been taken into consideration. Likewise, results have been considered from surveys carried out in different areas of the company in terms of their perception about the relevance of the different trends identified and the identification of the main risks for the company. In addition, in these internal surveys, the relevance of the subjects has been consulted on in terms of the Group's strengths in managing each subject and the impact they may have.

TRENDS
MAIN TRENDS THAT THE GROUP IS AFFECTED
+
COUNTRY CONTEXT
MOST RELEVANT ASPECTS OF SUSTAINABILITY IN THE MAIN COUNTRIES OF OPERATION
+
INVESTORS REQUIREMENS
INVESTORS ESG MATTERS MORE RELEVANT FROM THE POINT OF INVESTORS 'VIEW
+
LAW 11/2018
ABOUT PUBLICATION OF NON-FINANCIAL AND DIVERSITY INFORMATION
=
EXTERNAL RELEVANCE

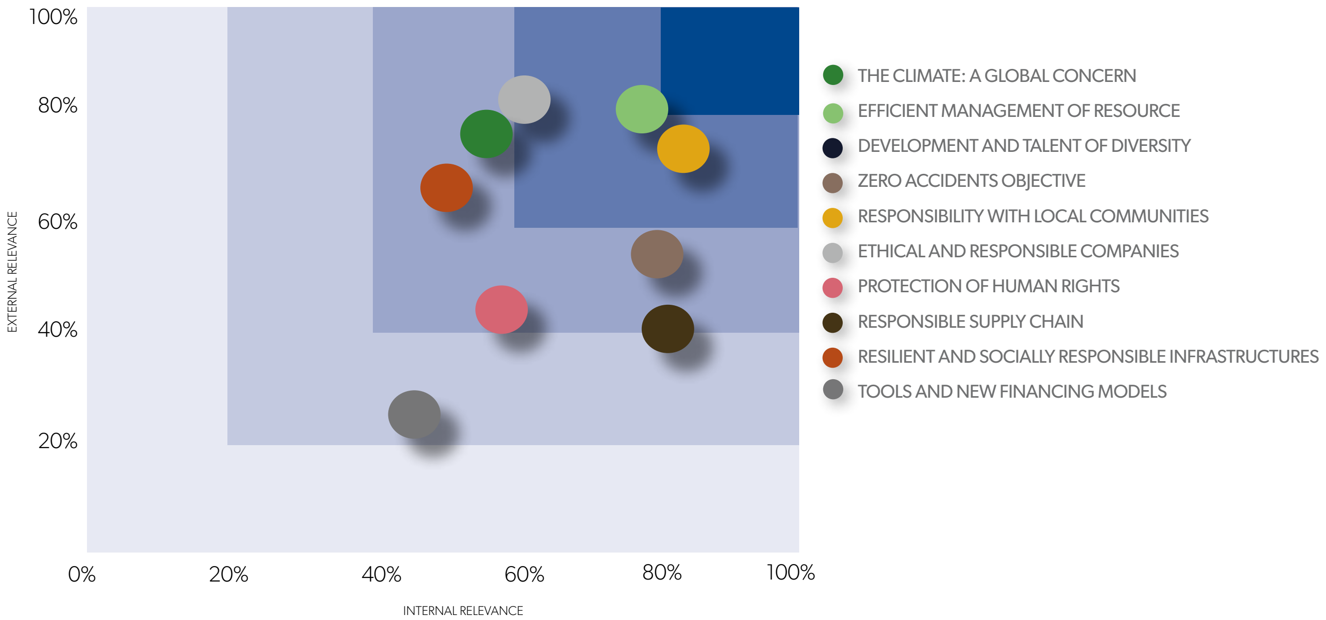
HOCHTIEF MATERIALITY
LAST ANALYSIS OF MATERIALITY PERFORMED
+
SURVEYS TRENDS
RELEVANCE OF TRENDS FROM A INTERNAL POINT OF VIEW
+
SURVEYS RISKS, STRENGTHS AND IMPACT
=
INTERNAL RELEVANCE*

* The Materiality study conducted in 2015 was taken into account to adjust the results in order to avoid a great disruption between the materiality of 2015 and the current one.

[102-47], [103-1]

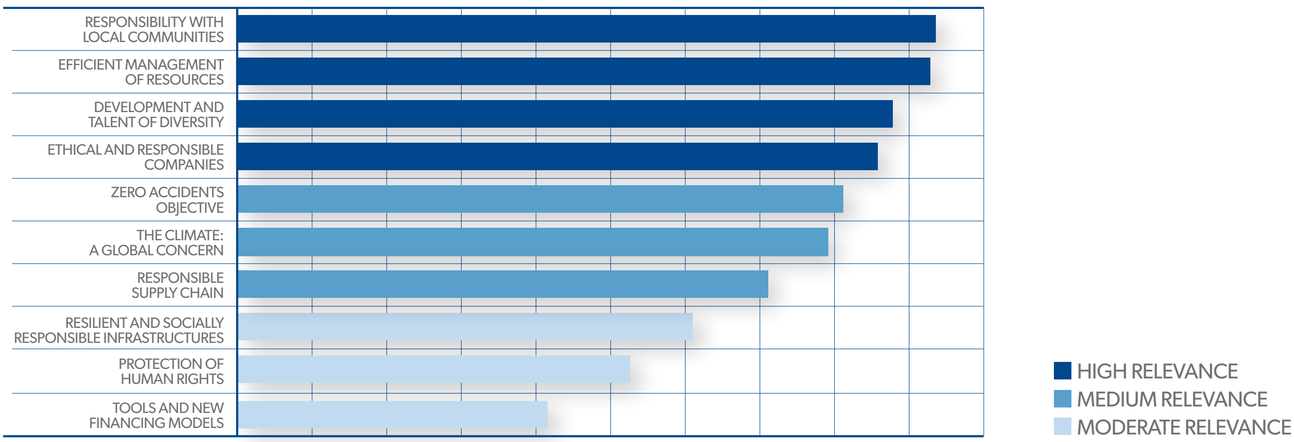
The result of weighing the topics identified both at the internal and external levels has allowed designing a materiality matrix in which the results obtained are represented as a function of their relevance, both external and internal, identifying ten relevant aspects for the ACS Group that are detailed below:

MATERIALITY MATRIX



[102-47], [102-44]

The ten relevant subjects identified in the materiality matrix have been put in hierarchical order, according to their global relevance, as shown in the following table:



In addition, the importance of the subjects was analyzed for each one of the main countries in which the Group operates, and for each one of its areas of activity, considering the importance of the following particular sub-matters. These subjects have been identified as relevant for the ACS Group, but an identification of the internal relevance has also been carried out for each one of these topics in each one of the Group's businesses: Construction, Industrial Services and Services.

The matters identified as relevant are shown below, as well as the particular sub-matters evaluated and the risks associated with those that are addressed in the integrated report, as well as the policies and management focus of the ACS Group:

[102-44], [102-46], [102-47], [103-1], [103-2]

RESPONSIBILITY WITH LOCAL COMMUNITIES

RELEVANCE		BUSINESSES
INTERNAL	EXTERNAL	
100%	89%	

ASSOCIATED RISKS AND OPPORTUNITIES

The company's activity may result in risks due to communities' opposition to the development of projects or due to negative perceptions of the management carried out. This may jeopardize the Group's reputation and its business license to operate. For that reason, it is important to encourage a continuous dialog with the community and provide tools that facilitate proactive and open communication and the involvement of the communities from the start of projects. If at the same time, jobs are created and the entrepreneurial and local industrial culture are promoted, efficiency will be gained and costs will be saved. By adequately managing local expectations and promoting local development, the project can become a source of pride for the community.

SUB-MATTERS CONSIDERED

- Social and environmental impact evaluations of projects.
- Proactive dialog with the community and tools for communication.
- Contribution to the well-being of the local community.
- Measures for the health and safety of communities.
- Training and transfer of knowledge to the local entrepreneurial culture.
- Economic value generated and distributed.

MANAGEMENT FOCUS

The Group promotes a proactive dialog with the community through the heads of companies and specific projects.

ACS seeks to provide value to communities through its business strategy. Its commitment revolves around an Action Plan that defines the procedures in the different businesses: responsibilities, scopes and geography of action, categories of projects, types of contribution and monitoring models

The ACS Foundation reinvests part of the Group's profits in society through sponsorships, patronages and other programs.

APPLICABLE POLICIES

- Code of Conduct.
- The ACS Group's Social Action Policy.
- Corporate Social Responsibility Policy.

