2019

Integrated Annual Report

OHL

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Letter from the chairman

> **Focusing again on 2019, I must emphasize that OHL has met the objectives it had set itself, and we are already immersed with great enthusiasm and confidence in achieving our main objectives of profitability and financial stability**

Ladies and gentlemen:

I would like to inform you, through this Integrated Annual Report, about the most relevant actions of the company during 2019. A year in which we have continued to carry out infrastructure projects to promote the economic, social, and environmental development of the countries in which we are present.

Throughout this document, you will obtain information on OHL's performance over the past twelve months, with respect to its lines of business and the companies that comprise it. The objective is to show our stakeholders -customers, suppliers, shareholders, investors, bondholders, financial institutions, insurance companies, employees and the community in general- the value creation model that supports what OHL is today, and which can be summarized in a company with better budgetary discipline, capable of generating positive Gross Operating Profit (EBITDA) in all its divisions, and which has a contracting policy in accordance with the risk profile by geography, customers, type of contract and size, appropriate to the company's objectives.

In this regard, I would like to recognize OHL's management team and each and every one of its 18,782 employees for the great effort made throughout 2019. This effort has made this company more predictable and stable than it has been in recent years.

Before moving on to 2019, I would like to refer to a subsequent event with great impact at global level: the novel coronavirus, COVID-19, declared a pandemic by the World Health Organization in March 2020. The intense propagation of this virus has led OHL's management to take a series of measures in the health, labor and financial fields aimed at mitigating its impact on the company's activity.

I would like to take this opportunity to thank all of OHL's employees for their great commitment to each of the communities in which we are present throughout this serious pandemic.

Focusing again on 2019, I must emphasize that OHL has met the objectives it had set itself, allowing us to be in a good position today to face, after several years of difficulties, normalization in 2020. Thus, we face 2020, in which we are already immersed at the time of writing this Report, with great enthusiasm and confidence in achieving our main objectives of profitability and financial stability.

And to achieve this, we will rely on stronger and more independent corporate governance, a fundamental pillar in driving the growth and wealth generation of this

JUAN VILLAR-MIR DE FUENTES
Chairman of the Board of Directors

company. Within this framework, it should be noted that OHL has renewed its Crime Prevention System in 2019 and obtained ISO 37001 certification: Anti-Corruption Management System and UNE 19601: Criminal Compliance Management System. To which I must add the revision of its Anti-Corruption Policy and the updating of the Crime Prevention System.

All this is part of a policy that guarantees responsible action, in the social, environmental and governance terms, allowing us to know and respond to the changes, needs and expectations of our stakeholders.

Within this framework of sustainability, I must point out that OHL, in accordance with the United Nations Global Compact, favors business sustainability through the implementation of the ten principles. In addition, in order to meet the roadmap established in the Global Agenda 2030, promoted by the UN, the company incorporates the Sustainable Development Goals (SDA) in the different areas of its activity.

Today, ladies and gentlemen, OHL is a sustainable and profitable company in terms of EBITDA, with a solid presence on two continents, Europe, and the Americas. And, precisely in the latter, where we have been working for more than 40 years, OHL has been designated by the prestigious publication Engineering News-Record (ENR) as Contractor of the Year in New York.

Without a doubt, the achievements obtained and those that we will obtain in the future are and will be a consequence of the effort of the entire human team that makes up this company and that, especially during the last few years, has worked with great dedication and sacrifice in circumstances that are not always easy.

Therefore, ladies and gentlemen, on behalf of the Board of Directors that I have the honor of chairing, I would like to thank you once again for your firm commitment to OHL, as well as for the trust of our shareholders, all our stakeholders and all those who support us so that this company can carry out its business plan and move towards profitability and sustainability.

Chairman of the Board of Directors
Juan Villar-Mir de Fuentes

OHL in a click

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2019 in figures


FOUR SEASONS
EN ACERA
VEHÍCULOS DE MOTOR

Profile of the Group

Obrascón Huarte Lain, S.A. (OHL), as a global infrastructure group, focuses its activity on the construction and development of infrastructure. Incorporated in 1911, the Company's main markets are in Europe, Latin America and the US, where it has a noteworthy position. This is the case in the US, where OHL was named 2019 Contractor of the Year by the prestigious publication Engineering News-Record (ENR), which has ranked the company in the 49th place in the Top International Contractors list.

OHL is committed to a sustainable growth model, exports economic, environmental and social value to the communities in which it has a presence and contributes to increasing their wellbeing, making them more dynamic and achieving progress. Within the framework of this activity, OHL participates in initiatives aimed at fighting against climate change, and at the same time it has included in its business model various methodologies for facilitating energy efficiency, the circular economy and a commitment to innovation with a view to boosting sustainable development. In addition to environmental challenges, OHL has an active commitment with respect to human and employment rights, business ethics and transparency in its management and stakeholder relations.

The Company is a member of the FTSE4Good Ibex stock market index, participates as a development partner in Forética, an entity that promotes the integration of social, environmental and good governance aspects in the strategy and management of companies and organisations in Spain and Latin America, and is part of the Spanish Network of the Global Compact. Also, OHL's various lines of business are aligned with the United Nations' 2030 Agenda for Sustainable Development and with the Sustainable Development Goals (SDGs). In addition, in 2019 OHL adhered to the New Deal for Europe manifesto promoted by CSR Europe, a leading European entity in corporate sustainability and responsibility.

Torrespacio. Madrid. Spain.

VALUE CREATION MODEL

OHL is a global infrastructure group that focuses its business on the construction and development of concessions with more than 100 years of experience

Construction
International benchmark in civil engineering construction and singular buildings

Industrial
Engineering and construction of turnkey industrial facilities

Services
Benchmark in the facilities management and the social and healthcare industry

Development
High quality singular projects in the tourism-hospitality industry

Concessions
Almost two decades' experience in managing infrastructure

18,782 employees
EUR 2,959.9 million in sales
EUR 5,458 million total backlog
43.34% from natural raw materials
1,822,705.7 (t) of concrete
17,195 suppliers

We work in:

North America

Europe

Latin America

We manage our business using sustainability and responsibility criteria

Our team
- 105,272 h Toolbox meeting (security)
- 11,688 professionals trained
- Diversity: 57.3% men and 42.7% women; 1.8% of employees have disabilities and 10.6% of employees belong to ethnic minorities

Human rights, ethics and community
- EUR 423.7 million of social investment in 33 projects
- 72 human rights assessments
- 96.5% local suppliers
- ISO 37001 anti-bribery certification
- UNE 19601 criminal compliance certification

Environment
- 26,674 hours of environmental training
- 68 environmental restoration activities
- Actions to encourage biodiversity, the circular economy and reuse of water
- Plan to reduce CO_2 emissions

We create value
- EUR 3,057.4 million in economic value distributed
- Contribution to the maintenance of 10,868 indirect jobs generated
- 37 projects with sustainability certificates
- 43.8% non-hazardous waste reused
- 2,000 tCO_2 offset
- 12 R&D+i patents

With a management system that contributes to the achievement of SDGs

3 GOOD HEALTH AND WELL-BEIN | 4 QUALITY EDUCATION | 7 AFFORDABLE AND CLEAN ENERGY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 15 LIFE ON LAND

SE-40. East Sector. Alcalá de Guadaira section. Spain.

The Group's performance and main milestones in 2019

OHL ended 2019 with sales figures in line with those of 2018, consolidating the gross margins of prior quarters and generating increasing EBITDA throughout the year.

Sales amounted to EUR 2,959.9 million in 2019, with EBITDA of EUR 64.8 million (a margin of 2.2% of sales), and all the Group's business divisions contributed positively. EBIT amounted to EUR -12.3 million, compared with the significant losses incurred in 2018.

The net loss attributable to the Parent amounted to EUR -143.0 million, affected mainly by the impairment losses recognised on the participation in the Old War Office project.

The total backlog at 31 December 2019 amounted to EUR 5,457.9 million. Total new contracts in 2019 amounted to EUR 2,667.7 million, 76% relating to work to be performed by OHL itself and 64% to public sector customers. 99.0% of the backlog is located in the three main regions where the Group operates (33.8% in the US, 43.8% in Europe and 21.8% in Latin America).

As regards its recourse liquidity, OHL ended 2019 with a liquidity position of EUR 781.6 million, and, accordingly, has net recourse borrowings of EUR -106.5 million.

In the analysis of the business' use of cash in 2019, mention must be made of the EUR 198.9 million reduction thereof, from EUR 429.0 million to EUR 230.1 million:

USE OF CASH IN THE BUSINESS	2018	9M19	4Q19	2019	CHANGE
Total cash used/(generated)	429.0	320.1	(90.0)	230.1*	(198.9)

*The EUR 230.1 million of cash used in 2019 includes loss-making projects that account for EUR 146 million

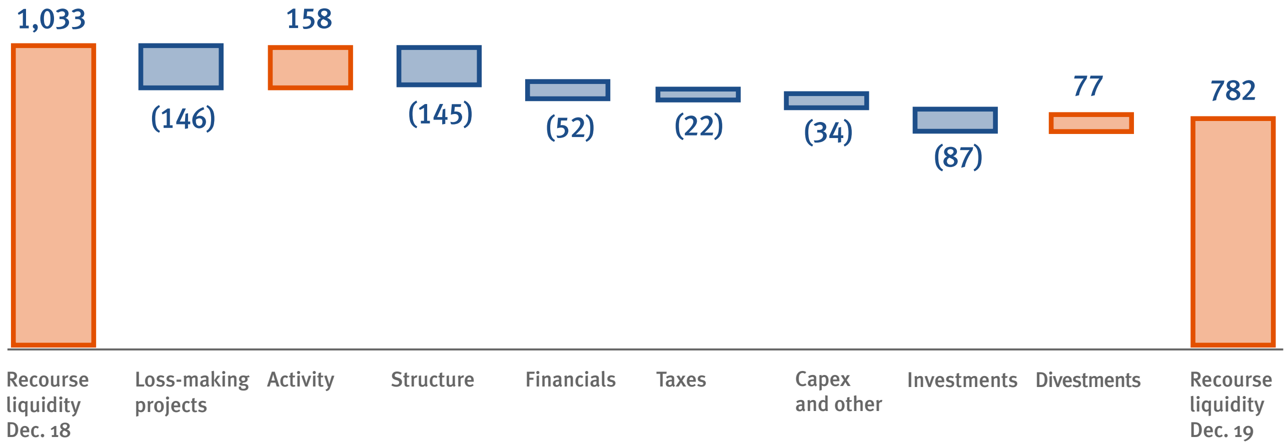
Millions of euros

The reduction in the use of cash was due mainly to:

- An improvement in the generation of cash from projects of around EUR 180 million, where an improvement in the management of working capital in projects can be observed.
- A reduction mainly in the entire OHL Group's overheads of EUR 53 million. This reduction takes the entire Group's overheads to EUR 145.2 million, from EUR 240 million in 2017 and EUR 198 million in 2018.

As regards investments and divestments, EUR 87.4 million were invested in 2019, mainly in projects carried out by the OHL Desarrollos division, and EUR 77.3 million were received from the divestment of "Ciudad Mayakoba" (leaving close to EUR 24 million outstanding).

In chart form, the change in recourse liquidity was as follows:



First section of the intercity train that will link Toluca with Mexico City.

2019 IN FIGURES

MAIN AGGREGATES

MAIN AGGREGATES	2019	2018	CHANGE (%)
Sales	2,959.9	2,906.9	1.8%
EBITDA	64.8	-496.0	n/a
% of Sales	2.2%	-17.1%	
EBIT	-12.3	-561.0	-97.8%
% of Sales	-0.4%	-19.3%	
Net attributable loss	-143.0	-1,577.3	-90.9%
% of Sales	-4.8%	-54.3%	
DETAIL OF SALES AND EBITDA	**2019**	**2018**	**CHANGE (%)**
Sales	2,959.9	2,906.9	1.8%
Construction	2,452.3	2,448.7	0.1%
Industrial	218.2	189.9	14.9%
Services	275.6	264.1	4.4%
Other	13.8	4.2	n/d
EBITDA	64.8	-496.0	n/a
Construction	75.5	-329.6	n/a
% EBITDA margin, Construction	*3.1%*	*-13.5%*	*16.5%*
Industrial	9.8	-63.0	n/a
% EBITDA margin, Industrial	*4.5%*	*-33.2%*	*37.7%*
Services	12.4	1.3	n/a
% EBITDA margin, Services	*4.5%*	*0.5%*	*4.0%*
Corporate and other	-32.9	-104.7	-68.6%
LIQUIDITY AND BORROWINGS	**2019**	**2018**	**CHANGE (%)**
Total liquidity	784.5	1,037.0	-24.3%
Recourse liquidity	781.6	1,033.3	-24.4%
Net borrowings	-55.4	-296.0	-81.3%
Net recourse borrowings	-106.5	-346.8	-69.3%
Net non-recourse borrowings	51.1	50.8	0.6%
BACKLOG	**2019**	**2018**	**CHANGE (%)**
Short-term	4,999.6	5,876.4	-14.9%
Long-term	458.3	218.2	110.0%
TOTAL	**5,458**	**6,095**	**-10.4%**
EMPLOYEES	**2019**	**2018**	**CHANGE (%)**
Permanent	12,548	12,167	3.1%
Temporary	6,234	6,206	0.5%
TOTAL	**18,782**	**18,373**	**2.2%**

Millions of euros / Persons

PROFIT/LOSS BY DIVISION

OHL Group

MAIN AGGREGATES	2019	2018	CHANGE (%)
Sales	2,959.9	2,906.9	1.8%
EBITDA	64.8	-496.0	n/a
% of Sales	2.2%	-17.1%	
EBIT	-12.3	-561.0	-97.8%
% of Sales	-0.4%	-19.3%	

Millions of euros

In 2019 the OHL Group recorded sales of EUR 2,959.9 million, which represents a 1.8% increase on 2018.

EBITDA amounted to EUR 64.8 million (2.2% of sales), improving the year-ago figure and confirming the recovery observed in previous quarters.

Total new contracts amounted to EUR 2,667.7 million to place the short-term backlog at EUR 4,999.6 million, representing 20.3 months of sales. The total backlog, including short- and long term projects, stands at EUR 5,457.9 million.

MAIN CONTRACTS IN THE BACKLOG AT 31/12/2019	COUNTRY	2019
I-405 project	US	468.2
Vespucio Oriente toll road	Chile	300.7
NY TN-49 Replacement of roadway deck	US	196.5
Mantos Blancos	Chile	121.4
Modernisation of the Sudoměřice-Votice railway line	Czech Rep.	116.6
D1 Hubová – Ivachnová toll road	Slovakia	115.2
Oslo-Ski high speed rail line (Follo Line Project)	Norway	108.8
Vitoria-Bilbao high-speed rail line	Spain	76.6
Main projects in the backlog		**1,503.9**

Millions of euros

Performance, by activity segment, is as follows:

Construction

MAIN AGGREGATES	2019	2018	CHANGE (%)
Sales	2,452.3	2,448.7	0.1%
EBITDA	75.5	-329.6	n/a
% of Sales	3.1%	-13.5%	
EBIT	18.9	-373.4	n/a
% of Sales	0.8%	-15.2%	

Millions of euros

Sales of EUR 2,452.3 million (82.9% of total sales), in line with 2018 sales. The increase in activity in the US and Europe was offset by a fall in activity in Latin America, mainly in Mexico and Colombia.

EBITDA amounted to EUR 75.5 million, representing a margin of 3.1% of sales, a higher return than that reported in previous quarters, and exceeding the objective set by the Group.

The backlog stands at EUR 4,385.7 million, representing 21.5 months of sales, with a book-to-bill ratio of 0.9 times. New contracts in 2019 amounted to EUR 2,117.5 million, 45.2% of which relates to Europe, 33.1% to the US, 20.6% to Latin America and the remaining 1.1% to the other geographical areas in which the Group operates.

The most noteworthy awards obtained in the year are as follows:

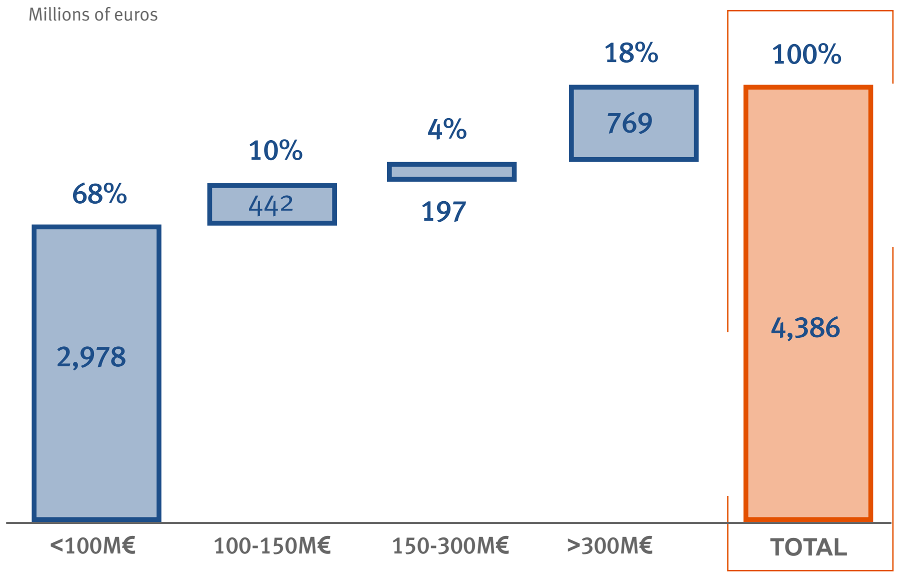
	COUNTRY	2019
Valencia Advanced Water Reclamation Plant	US	76.0
Caltrans 05-1f Monterey	US	67.6
Third lanes, Autopista del Sol	Chile	65.3
PPP Social Housing	Irlend	65.0
Electrification and capacity, Olomouc Railway	Czech Rep.	49.4
Hybrid tunnel and extension of platform	Chile	43.7
Ardie R. Copas State Veterans' Nursing Home, Florida	US	43.2
Total main awards		**410.2**
Other awards		1,707.3
Total awards		**2,117.5**

Millions of euros

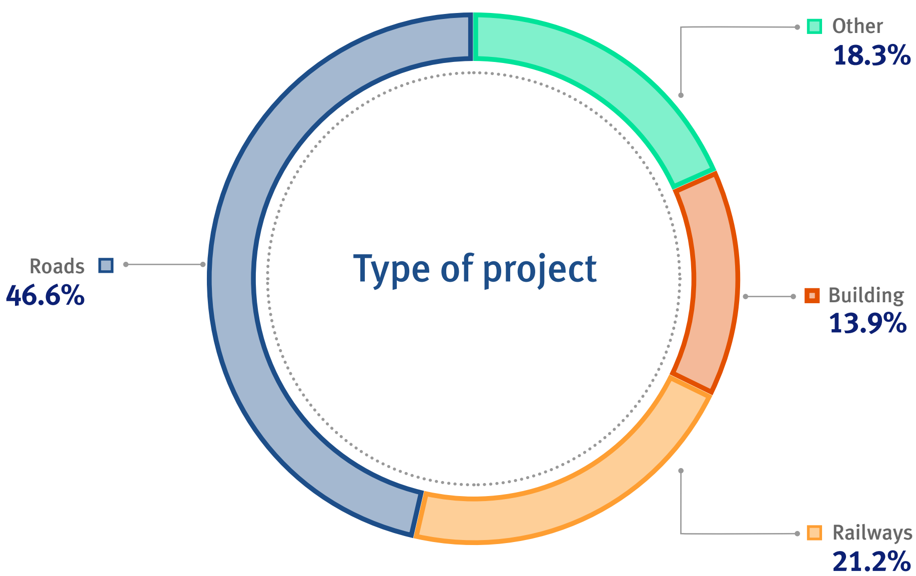
The geographical distribution of the short-term backlog is as follows:

	31/12/2019
Main regions	**97.5%**
US	42.1%
Europe	35.6%
Latin America	19.8%
Other	**2.5%**

Based on the size of the construction project, the distribution of the backlog is as follows:



By type of project, 46.6% corresponds to roads, 21.2% to railways, 13.9% to building construction and the remaining 18.3% to other activities.