CONSTRUCTION
INDUSTRIAL SERVICES
SERVICES
HIGH RELEVANCE
MEDIUM RELEVANCE

EFFICIENT MANAGEMENT OF RESOURCES

RELEVANCE

INTERNAL	EXTERNAL
95%	93%

BUSINESSES

ASSOCIATED RISKS AND OPPORTUNITIES

Inefficient management of resources may represent a considerable increase in the costs of construction and management, negatively affecting the agreements established with the client. Likewise, the improper management of natural capital, in addition to causing a direct impact on the ecosystems where it carries out its activity, can also cause damage to the Group's reputation. On the contrary, responsible and sustainable management of resources implies cost savings for the company and an improved perception and legitimacy for the company.

SUB-MATTERS CONSIDERED

- Responsible environmental management and raising awareness.
- Resources dedicated to preventing environmental risks.
- Circular economy: reduce, reuse and recycle. Use of respectful and long-lasting materials.
- Efficient management of water and energy.
- Innovation and new efficient technologies.

MANAGEMENT FOCUS

The Environmental Policy and the Group's 20-20 Plan defines the commitment and objectives to improve eco-efficiency and the use of resources. Each company follows policies and plans to comply with the ISO 14001 standard. For the environmental priorities of each activity, objectives and programs for improvement are established, whose supervision is the responsibility of the Environmental Management Department of the group of companies.

APPLICABLE POLICIES

- Environmental policy.
- Construction materials policy.
- Corporate Social Responsibility Policy.

DEVELOPMENT OF TALENT AND DIVERSITY

RELEVANCE

INTERNAL	EXTERNAL
80%	97%

BUSINESSES

ASSOCIATED RISKS AND OPPORTUNITIES

Providing a pluralistic environment, where diversity and the equality of opportunities take priority, offering competitive advantages to the companies, such as loyalty and productivity programs for employees. In addition, the increased complexity of projects and the new requirements of the sector –for example, standards and certifications of energy efficiency and sustainability in construction– require greater awareness and specialization. If these are not acquired with flexibility, they will represent a disadvantage for the company against the competitors, and therefore a detriment for the business. However, the efforts in attracting and retaining talent, and the commitment to training help ACS to remain at the cutting edge.

SUB-MATTERS CONSIDERED

- Contribution to economic growth and job creation.
- Remuneration, type of labor contract and distribution in the staff.
- Strategies of attracting, developing and retaining talent.
- Measures of social dialog, organization, flexibility and work-life balance.
- Policies, plans and measures for diversity and equality between men, women and people with disabilities.

MANAGEMENT FOCUS

The 20-20 Plan includes the commitment to improve professional performance, by increasing the investment in training.

Within this common framework, each company manages the development of its professionals in accordance with its specific needs, complying with the Group's Policy. They define training, and personal and professional development programs, and evaluate their impact on the participants.

APPLICABLE POLICIES

- Code of Conduct.
- Human Rights Policy.
- Diversity Policy.
- Skill Development and Assessment Policy.
- Corporate Social Responsibility Policy.

ETHICAL AND RESPONSIBLE COMPANIES

RELEVANCE		BUSINESSES
INTERNAL	EXTERNAL	
74%	100%	

ASSOCIATED RISKS AND OPPORTUNITIES

The organizations that do not respect the highest ethical standards and that do not show an integral behavior may have their reputation damaged. ACS strives for a governance model based on professional and ethical criteria, and adequate management with controlled risk. For that reason, ACS must have the necessary resources to fight corruption, fraud and bribery. It must fairly compete in the market, comply with the fiscal obligations in all jurisdictions and demonstrate good practices, such as fiscal transparency and collaboration with the corresponding tax administrations.

MANAGEMENT FOCUS

To guarantee the principles of transparency, ethics and integrity, the ACS Group has the Ethics Channel, the Code of Conduct and the Supervisory Committee that ensures compliance. The 20-20 Plan includes the commitment to these principles through the objectives that prevent and eradicate poor practices.

ACS has developed and adapted its regulatory bodies and its compliance management systems to obtain the UNE 19601 and UNE-ISO 37001 certifications.

SUB-MATTERS CONSIDERED

- Compliance policies and systems.
- Mechanisms to prevent corruption and fighting against money laundering as well as channels for reporting corrupt behavior.
- Transparency in the fiscal policy, bidding processes and contributions to foundations.
- Corporate governance.

APPLICABLE POLICIES

- General risk control and management policy.
- Corporate Fiscal Policy, Internal Control over Financial Reporting System (ICFRS).
- Criminal and Anti-bribery Compliance Policy.
- Treasury Stock Policy, Rules of Conduct in Securities Markets.
- Policies and Procedures of gifts and hospitalities, and relations with public officials and equivalents.
- Corporate Social Responsibility Policy.

OBJECTIVE: ZERO ACCIDENTS

RELEVANCE		BUSINESSES
INTERNAL	EXTERNAL	
96%	66%	

ASSOCIATED RISKS AND OPPORTUNITIES

Despite the advances in the infrastructures and services sector, the frequency indexes in the accident ratios continue to be higher than in other sectors, negatively affecting the perception of the stakeholders. This fact, along with the costs that are associated with the accident rate of the employees and low productivity, negatively affect the companies. To prevent this, having the correct management of safety and health, improving the metrics, reducing the operating costs and building a reputation are crucial.

MANAGEMENT FOCUS

The 20-20 Plan is committed to reducing the accident rate indexes in individual employees.
In order to achieve this overall commitment, each company manages safety and health independently, planning and putting in practice activities and measures, such as periodic risk evaluations and the definition of prevention plans with annual objectives. The majority have a management system to comply with the action plans that is approved by upper management. The Group collaborates with specialized organizations and participates in conferences about this subject.

SUB-MATTERS CONSIDERED

- Safety and health standards, also required of the supply chain.
- Zero accidents policy, mitigation plans and reduction objectives.
- Training and raising awareness about safety and health.
- Monitoring accident rate, frequency and severity indicators.

APPLICABLE POLICIES

- Corporate Social Responsibility Policy.

THE CLIMATE: A GLOBAL CONCERN

RELEVANCE

INTERNAL	EXTERNAL
67%	92%

BUSINESSES

ASSOCIATED RISKS AND OPPORTUNITIES

The ACS Group is facing the physical risks derived from climate change (for example, natural disasters), in addition to the risks of transition derived from regulatory changes (demanding green energy objectives, efficiency and reduction of emissions by governments), technological changes or new preferences on the markets. However, climate change presents opportunities such as the development of resilient infrastructures as well as the development of products and services that contribute to the decarbonization of the economy. In this regard, the growing importance that stakeholders like the investment community present against the management of these risks and opportunities is notable, due to their potential impact on the bottom line.

MANAGEMENT FOCUS

The Group's 20-20 Plan defines the commitment and objectives to improve eco-efficiency and the use of resources. The global responsibility of the climate change strategy falls on ACS's Board of Directors.
Each company is responsible for carrying out an inventory of emissions, identifying the main focuses and developing initiatives for their reduction, such as the LIFE Footprint analysis (Roads) or the Clece Carbon Footprint Reduction Plan. The Group offers its clients construction products and services that contribute to promoting an economy that is low in carbon.

SUB-MATTERS CONSIDERED

- Policy, strategies and resources to mitigate and adapt to climate change.
- Pollution prevention and reduction measures.
- Efficient technologies and renewable resources.
- Objectives of reducing pollutant emissions.
- Carbon pricing.

APPLICABLE POLICIES

- Environmental policy.
- Construction materials policy.
- Corporate Social Responsibility Policy.

RESPONSIBLE SUPPLY CHAIN

RELEVANCE

INTERNAL	EXTERNAL
98%	49%

BUSINESSES

ASSOCIATED RISKS AND OPPORTUNITIES

The poor practices of a company's suppliers represent a potential risk, and in the event they materialize, they may reduce the capacity to do business. It is necessary to evaluate the counterparty risks to which it is exposed and be involved in a constant improvement of its performance. The management systems of suppliers and contractors allow mitigating the potential risks for the Group, and allow improving the work processes and conditions, thus benefiting all parties.

MANAGEMENT FOCUS

All companies of the Group have specific standards and a formal system to classify, approve and control the risk of suppliers and subcontractors, which evaluates, among other aspects, the non-financial criteria—such as environmental and social characteristics—and establishes corrective measures in the event of non-compliance.

SUB-MATTERS CONSIDERED

- Purchasing policy that includes ESG aspects.
- Preparation of procedures and codes for suppliers.
- Qualification, evaluation and approval of suppliers as a function of risk.
- Measurement systems of fulfilling the responsibility objectives.
- Correction measures in case of non-compliance.

APPLICABLE POLICIES

- Code of Conduct.
- Code of Conduct for Business Partners.
- Corporate Social Responsibility Policy.

RESILIENT AND SOCIALLY RESPONSIBLE INFRASTRUCTURES

RELEVANCE

INTERNAL	EXTERNAL
61%	80%

BUSINESSES

ASSOCIATED RISKS AND OPPORTUNITIES

The increasingly frequent extreme climate events, the scarcity of natural resources, the condition and social context of the territory are conditioning factors of the Group's activities. ACS must work on the design and execution of resilient, sustainable and environmentally respectful infrastructures. It must carry out projects that involve a sustainable management of resources for the client, responding to the growing demand. This opportunity is presented in emerging countries, with a high demand for infrastructures, as well as in developed countries, by adapting and maintaining the existing ones.

MANAGEMENT FOCUS

The ACS Group, through its different activities, provides services that contribute to create more efficient and sustainable infrastructures and cities –sustainable construction, building public transport systems, traffic management services, etc.–

ACS offers the client the use of recycled and/certified construction materials. Projects by Hochtief, Turner, CIMIC and Dragados comply with the different certifications of sustainable construction, in addition to CEEQUAL, ISCA and Greenroads in terms of efficient infrastructures.

SUB-MATTERS CONSIDERED

- Resiliency of the infrastructures to climate change.
- Sustainable projects and services that are respectful of the environment.
- Measures adopted to preserve, reduce and restore the impact on biodiversity.
- Raising awareness of the client in long-lasting and efficient construction.

APPLICABLE POLICIES

- Environmental Policy.
- Construction Materials Policy.
- Corporate Social Responsibility Policy.

PROTECTION OF HUMAN RESOURCES

RELEVANCE

INTERNAL	EXTERNAL
70%	53%

BUSINESSES

ASSOCIATED RISKS AND OPPORTUNITIES

Human rights violations may represent a risk in certain countries and it requires a robust and homogeneous application of protection policies that must extend to the supply chain. ACS must become an active agent that ensures the protection of human rights within its area of influence by establishing measures and mechanisms that allow verifying the compliance of its commitments for all of its activities. The inadequate implementation of monitoring systems may overlook human rights violations that represent a great impact on the company's reputation and jeopardize its business license to operate.

MANAGEMENT FOCUS

The 20-20 Plan includes the Group's commitment to train its employees about Human Rights, Ethics and Integrity.

The Code of Conduct contains the principles of the United Nations Global Compact. The Group complies with a process of due diligence to identify, prevent, mitigate and be accountable for the negative consequences caused by human rights violations. It has developed and adapted the internal standards and management systems, including evaluations and preventative measures to comply with the regulatory aspects related to human rights.

SUB-MATTERS CONSIDERED

- Human Rights Policy.
- Procedures of due diligence in terms of human resources, prevention of risks and repair measures for possible abuses.
- Training regarding human resources.
- Denunciation of violations.

APPLICABLE POLICIES

- Human Rights Policy.
- Code of Conduct.
- Universal Human Rights Declaration, United Nations Ruggie Report.
- Corporate Social Responsibility Policy.

TOOLS AND NEW FINANCING MODELS

RELEVANCE

INTERNAL	EXTERNAL
55%	30%

BUSINESSES

ASSOCIATED RISKS AND OPPORTUNITIES

The diversity of financing tools, initiatives and organizations to invest in infrastructures: multilateral entities, institutional investors, retirement funds, sovereign wealth funds and small-scale players open up a range of opportunities for the companies in the sector, which must remain aware of proposals for new projects. The failure to adapt on time to these new models or not having the necessary tools implies a possible loss of business opportunities and a risk to companies of not being recognized by the stakeholders as an innovative agent and precursor of "green" projects.

SUB-MATTERS CONSIDERED

- Public-private alliances.
- Search for local partners.
- Sustainable financing.
- Financial solvency and solidity.
- Public subsidies received.

MANAGEMENT FOCUS

The Group is seeking opportunities in markets that are at a favorable time for investment, from the point of view of certainty at the administrative, financial and legal levels. For this reason, it is committed to public-private projects as a good alternative in developing infrastructures, and complies with the state plans of investment and development.

In the field of sustainable financing, the affiliate ACS Servicios, Comunicaciones y Energía is notable. In 2018, it issued green bonds with a BBB rating from Standard and Poor's and a value of 750 million euros.

APPLICABLE POLICIES

- N/A.

9.3. NON- FINANCIAL INFORMATION APPENDICES

9.3.1. GRI CONTENT INDEX

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was performed on the Spanish version of the report.

GRI content index				
GRI Standard	**Disclosure**	**Page number(s) and/or URL(s)**	**Omission**	**External verification**
GRI 101: 2016 Basis				
GRI 102: General Disclosures 2016				
Organizational profile	102-1 Name of the organization	9		Yes (244-245)
	102-2 Activities, brands, products, and services	24-25		Yes (244-245)
	102-3 Location of headquarters	24		Yes (244-245)
	102-4 Location of operations	24-25		Yes (244-245)
	102-5 Ownerships and legal form	206		Yes (244-245)
	102-6 Markets served	28-29		Yes (244-245)
	102-7 Scale of the organization	24-25		Yes (244-245)
	102-8 Information on employees and other workers	138-139		Yes (244-245)
	102-9 Supply chain 156-159	172-174		Yes (244-245)
	102-10 Significant changes to the organization and itssupply chain	38-39		Yes (244-245)
	102-11 Precautionary Principle or approach	198-201		Yes (244-245)
	102-12 External initiatives	244		Yes (244-245)
	102-13 Membership of associations	162		Yes (244-245)
Strategy	102-14 Statement from senior decision-maker	12-13		Yes (244-245)
	102-15 Key impacts, risks, and opportunities	216-217		Yes (244-245)
Ethics and Integrity	102-16 Values, principles, standards, and norms of behavior	156-157		Yes (244-245)
	102-17 Mechanisms for advice and concerns about ethics	158-159		Yes (244-245)
Governance	102-18 Governance structure	204-205		Yes (244-245)
	102-19 Delegating authority	204-205		Yes (244-245)
	102-20 Executive-level responsibility for economic, environmental and social topics	208-209		Yes (244-245)
	102-21 Consulting stakeholders on economic,environmental, and social topics	216-217		Yes (244-245)
	102-22 Composition of the highest governance body and its committees	16-17		Yes (244-245)
	102-23 Chair of the highest governance body	16-17		Yes (244-245)

GRI content index				
GRI Standard	**Disclosure**	**Page number(s) and/or URL(s)**	**Omission**	**External verification**
Governance	102-24 Nominating and selecting the highest governance body	208-209		Yes (244-245)
	102-25 Conflicts of interest	209		Yes (244-245)
	102-26 Role of the highest governance body in setting purpose, values, and strategy	208-209		Yes (244-245)
	102-27 Collective knowledge of highest governance body	208-209		Yes (244-245)
	102-28 Evaluating the highest governance body's performance	208-209		Yes (244-245)
	102-29 Identifying and managing economic, environmental,and social impacts	208-209		Yes (244-245)
	102-30 Effectiveness of risk management processes	208-209		Yes (244-245)
	102-31 Review of economic, environmental, and social topics	Economic: at least quarterly, Social and Enviromental: at least annually		Yes (244-245)
	102-32 Highest governance body's role in sustainability reporting	208-209		Yes (244-245)
	102-33 Communicating critical concerns	158, 161-163		Yes (244-245)
	102-34 Nature and total number of critical concerns	158		Yes (244-245)
	102-35 Remuneration policies	204,210		Yes (244-245)
	102-36 Process for determining remuneration	204,210		Yes (244-245)
	102-37 Stakeholders' involvement in remuneration	204,210		Yes (244-245)
	102-38 Annual compensation ratio	141		Yes (244-245)
	102-39 Percentage increase in annual compensation ratio	142		Yes (244-245)

GRI content index				
GRI Standard	**Disclosure**	**Page number(s) and/or URL(s)**	**Omission**	**External verification**
Stakeholder engagement	102-40 List of stakeholder groups	161-163		Yes (244-245)
	102-41 Collective bargaining agreements	144		Yes (244-245)
	102-42 Identifying and selecting stakeholders	161-163		Yes (244-245)
	102-43 Approach to stakeholder engagement	161-163		Yes (244-245)
	102-44 Key topics and concerns raised	217-218		Yes (244-245)
Reporting practice	102-45 Entities included in the consolidated financial statements	9		Yes (244-245)
	102-46 Defining report content and topic Boundaries	124, 215-216, 218		Yes (244-245)
	102-47 List of material topics	217		Yes (244-245)
	102-48 Restatements of information	214-215		Yes (244-245)
	102-49 Changes in reporting	214-215		Yes (244-245)
	102-50 Reporting period	9		Yes (244-245)
	102-51 Date of most recent report	Last report: 2017		Yes (244-245)
	102-52 Reporting cycle	214		Yes (244-245)
	102-53 Contact point for questions regarding the report	237		Yes (244-245)
	102-54 Claims of reporting in accordance with the GRI Standards	214		Yes (244-245)
	102-55 GRI content index	224-229		Yes (244-245)
	102-56 External assurance	244-245		Yes (244-245)
Material Topics				
Zero accidents target				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	220		Yes (244-245)
	103-2 The management approach and its components	220		Yes (244-245)
	103-3 The evaluation of the management approach	150		Yes (244-245)
GRI 403: Occupational health and safety 2016	403-1 Workers representation in formal joint management worker health and safety committees	144,231		Yes (244-245)
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities	152-153,231		Yes (244-245)
	403-3 Workers with high incidence of high risk of diseases related to their occupation	153		Yes (244-245)
	403-4 Health and safety topics covered in formal agreements with trade unions	144,231		Yes (244-245)
G4 Sector Disclosure: Construction and Real Estate	CRE6 Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system	152		Yes (244-245)
Developing local talent				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	219		Yes (244-245)
	103-2 The management approach and its components	219		Yes (244-245)
	103-3 The evaluation of the management approach	145-149		Yes (244-245)
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	149		Yes (244-245)
	404-2 Programs for upgrading employee skills and transition assistance programs	145-149		Yes (244-245)
	404-3Percentage of employees receiving regular performance and career development reviews	149		Yes (244-245)