Industrial

MAIN AGGREGATES	2019	2018	CHANGE (%)
Sales	218.2	189.9	14.9%
EBITDA	9.8	-63.0	n/a
% of Sales	4.5%	-33.2%	
EBIT	8.3	-67.6	n/a
% of Sales	3.8%	-35.6%	

Millions of euros

The Industrial business recorded sales of EUR 218.2 million, up 14.9% on 2018, due mainly to increased activity in renewables, mining and cement.

EBITDA amounted to EUR 9.8 million, 4.5% of sales, representing a significant improvement on 2018. The highlights were the margins obtained by the Renewables, Mining and Cement and Operations and Maintenance (O&M) segment and Fire Safety.

The backlog stands at EUR 248.8 million, representing 13.7 months of sales, a backlog similar to that of 2018 as a result of the significant new orders obtained in mining and cement projects. The detail of the backlog is as follows: Mining, 50.5%, EPC, 30.7% and Operations, Maintenance and Fire Safety and other projects, the remaining 18.8%.

Services

MAIN AGGREGATES	2019	2018	CHANGES (%)
Sales	275.6	264.1	4.4%
EBITDA	12.4	1.3	n/d
% of Sales	4.5%	0.5%	
EBIT	7.7	-2.5	n/a
% of Sales	2.8%	-0.9%	

Millions of euros

Sales amounted to EUR 275.6 million, a 4.4% increase on the year-ago period, driven by the home services, maintenance, energy efficiency and urban services activity.

EBITDA ended the year at EUR 12.4 million (4.5% of sales), improving the profits of the previous three quarters. Profits are based on the improved margins in urban services and cleaning arising from new contracts, the improvement of other existing contracts and the containment of overheads.

The backlog at 31 December 2019 amounted to EUR 365.1 million, representing 15.9 months of sales, after a total of EUR 265.0 million in contracts for new projects were arranged in 2019 (92.4% in Spain). Of the total backlog, 81.3% relates to public sector customers, and the remaining 18.7% to private sector customers.

Other

The Group has another two less significant lines of business: Infrastructure Promotion and Developments, which ended 2019 with EBITDA of EUR -5,5 million.

Hydrocarbon storage and distribution terminal. Algeciras Bay. Spain.

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Development

Services


VINCA

Business model

BUSINESS PLAN AND OUTLOOK

In 2019 OHL made progress in its recovery thanks to the measures implemented since 2018, built around strict control of income and of cash from construction projects, and a firm commitment to reducing overheads. Thanks to the management effort made, the construction business was profitable, as were the Company's other lines of business. Both Construction, and Industrial and Services achieved positive EBITDA in all four quarters of this year.

The Company achieved the objectives proposed for 2019, a period classified as transitional, and, accordingly, OHL is in a better starting position to address 2020, which must be the year of consolidation and in which sales are expected to amount to between EUR 2,500 million and EUR 3,000 million, EBITDA is expected to top EUR 70 million and new contracts exceeding EUR 3,000 million will foreseeably be obtained.

The Company's strategic cornerstones to be able to achieve these objectives are as follows:

- **Corporate governance.** OHL today has sounder and more independent corporate governance, as its Board of Directors comprises ten members, most of whom are non proprietary directors. In the composition of its Board, OHL has pre-empted compliance with the recommendation for 30% of directors to be women, thus complying since 2018 with the objective set by the Code of Good Governance for 2020.
- **Focus on the generation of cash.** Cash control in projects has been established as a fundamental priority; work was performed in this area and significant progress was made in 2019 and further efforts will be made in 2020.
- **Cost control.** The Company worked intensely to reduce overheads. Overheads ended 2019 at EUR 145.2 million, 4.9% of sales, after beginning 2017 at EUR 240 million, 7.6% of sales.
- **Backlog management and risk control.** A commitment will be made in 2020 to continue with the sustainable management of the backlog, strengthening the control of risks at the bid stage. From the profitability standpoint, the objective in new contracts will be to obtain margins in excess of 8%.
- **Concession business.** Senda Infraestructuras, the infrastructure development subsidiary, is prepared to add new assets to its portfolio in 2020. OHL is committed to being a developer of concessions and developments that generates construction

contracts with above average margins, minimising capital contributions, and with a future asset rotation policy.

In this context, in 2020, the management of the Company will be centred on:

- Increasing new contracts.
- Optimising and improving operating margins by adjusting overheads and promoting new concession projects.
- Continuing and intensifying the focus on cash flow management.

Also, in 2020 the Company, through the Developments division, will achieve a significant milestone with the entry into operation of Centro Canalejas Madrid, which includes the first and only hotel in the Four Seasons chain in Spain, 22 Four Seasons Private Residences Madrid residences and the Galería Canalejas exclusive shopping mall, thus demonstrating OHL's excellent capability for real estate management in large hotel projects. In order to face this future with the utmost guarantees, OHL has:

- An efficient, business-oriented structure.
- A solid presence in the geographical areas in which the Company has a mature position.
- A proven track record and know-how.
- Active management and risk control.
- Management independence.
- An executive team fully aligned with the Company's strategic plan.

As a result of the appearance of the COVID-19 virus in China and its significant international expansion, and bearing in mind the complexity of the markets and the absence, for the time being, of effective medical treatment, the consequences for the Group's operations are uncertain. Although it is still premature to assess the consequences of all kinds for the Group, this event will foreseeably affect production, which might have consequences for the Group's main economic aggregates and, in this connection, the directors are continually monitoring the evolution of this situation in order to analyse any impacts that might occur and take the appropriate measures to mitigate any impacts on the Business Plan.

OHL'S RISKS

OHL's activity is exposed to various types of risks that could give rise to it not achieving the objectives set. The priorities for 2019 are:

- **Risk relating to liquidity and access to financial markets.** This risk is understood as the ability to meet the payment commitments or the difficulty of securing guarantees or necessary financing at the appropriate time and at a reasonable cost.

  Note 4.2 Risk Policy to the Group's consolidated financial statements describes the measures that OHL has taken to mitigate this risk.

- **Occupational risk.** This risk is understood as the ability to meet project needs with the human resources necessary, accurately and at the appropriate time.

OHL has made significant changes in its business structure, in accordance with the Company's situation.

OHL's policy in personnel management and talent recruitment/retention is a priority in order to continue to guarantee the best possible qualification of its professionals. In this connection, specific programmes are being implemented (Young Talent) and the Performance Management System is being used to develop individuals.

- **Reputational risk.** This risk is defined as the potential negative impact on the Group's public image and its perception in the marketplace. This risk refers especially to the organisation's loss of financial solvency and technical, operational, ethical, social and environmental credibility as regards its stakeholders.

OHL has rules, processes and tools for assessing third parties that allow it to evaluate them from the standpoints of their external and internal behaviour, social and environmental responsibility, and their financial and technical performance, as well as the identification of whether or not they are on sanctions lists, thereby giving visibility to the third party before sealing contractual commitments with them.

In addition, OHL has a Code of Ethics that must be complied with by everyone in the organisation, with the corresponding Whistleblowing Channel. The Company has a firm commitment to zero tolerance of corruption. As a result of the foregoing, OHL and several Group companies recently obtained ISO 37001 (Anti-Bribery Management Systems) and Spanish UNE 19601 (Spanish UNE 19601 Standard on Criminal Compliance Systems) certification.

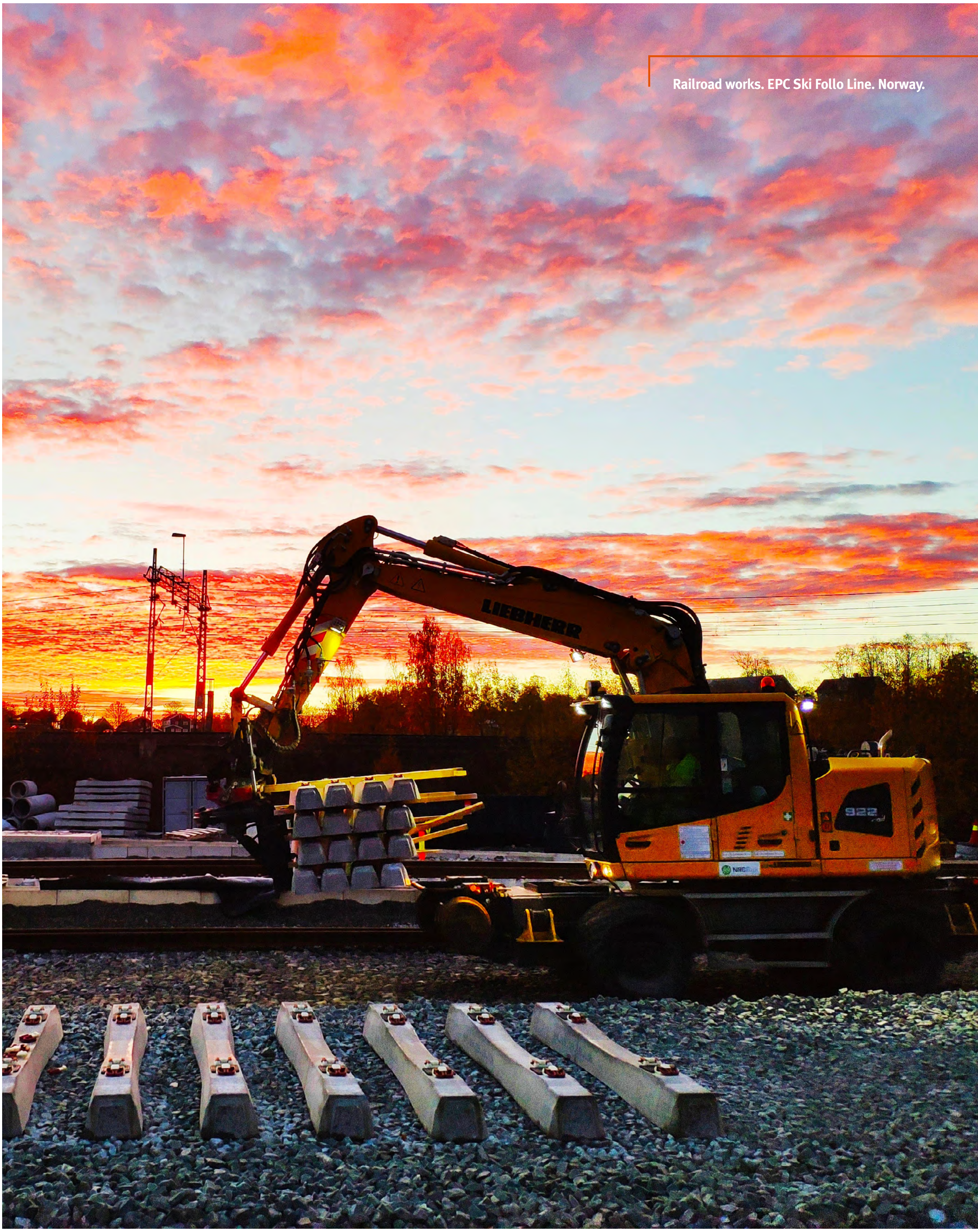
- **Project management risk.** This risk is defined as the client's potential failure to comply with contractual obligations, e.g. the potential delay or lack of recognition of the work performed or the restoration of economic feasibility.

  To mitigate this risk, it is OHL's priority policy for management to permanently monitor the projects, from the technical and economic standpoints, throughout the production process, analysing their status and adopting the necessary measures to correct any variance.

- **Contracting risk.** This risk is defined as the risk associated with not identifying market opportunities in time or, after identifying an opportunity, the risk associated with inadequately defining the bid due to a lack of resources or a lack of qualifications.

  OHL has strengthened the bidding process in order to ensure that its bids are aligned, in order to ensure profitability and generate cash. To this end, the following requirements were identified:

  - Strengthening contracting processes.
  - Integration of risk management in decisions on bids.
  - Definition of levels of authorisation for project sizes and their risks.
  - Creation of a Contracting Committee responsible for analysing and approving/rejecting bids of a significant amount or carrying significant risk that OHL may submit in any geographical area, with the technical, economic, due diligence and contractual documentation. This Committee is composed of top Company executives.



Railroad works. EPC Ski Follo Line. Norway.

- **Risk stemming from the management of litigation and arbitration.** This is defined as the risk that the outcome of litigation or arbitration due to discrepancies with customers are decided against the Group's interests.

Other relevant risks that might affect the achievement of OHL's objectives relate to the global and inherent threats to the markets in which it operates. They include most notably:

- **Political and regulatory risks.** A large portion of the value creation activities that the Group performs depends on the public sector, either as a customer of public works or infrastructure maintenance services or as grantors of infrastructure concessions. Accordingly, political instability and the changes to the legal and regulatory environment in the countries in which OHL operates can have significant impacts on the ability of the Company to achieve its business objectives.

  OHL focuses its business on North America, Latin America and Europe, geographical areas that are considered stable and in which the Company has permanent establishments and teams that allow the adoption of mitigating measures in the event that the aforementioned risks occur. Also, the Company's permanent presence in these markets enables the risk of barriers to entry to be classified as overcome.

- **Foreign currency and local currency devaluation risk.** This risk is defined as the unfavourable evolution of the exchange rate price of two currencies, over a specific period with effects on the statement of profit or loss. It also considers the risk of the loss of the local currency's purchasing power.

  Note 4.2 Risk Policy to the Group's consolidated financial statements describes the measures that OHL has taken to mitigate this risk.

- **Risk of climate change and natural disasters.** Both for the countries in which the bulk of its activity is carried out and due to the very nature of its activities, the OHL Group is subject to the risk of interruption of its business activities as a result of natural disasters such as earthquakes, hurricanes, floods and extreme weather events.

  To this end, the Company has an environmental management strategy committed to the responsible use of natural resources, the circular economy, the protection and conservation of biodiversity and the fight against climate change. In addition to this responsible behaviour and in order to protect itself from natural disasters, OHL has the necessary insurance coverage, contractual management communications with customers and local presence in the various different countries in which the it operates.

- **Cybersecurity risk.** The Group, as other companies, faces the risk of being adversely affected by cyber-attacks which could cause damage to its assets and systems, interrupt operations or trigger leaks of sensitive information.

  OHL has professionals responsible for maintaining cybersecurity and procedures for restoring information and the most critical systems. As far as information is concerned, the Company has a personal data privacy policy and complies with data protection standards. Awareness-raising and training activities are carried out, and there are procedures for managing security risks, managing vulnerabilities in computer systems and responding to security incidents.

- **Occupational risks.** Inadequate management and prevention of risks that may lead to occupational accidents.

  OHL, within the framework of its policies, highlights as a priority the prevention of occupational risks, approving a new version of the Integrated Management System (IMS) that complies with ISO standard ISO 45001 on Occupational Health and Safety Management Systems.

- **Risks relating to breaches of the human rights** of workers, suppliers or members of the community stemming from construction work and projects carried out by OHL.

  The Company has internal regulations such as the Human Rights Policy and the Code of Ethics. The Code of Ethics can be used to report any breach of human rights by various stakeholders such as employees, suppliers or the local community.

  The Company carries out periodic evaluations of compliance with human rights, both at permanent centres and at construction sites and projects; and Internal Audit Management includes the review of compliance in its audit plans. Also, training is given to Company employees in this connection.

  As regards suppliers, the supplier accreditation process is currently being reviewed in order to include new requirements such as familiarity and compliance with the ten Principles of the United Nations Global Compact.

The risks discussed are the most typical that OHL might face and are common to the various activities it carries on.

The Audit and Compliance Committee promotes the improvement of risk management, a priority for OHL. In this context, in 2019 progress was made in the following lines of action:

- Update of the Risk Map.
- Ongoing update of the Country Risk Model.
- OHL's risk tolerance red line system in relation to commercial and contractual issues.
- Preventive analysis of OHL risk management with third parties.
- Review of rules and policies.

In 2020 OHL will continue to analyse the risks and opportunities it faces, anticipating the actions necessary to mitigate their impact.

Profit/loss by division

CONSTRUCTION

The Construction business obtained revenue of EUR 2,452.3 million, focused, essentially, on three geographical areas: North America, Latin America and Europe, where the Company has a significant, consolidated presence.

The short-term backlog amounted to EUR 4,385.7 million, which represents approximately 21.5 months of sales. New contracts in 2019 amounted to EUR 2,117.5 million, 45.2% of which relates to Europe, 33.1% to the US and 20.6% to Latin America.

GEOGRAPHICAL AREAS

North America

North America is one of OHL's main markets, where sales represent close to 40.9% of the total for Construction and more than 33.9% of the total for OHL.

In 2019, the Company continued its activity in California, New York, New Jersey, Connecticut, Massachusetts, Illinois, Texas, Florida, Virginia and the District of Columbia and participated in the performance of projects of various types, such as toll roads, bridges, stations, public transport facilities, tunnels, hydraulic engineering work and hospital and singular building initiatives.

In New York, through its subsidiary Judlau Contracting, OHL was awarded the project for the rehabilitation of the viaducts giving access to Throgs Neck Bridge, for EUR 144.0 million. This is the second contract relating to this infrastructure, since the company is also working on the replacement of roadway deck in suspended spans, for EUR 212,6 million.

In the same city, the company has been awarded a EUR 38.1 million contract for overcoat painting and structural steel repairs from 48th Street to 72nd Street on the Flushing Line in the Borough of Queens; and continues to work on the rehabilitation of the Canarsie Tunnel in a project with a budget of EUR 445.9 million.

In addition, this OHL subsidiary completed the Enhanced Stations Initiative project, consisting of the design, rehabilitation and construction of five metro stations in

Manhattan, for EUR 100.0 million. The scope of the work included the installation of architectural finishes, modifications to structures and electrical, communications, technological and mechanical projects.

It must be stated that Judlau also extended its experience to other local markets, such as Massachusetts, in which State it was awarded its second project (the first with the Massachusetts Bay Transportation Authority) to improve four stations on the Orange Line of the Boston subway -specifically Downtown Crossing, State, Haymarket and North Station– and will give rise to the optimisation of accessibility and signage. The project is valued at EUR 26.3 million.

The State of Illinois Tollway Authority awarded Judlau two new projects in 2019, both of which form part of a EUR 3,570 million plan to increase capacity, reduce congestion and improve reliability in journeys. The first project, valued at EUR 10.1 million, is for the I-294, the Tollway road with the most traffic. The project focuses on advanced earth-moving and the relocation of the foundations of 35 of the Commonwealth Edison Company's electricity pylons in order to extend the I-294. The second project, for EUR 39.0 million, consists of extending the I-57 where it links with the I-294. The work includes the construction of new accesses, which will improve traffic flow.

Through the Texas Department of Transportation, OHL USA's main customer in the region, the OHL subsidiary was awarded the construction of an interchange on US 287 over Walnut Grove road in Midlothian, Texas, for EUR 24.7 million. The primary objective of the project is to streamline and improve traffic flow, while reducing accidents.

In California, OHL USA has been awarded a EUR 67.6 million project on Highway 101 in Monterey County, California, for Caltrans, the same customer for which the company is executing the design and construction of I-405, OHL's largest contract in the US.

This initiative is in addition to the project awarded by awarded by Santa Clarita Valley Sanitation District of Los Angeles County, and which entails the construction of the Valencia Water Reclamation Plant Advanced Water Treatment Facility, for EUR 76.0 million. The project consists of the construction of an advanced water treatment facility that will include microfiltration and nanofiltration equipment and an enhanced membrane system. OHL USA's work also involves the construction of a metal building, an electrical substation, a truck loading station and pump stations, among other facilities.

Noteworthy in Florida is the construction, in Orlando, of a new academic building several storeys high. In Miami, the company is working on improving infrastructure at the North Campus of Miami Dade College; and in Port St. Lucie, the company is currently constructing the Ardie R. Copas State Veterans' Nursing Home for a total of EUR 43.2 million. In addition, OHL Building is close to completing a salmon farm for EUR 70.4 million, a facility that will go down in history as the first in the US to sustainably farm salmon.

Several road construction projects were completed in 2019, such as the express lanes of the I 75 (AB stretch); a project with a design and construction investment of EUR 172.8 million.

NOTABLE ACCOLADES IN THE US

The New York edition of the prestigious publication Engineering News-Record (ENR) designated OHL's subsidiary Judlau Contracting as 2019 Contractor of the Year. The company received this accolade as a result of its achievements in various projects, such as rehabilitations of the Canarsie Tunnel, Throgs Neck Bridge, Riverside Drive Viaduct, Queens Midtown Tunnel and the Enhanced Station Initiative.

In its Best Projects 2019 awards, ENR New York gave Judlau the Award of Merit in the Airport/Transit category for the rehabilitation of the World Trade Centre Cortland Street Station on Line #1.