GRI content index				
GRI Standard	**Disclosure**	**Page number(s) and/or URL(s)**	**Omission**	**External verification**
Responsible supply chain				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	221		Yes (244-245)
	103-2 The management approach and its components	221		Yes (244-245)
	103-3 The evaluation of the management approach	172-173		Yes (244-245)
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	45		Yes (244-245)
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	172-173		Yes (244-245)
	308-2 Negative environmental impacts in the supply chain and actions taken	172-173		Yes (244-245)
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	172-173		Yes (244-245)
	414-2 Negative social impacts in the supply chain and actions taken	172-173		Yes (244-245)
Interest in local communities				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	218		Yes (244-245)
	103-2 The management approach and its components	218		Yes (244-245)
	103-3 The evaluation of the management approach	164-165		Yes (244-245)
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	23.73%		Yes (244-245)
	413-2 Operations with significant actual and potential negative impacts on local communities	21.41%		Yes (244-245)
G4 Sector Disclosure: Construction and Real Estate	CRE7 Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project	Not available		No
management of resources				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	219		Yes (244-245)
	103-2 The management approach and its components	219		Yes (244-245)
	103-3 The evaluation of the management approach	129-134		Yes (244-245)
GRI 301: Materials 2016	301-1 Materials used by weight or volume	230		Yes (244-245)
	301-2 Recycled input materials used	230		Yes (244-245)
	301-3 Reclaimed products and their packaging materials	128		Yes (244-245)
GRI 302: Energy 2016	302-1 Energy consumption within the organization	129, 230		Yes (244-245)
	302-2 Energy consumption outside of the organization	126, 230		Yes (244-245)
	302-3 Energy intensity	129		Yes (244-245)
	302-4 Reduction of energy consumption	127-129		Yes (244-245)
	302-5 Reductions in energy requirements of products and services	130-134		Yes (244-245)
GRI 303: Water 2016	303-1 Water withdrawal by source	130		Yes (244-245)
	303-2 Water sources significantly affected by withdrawal of water	130		Yes (244-245)
	303-3 Water recycled and reused	130		Yes (244-245)

GRI content index

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission	External verification
GRI 306: Effluents and waste 2016	306-1 Water discharge by quality and destination	130		Yes (244-245)
	306-2 Waste by type and disposal method	128		Yes (244-245)
	306-3 Significant spills	Not available		Yes (244-245)
	306-4 Transport of hazardous waste	128		Yes (244-245)
	306-5 Water bodies affected by water discharges and/or runoff	Not available	We do not have management and collection systems for this indicator for this data. Measures to improve this aspect will be taken.	No
G4 Sector Disclosure: Construction and Real Estate	CRE1 Building energy intensity	Not available	Partial infomation. Pag: 134	No
	CRE2 Building water intensity	Not available	Partial infomation Pag: 134	No
	CRE5 Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations	Partial infomation Page: 137		No
	CRE8 Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	134		Yes (244-245)
Climate change is a global concern				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	221		Yes (244-245)
	103-2 The management approach and its components	221		Yes (244-245)
	103-3 The evaluation of the management approach	126-127		Yes (244-245)
GRI 305: Emissions 2016	305-1 Direct GHG emissions (Scope 1)	126-127		Yes (244-245)
	305-2 Energy indirect GHG emissions (Scope 2)	126-127		Yes (244-245)
	305-3 Other indirect GHG emissions (Scope 3)	126-127		Yes (244-245)
	305-4 GHG emissions intensity	126-127		Yes (244-245)
	305-5 Reduction of GHG emissions	126-127		Yes (244-245)
	305-6 Emissions of ozone-depleting substances (ODS)	126-127		Yes (244-245)
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	126-127		Yes (244-245)
G4 Sector Disclosure: Construction and Real Estate	CRE3 Greenhouse gas emissions intensity from buildings	Not available	Partial infomation Page: 134	No
	CRE4 Greenhouse gas emissions intensity from new construction and redevelopment activity	126-127		Yes (244-245)

GRI content index				
GRI Standard	**Disclosure**	**Page number(s) and/or URL(s)**	**Omission**	**External verification**
Protection of human rights				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	222		Yes (244-245)
	103-2 The management approach and its components	222		Yes (244-245)
	103-3 The evaluation of the management approach	156		Yes (244-245)
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	172-173		Yes (244-245)
	412-2 Employee training on human rights policies or procedures	160		Yes (244-245)
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	172-173		Yes (244-245)
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	144		Yes (244-245)
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	156-157		Yes (244-245)
Ethical and responsible companies				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	220		Yes (244-245)
	103-2 The management approach and its components	220		Yes (244-245)
	103-3 The evaluation of the management approach	156-158		Yes (244-245)
GRI 205: Anticorruption 2016	205-1 Operations assessed for risks related to corruption	156-158		Yes (244-245)
	205-2 Communication and training about anti-corruption policies and procedures	156-158		Yes (244-245)
	205-3 Confirmed incidents of corruption and actions taken	It hasn´t been detected in 2018 cases of corruption		No
GRI 206: Anti-competitive Behavior 2016	2016-1 Legal actions for anti-competitive behavior and monopoly practices	6		Yes (244-245)
Social roe of infrastructure				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	222		Yes (244-245)
	103-2 The management approach and its components	222		Yes (244-245)
	103-3 The evaluation of the management approach	51		Yes (244-245)
Resilient infrastructure				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	222		Yes (244-245)
	103-2 The management approach and its components	222		Yes (244-245)
	103-3 The evaluation of the management approach	175-177		Yes (244-245)
Tooal and new financing models				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	223		Yes (244-245)
	103-2 The management approach and its components	223		Yes (244-245)
	103-3 The evaluation of the management approach	223		Yes (244-245)

9.3.2. ADDITIONAL INDICATORS

ENVIRONMENT

(301-1 and 301-2) Total materials used and percentage of recycled materials	2017	2018
Total wood purchased (m^3)	1,219,383	**3,777,835**
Percentage of certified Wood*	76.5%	**82.9%**
Total steel purchased (t)	551,342	**1,310,393**
Percentage of recycled Steel*	48.4%	**45.9%**
Total concrete purchased (m^3)	4,104,025	**4,739,630**
Percentage of cement/concrete with recycled aggregate*	11.6%	**9.1%**
Total recycled glass (m^2)	77,333	**97,562**
Percentage of recycled glass*	0.7%	**0.5%**

* Scope of sales data lower than 20% in 2017 and less than 30% in 2018. See table of scope 9.3.3.