Furthermore, the Design-Build Interstate 75 Express Lanes project executed in Florida by OHL USA and Community Asphalt Corp., won the Merit Award, Highway and Bridge category, in the 2019 Project of the Year Awards organised by ENR Southeast.

In addition, OHL USA, OHL's North American subsidiary, was placed among the top 20 North American companies in the rankings of Top Domestic Heavy Contractors and Top Contractors by Sector in the Transportation category by ENR. These rankings are included in the ENR 2019 Top 400 Contractors list, in which OHL USA ranks 77th.

Latin America

OHL continued its activity in Latin America, focusing on Chile, Peru, Colombia and Mexico. Total activity in these countries accounts for 14.4% of total Construction revenue.

Worthy of mention in Chile is for the construction of the third lanes of Route 78, consisting of the extension of 35 km of road in the stretch between Santiago and Talagante. The initiative, awarded by Vías Chile, has a budget of EUR 72.8 million.

In railways, the extension of Metro Line 3 in Santiago de Chile for an amount in excess of EUR 32 million at the request of Empresa de Transporte de Pasajeros Metro S.A. stands out. This initiative is in addition to others already carried out by the Company on the Santiago metro.

In building construction, work continues the new Curicó Hospital and the Gustavo Fricke Hospital.

In Colombia, the Company was awarded contracts of various types, such as the construction, as part of a joint venture, of the Quindío section to complete the Crossing of the Central Andes. The contract, valued at EUR 41 million, is part of one of the most important road infrastructures in Colombia and includes the construction, in the Quindío Department, of five tunnels, six bridges, 6.5 km of secondary road and the work on four critical points.

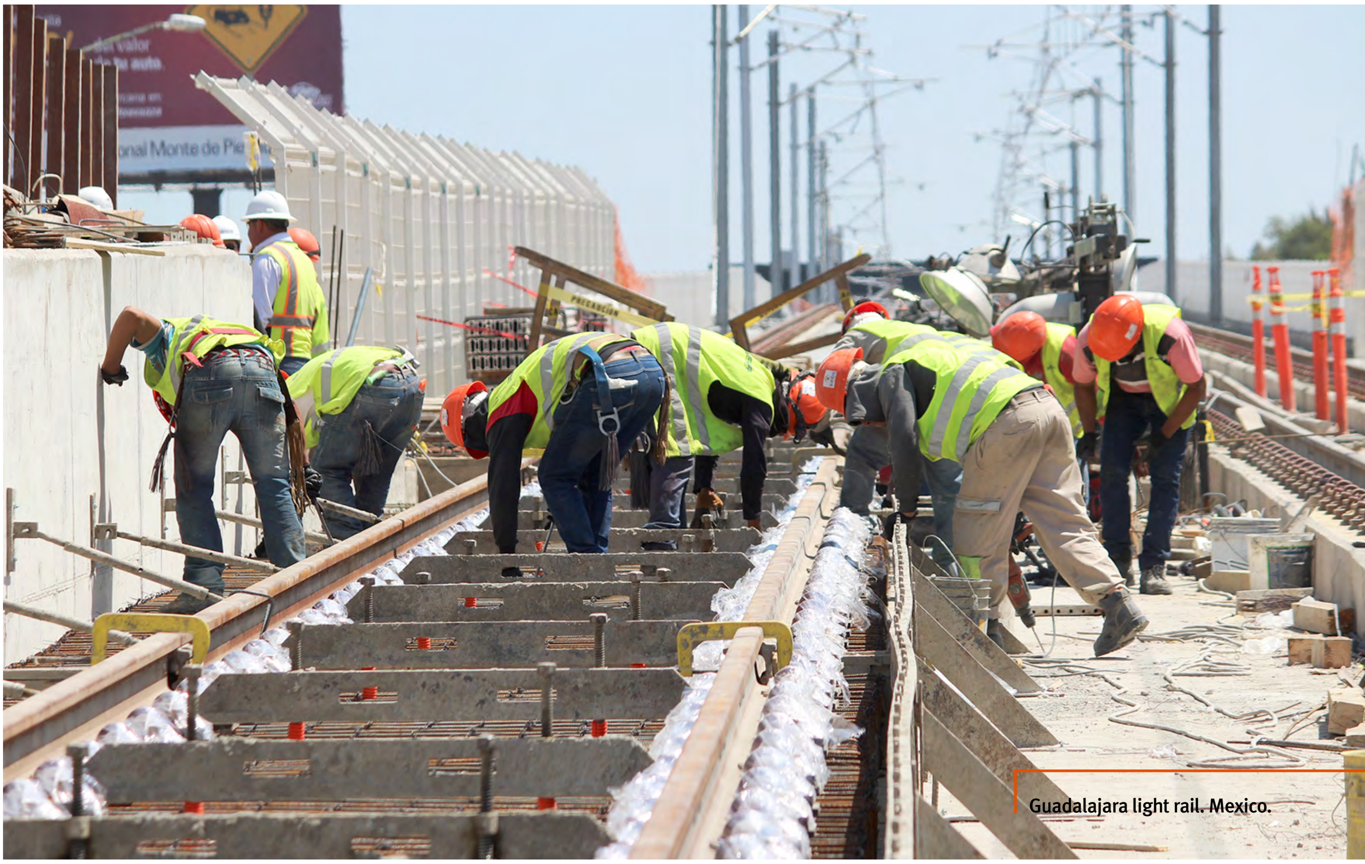
OHL was also awarded the project for the construction of Avenida El Rincón from Avenida Boyacá to Carrera 91, in Medellín, which will be carried out as a joint venture. The work includes the construction of 2.8 km of roads, 54,000 m2 of public spaces and 2.1 km of cycle lanes, as well as a multi-level road intersection between Calle 127 and Avenida Boyacá. The project has a budget of close to EUR 42 million and will benefit more than one million inhabitants, reducing journey length by up to one hour and a quarter.

For Ecopetrol, OHL is building the expansion of the Cúcuta aqueduct for close to EUR 35 million, which will improve the access to drinking water of close to one million inhabitants of Cúcuta, Los Patios and Villa del Rosario in the Norte de Santander department; and in northern Colombia OHL is constructing the infrastructure for Subproject 1, which will collect water from the Zulia river through a 17.6 km long drive line.

In Peru, the Villa El Salvador Sports Centre built by OHL for the Pan-American Games held in Lima from 26 July to 11 August 2019. The contract, with a budget of EUR 20 million, was awarded by the Pan-American Games Organising Committee to the unincorporated temporary joint venture (UTE) led by OHL.

Also, OHL strengthened its backlog in Peru with a new contract for the work to extend Jorge Chávez International Airport. The budget for the project is close to EUR 50 million. The work corresponds to the first part of the second stage of the extension of Lima Airport.

In Mexico, reference must be made to the Mexico-Toluca interurban train, the most important section of which is the Toluca-Mexico City railway. OHL is constructing the first section of more than 36 km from Toluca to Mexico City. In addition to this project, OHL was awarded the contracts for the new line 3 of the Guadalajara subway: Zapopán, Guadalajara-Tlaquepaque, with a length of almost 21 km.



Guadalajara light rail. Mexico.

Europe

The business in Europe accounts for more than 36.5% of sales in the Construction area.

In the Czech Republic, OHL was awarded the project to electrify and increase the capacity of the railway line between Unicov and Olomouc for EUR 149.6 million. OHL ZS has a 33% ownership interest in the UTE performing the work for the customer, the Czech Republic's Railway Infrastructure Administration. In addition to this initiative, 2019 saw the completion of the Brno II sewage project awarded the Brno municipal council for EUR 42.2 million. OHL ZS has a 50% ownership interest in the UTE.

In Spain, the Company is constructing several road infrastructure projects in Catalonia and the Basque Country. In the field of singular building construction, OHL continues to work on the construction of Caleido for EUR 78.9 million. The building will be located in Madrid's Cuatro Torres Financial District and will house, inter alia, the Instituto de Empresa (IE) and the Quirón Salud Group. It was designed by the Fenwick & Iribarren studio jointly with Serrano Suñer and will meet all the sustainability and energy efficiency standards in order to obtain the prestigious Leed Gold certification.

Caleido construction works. Madrid. Spain.

The Company has been awarded other building projects in Barcelona for an amount in excess of EUR 70 million. The highlights are the building of the facilities as part of the project to expand and reform the hospital in Viladecans, the construction of several buildings for administrative and hotel use, which is being built using the Building Information Modelling (BIM) methodology and other sustainability criteria in order to obtain LEED Gold certification.

In maritime infrastructure, OHL, through its specialised subsidiary SATO, was awarded the second phase of the extension of the Reina Sofía Sur wharf for the Las Palmas Port Authority, the project to improve the LNG loading wharf for the Cartagena Port Authority and the construction of the Naos southern outer sea wall at the Port of Arrecife, in Lanzarote, with a total budget of more than EUR 30 million. The last project envisages the construction of the seawalls for the expansion of the cruise wharf with the construction of a 322 m long quay to which Cubipods will be applied. This technological innovation is used in the construction of the main mantle of revetment breakwaters and has significant advantages over traditional blocks in terms of ease of placement, material savings and behaviour during its useful life.

OHL also continued to execute projects awarded in previous years. Highlights include the National Forensic Mental Health Hospital (Ireland), the EPC Ski project (Norway) and the improvement of the railway line between Lund and Arlöv stations in Malmö (Sweden).

OHL AND SIEMENS MOBILITY COMMISSION THE MARMARAY PROJECT IN TURKEY

In March 2019, the Ministry of Transport and Infrastructure of the Republic of Turkey inaugurated the main phase of the Marmaray project. The project has been carried out by a joint venture of OHL (70%) and Siemens (30%) and represents an important construction milestone at global level, since it completes the uninterrupted railway connection between Asia and Europe.

The 76 km long line connects 43 km on the Asian side of Istanbul and 19 km on the European side to the 14 km tunnel under the Bosphorus Strait. It provides a mix of a commuter service for the metropolitan area of Istanbul and the interurban area, as this stretch completes the Ankara-Istanbul high-speed corridor. Goods trains can also use Marmaray.

The project has had a considerable impact on mobility in the city of Istanbul, as can be seen by the fact that since the line opened, passenger services have gradually increased to the current 400,000 passengers/day.

New silk road

On 6 November 2019, an important milestone was reached in the project, as the first international goods train crossed the Bosphorus Strait in Istanbul through the Marmaray tunnel. This train, which was 850 metres long and was travelling from Xian in China to its final destination of Prague in the Czech Republic, was the first train to complete the new silk road.

OHL, as main contractor, has undertaken the design, the complete replacement of the two existing roads and their replacement in three new 62 km roads of the 76 km of the project, the renovation and construction of 38 stations, the construction of 130 structures, two operation and control centres, garages and workshops, renovation of all electromechanical systems (power supply, catenary, signalling, telecommunications and ticketing systems) along the 76 km of the project. OHL was also responsible for integrating all the railway systems, defining the operating plans and certifying the safety of the line.

OUTLOOK

In 2020 Construction activity will continue to focus on OHL's three reference areas: the US, Latin America and Europe.

The Company has established as its fundamental priority the generation of cash and the obtainment of profits from its projects. Accordingly, it will commit to the sustainable management of the backlog and continue to strengthen the control of risks in bids, with the focus on assessing geographical and economic risks as well as technical and legal ones and the availability of resources. The objective is to continue to work on the implementation of a culture of contract management rather than project management.

SUCCESS STORIES

REHABILITATION OF THE CANARSIE TUNNEL

Location: Manhattan and Brooklyn, New York, US

The Metropolitan Transportation Authority (MTA) awarded a contract to the OHL subsidiary Judlau Contracting to work on the rehabilitation of the Canarsie Tunnel. The project consisted of the improvement and extension of two subway stations, the construction of a new substation and the improvement of a tunnel to enable it to withstand potential flooding. The tunnel was damaged by Superstorm Sandy, and its rehabilitation was one of the most critical tasks underway in New York City.

The contract originally planned for a complete tunnel shutdown to enable 24/7 construction. However, in January 2019 it was decided to keep the train service running at full capacity during business hours and at reduced capacity overnight and weekends due to the significant impact this infrastructure has as it is used by an average of 400,000 weekday customers traveling under the East River from Brooklyn to Manhattan. With this new scope, work was only carried out at night and over the weekend during a period of 52 hours from Friday night to Monday morning, with trains still running.

The work included the installation of fire-resistant cables on a stainless-steel cable management system mounted to the tunnel wall to make maintenance and inspection easier. This combination and the replacement of tracks enabled the concrete demolition work within the tunnel to be reduced, which not only reduced the creation of silica dust, but also made it possible to guarantee that the tunnel could be put back into service each morning, thereby reducing inconvenience to users.

Improvement work is also being performed on the tunnel entries and exits and the installation of new lifts to make the station accessible for people with disabilities, as required by the Americans with Disabilities Act (ADA).

This project is an example of the new way of working for urban construction projects that reduces the impact and inconvenience to users. When the work is completed, the tunnel, as well as being able to withstand potential flooding, will have increased capacity, which will boost train traffic and, in short, passenger flow, thus improving their quality of life as regards the use of public transport.

NATIONAL FORENSIC MENTAL HEALTH HOSPITAL

Location: Portrane, Dublin, Ireland.

The National Forensic Mental Health Service (NFMHS) in Portrane is a hospital complex located 22 km from Dublin. The project, which was awarded by the Health Service Executive, commenced in April 2017. The initiative envisages the construction of a mental health hospital in the campus of St. Ita's Hospital, with a surface area of 24,000 m², excluding maintenance, energy and gardening buildings.

The new complex will have 170 beds and will be used to provide care to various levels of mental health patients and people with disabilities, both adults and children. There will be ten hospital buildings, a primary healthcare and therapy centre, and an administrative complex. The hospital complex will be surrounded by a 2 km long, 5.2 m high safety perimeter fence.

The design and construction are being performed with a view to obtaining Building Research Establishment Environmental Assessment Methodology (BREEAM) accreditation. To this end, around 57,000 m³ of subsoil material were recycled to stabilise the land, and 45,000 m³ of this material were recycled to create new areas of trees and natural habitat. 14,000 m³ of topsoil were used for new urbanised areas. All the waste generated was recycled through an authorised manager.

Other environmental activities performed as part of the project encourage the biodiversity of the area by developing initiatives encouraging bird species protected within Specially Protected Areas (SPAs), minimising the impact on bats, and protecting the species covered by Appendix IV of the EU Directive such as badgers, amphibians; and other protected bird species and non-avian fauna, pursuant to Irish legislation on biodiversity.

As regards energy efficiency, individual electricity meters and heat meters by building are being used, and an automatic light control system with presence sensors and external light sensors has been installed in all the buildings. All critical services (security, building control, fire alarm and lighting control) were integrated and an anti-vandal water management system was implemented that is efficient and controls thermal water using a specific register.

At social and community level, the project is a logistical challenge, as its development influences the traffic in the town of Donabate. To reduce the project's impact on the town, the passage of construction vehicles in areas close to schools and at peak times was restricted, a commitment that was monitored by traffic cameras with registration number recognition.

Also as part of the framework of commitment to the community, which OHL traditionally acquires as part of its projects, work was performed to improve the football grounds, parking in residential areas, as well as improvements to wetlands and other work in public walkways. The respective rights of way were obtained through local community participation forums. This commitment also extended to safety talks at schools and support for local festivals.

More than 5,000 workers were given initial training in health and safety.

JELENÍ DRY RESERVOIR. MEASURES IN THE UPPER REACHES OF THE OPAVA RIVER
Location: Karlovice, North Moravia, Czech Republic.

The construction of the Jelení dry reservoir, on the outskirts of Karlovice (North Moravia) envisages, among its main objectives, the reduction of flood flows, the reduction of sediment removal and the protection of the urbanised area of the municipality against the adverse effects of flooding caused by local torrential rain.

The reservoir's holding area is designed in such a way as to guarantee the transformation of one hundred years' theoretical flooding into a moderate flow of 4.41 m^3/s. The Kobylí stream and its right tributary will be recreated in the flood area and in the area protected by the dam. The water will be drained from the dam through an open channel connected to the existing flow.

The reservoir dam is in trapezoidal section form, with a maximum height of 16 m. The crest of the dam is 4.0 m wide and 273.0 m long. It is a non-standard dam, with an impermeable injected grout curtain. The earth for the construction of the dam was taken from the future flood area and from loans of land located outside the flood area.

The project includes the construction of a 1.06 km-long new road; and mention must be made of the fact that, once the Slezská Harta dam has been completed, Jelení dry reservoir will have the largest dam embankment in the Czech Republic. Also, its job of protecting the area where it is located against flooding will extend beyond being used to retain water in the countryside to contributing to an increase in the diversity of the species in the area through the development of new habitats.

CURICÓ PROVINCIAL HOSPITAL
Location: Curicó, Chile.

The new Curicó Hospital has a surface area of 109,152 m² distributed over nine floors, two of which are below ground level, with a heliport, car parks and 400 beds. Significant new techniques were used in the construction, such as the system for consulting information in the field through QR codes and without internet with the support of tablets; and the registration of each area of work using a Maps Street View type software or the offline incident system for land. These applications, in addition to facilitating the implementation of a collaborative work methodology, encourage a reduction in the use of paper by avoiding the printing of technical documentation and plans.

As regards the creation of employment, an agreement was entered into with the social welfare department of Curicó municipal council for local people to be employed in the project, resulting in 45% of the employees on the project being local; while 46% of the suppliers are local companies.

The waste generated by the work is managed using containers and differentiated zones so that it can subsequently be recycled. This is the case with paper, cardboard and plastic, among other materials. Waste that, because of its nature and characteristics, cannot be recycled but can be recovered, is also segregated. These include wood and pallet waste, pieces of mineral wool, tins, ceramic materials, etc. This type of waste is delivered to employees or local entities.

From a more social standpoint, this project contains an active commitment to the community in the form of the renovation and painting of the façades of nine houses belonging to the Aldeas Infantiles NGO; and OHL participated in several training programmes by giving talks on the implementation of Building Information Modelling (BIM) in hospital construction work, especially the cooperation with the Chilean Ministry of Public Works on a three-hour training action that was streamed to all the regions in the country.

ROLLING STOCK FOR LINE 3 OF THE GUADALAJARA LIGHT RAIL SYSTEM

Location: Jalisco, Mexico.

OHL installed the track and catenary system of Line 3 of the Light Rail System, which connects the urban areas of Zapopan, Guadalajara and Tlaquepaque. It is a sustainable initiative, containing environmental measures such as no pollution emissions, the reduction of noise levels, lower energy consumption, the reforestation of adjoining areas and urban and countryside regeneration.

The initiative also encouraged a culture of reuse of waste, such the wooden packaging that was reused to make tables, chairs and shelving.

At the offices, initiatives were launched aimed at the efficient use of energy and responsible use of water. In addition, waste was classified and paper recycled, and colour printing was reduced as a result of the awareness efforts made and environmental training given to 2,212 participants in 407 initiatives.

As regards local hiring, close to 4,000 unqualified manual workers were employed, with contracts that varied in length depending on the type of work performed, thus boosting the creation of local employment for the most vulnerable profiles.

Actions boosting the local community were also undertaken during the performance of the work. The highlights were four reforestation projects known as the Bosque de la Primavera, the largest ecological reserve west of the Guadalajara metropolitan area. Green areas and gardens were also created in municipalities close to the work site. In addition, food, clothing, IT equipment and furniture were donated to socially vulnerable groups.

CÚCUTA AQUEDUCT
Location: Cúcuta, Colombia.

OHL built an extension of the Cúcuta Aqueduct for Ecopetrol. The purpose of the project was to improve access to drinking water for close to one million inhabitants of Cúcuta, Los Patios and Villa del Rosario in the Norte de Santander department in the northeast of the country. OHL is constructing the infrastructure of Subproject 1 that will take water from the Zulia river through a 17.6 km-long drive line.

Especially noteworthy in this infrastructure project is the commitment to the community in the area where the work is taking place. Informative meetings took place at the beginning of the project and are being held periodically during the performance thereof, with the towns of the area of influence with the presence of various stakeholders such as the local authorities, associations, trade groups, environmental organisations and municipal representatives. In total, more than 1,000 people have been informed. There are also citizens' service offices offering information on the project and handling suggestions and claims.