(302-1) Energy consumption by source	2015	2016	2017	2018
Total ACS Group				
Petrol + Diesel (million litres)	1,187	831	928	**1,135**
Natural gas (m^3)	400,930	275,696	254,804	**466,206**
Natural gas (kWh)	27,296,944	22,164,387	22,671,327	**29,108,916**
Biofuel (million litres)	0	0	0	**0**
Electricity (MWh)	532,927	491,425	660,173	**590,624**
Electricity from renewable sources (MWh)	2,114	25,313	28,357	**58,658**
Construction				
Petrol + Diesel (million litres)	1,162	810	906	**1,099**
Natural gas (m^3)	279,111	271,472	241,314	**296,905**
Natural gas (kWh)	92,100	833,895	694,977	**596,899**
Biofuel (million litres)	0	0	0	**0**
Electricity (MWh)	418,975	400,275	537,996	**421,831**
Electricity from renewable sources (MWh)	557	23,776	26,682	**57,773**
Industrial Services				
Petrol + Diesel (million litres)	21	17	19	**32**
Natural gas (m^3)	121,818	4,223	13,490	**169,301**
Natural gas (kWh)	204,844	15,492	0	**66,570**
Electricity (MWh)	89,119	64,433	96,488	**144,841**
Electricity from renewable sources (MWh)	1,557	1,537	1,667	**884**
Servicios				
Petrol + Diesel (million litres)	4	4	4	**4**
Natural gas (m^3)	0	0	0	**0**
Natural gas (kWh)	27,000,000	21,315,000	21,976,351	**28,445,447**
Electricity (MWh)	24,834	26,717	25,689	**23,952**
Electricity from renewable sources (MWh)	0	0	9	**0**

HEALTH AND SAFETY

	2015	2016	2017	2018
Total number of hours worked	326,382,593	312,750,167	352,572,161	**374,672,106**
Total number of hours worked (Men)	n.a.	n.a.	n.a.	**254,543,241**
Total number of hours worked (Women)	n.a.	n.a.	n.a.	**120,128,864**
Total number of accidents with employee time off	4,256	4,294	4,318	**4,231**
Total number of accidents with employee time off (Men)	n.a.	n.a.	n.a.	**1,560**
Total number of accidents with employee time off (Women)	n.a.	n.a.	n.a.	**2,671**
Fatal accidents (own employees)	10	7	1	**4**
Fatal accidents (own employees Men)	n.a.	n.a.	n.a.	**4**
Fatal accidents (own employees Women)	n.a.	n.a.	n.a.	**0**
Fatal accidents (contracted employees)	3	6	2	**7**
Total number of cases of occupational diseases (employees)	35	46	65	**105**
Total number of cases of occupational diseases (employees Men)	n.a.	n.a.	n.a.	**75**
Total number of cases of occupational diseases (employees Women)	n.a.	n.a.	n.a.	**30**
Frequency rate for occupational disease (employees)	0.107	0.147	0.184	**0.280**
Frequency rate for occupational disease (employees Men)	n.a.	n.a.	n.a.	**0.295**
Frequency rate for occupational disease (employees Women)	n.a.	n.a.	n.a.	**0.250**
Total number of cases of occupational diseases (contractors)	0	0	0	**0**
Frequency rate for occupational disease (contractors)	0	0	0	**1**
Percentage of days lost through absenteeism	2.1%	2.3%	1.5%	**1.2%**

(403-1)(403-3)(403-4) HEALTH AND SAFETY INDICATORS	2017	2018
Total ACS Group	**2017**	**2018**
Percentage of workforce represented on formal joint health and safety committees for management and employees	76.37%	**80.17%**
Workers with a profession that has a high incidence or risk of illness	12,806	**21,560**
Health and safety issues covered in official agreements with trade unions	69.35%	**70.68%**
Construction		
Percentage of workforce represented on formal joint health and safety committees for management and employees	83.98%	**87.50%**
Workers with a profession that has a high incidence or risk of illness	13,976	**16,085**
Health and safety issues covered in official agreements with trade unions	26.27%	**26.03%**
Industrial Services		
Percentage of workforce represented on formal joint health and safety committees for management and employees	80.26%	**86.53%**
Workers with a profession that has a high incidence or risk of illness	1,040	**5,475**
Health and safety issues covered in official agreements with trade unions	91.07%	**94.04%**
Services		
Percentage of workforce represented on formal joint health and safety committees for management and employees	66.80%	**68.60%**
Workers with a profession that has a high incidence or risk of illness	0	**0**
Health and safety issues covered in official agreements with trade unions	100.00%	**100.00%**

9.3.3. SCOPE OF DATA

ENVIRONMENT

% of sales	2018
Implementation of ISO 14001 certification	**99.68%**
Implementation of other certifications	**99.68%**
Projects registered and certified as per efficient construction certifications	**100.00%**

% of sales	2015	2016	2017	2018
Petrol (million litres)	99.38%	97.17%	97.52%	99.68%
Diesel (million litres)	99.38%	97.17%	97.52%	99.68%
Natural gas (m^3)	99.38%	97.17%	92.69%	95.16%
Natural gas (kWh)	99.38%	97.17%	96.94%	99.22%
Electricity (MWh)	99.38%	97.17%	97.52%	99.68%
Electricity from renewable sources (MWh)	32.43%	87.47%	95.47%	97.33%
Direct greenhouse gas emissions not associated with the use of fuels (Scope 1 process emissions) (tCO_2eq)	32.43%	13.92%	90.15%	92.79%
Business travel: total km travelled on short-haul flights (< 500 km)	99.38%	92.49%	96.94%	99.22%
Business travel Air: total km travelled on medium-haul flights (500 km < X < 1,600 km)	99.38%	92.49%	96.94%	99.22%
Business travel Air: total km travelled on long-haul flights (> 1,600 km)	99.38%	92.49%	96.94%	99.22%
Business travel Total km travelled in private vehicles for business purposes	99.38%	97.17%	96.31%	99.22%
Business travel Total km travelled by train	99.38%	92.49%	96.94%	99.22%
Business travel Total km travelled by boat	99.38%	97.17%	96.94%	99.22%
Others (tCO_2eq)	99.38%	97.17%	94.17%	94.45%
Significant air emissions, in KG of Ozone-depleting substances (ODS)	n.d.	82.91%	94.17%	94.45%
Significant air emissions of NOx.	n.d.	78.62%	95.00%	95.73%
Significant air emissions of SOx	n.d.	77.40%	95.00%	95.73%
Other significant air emissions	n.d.	78.62%	95.47%	95.73%
Efficient use of water resources				
Water consumption (m^3)	63.84%	97.17%	62.10%	99.22%
Waste water discharged (m^3)	32.43%	97.17%	62.68%	99.68%
Volume of reused water (m^3)	99.38%	97.17%	61.71%	99.22%
Waste management				
Non-hazardous waste sent for management (t)	99.38%	97.17%	97.52%	99.68%
Hazardous waste sent for management (t)	95.01%	97.17%	97.52%	99.68%

Materials (% of Group procurements)	2017	2018
Total wood purchased (m^3)	89.92%	**92.08%**
Percentage of certified wood	9.20%	**17.83%**
Total steel purchased (t)	95.49%	**97.78%**
Percentage of recycled steel	15.68%	**22.90%**
Total concrete purchased (m^3)	95.49%	**97.89%**
Percentage of cement/concrete with recycled aggregate	15.58%	**22.88%**
Total recycled glass (m^2)	17.44%	**26.00%**
Percentage of recycled glass	17.44%	**25.23%**

ACS GROUP EMPLOYEES

Total % of employees	2017	2018
Total employees	n.a.	100.00%
Local employees	n.a.	96.78%
Employees by area of activity	n.a.	100.00%
Personnel by professional category and area of activity	n.a.	100.00%
Types of contract	n.a.	100.00%
Personnel by professional category and gender	n.a.	100.00%
Personnel by geographical area	n.a.	100.00%
Average age (men)	n.a.	96.78%
Average age (women)	n.a.	96.78%
Average seniority (men)	n.a.	96.78%
Average seniority (women)	n.a.	96.78%
Total turnover for women	n.a.	96.78%
Total turnover for men	n.a.	96.78%
Voluntary turnover for women	n.a.	96.78%
Of the employees reported, number of women with a management position (construction/project manager or similar and superior)	n.a.	96.78%
Of the employees reported, number of men with a management position (construction/project manager or similar and superior)	n.a.	96.78%
Of the employees reported, number of women management positions	n.a.	96.78%
Of the employees reported, number of men management positions	n.a.	96.78%
Management´s average remuneration	n.a.	100.00%
Annual average remuneration	n.a.	93.98%
Measures to promote equal treatment and opportunities for men and women	n.a.	93.98%
Protocols against sexual harassment	n.a.	93.98%
Measures to ensure equal opportunities and avoid discrimination in the selection processes	n.a.	93.98%
People with a disability	n.a.	76.28%
Systems to ensure the universal access	n.a.	93.98%
Work-life balance measures	n.a.	93.95%
Percentage of reincorporation after parental leave	n.a.	96.78%
Total number of days lost (due to absenteeism)	97.04%	96.57%
Employees affiliated to union organizations	n.a.	76.28%
Employees covered by collective bargaining agreements or by an independent union	n.a.	96.78%
Percentage of workforce represented on formal joint health and safety committees for management and employees	n.a.	100.00%
Health and safety issues covered in official agreements with trade unions	n.a.	80.00%
Employees covered by a formal professional development system	97.27%	96.78%
Employees subject to performance evaluation processes	97.27%	96.78%
Employees covered by variable remuneration systems	96.39%	96.78%
Employees trained	97.27%	96.78%
Total teaching hours given	97.27%	96.78%
Investment in training (millions of euros)	97.27%	96.78%
Teaching hours breakdown by professional category	n.a.	93.59%

HEALTH AND SAFETY

% of employees	2015	2016	2017	2018
Percentage of total employees covered by OHSAS 18001 certification	100.00%	99.84%	100.00%	**100.00%**
Total number of hours worked (own employees)	100.00%	99.84%	100.00%	**100.00%**
Total number of hours worked (own employees Men)	n.a.	n.a.	n.a.	**100.00%**
Total number of hours worked (own employees Women)	n.a.	n.a.	n.a.	**100.00%**
Total number of accidents with time off (own employees)	100.00%	99.84%	80.22%	**100.00%**
Total number of accidents with time off (own employees Men)	n.a.	n.a.	n.a.	**100.00%**
Total number of accidents with time off (own employees Women)	n.a.	n.a.	n.a.	**100.00%**
Total number of working days lost (own employees)	100.00%	99.84%	100.00%	**100.00%**
Total number of working days lost (own employees Men)	n.a.	n.a.	n.a.	**100.00%**
Total number of working days lost (own employees Women)	n.a.	n.a.	n.a.	**100.00%**
Total number of hours worked (contractors)	75.05%	91.06%	87.90%	**91.36%**
Total number of accidents with time off (contractors)	74.71%	91.06%	87.90%	**91.36%**
Total number of working days lost (contractors)	74.47%	91.06%	86.75%	**90.91%**
Deaths (own employees)	100.00%	99.84%	100.00%	**100.00%**
Deaths (own employees Men)	n.a.	n.a.	n.a.	**100.00%**
Deaths (own employees Women)	n.a.	n.a.	n.a.	**100.00%**
Deaths (contractors)	79.32%	99.84%	100.00%	**100.00%**
Investment in health and safety (millions of euros)	100.00%	99.84%	100.00%	**100.00%**
Total number of cases of occupational diseases (employees)	79.32%	77.88%	100.00%	**100.00%**
Total number of cases of occupational diseases (employees Men)	n.a.	n.a.	n.a.	**100.00%**
Total number of cases of occupational diseases (employees Women)	n.a.	n.a.	n.a.	**100.00%**
Total number of cases of occupational diseases (contractors)	75.05%	73.90%	96.61%	**91.36%**

% of employees	2017	2018
Employees who have received health and safety training during the year (%)	100.00%	**100.00%**
Employees who have received health and safety training during their career with the company (%)	100.00%	**100.00%**
Percentage of workforce represented on formal joint health and safety committees for management and employees	100.00%	**100.00%**
Health and safety issues covered in official agreements with trade unions	80.22%	**80.00%**

COMPLIANCE

% of employees	2017	2018
Number of communications received and handled by the Ethics Channel	100.0%	**100.0%**
Scope of the training plans regarding human rights, ethics, integrity, compliance or conduct	96.82%	**96.26%**
Number of courses given with content involving human rights, ethics, integrity, compliance or conduct	75.96%	**76.13%**
Number of employees trained in human rights, ethics, integrity, compliance or conduct content during the year	96.91%	**96.59%**
Training hours per trained employee	89.31%	**96.59%**
Legal complaints against for violating human rights	n.a.	**100.00%**
Value contributions to associations (scope % sales)	89.85%	**90.29%**

GIVING BACK TO SOCIETY

% of employees	2017	2018
Investment in social action by Group companies	**98.36%**	**97.36%**
Budget allocated by the Foundation	**100.0%**	**100.0%**

SUPPLIERS AND CONTRACTORS

% of Group procurements	2017	2018
Adherence to the ACS Group Code of Conduct	98.89%	**100.00%**
Adherence to standards for the fulfilment of ethical, social and environmental commitments	97.27%	**99.48%**
Certification in quality aspects (ISO 9001)	98.89%	**100.00%**
Certification in environmental aspects (ISO14001, EMAS or similar)	98.89%	**100.00%**
Analysis of labour standards and practices of suppliers and contractors	98.15%	**99.48%**
Suppliers identified as critical	n.a.	**97.29%**
Critical suppliers. % of total	n.a.	**97.29%**
Suppliers evaluated in terms of sustainability	n.a.	**97.78%**

COMMITMENT TO QUALITY WITH THE CUSTOMER

% sobre ventas	2018
Production certified under ISO 9001: Total ACS Group	**97.58%**
Number of quality audits	**97.58%**
Investment in measures to promote and improve quality	**97.58%**
Number of customer satisfaction surveys received	**69.19%**
Customer responses that are “satisfied” or “very satisfied” out of the total number of surveys RECEIVED (%)	**69.19%**

INNOVATION

% of sales	2018
Investment in research, development and innovation by the ACS Group	**30.63%**
Number of innovation projects in progress in 2018 of the ACS Group	**30.63%**
Number of patents registered by the ACS Group in 2018	**30.63%**
Number of patents registered by the ACS Group over the last ten years	**30.63%**

9.3.4. AWARDS, RECOGNITIONS AND MEMBERSHIPS

- In 2018, FTSE Russell confirmed that the ACS Group had been independently evaluated in accordance with the FTSE4Good criteria and had met the requirements to become a component of the FTSE4Good index series.

- The ACS Group is a signatory to the United Nations Global Compact.

- The ACS Group supports the Carbon Disclosure Project initiative.

- ACS is a world leader in the development of infrastructure concessions, according to Public Works Financing magazine.

- ACS is the seven largest company in the world by sales figures, according to the ENR magazine ranking published in August 2018. It is the second-ranking listed company worldwide on this list and the company with the most international business.

- In 2018, Harvard Business Review named Florentino Pérez, Chairman and CEO of the ACS Group, as one of the world's top 100 CEOs.

- According to the Merco monitor, in 2018 the ACS Group was one of the most highly respected companies in Spain, with Florentino Pérez considered to be one of the most highly esteemed leaders in Spain.

9.3.5. WE WOULD LIKE TO KNOW YOUR OPINION

As you may have observed in the preceding pages, the ACS Group is committed to transparency of information and the relationships with its various stakeholders.

The ACS Group considers the assumption of reporting principles to be a process of ongoing improvement, in which it is essential to count on the informed opinion of the various stakeholders. We would therefore greatly appreciate any feedback you may have on this report at:

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Phone +34 91 343 92 00
E-mail: infogrupoacs@grupoacs.com

For further information,
it is possible to consult the website

www.grupoacs.com

9.4. ECONOMIC-FINANCIAL APPENDIX

9.4.1 TREASURY SHARES

At 31 December 2018, the ACS Group had 6,442,991 treasury shares on its balance sheet, with a nominal value of EUR 0.5 each one, representing 2.0% of its share capital. The detail of the transactions performed in the year is as follows:

	2017		**2018**	
	Number of shares	Thousands of euros	**Number of shares**	**Thousands of euros**
At beginning of period	**4,677,422**	**120,981**	**3,756,460**	**120,775**
Purchases	5,958,630	199,337	10,711,385	366,394
Amortisation and sales	(6,879,592)	(199,543)	(8,024,854)	(265,664)
At end of period	**3,756,460**	**120,775**	**6,442,991**	**221,505**