As regards job creation, the hiring of local labour is being encouraged, with close to 80% of the employees working for OHL being from the areas of influence, and, in the case of subcontractors, 80% of labour is local.

Also, improvement activities, such as adjustments of tracks and rehabilitation of areas affected by the activity were carried out in adjacent areas; and active work was performed to boost road safety by means of workshops held at schools and from which close to 70 schoolchildren benefited. Environmental and heritage protection education programmes were launched at the Vereda Tabiro school with 24 participants and at the Carmen de Toncholá community, with 48 participants.

Lastly, mention must be made of the other cooperation such as donations of material and gifts to schoolchildren in the Pórtico, Tabiro, Hibiscos, Puente Zulla, Guadas, Carmen de Tochalá, Los Mangos and Torcoroma communities. More than 700 schoolchildren benefited from the initiative.

INDUSTRIAL

Revenue from the Industrial Division's activity reached EUR 218.2 million in 2019, which represents an increase of 14.9% with respect to 2018; and new contracts reached EUR 276 million, which also represents a 100% improvement with respect to the previous year. EBITDA was positive (EUR 9.8 million) in comparison with the EUR -63.0 million generated in 2018.

Operations were focused on the Renewable Energy, Mining and Cement, Fire Safety and Operation and Maintenance business lines. Geographically, they were concentrated in countries defined as the core markets for the Company, including Mexico, Chile, Colombia and Spain.

PROJECTS PERFORMED
The following projects performed in 2019 were of particular note:

- Perote II 100 MW nominal capacity solar PV plant in Mexico.
- Aguascalientes 30 MW nominal capacity solar PV plant in Mexico.
- Zafra 46 MW nominal capacity solar PV plant in Spain.
- Cement works with 3,150 tonnes/day of production, in Colombia.
- Empalme I 770 MW nominal power combined cycle plant in Mexico.

Recurring activities in Operation and Maintenance, Fire Safety and the manufacture of Mining and Cement equipment remained stable.

Several milestones associated with two of the largest projects were also achieved:

- Signing by the Federal Electricity Commission (CFE) of the Provisional Acceptance Certificate for the Empalme I Combined Cycle Power Plant in the state of Sonora, Mexico.
- Signing of the Operational Transfer of the cement production plant in Sonsón, State of Antioquia, in Colombia, to Ecocementos (Cementos Molins - Corona Group).

NEW PROJECTS

- The volume of contracts signed for new projects both in renewable energies and in mining and cement was significant in 2019, especially in the second half of the year. Highlights include the conversion and expansion of a copper sulphide processing plant in Chile for EUR 145.8 million; the 80 MW La Huella solar PV plant in Chile for EUR 68.2 million; and the 50 MW La Estrella wind farm, also in Chile, for EUR 9.3 million.

VOLUME OF NEW CONTRACTS BY ACTIVITY AND GEOGRAPHICAL AREA IN 2019

BUSINESS LINE	MILLIONS OF EUROS
Renewable energies	78.9
Mining and cement	161.3
Fire safety	15.9
Operation and maintenance	19.9
TOTAL	**276.0**

GEOGRAPHICAL AREAS	MILLIONS OF EUROS
Northern Latin America	10.2
Southern Latin America	236.8
Europe	26.36
Rest of the world (RoW)	2.7
TOTAL	**276.0**

SUCCESS STORIES

PEROTE SOLAR PV PLANT
Location: Perote, Veracruz, Mexico.

The Perote II solar PV plant is located in plot 3 of the San Antonio Limón communal land zone, carretera federal 140 s/n, El Limón Totalco, with an area of 300 ha.

The nominal capacity of the facility is 100 MWn with a peak generating capacity of 118,902 MWp. It has a solar field of 312,939 PV panels with 380 Wp of capacity grouped in trackers of 87 PV modules and connected to 22 skids of 5 MWn (AC side) or equivalent. The energy generated at the plant will be exported to an internal 34.5 kV grid. For this purpose, the plant will have 5,000 kVA medium-voltage transformers with a transformation ratio of 0.63 or 0.65/34.5 kV or similar.

Its construction represents a considerable saving in emissions in comparison with the use of other energies. Specifically, 168,000 tonnes of CO2eq will be avoided per year.

Local employment was encouraged during the construction of the facility, both in the construction and start-up phase, as well as in the operation and maintenance phase. The Company also actively worked alongside the local population in the project's area of influence, with actions such as the donation of wood to the communities of El Frijol Colorado, San Antonio Limón, Totalco and Orilla de Monte. Partially damaged panels that cannot be used on the site have also been sent to the Perote Institute of Technology for use in classrooms so that students can understand their structure and operation.

Also, an agreement was entered into with this educational entity and with the Technological Institute of Cosamaloapan for the professional placement of the students studying renewable energy, thereby allowing the development of their skills within the various disciplines of the project: quality, mechanical area, electrical area, civil area and industrial safety. In total, 14 students took part. It is hoped that, for the operation and maintenance phase, these young professionals can be incorporated into the operations team.

ZAFRA SOLAR PV PLANT
Location: Alcalá de Guadaira, Seville, Spain.

The Zafra solar PV plant construction project involved civil engineering work, mechanical assembly, electrical assembly and electrical substation work next to the high-voltage overhead line for power export and start-up. The solar park is made up of 135,090 modules of 370 W, with a total of 49.9 MW of peak capacity.

The construction of the solar PV plant represents a significant saving in emissions in comparison with the use of other energies, since with each KWh generated by solar PV energy, the emission of CO_2 into the atmosphere is avoided.

It is expected that the emission of about 430 tonnes per year will be avoided, according to the data obtained from the SCADA records, which is software that makes it possible to control and monitor industrial processes remotely.

It should be noted that, during the construction of the solar PV facility, local employment was favoured, both in the construction and start-up phase and in the operation and maintenance phase. In environmental terms, the project respected environmental impact measures, aimed at protecting tree species, and promoted reforestation with native plants for the restitution of the site. As regards waste management, waste was separated using authorised agents, and 178,400 kg of wood, 61,490 kg of paper and cardboard and 13,160 kg of plastic were recycled.

DEVELOPMENT OF INFRASTRUCTURES

OHL LAUNCHES SENDA INFRAESTRUCTURAS

With nearly two decades of experience and after developing and managing more than 40 concession assets in Europe and the Americas, in 2019 OHL strengthened the infrastructure development area by launching its new subsidiary, Senda Infraestructuras, focused on the development of greenfield projects (newly created).

The strategy of Senda Infraestructuras is to provide its experience as a concession operator, while the majority of the capital in the projects will be provided mainly by concession partners, such as investment funds specialising in infrastructure. At the same time, the Company will continue with the strategy based on alliances with local construction partners of renowned experience, in the countries in which it is interested in undertaking public-private partnership (PPP) projects.

Of particular note in 2019 was the first award to Senda Infraestructuras in the field of residential building construction. In Ireland, the Torc Housing Partnership consortium, of which it forms part together with its strategic partners Equitix, Kajima and Tuath, will design, finance, construct and operate, on a PPP basis, 465 new sustainable social housing units for an investment of more than EUR 130 million. This project, under the availability payment model (fixed payments by the grantor), is the Government's second social housing investment package in the region and covers the counties of Cork, Kildare, Clare, Galway, Waterford and Roscommon.

The agreement covers the construction and maintenance of 110 apartments and 355 houses and incorporates the provision of management and maintenance services after construction for a period of 25 years. The award is the second phase of an innovative programme involving a total of 1,500 sustainable social housing units launched as a result of the growth potential of the property sector in Ireland, where there is a significant demand for housing.

OHL will perform the construction work in consortium with the benchmark Irish building constructor JJ Rhatigan. They will incorporate the BIM (Building Information Modelling) methodology and the units will be built according to the Nearly Zero Energy Buildings (nZEB) criteria, meeting the requirements of the Energy Performance of Buildings Directive (2010/31/EC).

In addition to this PPP award, OHL also manages, through Senda Infraestructuras, the Port of Roda de Bará (Tarragona), the Urola Marina (Zumaia), Burgos Hospital, CHUM Hospital (Canada), Toledo Hospital, the Navarre Canal, the police stations of

Horta and Sant Andreu (Barcelona) and the Justice Centre in Santiago de Chile. The Company will continue to analyse, throughout 2020, other investment opportunities through PPP projects both in Latin America and in the US, in the latter on the east and west coasts, where OHL has its highest concentration of construction activity.

DEVELOPMENT

OHL, through its Development business area, continued to advance in its strategy of generating value by participating in the management of mixed use projects from the initial phase, divesting those more mature assets once the market has appreciated the value generated through their management.

DIVESTMENTS

The Company concluded the divestment process that it began in Mexico in 2017, a year in which the process began to sell majority holdings in the four Mayakoba hotels - Fairmont, Rosewood, Banyan Tree and Andaz - and the El Camaleón golf course.

In 2019 the sale of the assets owned by Development in Ciudad Mayakoba to an investment fund was completed, and there are currently no real estate assets owned by Development in Mexico.

PROJECTS UNDER DEVELOPMENT

Centro Canalejas Madrid

Progress continued to be made in 2019 in the ongoing investment in Centro Canalejas Madrid (Spain). In 2019 the construction phase of the building was completed and the initial occupation permit was applied for, which was in process at the end of the year. Also, very significant progress was made in the marketing of the 22 residences included in the project, and contracts were signed with some of the most representative brands in the luxury segment to position them in the Galería Canalejas commercial space. Development has a 50% interest in the project, with Mohari Limited having the remaining stake in Centro Canalejas Madrid.

Old War Office

In 2019 work continued on the project, which is located in London (UK) and will consist of a luxury hotel and residences. Both the hotel and the residences will be branded and operated by Raffles, a brand positioned as maximum luxury within the range of one of the largest hotel operators in the market, Accor. It should be noted that, to date, Raffles has not had a presence in London (United Kingdom).

In 2019 the construction began and the marketing plan for the residences was defined; marketing will begin in the first half of 2020.

There is some uncertainty about the impact on the London residential market of the UK's exit from the European Union, although the impact will in any case be more limited for the high-end residential product.

OUTLOOK

The Company is analysing various projects, both in resorts and cities, consistent with the positioning in which it has specialised, in order to assess its possible involvement in them.

SUCCESS STORIES

CENTRO CANALEJAS MADRID
Location: Madrid, Spain.

Centro Canalejas Madrid (CCM), since its design phase and throughout the various stages of the construction process, has implemented sustainability and energy efficiency measures with the aim of achieving the prestigious LEED® Gold certification, an international environmental distinction developed by the US Green Building Council (USGBC).

Of particular note among all these measures are the installation of a green roof, to reduce the heat island effect generated by the buildings, and the management of rainwater runoff through this green roof. Landscaped areas were also created in patios and a green wall was installed on the inner façade, with species with medium and low water requirements, and for whose irrigation rainwater recovered from the paved roof areas is used.

As regards the use of drinking water, consumption has been reduced by more than 20% in comparison with a conventional building. With regard to energy management, high-performance air-conditioning equipment, LED lighting and underfloor heating were installed for the residential area, which are powered by a geothermal energy production facility.

In terms of recycling and reuse, more than 20% of the materials used are of recycled and regional origin. Similarly, more than 75% of the construction waste generated during the work has been treated, recovered and recycled, diverting it from landfill.

From the urban planning standpoint, the surrounding area has been thoroughly regenerated with the enlargement of the pavements, the renovation of the road surface and street furniture and the reorganisation of road traffic, which has limited the number of vehicles and reduced noise and environmental pollution. Lastly, this project has contributed to the complete renovation of the Sevilla metro station, from which physical barriers have been removed, making it accessible to people with reduced mobility.

Throughout all phases of the project, continuous dialogue was held with all the stakeholders in order to ascertain and respond to their expectations, to the extent possible.

Centro Canalejas Madrid, a mixed-use complex comprising seven historic buildings and located in the centre of Madrid, has posed a major construction and architectural challenge that has directly and indirectly generated 4,800 jobs. It will house the first Four Seasons hotel in Spain, 22 Four Seasons Private Residences Madrid, a shopping centre -Galería Canalejas- and a car park with 400 spaces.

In its rehabilitation, special care has been taken to preserve its historical-artistic heritage, with almost 17,000 ornamental pieces being catalogued and restored, most of which have been returned to their places of origin. The cost of this work has amounted to over EUR 7 million.

SERVICES

In 2019 Services maintained a growth trend in the Spanish market, recovering the margins that had tightened in 2018. It also continued to advance in its internationalisation, in countries such as Mexico and Chile.

OHL SERVICES BUSINESS

In 2019 Services' sales amounted to EUR 275.6 million, representing an increase of 4.4% over 2018, growing in the areas that provide greater profitability, in accordance with the objective of this line of business.

In terms of international activity, Chile experienced progressive growth, with an increase in its billings of 166%, while Mexico initiated activity at private customers such as Uber, Dentimex, C&A and JJL, among others.

Overall, Services achieved a 1% year-on-year increase in facilities management billings. Billings in urban services (EUR 56.7 million) grew by 27.6% compared with 2018, consolidating the growth in this activity that generates a higher operating margin.

As a result of all the foregoing, Services focused on increasing EBITDA, which increased from EUR 1.3 million in 2018 to EUR 12.4 million in 2019, recovering the usual levels of profitability.

CONTRACTS AND BACKLOG

The Company achieved revenue of EUR 279.4 million in 2019, consisting of a backlog of EUR 365.1 million, equal to 17 months of sales, well above the average for comparable companies in the sector.

NEW CONTRACTS AWARDED IN 2019

OHL Services has a backlog of more than 500 contracts in force, including the following contracts in its various business lines:

In the field of cleaning, of particular note is the contract for the integral cleaning of buildings, premises and state facilities in the Community of Madrid, phase III, lot 16, at the request of the Ministry of Consumer Affairs and Social Welfare, for a period of 36 months and an award amount of EUR 8.9 million.

In the social and healthcare sector, two contracts for home help services for the municipalities of Malaga and A Coruña, each for 24 months, amounting to EUR 9.6 million and EUR 7.7 million, respectively, stand out.

In the field of maintenance, worthy of mention is the integral maintenance service of buildings of the Directorate General of Police, lots in Andalusia, the Spanish region of Levante and Central area, for a period of 24 months and a budget of EUR 4.2 million; while, in the field of urban services, the Company has won the service of conservation and maintenance of green areas in the city of Albacete, for four years for an amount of EUR 24.0 million.

OUTLOOK

In Spain, the strategy is currently focused on improving the quality of services in order to design more personalised offerings, endeavouring to progressively reduce the importance of price as a critical variable in decision making.

In this context, it is necessary to bear in mind the development of the regulatory framework for public procurement, which seeks to prioritise quality, social and environmental factors over others, such as price.

MANAGEMENT IMPROVEMENTS

Services is heavily involved in a digital transformation plan that has several components, which include most notably:

- Scenario analysis with multidisciplinary groups where valuable conclusions were obtained to address the future challenges of the Company in a planning timeframe of between five and seven years, as well as immediately applied management improvement initiatives.
- Analysis of the *Managing Transformation* initiative, an idea incubator in which three innovation groups, using Agile methodology, study specific initiatives related to the focus on the end user, the capture and mining of data and the improvement of processes.
- Together with the General Corporate Resources Department, the RFP (Request for Proposal) has been launched for the implementation of a new ERP (Enterprise Resource Planning) system in 2020, which will culminate in the necessary transformation of the Company's information systems.
- The process of implementing the operations management software, integrated with the payroll system and compatible with the various time and attendance control systems required for recording working hours, pursuant to employment legislation, has been completed. Also, in the commercial area the Company continued to implement the CRM (Customer Relationship Management) tool aimed at planning the sales process, preparing bids, following up on commercial action, analysing results and managing risks at the bidding phase.

2020 is a decisive year for Services as it will foreseeably complete the digitalisation process carried out in recent years, providing adequate financial and management information support and allowing the integration of all the specific applications already installed.

SUCCESS STORIES

IMPLEMENTATION OF THE ECOLABEL GREEN LABEL
Location: Barcelona, Spain.

OHL Services is in the process of implementing the EU Ecolabel in two pilot centres where indoor cleaning services are provided, in accordance with the criteria set out in Commission Decision (EU) 2018/680, of 2 May 2018. Ecolabel is one of the most comprehensive sustainability certificates granted by the EU. To achieve this distinction, the Company opted to use sustainable cleaning products.

The pilot centres selected to start this project are located in the province of Barcelona and it is hoped that their use will subsequently be extended to other contracts of this kind, performed in other parts of Spain.

Organic products use mostly ingredients of natural origin, are biodegradable and do not contain toxic or hazardous substances that are harmful to health. Furthermore, their use favours the conservation of natural resources, reducing both water and air pollution in this area of activity.

BIOLOGICAL PEST CONTROL
Location: Madrid, Spain.

In the area of Urban Services, biological resources are used to prevent, reduce and eliminate pests such as insects, mites and plant diseases, through a pest/predator balance.

In the city of Madrid, in the districts of Ciudad Lineal, Hortaleza, San Blas-Canillejas and Barajas -which occupies an area of 112.23 ha including parks and significant green areas-, the Company has replaced the use of treatments that have a harmful effect on biodiversity with others of a biological nature that do not have negative effects.

Another benefit of this practice is the reduction and even elimination of secondary pests, and the persistence of the treatment’s effectiveness over time. In turn, this technique reduces the use of machinery, both in terms of time and units, reducing the emission of pollutants and preserving air quality in the city.

PUBLIC BICYCLE LOAN SERVICE MANAGEMENT
Location: Albacete, Spain.

In its commitment to sustainable mobility, OHL Servicios-Ingesan manages the public bicycle loan service Albabici, in the city of Albacete. The initiative, carried out together with LaBici, involves the management of 320 bicycles, 80 of which are electric, distributed in 32 stations operating between 06:00 and 00:00 hours, every day of the year. Since its launch in September 2019, more than 57,100 bicycle loans have been made and users exceed 1,500.

The service is managed and provided through specific software that allows the real-time monitoring of the status of the stations and bicycles, as well as of the incidents and warnings of the users. In addition, the system incorporates the collection of usage data, which enables the gathering of statistics and the identification of the most used stations, peak hours, etc., in order to adapt and improve the service.

At the end of 2019, the service had 1,268 long-term users - with an annual subscription - and the system was regularly used by 536 further users. In terms of preferences for the type of bicycle, 65% of users make use of conventional bicycles and 35% use the electric type.

Sustainability

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Sustainability at OHL

2019 signified an advance in terms of sustainability, reflected in the design and approach of the new Plan for 2020-2022. To achieve this, the Company completed an internal reflection process and identified the material issues, both internal and external, that will enable a roadmap to be established with regard to the sustainability strategy and the defined measures for each issue to be implemented, taking into account the challenges faced by the Company and the profile of its activities. This will strengthen OHL's position to act proactively, primarily in the face of present and future environmental and social challenges, by integrating sustainability as a key element of its corporate culture.

Furthermore, OHL remains firmly committed to the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs), and adheres to major international sustainability initiatives and guidelines. The Company also works every day to respond to the needs of its stakeholders and to generate positive value as a result of its projects, in all the countries in which it is present.

In 2019 work was performed on adapting the Company's internal reporting processes to the new regulations on non-financial information. To this end, indicators were defined and processes implemented to digitise and update corporate tools that improve information management in order to continue promoting an exercise in transparency in sustainability and offer a better response to the expectations of the Company's various stakeholders.

As part of its commitment to continuous improvement, in 2019 a good practice guide was drawn up, identifying and highlighting the environmental and social actions carried out in the day-to-day operations of the projects. This document brings visibility to the measures that are proactively carried out on site, as well as favouring the transfer of knowledge among all projects.

OHL also assumes voluntary commitments in the areas of human and employment rights, environmental protection, business ethics and transparency in information dissemination. It is also governed by its ten corporate policies which apply to the entire Company and which, together with the rest of the internal regulations, make up the current framework of action. Governance in matters of sustainability is directed by the Company's highest governance body, the Nomination and Remuneration Committee of the Board of Directors.

In this way, the Company values sustainability management and makes it a competitive factor that strengthens the development of a responsible business.

OHL DEMONSTRATES ITS COMMITMENT TO A BUSINESS MODEL BASED ON SUSTAINABILITY CRITERIA

OHL is the first Spanish construction company to adhere to the New Deal for Europe manifesto, a call to action from CSR Europe, to implement a global strategy for a sustainable Europe by 2030. The aim of this initiative is to bring together business, civil society and the public sector to build dialogue, trust, cooperation platforms and financing models for the development of a sustainable circular and digital economy that promotes competitiveness, employability and social cohesion.

OHL joins this initiative through its CEO, ratifying in its business model the implementation of a strategy in line with the UN 2030 Agenda and its Sustainable Development Goals.

José Antonio Fernández Gallar, Chief Executive Officer of OHL, in the Towards a sustainable Europe by 2030 presentation, promoted by Forética.

MANAGEMENT SYSTEMS

OHL has an Integrated Management System (IMS) for Occupational Risk Prevention, Quality and the Environment that includes all divisions of the Company. In 2019 the IMS was consolidated in accordance with the ISO 9001 (Quality Management), ISO 14001 (Environmental Management), ISO 45001 (Occupational Health and Safety Management), SA 8000 (Corporate Social Responsibility Management) and ISO 50001 (Energy Management) standards.

This system, within the Company's sustainability framework, is aligned with the Sustainable Development Goals (SDGs) and particularly with SDGs 3, 9, 12, 13 and 15.

In 2019 the integration of the entire supply chain in the control of outsourced work continued. Also, as a result of the continuous improvement of the IMS, the criteria for evaluating and monitoring suppliers were modified and the Company is currently in the process of improving the Computerised Purchasing System (CPS).

Improvement of the understanding process

The ISO 9001, ISO 14001 and ISO 45001 standards include two requirements called understanding the organisation and its context, and understanding the needs and expectations of stakeholders.

In 2019 the understanding process was improved by deepening the systematic approach to achieve a more detailed analysis of both concepts, carried out at territorial management, delegation, company and project level, according to the guidelines below.

It also continues with the understanding of the context and stakeholders of the organisation, segmenting the analysis and reflecting, as a minimum, the following concepts:

Territorial management/company delegation

- Previous year's billings and current year's billings forecast.
- Existing structure in the area of occupational risk prevention, quality and the environment, as well as forecast of changes in this area and their causes.
- Singularities, existing conflicts in the field of occupational risk prevention, quality and the environment and future forecasts that can be identified.
- Number of accidents, in-house and at subcontractors, with effects of more than 45 days.
- Penalties imposed by employment authorities or customers.

Project

- Brief description of the project.
- The construction team's previous experience in similar construction projects.
- Singularities of the contract in terms of occupational risk prevention, quality and the environment.
- Milestones that can be achieved by customer in the areas of occupational risk prevention, quality and the environment.

Financial information

FINANCIAL FRAMEWORK

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2019	2018	CHANGE (%)
Revenue	**2,959.9**	**2,906.9**	**1.8%**
Other operating income	86.2	100.9	-14.6%
Total operating income	**3,046.1**	**3.007.8**	**1.3%**
% s/ Sales	102.9%	103.5%	
Operating expenses	-2,223.8	-2,689.5	-17.3%
Staff costs	-757.5	-814.3	-7.0%
Gross profit (loss) from operations	**64.8**	**-496.0**	**n.a.**
% s/ Sales	2.2%	-17.1%	
Depreciation and amortisation charge	-68.3	-61.5	11.1%
Changes in provius and allowances	-8.8	-3.5	151.4%
Loss from operations	**-12.3**	**-561.0**	**-97.8%**
% s/ Sales	-0.4%	-19.3%	
Finance income and finance costs	-35.9	-61.0	-41.1%
Changes in fair value of financial instruments	2.3	-89.4	n.a.
Exchange differences	2.2	-5.9	n.a.
Impairment and gains or losses on disposals of financial instruments	-71.0	-141.9	-50.0%
Financial loss	**-102.4**	**-298.2**	**-65.7%**
Resul of companies accountd for using the equity method	-7.0	-110.4	-93.7%
Loss before tax	**-121.7**	**-969.6**	**-87.4%**
% s/ Sales	-4.1%	-33.4%	
Income tax	-21.8	16.0	n.a.
Loss for the year from continuing operations	**-143.5**	**-953.6**	**-85.0%**
% s/ Sales	-4.8%	-32.8%	
Profit (loss) for the year from discontinued operations, net of tax	**0.0**	**-550.3**	**n.s.**
Consolidated loss for the year	**-143.5**	**-1.503.9**	**-90.5%**
% s/ Sales	-4.8%	-51.7%	
(Profit) Loss from continuing operations attributable to non-controlling interest	0.5	-1.8	n.a.
(Profit) Loss from discontinued operations attributable to non-controlling interest	0.0	-71.6	n.s.
Consolidated loss for the year attributable to the Parent	**-143.0**	**-1.577.3**	**-90.9%**
% s/ Sales	-4.8%	-54.3%	

M Euros

Consolidated statement of profit or loss

The Group's revenue amounted to EUR 2,959.9 million in 2019, in line with 2018.

72.1% of revenue was generated outside Spain, as compared with 72.7% in the same period of 2018.

As regards the distribution of sales by geographical area, the US and Canada represent 33.9% of the total, Europe 41.0%, Latin America 18.4% and other areas 6.2%.

Total operating income amounted to EUR 3,046.1 million, similar to the figure for 2018.

EBITDA amounted to EUR 64.8 million, 2.2% of sales, a considerable improvement over the same period of the previous year, in which significant losses were posted for projects.

EBIT amounted to EUR -12.3 million, -0.4% of sales.

The net amount of "Finance Income" and "Finance Costs" was EUR -35.9 million, reflecting an improvement of EUR 25.1 million compared with the EUR -61.0 million of 2018. This change was due mainly to the significant reduction in debt in 2018.

"Changes in Fair Value of Financial Instruments" amounted to EUR 2.3 million, compared with the loss of EUR -89.4 million in 2018, which included mainly the foreign currency hedge arranged to hedge the divestment of OHL Concesiones.

"Exchange Differences" amounted to EUR 2.2 million, compared with EUR -5.9 million in 2018 due mainly to the positive effect of the transactions carried out in Canadian dollars in 2019.

"Impairment and Gains or Losses on Disposals of Financial Instruments" amounted to EUR -71.0 million and included primarily the impairment loss of EUR -47.6 million on the investment in the Old War Office project as a result of its remeasurement at fair value. Additionally, an adjustment of EUR -13.0 million was included in the sale price of the Canalejas Project, as the handover of the project has been delayed.

"Income Tax" totalled EUR -21.8 million, and the effective tax rate was around 21%. The Group does not recognise tax assets if there is no certainty as to their recovery.

The loss attributable to the Parent stands at EUR -143.0 million.

CONSOLIDATED BALANCE SHEET

	31/12/2019	31/12/2018	CHANGE (%)
Non-current assets	**1,304.3**	**1,311.2**	**-0.5%**
Intangible assets	196.2	216.2	-9.3%
Concession infrastructure	72.8	72.2	0.8%
Property, plant and equipment	186.4	147.4	26.5%
Investment property	10.2	10.5	-2.9%
Investments accounted for using the equity method	301.4	293.4	2.7%
Non-current financial assets	332.3	309.0	7.5%
Deferred tax assets	205.0	262.5	-21.9%
Current assets	**2,320.0**	**2,792.2**	**-16.9%**
Non-current assets classified as held for sale	0.0	142.5	n.a.
Inventories	107.2	136.9	-21.7%
Trade and other receivables	1,272.2	1,322.4	-3.8%
Other current financial assets	229.0	222.5	2.9%
Other current assets	156.2	153.5	1.8%
Cash and cash equivalents	555.4	814.4	-31.8%
TOTAL ASSETS	**3,624.3**	**4,103.4**	**-11.7%**

	31/12/2019	31/12/2018	CHANGE (%)
Equity	**622.8**	**785.7**	**-20.7%**
Shareholders' equity	**669.6**	**812.2**	**-17.6%**
Share capital	171.9	171.9	0.0%
Share premium	1,265.3	1,265.3	0.0%
Reserves	-624.6	1,052.2	-159.4%
Consolidated loss for the year attributable for the Parent	-143.0	-1,577.3	n.s.
Interim dividend	0.0	-99.9	n.a.
Valuation adjustments	**-42.7**	**-25.4**	**68.1%**
Equity attributable to the Parent	**626.9**	**786.8**	**-20.3%**
Non-controlling interests	**-4.1**	**-1.1**	**272.7%**
Non-current liabilities	**797.5**	**888.8**	**-10.3%**
Grants	0.8	1.3	-38.5%
Long-term provisions	65.5	60.4	8.4%
Non-current bank borrowings and other financial liabilities*	588.0	661.0	-11.0%
Other non-current financial liabilities	31.5	2.4	n.s.
Deferred tax liabilities	95.1	149.0	-36.2%
Other non-current liabilities	16.6	14.7	12.9%
Current liabilities	**2,204.0**	**2,428.9**	**-9.3%**
Liabilities associated with non-current assets classified as held for sale and discontinued operations	0.0	63.5	-100.0%
Short-term provisions	217.2	202.5	7.3%
Current bank borrowings and other financial liabilities*	141.1	80.0	76.4%
Other current financial liabilities	26.3	6.0	338.3%
Trade and other payables	1,562.0	1,827.0	-14.5%
Other current liabilities	257.4	249.9	3.0%
TOTAL EQUITY AND LIABILITIES	**3,624.3**	**4,103.4**	**-11.7%**

* Including bank borrowings and bonds.
M Euros

Application of IFRS 16, leasess

The impact on the consolidated balance sheet figures is an increase due to the recognition of right-of-use assets and financial liabilities for future payment obligations relating to leases classified to date as operating leases. The adoption included the recognition exemptions permitted for short-term leases (less than 12 months) and leases for which the underlying asset is of low value and correspond for the most part to office, machinery and vehicle lease obligations.

On initial application, the Group recognised an increase in property, plant and equipment and new financial liabilities amounting to EUR 49.9 million, since in the second half of 2019 the Group completed the identification and categorisation of the operating leases held in the various geographical areas and activities in which it operates. The discount rate used was close to 5%.

Changes in the consolidated balance sheet

The detail of the main headings in the consolidated balance sheet as at 31 December 2019 and of the changes therein with respect to 31 December 2018 is as follows:

- **"Concession Infrastructure":** this line item includes all of the Group's concession infrastructure. The balance amounted to EUR 72.8 million and relates mainly to Sociedad Concesionaria Aguas de Navarra, S.A.
- **"Investments Accounted for Using the Equity Method":** the balance of this heading amounts to EUR 301.4 million and includes the following main investments: i) Proyecto Canalejas Group, S.L, in which the Group has a 50.0% ownership interest recognised at EUR 155.8 million; ii) 51 Whitehall Holdings, S.A.R.L., in which the OHL Group has an ownership interest of 49.0% (Old War Office Project), which is recognised at EUR 104.0 million, after the remeasurement at fair value thereof at year-end.

- **Non-Current Assets Classified as Held for Sale and Discontinued Operations" and "Liabilities Associated with Non-Current Assets Classified as Held for Sale":** in 2018, as a result of the discontinuation of the Development business, assets and liabilities amounting to EUR 142.5 million and EUR 63.5 million, respectively, were recognised. At year-end, as the sale had been completed, there were no balances recognised.
- **"Trade and Other Receivables":** at 31 December 2019, the balance of this line item amounted to EUR 1,272.2 million, representing 35.1% of the total assets.

Progress billings receivable amount to EUR 552.7 million, representing a ratio of 2.2 months of sales, as compared with EUR 561.4 million at 31 December 2018 (2.3 months of sales).

Amounts to be billed for work performed total EUR 399.6 million, representing a ratio of 1.6 months of sales, as compared with EUR 463.8 million at 31 December 2018 (1.9 months of sales).

This improvement in the balances of "Trade and Other Receivables" is a result of the intense monitoring of current assets carried out in 2019.

"Other Current Financial Assets" amounted to EUR 229.0 million, including a restricted deposit of EUR 140.0 million securing the multi-product syndicated financing.

- **"Other Current Assets":** at 31 December 2018, the balance amounted to EUR 156.2 million and the most significant items included two loans, one to Grupo Villar Mir, S.A.U. for EUR 83.9 million and another to Pacadar, S.A. for EUR 35.2 million.

Zinacantepec station of the Toluca interurban train. Mexico.

In June 2019 an agreement was entered into with Grupo Villar Mir, S.A.U. and Pacadar, S.A., as a result of the negotiations held with a view to ensuring the full recovery of the loans granted and which led, on the one hand, to the extension of the maturities until 2020 and, on the other, to the reinforcement of the economic terms and conditions and the terms and conditions relating to the collateral provided to the OHL Group, including a security interest in all the shares of Pacadar, S.A.

At 31 December 2019, these balances amounted to EUR 125.7 million.

- **"Equity Attributable to the Parent":** amounted to EUR 626.9 million, which represents 17.3% of total assets and a decrease of EUR -159.9 million with respect to 31 December 2018, due to the net effect of:
  - The decrease in the attributable bottom line for 2019, which amounted to EUR -143.0 million.
  - A decrease of EUR -11.2 million due to valuation adjustments arising from the translation of the financial statements in foreign currency.
  - A decrease of EUR -6.1 million due to the remeasurement of financial instruments.
  - A decrease of EUR -0.1 million due to the increase in treasury shares.
  - At 31 December 2019, 515,037 treasury shares with a value of EUR 0.5 million were held.
  - An increase of EUR 0.5 million due to other changes.
- **"Non-Controlling Interests":** reached EUR -4.1 million, the change therein being of scant significance.
- **Financial debt:** the comparison of the debt with the previous year is as follows:

GROSS BORROWINGS (1)	31/12/2019	%	31/12/2018	%	CH.(%)
Recourse borrowings	675.1	92.6%	686.5	92.6%	-1.7%
Non-recourse borrowings	54.0	7.4%	54.5	7.4%	-0.9%
TOTAL	**729.1**		**741.0**		**-1.6%**

(1) Gross borrowings include non-current and current financial debt. including bank borrowings and bonds.

M Euros

NET BORROWINGS (2)	31/12/2019	%	31/12/2018	%	CH.(%)
Recourse borrowings	-106.5	n.a.	-346.8	117.2%	-69.3%
Non-recourse borrowings	51.1	n.s.	50.8	n.a.	0.6%
TOTAL	**-55.4**		**-296.0**		**-81.3%**

(2) Net borrowings comprise gross borrowings less other financial assets and cash equivalents.

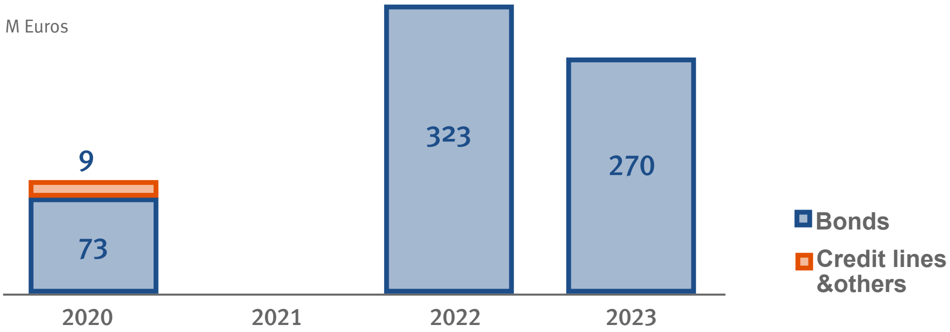
M Euros

The gross recourse borrowings amounted to EUR 675.1 million at 31 December 2019, a decrease of EUR -11.4 million from the figure at 31 December 2018. The outstanding balance of bonds amounts to EUR 666.2 million, of which EUR 73.3 million mature in March 2020 and are therefore classified as short term.

The gross non-recourse borrowings amounted to EUR 54.0 million, representing 7.4% of total gross borrowings.

80.7% of the total gross borrowings falls due at long term and the remaining 19.3% matures at short term.

THE DETAIL OF THE MATURITY OF THE GROUP'S GROSS RECOURSE BORROWINGS IS AS FOLLOWS



Total net debt amounted to EUR -55.4 million, up EUR 240.6 million on 31 December 2018.

Total recourse liquidity amounts to EUR 781.6 million and includes EUR 140.0 million that are deposited as a guarantee for the line of guarantees drawn against in relation to the multiproduct syndicated financing.

Cash-flow

Although the criteria used differ in some cases from those set out in IAS 7, this section presents a cash flow analysis of the evolution of the business:

	2019	2018
EBITDA	**64.8**	**-496.0**
Adjustments for	**-124.3**	**-300.3**
Financial losses	-102.4	-298.2
Results of companies accounted for using the equity metohd	-7.0	-110.4
Income tax	-21.8	16.0
Changes in provisions and allowances and other	6.9	92.3
Cash flows from operations	**-59.5**	**-796.3**
Changes in working capital	**-159.1**	**159.8**
Trade and other receivables	50.2	431.1
Trade and other payables	-265.0	212.1
Other changes in working capital	55.7	-483.4
Cash flows from operating activities	**-218.6**	**-636.5**
Cash flows from investing activities	**-22.0**	**1.927.8**
Non-controlling intrests	-3.0	-3.4
Other cash flows from investing activities	-19.0	1.804.8
Discontinued operation	0.0	126.4
Change in net non-recourse borrowings	**0.3**	**-1.0**
Change in net recourse borrowings	**240.3**	**-1.290.3**
Cash flows from financial activities	**240.6**	**-1.291.3**

MnEuros

The **adjustments to the loss** are negative by EUR -124.3 million, but less than the EUR -300.3 million in 2018, mainly as a result of the foreign currency hedges arranged to hedge the sale of OHL Concessions and the impairment of assets due to the execution of the guarantees for the Sidra Hospital (Qatar) and others.

The **cash flows from operations** are negative by EUR -59.5 million, compared with EUR -796.3 million in 2018, thanks to the contribution of EUR 64.8 million of EBITDA. **Cash flows from operating activities,** although negative by EUR -218.6 million in 2019, show a significant change in trend with respect to the 2018 figure, which amounted to EUR -636.5 million, a reduction of 66%.

The **changes in working capital** amount to EUR -159.1 million, mainly as a result of payments made in loss-making projects. However, the Group continues to manage working capital intensively, which is improving the situation from the beginning of 2019 in comparison with 2018.

Cash flows from investing activities in 2019 amounted to EUR -22.0 million and included the disbursements made for the investments in the Canalejas Project and Toledo Hospital, which are offset by a portion of the collections obtained from the sale of Mayakoba. The 2018 data include the significant divestment of OHL Concesiones, ZPSV and Mayakoba.

Cash flows from financing activities amounted to EUR 240.6 million, corresponding mainly to net recourse borrowings.

BACKLOG

At 31 December 2019, the Group's backlog amounted to EUR 5,457.9 million, -10.4% down on the backlog at 31 December 2018. 91.6% of the total backlog related to short-term projects, with long-term projects accounting for the other 8.4%.

The short-term backlog amounted to EUR 4,999.6 million, which represents approximately 20.3 months of sales. 87.7% of the short-term backlog corresponds to the Construction business.

The long-term backlog amounted to EUR 458.3 million, an increase with respect to 2018 as a result of the changes in the terms and conditions of the Aguas de Navarra concession.

	31/12/2019	%	31/12/2018	%	CH.(%)
Short-term	**4,999.6**		**5,876.4**		**-14.9%**
Construction	4,385.7	87.7%	5,240.8	89.2%	-16.3%
Industrial	248.8	5.0%	259.9	4.4%	-4.3%
Servicies	365.1	7.3%	375.7	6.4%	-2.8%
Long-trm	**458.3**		**218.2**		**110.0%**
Construction-concessions	458.3	100.0%	218.2	100%	110.0%
TOTAL	**5,457.9**		**6,094.6**		**-10.4%**

M Euros

ALTERNATIVE PERFORMANCE MEASURES

The OHL Group presents its results in accordance with International Financial Reporting Standards (IFRSs) and also uses certain Alternative Performance Measures (APMs) that facilitate better understanding and comparability of the financial information. In order to comply with the guidelines of the European Securities and Markets Authority (ESMA), we hereby disclose the following:

EBITDA: is profit or loss from operations plus the depreciation and amortisation charge plus the change in provisions and allowances.

CONCEPT	2019	2018
Loss from operations	-12,263	-560,957
(-) Depreciation and amortisation charge	68,304	61,493
(-) Changes in provisions and allowances	8,724	3,514
TOTAL EBITDA	**64,765**	**-495,950**

Thousands of euros

Use: performance measure that indicates operating results, excluding non-cash items. This is used by analysts and investors to measure operating performance and relate it to indebtedness.