9.4.2 IRIDIUM CONCESSIONS PORTFOLIO

Concession - Description	Stake	Conso-lidation Method	Country	Activity	Phase	Units	Expiry date	Total Investment (mn €)	ACS Group Investment (mn €)
Autovía de La Mancha	75.0%	E.M.	Spain	Highways	Exploitation	52	Apr-33	128	21
Reus-Alcover	100.0%	E.M.	Spain	Highways	Exploitation	10	Dec-38	69	16
Santiago Brión	70.0%	E.M.	Spain	Highways	Exploitation	16	Sep-35	117	14
Autovía de los Pinares	63.3%	E.M.	Spain	Highways	Exploitation	44	Apr-41	97	16
Autovía Medinaceli-Calatayud	100.0%	Global	Spain	Highways	Exploitation	93	Dec-26	183	24
Autovía del Pirineo (AP21)	100.0%	E.M.	Spain	Highways	Exploitation	45	Jul-39	233	81
Autovía de la Sierra de Arana	40.0%	E.M.	Spain	Highways	Exploitation	39	n.a.	200	2
EMESA (Madrid Calle 30)	50.0%	E.M.	Spain	Highways	Exploitation	33	2025/ Sep-2040	185	35
Eje Diagonal	100.0%	E.M.	Spain	Highways	Exploitation	67	Jan-42	405	154
A-30 Nouvelle Autoroute 30	12.5%	E.M.	Canada	Highways	Exploitation	74	Sep-43	1,242	18
Capital City Link (NEAH)	25.0%	E.M.	Canada	Highways	Exploitation	27	Sep-46	984	12
FTG Transportation Group	12.5%	E.M.	Canada	Highways	Exploitation	45	Jun-34	500	2
Windsor Essex	33.3%	E.M.	Canada	Highways	Exploitation	11	Feb-44	818	6
Signature on the Saint-Lawrence Group General Part	25.0%	E.M.	Canada	Highways	Construction	3	Nov-49	1,560	0
Highway 427	50.0%	E.M.	Canada	Highways	Construction	11	Sep-50	228	0
Gordie Howe Bridge	40.0%	E.M.	Canada	Highways	Construction	3	Nov-54	2,462	0
CRG Waterford	33.3%	E.M.	Ireland	Highways	Exploitation	23	Apr-36	338	22
CRG Portlaoise	33.3%	E.M.	Ireland	Highways	Exploitation	41	Jun-37	361	23
N25 New Ross Bypass	50.0%	E.M.	Ireland	Highways	Construction	14	Feb-43	169	6
M11 Gorey – Enniscorthy	50.0%	E.M.	Ireland	Highways	Construction	32	Jan-44	253	0
Sper - Planestrada (Baixo Alentejo)	15.1%	N.C.	Portugal	Highways	Exploitation	347	Dec-38	268	15
A-13, Puerta del Támesis	75.0%	E.M.	United Kingdom	Highways	Exploitation	22	Jul-30	266	20
SH288 Toll Lanes-Texas	21.6%	E.M.	USA	Highways	Construction	17	Aug-67	865	17
Portsmouth Bypass	40.0%	E.M.	USA	Highways	Exploitation	35	Dec-53	466	17
US 181 Harbor Bridge	50.0%	E.M.	USA	Highways	Construction	9	Oct-40	789	0
I595 Express	50.0%	E.M.	USA	Highways	Exploitation	17	Feb-44	1,403	91
Total Highways (km)						**1.130**		**14,589**	**612**
Línea 9 Tramo II	10.0%	N.C.	Spain	Railways	Exploitation	11	Oct-42	879	7
Línea 9 Tramo IV	10.0%	N.C.	Spain	Railways	Exploitation	11	Sep-40	612	6
Metro de Arganda	8.1%	N.C.	Spain	Railways	Exploitation	18	Dec-29	149	3
ELOS - Ligações de Alta Velocidade	15.2%	N.C.	Portugal	Railways	-	167	Aug-05	1,637	3
Rideau Transit Group (Ligth RT Ottawa)	40.0%	E.M.	Canada	Railways	Construction	13	May-48	1,288	0
Crosslinx Transit Solutions	25.0%	E.M.	Canada	Railways	Construction	20	Sep-51	3,497	0
Ottawa Phase II variation	33.3%	E.M.	Canada	Railways	Construction	n.a.	Dec-19	315	0
Finch West LRT	33.3%	E.M.	Canada	Railways	Construction	11	Sep-53	878	0
Angels flight	86.5%	Global	USA	Railways	Exploitation	n.a.	Apr-47	2	2
LAX Automated People Mover	18.0%	E.M.	USA	Railways	Construction	4	May-48	2,131	0
Metro de Lima Línea 2	25.0%	E.M.	Peru	Railways	Construction	35	Apr-49	4,217	26
Total Railways (km)						**289**		**15,603**	**47**
Cárcel de Brians	100.0%	Global	Spain	Jails	Exploitation	95,182	Dec-34	108	14
Comisaría Central (Ribera norte)	20.0%	E.M.	Spain	Police Station	Exploitation	60,330	May-24	70	3
Comisaría del Vallés (Terrasa)	20.0%	E.M.	Spain	Police Station	Exploitation	8,937	Apr-32	17	1
Comisaría del Vallés (Barberá)	20.0%	E.M.	Spain	Police Station	Exploitation	9,269	Apr-32	20	1
Los Libertadores	100.0%	Global	Chile	Border Facility	Construction	32,011	Nov-30	72	8
Public facilities (m2)						**205,729**		**286**	**26**
Hospital Majadahonda	11.0%	N.C.	Spain	Hospitals	Exploitation	749	Jul-35	257	4
Nuevo Hospital de Toledo, S.A.	33.3%	E.M.	Spain	Hospitals	Construction	760	Mar-45	284	15
Hospital Son Espases	9.9%	N.C.	Spain	Hospitals	Exploitation	987	Oct-39	305	3
Hospital de Can Misses (Ibiza)	8.0%	N.C.	Spain	Hospitals	Exploitation	297	Oct-42	129	2
Hospitals (number of beds)						**2,793**		**976**	**24**
Intercambiador Plaza de Castilla	4.4%	N.C.	Spain	Transfer stations	Exploitation	59,650	Feb-41	174	1
Intercambiador Príncipe Pío	8.4%	N.C.	Spain	Transfer stations	Exploitation	28,300	Dec-40	66	1
Intercambiador Avda América	12.0%	N.C.	Spain	Transfer stations	Exploitation	41,000	Jun-38	114	2
Total Transfer stations (m2)						**128,950**		**354**	**4**
Iridium Aparcamientos	100.0%	Global	Spain	Parkings	Exploitation	12,217	2058	49	47
Serrano Park	50.0%	E.M.	Spain	Parkings	Explotación	3,297	Dec-48	130	21
Total Parkings (umber of places)						**15,514**		**179**	**68**
TOTAL CONCESSIONS								**31,986**	**780**
National								16%	63%
International								84%	37%

(1) Cover main contracts managed by Iridium Aparcamientos.

9.4.3. INDUSTRIAL SERVICES CONCESSION PORTFOLIO

NAME	% ACS STAKE	LOCATION	STATUS	#	EXPIRATION DATE
WIND FARMS					
Monte Das Augas	60%	Galicia (Spain)	Exploitation	3	2032
Requeixo	25%	Galicia (Spain)	Exploitation	11	2024
Kincardine Offshore	90%	Aberdeen (Scotland)	Construction	50	2038
Oaxaca	100%	Mexico	Exploitation	102	2032
Kiyú	100%	Uruguay	Exploitation	49	2037
Pastorale	90%	Uruguay	Exploitation	53	2038
Península	70%	Mexico	Construction	90	2038
Valdehierro	64.3%	Burgos (Spain)	Construction	15	n/a
Tadeas	64.3%	Palencia (Spain)	Construction	37	n/a
THERMOSOLAR PLANTS					
Tonopah	36.6%	Tonopah (Mexico)	Exploitation	110	2040
Manchasol 1	100%	Ciudad Real (Spain)	Exploitation	50	2035
Karoshoek Solar One	20%	South Africa	Exploitation	100	2038
PHOTOVOLTAIC PLANTS					
Tedagua Energías Renovables	100%	Canarias (Spain)	Exploitation	0	2028
Escatrón	100%	Escatrón (Zaragoza, Spain)	Construction	350	n/a
Chipriana	100%	Chiprana (Zaragoza, Spain)	Construction	200	n/a
Alcázar	100%	Alcázar de San Juan (C. Real, Spain)	Construction	240	n/a
Bonete	100%	Albacete (Spain)	Construction	146	n/a
Aragón 3	100%	Zaragoza (Spain)	Construction	250	n/a
Galisteo	100%	Cáceres (Spain)	Construction	50	n/a
HYDROELECTRIC PLANTS					
Hidromanta	100%	Peru	Construction	20	2039
RENEWABLE				1,924	
TRANSMISSION LINES					
Jauru	33.3%	Brazil	Exploitation	939	2037
Brilhante	50%	Brazil	Exploitation	553	2042
Brilhante II (Subestación)	50%	Brazil	Exploitation	1	2042
Sete Lagoas (Subestación)	100%	Brazil	Exploitation	1	2041
Guaporé	100%	Brazil	Construction	310	2047
Redenor	30%	Chile	Construction	220	Indef.
Odoyá	50%	Brazil	Exploitation	301	2044
Esperanza	50%	Brazil	Exploitation	492	2044
Jmm	50%	Brazil	Exploitation	861	2045
Mantiqueira	25%	Brazil	Construction	1,320	2045
Sertaneja	50%	Brazil	Construction	485	2047
Giovanni sanguinetti	50%	Brazil	Construction	435	2047
Veredas	50%	Brazil	Construction	451	2047
Chimarrao	50%	Brazil	Construction	937	2049
TRANSMISSION LINES				7,306	
DESALINATION PLANTS					
Benisaf Water Company	51%	Argelia	Exploitation	200,000	2035
Hydromanagement	80%	Spain	Exploitation	72,000	2034
Al-Hamra Water Co	40%	Dubai	Construction	100,000	2038
Caitan	50%	Chile	Construction	86,400	2040
WATER TREATMENT PLANTS					
Depuradoras del Bajo Aragón	55%	Spain	Exploitation	7,325	2028
SADEP	40%	Spain	Exploitation	10,030	2027
SAPIR	50%	Spain	Exploitation	3,360	2031
Taboada	100%	Peru	Exploitation	1,754,000	2034
Provisur	100%	Peru	Construction	33,264	2034
IRRIGATION PROJECTS					
Majes	100%	Peru	Construction	52,500	n/a
WATER				2,318,879	
Others					
Planta Reserva Fría de Generación Eten	50%	Peru	Exploitation	223	2035

Renewables: Installed Capacity (MW); Transmission Lines (KM); Water: (000 m^3 / day).