Comparison: comparative amounts for different periods are presented.

Recourse EBITDA: total EBITDA, including interest income and excluding certain losses arising from other expenses, in certain cases with no effect on cash (e.g., contract revision losses, collective redundancy procedures, etc.), less the EBITDA of the project companies, and including dividends paid to the parent by the project companies.

CONCEPT	2019	2018
TOTAL EBITDA	64,765	-495,950
(+) Interest income	20,575	21,737
(-) EBITDA of project companies	-4,326	-3,429
(-) Finance income of project companies	-	-
(+) Dividends of project companies	-	567,637
(-) Non-recurring expenses	-	67,300
TOTAL RECOURSE EBITDA	**81,014**	**157,295**

Thousands of euros

Use: aggregate used to calculate contractual clauses.

Comparison: comparative amounts for different periods are presented.

Project companies: companies for whose debt there is no recourse to the Parent OHL, S.A.

EBIT: calculated on the basis of the following line items in the consolidated statement of profit or loss: “Revenue”, “Other Operating Income”, “Operating "Expenses”, “Staff Costs”, “Depreciation and Amortisation Charge” and “Changes in Provisions and Allowances”.

Use: aggregate indicating profit or loss from operations.

Comparison: comparative amounts for different periods are presented.

Gross borrowings: groups together the balances of the "Non-Current Liabilities - Debt Instruments and Other Marketable Securities", "Non-Current Liabilities - Bank Borrowings", "Current Liabilities - Debt Instruments and Other Marketable Securities" and "Current Liabilities   Bank Borrowings" headings on the liability side of the consolidated balance sheet, including bank borrowings and bonds.

CONCEPT	2019	2018
Debt instruments and other marketable securities (non-current)	587,887	659,298
Non-current bank borrowings	150	1,659
Debt instruments and other marketable securities (non-current)	83,691	14,132
Current bank borrowings	57,380	65,869
TOTAL GROSS BORROWINGS	**729,108**	**740,958**

Thousands of euros

Use: gross borrowings are used to measure the level of indebtedness and to determine the financial structure.

Comparison: comparative amounts for different periods are presented.

Net borrowings: made up of gross borrowings less "Other Current Assets" and "Cash and Cash Equivalents" on the asset side of the consolidated balance sheet.

CONCEPT	2019	2018
Gross borrowings	729,108	740,958
(-) Current financial assets	-229,010	-222,482
(-) Cash and cash equivalents	-555,442	-814,434
TOTAL NET BORROWINGS	**-55,344**	**-295,958**

Thousands of euros

Use: net borrowings are used as an indicator of the Company’s solvency.
Comparison: comparative amounts for different periods are presented.

Non-recourse borrowings (gross or net): the borrowings (gross or net) of the project companies.

Recourse borrowings (gross or net): total borrowings (gross or net) of the project companies less non-recourse borrowings (gross or net).

Use: non-recourse borrowings (gross or net) are used to measure the level of indebtedness without recourse to the parent.

Comparison: comparative amounts for different periods are presented.

Infrastructure service Santo Tomé del Puerto. Segovia. Spain.

Backlog: short- and long-term unearned revenue from contracts awarded. Once they have been formalised, these contracts are included in the backlog.

- Short-term backlog: represents the estimated unearned Construction, Industrial and Services revenue, and also includes expected revenue from changes in contracts or additional work estimated on the basis of the percentage of completion of the projects.
- Long-term backlog: represents the estimated future revenue of the concessions, over the concession term, based on the related financial plan and including estimates of changes in the exchange rates between the euro and other currencies, inflation, prices, tolls and traffic volumes.

Use: an indicator of future revenue.

Market capitalisation: number of shares at the end of the period multiplied by the share price at the end of the period.

	2019
Number of shares at end of period	286,548,289
Market price at end of period	1.06
MARKET CAPITALISATION (millions of euros)	303.7

Earnings per share (EPS): profit or loss attributable to the Parent divided by the average number of shares in the year.

	2019
Loss attributable to the Parent	-142.960
Average number of shares	286,052,416
LOSS PER SHARE	-0.50

Thousands of euros

PER: share price at the end of the period divided by the earnings per share for the last 12 months.

The above financial indicators and alternative performance measures (APMs), the use of which facilitates a better understanding of the financial information, are calculated by applying the principles of consistency and uniformity, which allows comparability between periods.

	2019
Market price at end of period	1.06
Loss per share	-0.50
PER	-2.12

SHAREHOLDER AND INVESTOR RELATIONS

Stock market information

Obrascón Huarte Lain S.A.'s shares increased in value by 62.6% in 2019, a transition year for the Company, increasing the market capitalisation to EUR 303.7 million at 31 December 2019.

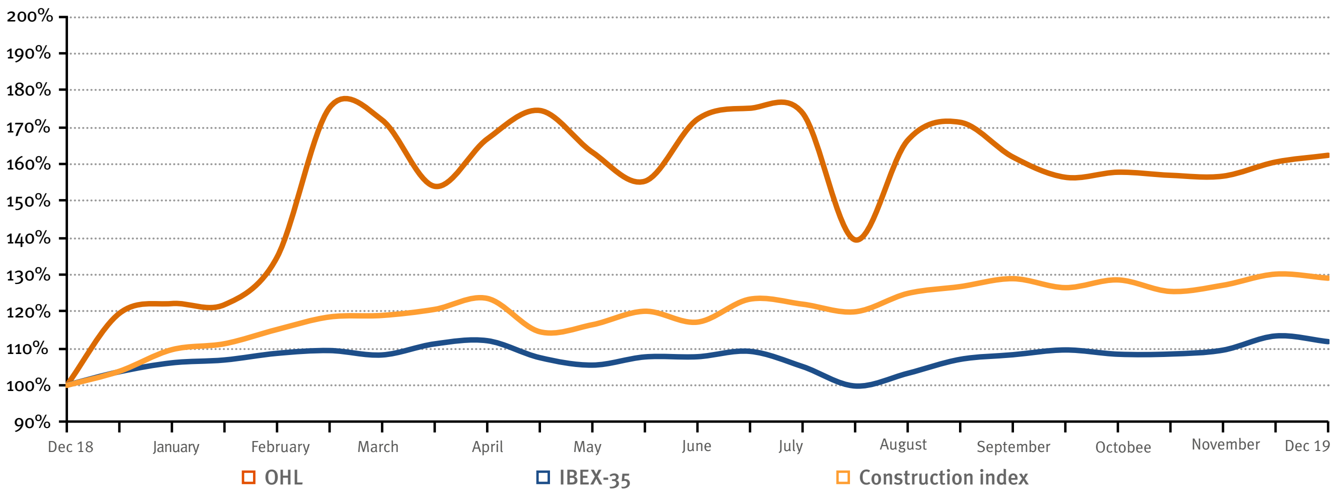
OHL on the spanish stock market interconnection system

OHL ON THE STOCK MARKET. OHL STOCK MARKET INDICATORS IN 2019

OHL S.A.	31/12/2019
OHL closing price	1.0600
OHL YtD share price perfomance	62.6%
Maximum price	1.3850
Minimum price	0.6500
Average price	1.0330
Treasury shares	515,037
Value of treasury shares	545,939
% OHL treasury shares	0.180%
Total number of OHL shares	286,548,289
Nominal value of OHL share capital	171,928,973
Nominal value of OHL share capital per share	0.60
Market capitalisation (Eur million)	303.7
Number of shares traded in the year	725,660,233
Number of shares traded daily in the year	2,845,726
Traded shares as a % of total shares	253.2%
Effective volume traded in the year	749,890,406
Average effective volume traded per day	2,940,747
Total days traded in the year	255
IBEX-35 index	9,549.2
IBEX-35 YtD perfomance	11.8%
Construction index in Spain	1,800.0
Construction index YtD perfomance	29.1%
Gross dividend paid in the year	0.00
Net dividend paid in the year	0.00

Source: Bolsas y Mercados Españoles & Bloomberg

OHL SHARE PERFOMANCE IN 2019



At 31 December 2019, the share capital amounted to EUR 171,928,973.40, represented by 286,548,289 ordinary shares of EUR 0.60 par value each and all of the same class and series.

In 2019 the share reached a maximum closing value of EUR 1.3850 per share in March and a minimum closing value of EUR 0.6500 per share in January, which gives an average price over the whole year of EUR 1.0330 per share. In 2019 a total of 725,660,233 shares were traded on the stock market (253.2% of the total shares admitted for trading), which represents a fall of 5.2% with respect to 2018. The daily average stands at 2,940,747 shares.

The Company ended the year with 515,037 treasury shares tied, in full, to its liquidity agreement, equal to 0.180% of the Company's current capital, a position that remained stable throughout 2019. The position at the year-end closing price amounted to EUR 545,939 thousand.

The performance of the IBEX 35 and the Construction index in Spain showed increases of 11.8% and 29.1% respectively, lower than that of OHL

OHL BOND ISSUES CURRENTLY OUTSTANDING IN THE MARKET

OHL currently has three outstanding bond issues in the market, which are traded in London. The most relevant data on the bonds issued are as follows:

ISSUER	MATURITY	CUPON RATE	OUTSTANDING BALANCE	PRICE	YtM
OHL.S.A.	March 2020	7.625%	73	100.009%	7.408%
OHL.S.A.	March 2022	4.750%	323	70.018%	22.830%
OHL.S.A.	March 2023	5.500%	270	69.638%	18.483%

COMMUNICATION WITH SHAREHOLDERS, INVESTORS AND ANALYSTS

In 2019 roadshows were run in Spain and abroad, and the Company participated in various forums and seminars. The Annual General Meeting was held in May. Both the presentation of year-end results and the Annual General Meeting, due to their importance, were streamed (through the Company's website), to make it easier for the various stakeholders to follow them.

Since 2011 the Company has made quarterly presentations of results through conference calls, in which OHL's management team establishes a direct communication with the financial community.

TAX CONTRIBUTION

The Company complies with all the tax obligations that arise as a result of its business activity in accordance with the rules applicable in each of the jurisdictions in which it operates, thereby implementing its tax policy.

The following table contains the amounts paid by the Group companies to the public authorities in 2019 in the various jurisdictions in which they operate, making a distinction between taxes borne, which represent a cost for the Group, and taxes collected on behalf of third parties, which have no impact on the Group's statement of profit or loss.

COUNTRY	TAXES BORNE (1)	TAXES COLLECTED (2)	TOTAL	% OF TOTAL
Spain	75,648	73,115	148,763	59.3%
US and Canada	14,880	10,074	24,954	10.0%
Chile	2,882	16,532	19,414	7.7%
Peru	4,345	10,994	15,339	6.1%
Mexico	4,657	8,673	13,330	5.3%
Eastern Europe	11,470	98	11,568	4.6%
Colombia	1,786	747	2,533	1.0%
Other	4,413	10,449	14,862	5.9%
TOTAL	**120,081**	**130,682**	**250,763**	

(1) Including mainly income tax and employer social security contributions.

(2) Containing primarily employment-related taxes borne by employees and VAT collected.

Thousands of euros

The most significant item in the group's tax contribution was that relating to employment taxes, which amounted to EUR 169,142 thousand.

The payment of income tax incurred on the activity of the group companies amounted to EUR 10,283 thousand. The distribution of this amount, by country, is as follows: Spain 15%; US and Canada 47%; Chile 4%; Peru 12%; Mexico 11%; Eastern Europe 3%; Colombia 8%.

PROFIT OR LOSS BEFORE TAX	2019
Spain	-123,259
Saudi Arabia	3,252
Algeria	-1,474
Czech Republic/Eastern Europe	-441
Chile	48,305
Colombia	-12,532
Kuwait	-3,266
Mexico	6,387
Peru	15,211
Qatar	-22,005
Turkey	-2,267
US and Canada	-913
Vietnam	-373
Australia	-1,434
Other countries	-26,850
TOTAL	**-121,659**

Thousands of euros

GOVERNMENT GRANTS COLLECTED	2019
Government grants collected	30

Thousands of euros
Excluding information on grants for training.

Follo Line high-speed rail project, which will connect Oslo with the municipality of Ski, in Norway.

Non-financial information

PEOPLE

PROFILE OF THE HUMAN TEAM

OHL considers its human team to be one of its core assets. These people exemplify talent and professionalism, and their behaviour is in line with the principles set out in the Code of Ethics. In addition, the Company is committed to the employability of its workers, their professional development and the promotion of safe and healthy workplaces.

The number of people at OHL at 31 December 2019 was 18,782, up 2.2% on 2018, with two more companies included in the scope of consolidation[1]. In addition to direct employment, the Company contributed to the indirect maintenance of 10,868 jobs, through associates, suppliers and subcontractors, who are required to have the same level of commitment as other OHL employees.

(1) The companies included are: Consorcio AIA (Chile) and Gizatzen (Spain).

DISTRIBUTION OF THE WORKFORCE BY PROFESSION, AGE AND GENDER

				<30		30-45		46-55		>56	
	TOTAL	**MEN**	**WOMEN**	**M**	**W**	**M**	**W**	**M**	**W**	**M**	**W**
Senior executives	11	11	0	0	0	1	0	5	0	5	0
Senior managers	58	51	7	0	0	10	4	29	3	12	0
Managers	308	273	35	10	2	97	20	109	11	57	2
Supervisors	1,313	1,095	218	53	18	464	108	368	63	210	29
Other line personnel	2,337	1,799	538	300	122	856	312	421	80	222	24
Clerical staff	897	410	487	105	98	175	224	87	134	43	31
Manual workers	13,858	7,127	6,731	1,064	499	2,734	1,798	2,107	2,520	1,222	1,914
TOTAL	**18,782**	**10,766**	**8,016**	**1,531**	**739**	**4,337**	**2,466**	**3,126**	**2,811**	**1,771**	**2,000**

M: Men / W: Women.

CONTRIBUTION TO THE MAINTENANCE OF INDIRECT EMPLOYMENT

DIVISION	**SUBCONTRACTORS**	**WORKERS FROM SUBCONTRACTED COMPANIES**
Construction	1,298	7,569
Industrial	196	1,943
Other activities	8	30
Services	663	1,326
TOTAL OHL	**2,165**	**10,868**

*The induced employment corresponds to 100% of the estimated workforce of the subcontractors without weighting the volume of transactions with OHL.

DISTRIBUTION OF THE WORKFORCE BY GEOGRAPHICAL AREA AND TYPE OF CONTRACT

	PERMANENT	TEMPORARY	TOTAL
Spain	6,821	2,716	9,537
North America	983	680	1,663
Latin America	3,606	2,307	5,913
Europe	1,330	213	1,543
Other	48	78	126
TOTAL OHL	**12,788**	**5,994**	**18,782**

TYPE OF CONSTRUCTION AND INDUSTRIAL CONTRACTS IN SPAIN

	<30				30-45				46-55				>56			
	PERMANENT		TEMPORARY		PERMANENT		TEMPORARY		PERMANENT		TEMPORARY		PERMANENT		TEMPORARY	
	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W
Senior executives					1				3				5			
Senior managers					3	1			13	1			8			
Managers					13	6			32	3			13			
Supervisors	1	2	2	2	120	28	6	2	125	19	6	2	70	4		
Other line personnel	11	7	16	8	172	84	41	17	148	25	40	3	69	1	10	
Clerical staff		1	1	4	13	48	2	4	23	55	5	5	14	5	2	
Manual workers	1		25	1	71	2	133	3	66		94	2	42		22	2
TOTAL	**13**	**10**	**44**	**15**	**393**	**169**	**182**	**26**	**410**	**103**	**145**	**12**	**221**	**10**	**34**	**2**

M: Men / W: Women.

In the Construction and Industrial businesses there is not a significant number of part-time contracts. With regard to temporary contracts, of the total number of women workers of OHL, more than 80% belong to the Services Division, and due to the nature of the activity, the staff usually have temporary contracts. 53.7% of the employees of Services Spain (Gizatzen and Ingesan) have part-time contracts, the breakdown being as follows.

	<30				30-45				46-55				TOTAL	
	PERMANENT		TEMPORARY		PERMANENT		TEMPORARY		PERMANENT		TEMPORARY			
	M	W	M	W	M	W	M	W	M	W	M	W	M	W
Mandos Intermedios					1				1					2
Técnicos		3		6	1	5	1	1		3				21
Administrativos			1	1		2	1	2				1		8
Operarios	26	104	37	211	102	1.005	42	484	63	869	29	481	24	4.127
TOTAL	**26**	**107**	**38**	**218**	**104**	**1.012**	**44**	**487**	**64**	**872**	**29**	**482**	**24**	**4.158**

M: Men / W: Women.

TYPES OF CONTRACT AT INTERNATIONAL LEVEL

	PERMANENT			TEMPORARY		
	W	M	TOTAL	M	V	TOTAL
Europe	232	1,098	1,330	32	181	213
Latin America	1,312	2,294	3,606	305	2,002	2,307
North America	149	834	983	17	663	680
Other	6	42	48	11	67	78
TOTAL	**1,699**	**4,268**	**5,967**	**365**	**2,913**	**3,278**

M: Men / W: Women.

FURTHER INFORMATION

Other HR aggregates

Information on freedom of association and collective bargaining

OHL is committed to respect for freedom of association and the right to collective bargaining. Also to non-discrimination, the protection of all workers regardless of condition or gender, and for decent conditions in employment in its broadest sense, which applies to the welfare of all its workers.

DIVERSITY AND EQUAL OPPORTUNITY

OHL understands diversity as a condition of great importance in people management and is aware of the added value of having a pluralistic workforce in the business environment. Its management is considered as an asset that favours the creation of competitive and complementary teams, the promotion of a better response to the expectations of stakeholders and adaptation to the varying situation in which the Company operates.

Also, the Company has an active commitment to diversity and equal opportunity, which is manifested through its policies, adhesion to international initiatives that deal with this matter and through the development of measures that facilitate the integration of employees and avoid discrimination of any type.

CEO ALLIANCE FOR DIVERSITY

OHL adheres to the CEO Alliance for Diversity, through its chief executive officer. The initiative, promoted by the Adecco Foundation and the CEOE (Spanish Confederation of Business Organisations), aims to unite companies around a common and innovative vision of diversity, fairness and inclusion, and to accelerate the development of strategies that contribute to business excellence, the competitiveness of talent and the reduction of inequality and exclusion in Spanish society.

CEO LA DIVERSIDAD

FUNDACIÓN CEOE

FUNDACIÓN ADECCO

Gender equality

OHL is currently negotiating its III Equality Plan, so the Company's Equality Commission has agreed to extend the validity of the II Equality Plan until 30 June 2020, fully confident that both the Company and the legal representatives of the workers will reach an agreement before the end of the agreed-upon extension.

In 2019 specific training continued to be given. Thus, a total of 1,121 students have taken the course on the Company's Equality Plan, with 2,242 hours of instruction.

In addition, in Services, a course was given on the *Use of inclusive, non-sexist language in the workplace,* aimed at core and business personnel, managers, and heads of area in the Technical Office, Human Resources, General Services, Administration and Occupational Risk Prevention. A total of 146 students participated and 292 hours of training were given.

3.1% disabled people at the group companies in Spain, exceeding legal requirements

1,8% people with disabilities and 10.6% people from ethnic minorities of the total number of workers at OHL Group companies

Employment integration plan for vulnerable groups

Work continued to promote the employability of people with different abilities, victims of gender violence or people at risk or in a situation of social exclusion. Also, the creation of local employment was favoured, within the framework of works and projects, especially for vulnerable and low-qualified profiles.

In 2019 167 people with disabilities joined OHL, along with 20 people from groups suffering social exclusion, and 5 victims of gender violence joined the workforce of Services in Spain.

In addition to generating employment opportunities, the employees of OHL participated in initiatives to promote the employability of these groups, giving workshops with a total of 42 hours of training, within the framework of the Company's professional volunteering programmes, thanks to which 186 people have improved their employability.

TALENT MANAGEMENT

Attracting talent

Within the framework of the Young Talent programme, ten recently qualified civil engineers joined various construction projects in Peru and Colombia in 2019, such as Quellaveco and Antamina (mining), the Omate road (road) and the National Archaeology Museum (singular building). In Colombia, the Cúcuta aqueduct, the Málaga-Los Curos road and the Cordillera Central are of particular note. All of them will follow the training programme to develop professionally at OHL.

FURTHER INFORMATION

Other HR aggregates

People development and performance management

Professional development and career opportunities constitute one of the main pillars of people management at OHL. The Company has a Performance Management System that allows employees to be aligned with the Company's values, strategic business objectives and shareholders' interests, taking into account the results of the evaluation of competencies and the assessment of objectives, thanks to which the level of performance of the employees is obtained. The system currently extends up to the professional group of middle managers, although the Company's intention is that it extend to other groups in the future.

This information enables the Company to undertake certain actions related with talent management. Of special note are the assignment of specific training plans;

the definition of professional itineraries; the design of professional development plans; the evaluation of employees' potential to assume new responsibilities; and the preparation of succession plans or their application to certain processes related to the remuneration policy.

Remuneration and benefits

OHL's remuneration system is based on criteria of objectivity, fairness and competitiveness, according to the business strategy, and is designed with the aim of attracting, retaining and engaging all employees in the Company's global project. The model is endorsed by the Nomination and Remuneration Committee of the Board of Directors, aligning the competitiveness of salaries with the interests of shareholders.

The remuneration and salary band structure policies are the result of the analysis and description of posts, professional groups and organisational levels, with a specific positioning with respect to the market according to the level of competitiveness required by the business in each case.

On the other hand, a Variable Remuneration System (VRS) has been defined for the management team, the purpose of which is to promote the achievement of the objectives that the Company considers strategic at all times for the development of its business, based on the definition of an Objectives Management System (OMS) that includes the Company's economic and individual management objectives.

Knowledge management

OHL has a firm commitment to the training of all its employees, the aim of which is to respond to the specific needs of each position and to be of use in terms of how the person in question performs. The global and flexible nature of the training plans is particularly noteworthy, as they adapt to the organisational changes and specific needs of each activity, business and geographical area in which the Company is present.

The 2019 Training Plan included actions related to technical and production aspects, common and specific to each business, as well as areas of a transversal nature, among which those aimed at providing and facilitating tools for the management of teams and acquiring skills for the integral development of employees are noteworthy. Furthermore, corporate training was expanded, the main objective of which is to integrate, raise awareness and sensitise all employees to the policies, culture and values of OHL. The Plan is global in scope and is communicated to all employees, irrespective of the professional group or geographical area; in Spain, the approval of the workers' representatives of each work centre is sought prior to its launch.

In 2019, 4,864 students were trained on 159 different courses in Spain, with a total of 76,432 hours of training.

In addition, PHAROS, an international platform for access to training and knowledge, with universal access to a catalogue of more than 24,000 training hours, provided a new window onto knowledge for all countries. It is based on a delocalised methodology, where the student can access a personalised training itinerary that invites and motivates continuous training, and is key to achieving excellence among the Company's professionals. In 2019 there were 215 students enrolled on the more than 300 courses, with a total of 3,360 hours of training.

FURTHER INFORMATION

Social benefits for employees, work-life balance measures and disconnection from work measures

TRAINING BY TRAINING AREA AND GENDER

	PARTICIPANTS			HOURS OF TRAINING									
	GENDER		TOTAL	T.A. UNPLANNED		COMMON AREAS		BUSINESS AREAS		TRANSVERSAL AREAS		TOTAL HOURS	
	M	W		O	CB	O	CB	O	CB	O	CB	O	CB
Construction and Corporate	5,017	743	5,760	26,878	7,610	5,692	1,217	3,185	753	4,361	29,813	40,116	39,393
Industrial	3,192	200	3,392	15,263	1,248	1,346	836	3,155	8	1,556	2,155	21,320	4,247
Services	932	1,604	2,536	10,706	11,552	726	-	2,365	2,486	3,770	2,787	17,567	16,825
TOTAL	**9,141**	**2,547**	**11,688**	**52,847**	**20,410**	**7,764**	**2,053**	**8,705**	**3,247**	**9,687**	**34,755**	**79,003**	**60,465**

O: Online / CB: Classroom based M: Men / W: Women

TRAINING BY PROFESSIONAL CATEGORY AND GENDER

	SENIOR EXECUTIVES		EXECUTIVES		MANAGERS		SUPERVISORS		OTHER LINE PERSONNEL		MANUAL WORKERS		CLERICAL STAFF		TOTAL	
	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W
Construction and Corporate	260	85	1,570	270	3,791	634	15,210	1,843	16,828	7,869	25,189	1,007	1,142	3,812	63,989	15,520
Industrial	-	-	57	-	97	-	5,101	421	9,029	2,826	4,472	79	2,899	586	21,655	3,912
Services	70	-	539	169	75	-	6,908	3,712	3,478	2,023	11,112	4,843	460	1,003	22,642	11,750
TOTAL 2019	**330**	**85**	**2,166**	**439**	**3,963**	**634**	**27,219**	**5,976**	**29,335**	**12,718**	**40,773**	**5,929**	**4,501**	**5,401**	**108,286**	**31,182**
TOTAL 2018*	**173**	**93**	**1,320**	**1,097**	**5,105**	**2,200**	**12,960**	**6,601**	**30,310**	**15,110**	**33,044**	**12,374**	**4,078**	**5,637**	**86,990**	**43,112**

*The 2018 training hours of Turkey (38,653) and those of Services at Ingesan Chile (1,384) have not been broken down by professional category and, therefore, they are not in the total of the table.

In relation to training, it can be observed in the foregoing tables that in 2019 there was a higher number of men trained, compared with women, at the Company. More than 85% of OHL's workforce works in production, and this group receives the most training, especially in occupational risk prevention, and the percentage of women working in production is very low. Also, if workforce data are considered and compared with training data, it can be seen that most of the women hired at OHL are in the Services Division, while the greatest number of training actions are implemented in the Industrial and Construction divisions.

TOTAL 2018	TOTAL 2019	YEAR-ON-YEAR CHANGE
170,139	139,468	-22%

HEALTH AND SAFETY

In 2019 the internal and external audit process continued, the Company having achieved ISO 45001 certification in Occupational Risk Prevention for Construction in Europe and Latin America and for the Services business area.

The ISO 45001 certification has led to significant improvements with respect to the OHSAS 18001 standard:

- The business strategy and the leadership of senior management have been strengthened.
- The importance of developing the context of the organisation has increased.
- More effective risk management has been favoured, considering both negative and positive effects, taking advantage of the opportunities generated by them.
- Compliance with legal requirements has become more demanding, and a high-level structure has been established, making it easy to integrate with the main standards implemented, such as ISO 9001:2015 (Quality Management) and ISO 14001:2015 (Environmental Management).

The number of sites with occupational risk prevention certificates (ISO 45001) is 41, distributed across 15 countries, under the umbrella of the IMS, representing 93.7% of the total number of sites

In addition, during the year the National Commission for Health and Safety in the Workplace was set up in order to guarantee the participation of all construction workers in Spain.

OHL has health and safety committees which have the following objectives: to guarantee participation and permanent communication between prevention supervisors, prevention delegates, prevention technicians, trade union officials, and managers and heads of the various work centres of the Company's divisions; as well as preventive surveillance and coordination of activities, with the participation of representatives of the Company's own workers and subcontractors.

The main issues dealt with in the committees are related to the results of the audits carried out, monitoring of accident rates, medical examinations, training activities and Personal Protective and Safety Equipment (PPE), among other aspects.

A major commitment to training remains in place, which is considered to be a key tool in the integration of safety in the production process and the basis of self-care for all employees. In this regard, the Construction and Industrial business areas have continued to hold on-site safety talks given by the production teams (toolbox meetings).

105,272 training hours in toolbox meetings

	HOURS TOOLBOX MEETING
Construction	83,660
Industrial	21,294
Services	318
TOTAL	**105,272**

ACCIDENT RATES

	FREQUENCY RATES		SEVERITY RATE		INCIDENCE RATE	
	2018	**2019**	**2018**	**2019**	**2018**	**2019**
Construction	8.5	5.8	0.3	0.3	1,861.1	1,232.1
Industrial	3.6	2.2	0.1	0.2	1,636.2	485.9
Services	36.6	29.7	1.1	1.0	6,346.5	5,243.2
TOTAL	**15.8**	**15.9**	**0.5**	**0.6**	**3,490.9**	**3,124.3**

F.R. = Number of accidents with sick leave * 1,000,000/No. of hours worked.
S.R. = Number of days lost * 1,000/No. of hours worked.
I.R. = Number of accidents with sick leave * 100,000/No. of workers.
Health and safety measures are applied equally at OHL, with no gender differences.
Commuting accidents are excluded.

	ACCIDENT RATES (2018 vs 2019)
Frequency rate	0.8%
Severity rate	17.2%
Incidence rate	-10.5%

The increase in the severity rate corresponds to the Industrial Division and is the result of an extensive accident at the Guadalajara (Mexico) project, as well as the continuation in 2019 of days' leave from another accident that occurred in December 2018 in Murcia (Spain), none of which was extremely severe in terms of injury, but which required a long recovery. Accordingly, it should be noted that any statistical analysis of accidents must be framed within a minimum number of hours worked, which as a general rule is around 250,000, in order to consider the indicators analysed as significant, both upwards and downwards. Therefore, beyond the days lost as a result of an accident considered serious, because of the recovery time of the worker, not because of the type of accident or injury that occurred, the changes in these rates are not significant from a statistical or management standpoint.

NUMBER OF ACCIDENTS AND SEVERITY BROKEN DOWN BY GENDER

	MEN		WOMEN		TOTAL	
	MINOR	**SERIOUS**	**MINOR**	**SERIOUS**	**MINOR**	**SERIOUS**
Construction	67	30	9	-	76	30
Industrial	5	-	-	-	5	-
Services	85	18	293	82	378	100
TOTAL	**157**	**48**	**302**	**82**	**459**	**130**

The Chilean Safety Association has honoured OHL Chile and OHL Industrial for their good safety performance in 2019

CUÍDATE OHL

In 2019, in association with Quirón Prevención, the healthy company programme CUÍDATE OHL was initiated. The program was created to develop the skills of each worker, focusing on:

- Cognitive Development
- Emotional Development
- Behavioural Development

The expected benefits of the implementation of this programme are as follows:

- Promote employee health
- Decrease occupational accidents and ill-health
- Improve the work climate, participation, commitment and motivation of workers
- Reduce stress

OHL also joined the Health and Sustainability Action Group, coordinated in Spain by Forética, to promote health and welfare as a fundamental axis of sustainability and corporate social responsibility.

In addition, the Company participated in various forums and meetings to reflect on and share good practices in the area of health and safety. Of particular note were *The engineer, obligations and competencies in occupational risk prevention* workshop, held at the School of Industrial Engineering (ETSIIM); the 3rd National Congress of the General Council of Occupational Health Professionals; the *ISO 45.001 Integration workshop; AIAL-PRL's Management of Occupational Risk Prevention in International Mobility; Best practices in international management of occupational risk prevention; and the ABG Personas meeting on Experience and reflections on international mobility and prevention.*

During the process of preparing this report, in keeping with the health crisis caused by the spread of the COVID-19 virus, OHL has created a crisis committee with the aim of protecting the health of its employees, always in accordance with the criteria set by the health authorities.

HUMAN RIGHTS

OHL reinforced its commitment to respect for human rights (HR), by launching a questionnaire on this subject in 2019, which enabled the Company's performance to be evaluated. This campaign was global in scope and addressed a diverse and representative range of construction sites and projects.

This project favoured internal awareness of respect for and compliance with human rights, while at the same time identifying areas of work with potential for improvement and in which, foreseeably, in 2020, plans will be implemented to increase the Company's standards of action.

FURTHER INFORMATION

Note on Events after the Reporting Period included in the financial statement for 2019

- 72 assessments of construction sites, projects and fixed centres.
- 17 countries and 3 divisions: Construction, Industrial and Services
- 75 questions in 10 main subject areas
- 94,6% of responses without incident

Ethical, social and environmental commitments undertaken by OHL	Working hours, remuneration and rest
Impact on the community	Health and safety
Forced labour	Child labour
Freedom of association	Non-discrimination
Fair treatment	Supply chain

The campaign did not give rise to any significant incidents, although the following areas of potential improvement were identified:

Actions aimed at employees:

- Provide workers with more information about their job description and salary conditions.
- Improve communication and knowledge of the communication channels between the Company and the workers in order to address workers' proposals, complaints and concerns.

Actions related to the impact on the community

- Inclusion of HR awareness clauses in contracts with security companies.
- Conducting security risk assessments that include HR-related issues.
- Favouring greater integration with the community, by appointing people responsible for this task and creating communication channels and consultation processes relating to impacts and concerns.
- Creation, where appropriate, of work/project completion plans that guarantee that the negative effects on the area do not last.

OHL's commitment in this area is reflected in its adherence to: the Universal Declaration of Human Rights and the Global Compact, both promoted by the United Nations; the International Labour Organization's Tripartite Declaration on Fundamental Principles and Rights at Work; and the OECD Guidelines, among others. Also, the Company expressly states, through its HR Policy, its commitment to respect and protect the human rights of the people who are part of the Company, its supply chain and the communities affected by its activity.

FURTHER INFORMATION

https://www.ohl.es/en/ethics-and-integrity/policies/

INNOVATION AND EXCELLENCE

INNOVATIVE CULTURE AND R&D+I

OHL promotes the R&D and innovation activities required to obtain and apply new technologies, processes, products and services that will enable it to increase productivity, reduce costs, increase its competitive capacity and set itself apart from its competitors. Over the last two decades, this drive has resulted in the development of and/or participation in more than 300 projects that include agreements with 50 research centres and universities in 12 countries. Also, in the generation of dozens of innovations in construction projects across the five continents that have been brought back and applied in other projects.

These activities have led to production improvements and innovative construction solutions, some of which are protected by 12 families of patents currently in force in 28 countries; and even to proprietary technologies that have achieved an outstanding position in the market, such as Cubipod, an internationally award-winning maritime security system with experience and contracts for application in ports and coasts in Europe, Africa and the Americas.

SIGNIFICANT ACTIONS IN 2019

In line with other areas and activities of the Company, for OHL 2019 represented the culmination of a period of transition in R&D and innovation management. In 2019 the Innovation Policy was renewed and the Construction Innovation Committee was set up, in which the Company's senior management is present and the main lines of action in this area are established on an annual basis.

The R&D and innovation activities in 2019 focused, within the core activity of the Company (Construction), on the lines of civil engineering projects, singular building construction and the enhancement of processes. Both at the Parent and at the specialised subsidiaries, projects continued to be implemented and work performed on defining new initiatives in the fields of rail, maritime, road and sustainable building, which commenced at the beginning of 2020. In these new projects, agile development methodologies and collaborative work are promoted.

With respect to the projects already initiated and in progress at the end of 2019, the last phase of the European project AZEB (Affordable Zero Energy Buildings) is worthy of particular mention. This consortium, financed by the European Commission, made up of eight partners from six countries and with OHL as the only Spanish construction company, has developed a common methodology to achieve buildings with close to zero energy consumption.

With regard to process improvement, the renewed impetus given to the implementation of the BIM (Building Information Modelling) methodology, as part of the Company's digitalisation strategy, should be noted. In 2019, the strands of work, developed by a multidisciplinary team of 40 people from different geographical areas and departments, were updated. This group is working on defining and updating standards, guidelines and processes oriented towards BIM uses. In addition, the Company's BIM Community of Practice was set up, a key tool for supporting the people who are progressively joining the work with this methodology at the Company.

In 2019 Services progressed in its digital transformation strategy with the organisation of working groups to define its key areas of innovation in the short to medium term. It also

Use of drone to control slopes on the A-1 motorway. Spain.

made headway in the gradual implementation of strategic technological tools, aimed at generating operational efficiencies and exploring new value proposals for its customers.

INDUSTRY BENCHMARKS IN R&D+I

As an industry benchmark in digital transformation and BIM, in 2019 OHL was invited to share its experiences in Madrid and A Coruña (both in Spain); Santiago de Chile (Chile) and Lima (Peru), at events organised by entities such as the Spanish Construction Technology Platform (PTEC), of which OHL is trustee; Universidad Politécnica de Madrid (Spain); EXPOBIM Chile (Chile); Autodesk; and the Peruvian Chamber of Construction (CAPECO).

The 5th Madrid Civil Engineering Week also stands out for its uniqueness, organised by the Civil Engineers' Association under the slogan *Innovate to move forward,* to which OHL contributed with a workshop on innovative road surfaces, visits to emblematic construction projects and two demonstrations of its proprietary technologies exhibited in the Innovation Tunnel space, which was visited by over 33,000 people.

QUALITY MANAGEMENT

OHL has implemented -strongly internalised by the organisation- an integrated management system (IMS) for the prevention of occupational risks (ISO 45001), quality (ISO 9001) and the environment (ISO 14001) in its current version.

Since the IMS is based on a Project Management Plan (PMP), the decision was made to take a cross-cutting approach to quality management in order to guarantee compliance with contractual and regulatory requirements, as well as the organisation's ongoing improvement process. This process, initiated in 2018, continued through the analysis of risks and opportunities required under current ISO standards, and the understanding of the needs and expectations of the stakeholders, both internally and externally, that may affect the organisation's capacity to attain its expected achievements.

All OHL companies conduct customer satisfaction surveys, for the purpose of gaining an insight into their concerns and the degree of satisfaction with the service provided. They also have a methodology to detect, record and respond to complaints made by customers and users.

Within the fulfilment of the objectives of the management system, in the quality section, worthy of mention is the improvement in the dissemination to the production line of lessons learned in quality and environmental matters, with the sole objective of achieving continuous improvement of the organisation.

In order to optimise processes, and as stated in the section on Significant Actions in 2019 in this chapter, the Company relaunched the implementation of the BIM methodology.

ENVIRONMENT

OHL is committed to the protection and conservation of the environment. The Company works to ensure that its projects respect the environment of the areas in which they are located, in order to reduce the impacts generated by its activity and to encourage the responsible use of natural resources and the development of activities and implementation of measures in favour of the conservation and protection of biodiversity. Furthermore, the organisation considers climate change to be one of the great global challenges faced by humanity.

ENVIRONMENTAL HIGHLIGHTS OF 2019*

PRIMARY LEVEL OF IMPORTANCE	SECONDARY LEVEL OF IMPORTANCE
Energy consumption	Noise and vibration emissions
Consumption of raw materials	Impact on biodiversity, ecosystems, fauna and flora
Water consumption	Dust and particles emissions
Greenhouse Gas Emissions Waste generation	In 2019, the costs of decontamination, prevention and environmental management charged to projects amounted to EUR 814,000. In addition, an environmental investment of EUR 148,148.3 was made. Penalties amounted to EUR 688,275.7.

* In accordance with ISO 14001 standard.

CLIMATE CHANGE

OHL assumes its responsibility in the fight against climate change proactively. It is committed to incorporating, in its business model, different methodologies and procedures that favour the energy efficiency of infrastructures and building projects, while allowing for the reduction of greenhouse gas emissions.

OHL Servicios' fleet of vehicles is largely made up of green vehicles, using hybrid technology, LPG, CNG or which are completely electric.

Thanks to the green fleet, direct emissions into the atmosphere have been significantly reduced in large cities such as Madrid, Barcelona and Seville (Spain), where air pollution is one of the main problems.

This type of initiative is replicated in other projects such as the EPC Ski contract in Norway, where all the vehicles on the site are electric.

At the asphalt plant of the OHL subsidiary ELSAN, in Vallirana, Barcelona (Spain), a liquefied natural gas (LNG) tank was installed to feed the boiler. This installation makes it possible to significantly improve the quality of the combustion gases emitted into the atmosphere and to reduce the polluting emissions of SO_2 and NO_x into the atmosphere.

In the maintenance work of green areas, parks and gardens in the San Blas district of Madrid (Spain), biological control of pests and diseases was carried out with the help of insects such as *Adalia bipunctata,* a natural predator of the aphid *Aphis craccivora,* which affects specimens of *Robinia pseudoacacia.* Thanks to this measure, the use of plant protection products harmful to the environment and health has been avoided.

In the area of climate change, in 2019 OHL made progress on its low-carbon strategy. On the one hand, a working group was set up to draw up and implement a new Emission Reduction Plan that will make it possible to implement reduction measures across all business lines and corporate areas. This Plan will allow OHL to continue along the path of fulfilling its reduction commitments, via actions linked to operations and in accordance with the Company's business model. In this line, it should be noted that, in comparison with 2018, the reduction in emissions (Scopes 1, 2 and 3) in 2019 was 30.6%, excluding the US market, which is not included in the data for 2018.