Investment volume to 31.12.2018 (€ million)	INCURRED INVESTMENT	ACS CONTRIBUTION
WIND FARMS	533	83
THERMOSOLAR PLANTS	1,867	276
PHOTOVOLTAIC PLANTS	151	37
HYDROELECTRIC PLANTS	33	4
RENEWABLE	2,584	399
TRANSMISSION LINES	1,050	200
TRANSMISSION LINES	1,050	200
DESALINATION PLANTS	644	143
WATER TREATMENT PLANTS	76	40
IRRIGATION PROJECTS	9	0
WATER	730	183
OTHERS	121	17
TOTAL	4,485	799

9.4.4. ANNUAL CORPORATE GOVERNANCE REPORT

In accordance with that established in commercial law, the Annual Corporate Governance Report, which forms an integral part of the 2018 consolidated directors' report, is attached by reference and is available on the CNMV's website.

9.4.5. GLOSSARY

The ACS Group presents its results in accordance with International Financial Reporting Standards (IFRS), however, the Group uses certain alternative performance measures (APM) to provide additional information that facilitates the comparability and understanding of its financial information and the decision making and assessment of the Group's performance. The most noteworthy APMs are detailed below.

CONCEPT	DEFINITION AND COHERENCE	Dec-18	Dec-17
Market capitalisation	**Num of shares at period close x price at period close**	**10,645**	**10,264**
Earnings per share (EPS)	**Net Profit of the period / Average num of shares of the period**	**2.94**	**2.57**
Net Attributable profit	Total Income - Total Expenses of the period - Minority interests result	915	802
Average num. of shares of the period	Daily average outstanding shares in the period adjusted by treasury stock	311.1	312.0
Backlog	**Value of the contracts awarded and pending to be executed**	**72,223**	**67,082**
Gross Operating Profit (EBITDA)	**Operating Profit excluding (1) D&A y (2) non recurrent operating results and/or which don't imply a cash flow + Net Results from Joint Ventures**	**2,437**	**2,279**
(+) Operating Profit	Operating income - Operating expenses	1,490	1,329
(-) 1.D&A	Operating provisions and fix asset depreciation	(646)	(653)
(-) 2. Non recurrent operating results and/or which dont imply a cash flow	Impairment & gains on fixed assets + other operating results	(139)	(186)
(+) Net profit from Joint Ventures	Profit before Taxes from foreign joint ventures consolidated by Equity method. It is similar to the UTEs regime in Spain, thus it is included in the EBITDA in order to standardize the accounting criteria with the Group's foreign companies	161	111

CONCEPT	DEFINITION AND COHERENCE	Dic-18	Dic-17
Net Financial Debt / EBITDA	**Net Financial Debt / Annualized EBITDA. This ratio is broken down by areas of activity of the Group**	**0.0x**	**0.1x**
Net Financial Debt (1)-(2)	Gross external financial debt +Net debt with group companies - Cash & Equivalents	(3)	153
(1) Deuda Financiera Bruta	Bank debt + Obligations and other negotiable securities + Project finance and non recourse debt + Financial lease + Other l/t non bank debt + Debt with group companies	8,427	8,040
(2) Cash & Equivalents	Temporary Financial investments + L/T deposits + Cash & Equivalents	8,431	7,887
Annualized EBITDA	EBITDA of the period / num of month within the period x 12 months	2,437	2,279
Net Cash Flow	**(1) Cash Flow from operating activities + (2) Cash Flow from investing activities + (3) Other Cash flows**	**(50)**	**1,042**
1. Cash Flow from operating activities	**Adjusted Net Profit attributable + Operating working capital variation ex discontinued operations**	**2,051**	**1,863**
Adjusted Net Profit attributable	Net profit attributable (+/-) adjustments of concepts which dont imply an operating cash flow	1,959	1,672
Operating working capital variation	Working capital variation of the period (+/-) ajustments of non operating concepts (Ej: dividends, interests, taxes, etc)	92	192
2. Cash Flow from investing activities	**Net investments (paid/collected) ex discontinued operations**	**(1,433)**	**(308)**
(-) Payments from investments	Payments for operating, project and financial investments. This figure may differ from that shown in section 5.3.2 for reasons of deferral (accruals) ex discontinued operations	(4,798)	(915)
(+) Collections from divestments	Collections from operating, project and financial divestments. This figure may differ from that shown in section 5.3.2 for reasons of deferral (accruals) ex discontinued operations	3,364	607
3. Other Cash Flows	**Treasury stock sale/acquisition + Dividend payments + Other financial sources + Cash generated from discontinued operations**	**(668)**	**(513)**
Ordinary Financial Result	Financial Income - Financial expenses	(257)	(283)
Net Financial Result	Ordinary financial result + Foreing exchange results + Impairment non current assets results + Results on non current assets disposals	(226)	(50)
Working Capital	Stock + Total accounts receivables - Total accounts payables - other current liabilities	(5,567)	(3,369)

NOTE: All financial indicators and AMPs are calculated under the principles of coherence and homogeneity allowing comparability between periods and in compliance with the applicable accounting rules and standards.

Data in million of euros.

CONCEPT	USE
Market capitalisation	**Value of the company in the stock exchange market**
Earnings per share	**Indicates the part of the net profit that corresponds to each share**
Net Attributable profit	
Average num. of shares of the period	
Backlog	**An indicator of the Group's commercial activity. The value divided by the average duration of the projects is an approximation to the revenues to be received in the following periods**
Gross Operating Profit (EBITDA)	**Measure of comparable performance to evaluate the evolution of the Group's operating activities excluding depreciation and provisions (more variable items according to the accounting criteria used). This AMP is widely used to evaluate the operational performance of companies as well as part of ratios and valuation multiples and measurement of risks**
Net Financial Debt / EBITDA	**Comparable ratio of the Group's indebtedness level. It measures the repayment capacity of the financing in number of years.**
Net Financial Debt (1)-(2)	Total net debt level at the end of the period. In section 5.2.3., it is included a breakdown of the net debt of the projects (Project Finance) and the net debt of the business
(1) Gross financial debt	Level of gross financial debt at period end
(2) Cash & Equivalents	Current liquid assets available to cover the repayment needs of financial liabilities
Annualized EBITDA	
Net Cash Flow	**Cash generated / consumed of the period**
2. Cash Flow from investing activities	**Funds consumed / generated by investment needs or divestments collections in the period**
3. Other Cash Flows	
Ordinary Financial Result	Measure of assessment of the result coming from the use of financial assets and liabilities. This concept includes both income and expenses directly related with net financial debt as other non related financial income/expenses
Net financial result	
Working Capital	

Declaration of Responsibility and Formulation

The members of the Board of Directors declare that, to the best of their knowledge, the Consolidated Financial Statements (Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes) they have been prepared in accordance with applicable accounting principles, provide a faithful image of the assets, the financial situation and the results of ACS, Actividades de Construcción y Servicios, S.A. and of the companies included in the consolidation taken as a whole, and that the approved directors' report (contained in the consolidated non-financial information statement) contains a faithful analysis of the evolution, performance and the financial position of ACS, Actividades de Construcción y Servicios, S.A. and the companies included in the consolidation taken as a whole, together with a description of the main risks and uncertainties that they face. In accordance with the provisions in force, the members of the Board of Directors hereby sign this declaration of responsibility, the Consolidated Financial Statements and the Directors' Report for ACS, Actividades de Construcción y Servicios, S.A. and subsidiaries that make up the ACS Group, prepared in accordance with the regulations in force and the International Financial Reporting Standards (IFRS) for the year ended December 31, 2018, printed on 487 sheets of ordinary paper including this one, all signed by the Chairman and Secretary General of the Board of Directors.

Florentino Pérez Rodríguez (Chairman and CEO)	Antonio García Ferrer (Deputy Chairman)
José María Loizaga Viguri (Deputy Chairman)	Marcelino Fernández Verdes (Managing Director)
Agustín Batuecas Torrego (Board Member)	Antonio Botella García (Board Member)
Mariano Hernández Herreros (Board Member)	Joan-David Grimá i Terré (Board Member)
Emilio García Gallego (Board Member)	Carmen Fernández Rozado (Board Member)
Javier Echenique Landiríbar (Board Member)	María Soledad Pérez Rodríguez (Board Member)
Pedro José López Jiménez (Board Member)	Miguel Roca i Junyent (Board Member)
Manuel Delgado Solís (Board Member)	José Eladio Seco Domínguez (Board Member)
Catalina Miñarro Brugarolas (Board Member)	José-Luis del Valle Pérez (Director and Secretary General)

Madrid, March 28, 2019