Furthermore, 2019 was a year in which work was performed on the digitalisation of emissions quantification systems, adapting the calculation methodology and improving reporting, which generates a positive impact on the quality and transparency of information in this area.

Moreover, OHL continued to support investment in sustainability projects that allow it to offset its emissions. Thus, in 2019, a total of 2,000 tonnes of CO_2eq were offset thanks to the investment in a wind power generation project in the Mexican region of Oaxaca.

Production of clean energy at OHL Industrial's Solar PV Plant in Perote (Mexico). The construction of this plant will result in significant savings in emissions in comparison with the use of other energies, since with each KWh generated by solar PV energy, the emission of CO_2 into the atmosphere will be avoided. In total 118.9 MW of installed capacity and 168,000 tonnes of CO_2 avoided each year.

For yet another year, OHL has voluntarily renewed its registration in the Carbon Footprint Register of the Spanish Office for Climate Change, thus obtaining the Calculo seal awarded by that body, which validates the calculations of carbon footprint according to the methodology and principles established by the Ministry for Ecological Transition and the Demographic Challenge.

In consonance with its climate strategy, OHL works to raise awareness among its employees, promoting their knowledge of the global challenge of climate change and its consequences. To this end, an informative and educational news break was launched that offers resources and tools to help understand the causes and effects of climate change, as well as the mechanisms that can help to stop environmental degradation. In addition to this content, 26,674 hours of regular, specific and emergency environmental training were provided. It should be noted that 88% of the information provided on site in 2019 concerned environmental issues.

For the celebration of COP25 Chile, held in December 2019 in Madrid, OHL carried out various campaigns to disseminate and support the process of transformation towards sustainable development and attended some of the main lectures and conferences held.

Lastly, in 2018 OHL actively participated in the Forética Climate Change Cluster, which acts as a benchmark business platform in Spain in the area of climate change.

FURTHER INFORMATION

Environmental perfomance indicators

CIRCULAR ECONOMY

The circular economy, especially in the construction industry, requires the use of a life-cycle approach to the entire production chain. This means taking into account all players and processes, from the extraction of raw materials to waste collection, recycling processes and the production of secondary raw materials, including all construction, maintenance, renovation or demolition processes, among others.

Accordingly, OHL works to ensure that good practices are implemented in all its projects in terms of the circular economy and to promote the reduction, reuse and recycling of waste by reintroducing it into the production cycle through process innovation techniques

Within the framework of ELSAN's ECOSURF project, the recycled material from the milling of bituminous mixtures has been used and recovered in types of layers and types of mixes where it is not normally used. Thus, the use of construction waste such as the material milled using bituminous mixtures is promoted, extending its use in all the bituminous layers of a road section. The aim is to promote the use of methods and materials that minimise the use of natural resources and reduce energy consumption and emissions during the useful life of the surfaces, without compromising user safety.

In Peru, where OHL is building the future National Museum of Archaeology (MUNA), surplus materials such as wood, used to make solid waste storage containers, are being recycled. This recycled material is also used to build access ramps, awareness panels, notice boards and ergonomic office items.

In 2019 more than 290,000 kg of pruning waste from the maintenance and conservation of green areas, parks and gardens in various districts of the Spanish capital, Madrid, (Ciudad Lineal, Hortaleza, Barajas, Valdebebas and Sanchinarro) were used to make mulch, a protective ground cover that serves to retain humidity and create humus. This gesture contributes to the circular economy, and helps to reduce the water footprint and the spread of weeds in natural areas.

OHL is committed to a production model that improves efficiency in the use of resources. In the projects undertaken by the Company, good practice is encouraged, whenever possible, to recover excavated earth and use it as filler material in indoor planters. Also encouraged is the recovery of organic soil to revegetate the areas affected by the work. Thanks to actions of this nature, 47.9% of natural material was reused in 2019. In addition, of the total non-hazardous waste, 43.8% was reused and 3.4% recovered.

The Company is also working on minimising the ecological impact of both daily work in the offices, promoting paperless work spaces and environmentally friendly behaviour, through awareness campaigns, and the operation of the construction projects themselves.

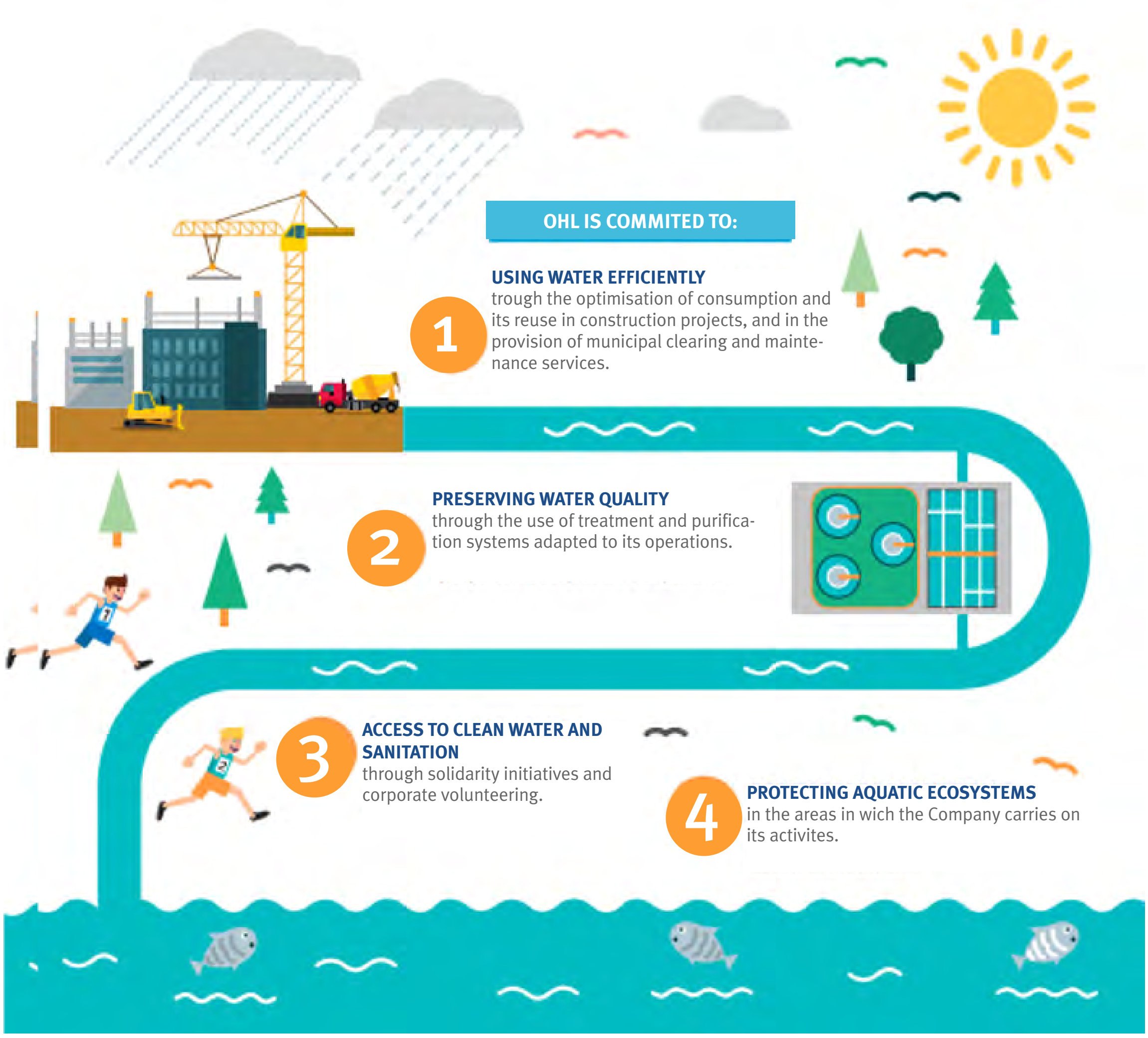
FURTHER INFORMATION

Environmental perfomance indicators

OHL Industrial implemented the OPC tool in the Torre Project (Colombia) and in the implementation phase in the Mantos Blancos Project (Chile). OPC allows for operational control of project documentation on quality and health and safety without the need to print out project information. As a result, paper and ink toner consumption is significantly reduced, and savings are also achieved in waste management itself.

Water management

Water management is always an important issue for OHL, especially in those places where it is a scarce or a difficult resource to access. Therefore, responsible consumption and good use of water resources in projects and activities is encouraged.



An example of these good practices is the reuse of water in construction processes for cleaning roads, which reduces the pollution arising from the emission of dust particles or the reuse of water in watertightness tests, and leads to a reduction in water consumption. OHL also works on the prevention of contamination of water bodies and soil through the timely treatment of spills and protection against discharges of hazardous substances.

Improvement of the ecological status of the river Bečva en Hranic, in the Czech Republic, through the completion of a sewage and storm water drainage system. The system includes two pumping stations and three holding tanks. Thus, the water that drains into the river is pumped and cleaned in a wastewater treatment plant.

OHL gives visibility to its commitment to water management through its membership of the EsAgua platform, an initiative that publicises the Company's good practices in this area, while sharing knowledge with other business organisations and public entities.

BIODIVERSITY

OHL conceives the protection of the natural environment and the conservation of ecosystems as a priority within the framework of its activity. Therefore, it attempts to minimise the impact on biodiversity by designing and implementing preventive, corrective and compensatory measures that reduce the possible negative effects of operations. It also carries out other actions that favour the defence of protected species to such an extent that in certain profiles of projects and with the biodiversity measures applied, the flora and fauna are improved and native species are recovered.

FURTHER INFORMATION

Environmental perfomance indicators

In the Cúcuta Metropolitan Aqueduct project (Colombia), a plan was implemented to handle species subject to use or exploitation restrictions present in the area of the project. Individuals of the family *bromeliaceae* and individuals of the family *cactaceae* were rescued and moved. At the same time, as a way of offsetting the loss of habitat for non-vascular epiphytic species, work is underway to rehabilitate an area of two hectares where 1,160 trees of species native to the area will be planted.

The Company prepares an annual Biodiversity Report which includes details of the areas affected by OHL's activities and the species threatened by the projects carried out by the Company, according to the categories of the International Union for Conservation of Nature (IUCN). The initiatives that affected biodiversity in 2019 were implemented in Colombia, Spain, Mexico, Peru and the Czech Republic and the total number of affected areas was eight.

In the implementation of the ByPass Road construction project in Quellaveco (Peru), a programme of preventive, mitigating and corrective measures was developed that included rescuing protected species of flora, such as *Polylepis rugulosa,* protecting wildlife burrows and identifying and properly signalling domestic wildlife transit to avoid disturbance.

In order to properly carry out the protection work, technical and practical training was provided to site personnel, in order to avoid risks in the extraction and relocation of the *Polylepis rugulosa* specimens.

During the construction of the new train station in Huelva (Spain), work was performed to preserve the Titán tidal marshes, an outstanding ecosystem close to the construction site. To guarantee their protection, various actions were carried out, such as the recovery of the topsoil for subsequent use in the revegetation programme. In addition, materials were reused and a waste collection point was created for the handling of hazardous waste.

OHL is a member of the Spanish Business and Biodiversity Initiative, promoted by the Ministry for Ecological Transition and the Demographic Challenge. Through this platform, good practices in the field of biodiversity are shared and cooperation on projects with the public authorities and companies is encouraged.

SUSTAINABLE CONSTRUCTION

Sustainable construction is a global concept that encompasses not only the efficiency of the construction process and the usability of a building, but also the positive effect on the environment and people's well-being. This is how OHL understands it, which is why it has incorporated the sustainability and energy efficiency criteria of LEED®, BREEAM®, Passivhaus, CES and WELL methodologies into its consolidated know-how in the field of singular building construction.

FURTHER INFORMATION

Biodiversity report

86% of OHL's sustainable construction projects in Spain and the US are carried out under the LEED® scheme. In Europe, OHL has started the construction of several BREEAM® and WELL projects, as a consequence of the increased demand for buildings that meet the requirements of these certifications.

Thus, to date OHL has built 37 projects with sustainable certification.

PROJECTS THAT OBTAINED CERTIFICATES IN 2019

PROJECT	COUNTRY	CERTIFICATION
University of Miami	US	LEED Silver
Pompano Beach Library	US	LEED Gold
Hotel Actual	Spain	LEED Platinum
Brilten office building	Spain	LEED Gold

CONTRIBUTION TO SOCIETY

OHL contributes to society throughout the life cycle of the projects performed, by revitalising the local economy -creating jobs and contracting suppliers- and providing an impetus to social initiatives.

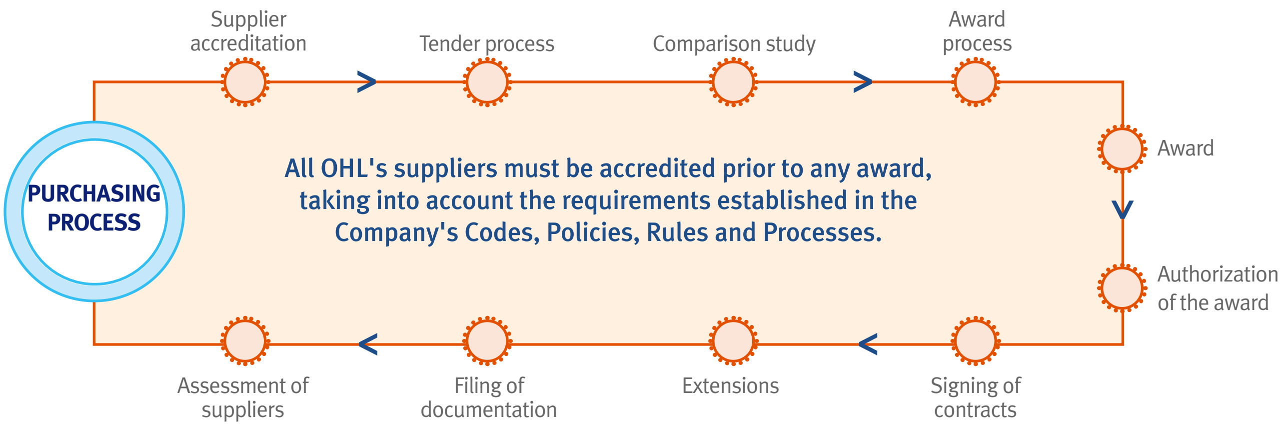
GENERATED AND DISTRIBUTED VALUE (THOUSANDS OF EUROS)

	2019	2018
Generated economic value		
a) Income		
Revenue	2,959,905	2,906,900
Other operating income	86,175	100,903
Finance and other income	22,936	21,737
TOTAL	**3,069,016**	**3,029,540**
Distributed economic value		
b) Operating costs		
Procurements	1,726,202	2,216,741
Other operating expenses	497,187	471,994
c) Employee salaries and benefits		
Staff costs	757,502	814,175
d) Payments to capital providers		
Dividend	0	99,827
Finance costs and exchange differences	54,270	88,561
e) Taxes		
Income tax	21,842	(15,995)
f) Resources allocated to society		
Resources allocated to the community	424.0	843.0
TOTAL	**3,057,427**	**3,676,146**

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

OHL's relationship with its suppliers and subcontractors is characterised by the quest for mutual benefit, offering customers work of the highest levels of quality and assurance.

Under this premise, the Company works to enable its supply chain to meet the best sustainability criteria. The supplier certification process is currently being reviewed in order to include new requirements, such as knowledge of and compliance with the Ten Principles of the UN Global Compact, or the Company's internal commitments, such as the Responsible Purchasing Policy.



In the framework of the railway project performed by OHL in Sweden, between Lund and Arlöv (Malmö), one of the most frequently travelled railway routes in the country, one of the requirements taken into account in choosing corrugated iron and concrete suppliers is the carbon footprint of their products, within certain established limits, as well as the availability of an EDP (environmental product declaration).

As a common requirement for all OHL companies, suppliers considered critical are subject to a Third Party Due Diligence analysis, in which their suitability is assessed from the technical, financial and compliance standpoints.

In 2019 purchasing procedures were created in the various geographical areas in order to adapt the regulations to the countries in which the Company operates.

Also, work was carried out to adapt the corporate purchasing tool in order to comply with the supply chain assessment and monitoring procedure, which will be approved in 2020.

As well as improvements to the purchasing tool, progress was also made in improving the approval flow in the area of assessment and monitoring (certification), which has increased approval responsiveness in the purchasing processes, and enabled the adaptation of the irregularities document to the new procedures.

In 2019 work continued on extending the use of the Purchasing IT System (SIC) to all OHL companies. This is a tool used especially in the area of Construction, created to ensure the traceability of the entire purchasing process in terms of documentary and contractual support, as well as the recording of the entire decision-making process, guaranteeing the transparency of the process and the selection of suppliers on an equal opportunity basis.

Lastly, all types of contracts were reviewed in order to adapt them to the regulatory changes at the Company and the obligations assumed by it, minimise risks and improve understanding and systematisation with a view to a better and more effective application thereof.

2019	NUMBER OF SUPPLIERS	TOTAL PURCHASE VOLUME (€M)*	% LOCAL SUBCONTRACTORS
Construction	14,110	1,872.0	98.0%
Industrial	634	178.3	77.0%
Services	2,451	55.6	100.0%
TOTAL	**17,195**	**2,105.9**	**96.5%**

* Including figures on procurements and outside services

2019	NUMBER OF SUPPLIERS	TOTAL PURCHASE VOLUME (€M)*	% LOCAL SUBCONTRACTORS
Spain	4,075.0	960.2	99.9%
Europe	5,670.0	261.1	96.7%
Latin America	2,938.0	205.8	94.6%
North America	4,107.0	654.9	86.3%
Other	405.0	24.0	79.7%
TOTAL	**17,195.0**	**2,105.9**	**96.5%**

* Including figures on procurements and outside services.

All purchases of computer and paper consumables are environmentally friendly

Green purchases

With respect to the purchases that are made through the Company's general services, environmental management and supplier certification matters are taken into account, aligning them with the objectives of accessibility, sustainability and the safety of OHL's work spaces, adapting to the regulations in force in each country. Also, OHL seeks to establish agreements with suppliers to develop sustainability initiatives on a joint basis.

SOCIAL INVESTMENT

Social management, particularly in the context of the work or projects and from a sustainability perspective, is one of OHL's main commitments with respect to its integration in the communities in which it operates.

The Company is aware of the important role it plays in the countries in which it permanently works, not only by developing infrastructure that improves people's quality of life, but also by actively participating in the revitalisation of the economy and local development, all the while protecting and conserving the environment.

Improvement in the conditions of habitability of spaces used by the population of Sol de Septiembre, within the area of influence of the Curicó Hospital (Chile) construction work. Work was performed to repair roofs, paint interiors and exteriors and renovate spaces in residents' centres.

Emphasis is placed on job creation, which is especially significant for low-skilled and highly vulnerable profiles, and on making purchases from local suppliers. Work is also performed with disadvantaged groups, particularly on training and qualification programmes to create opportunities and boost the employability of such groups. To achieve this, the Company has the support of its employees, through corporate volunteering programmes.

Active work is also performed with other groups, such as children and women who live in the areas of influence of the projects, persons with disabilities and people at risk of social exclusion.

263 employees participate in social projects in Spain, the US, the Czech Republic, Colombia and Chile

1,772 beneficiaries of the projects

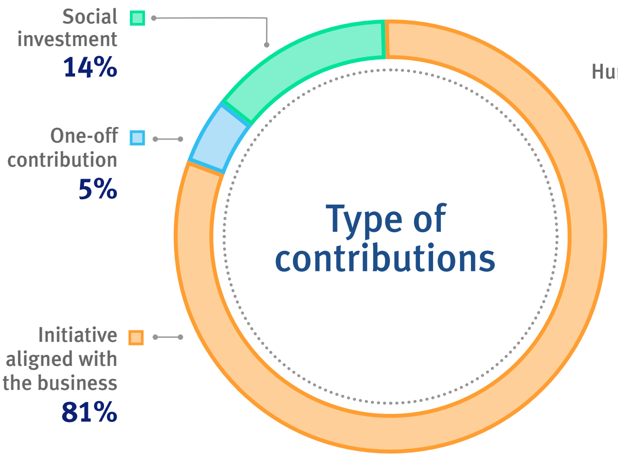
OHL promotes equal opportunities for persons with different abilities through volunteering actions which strengthen their social and communication skills. The employees participate with their families. (Spain).

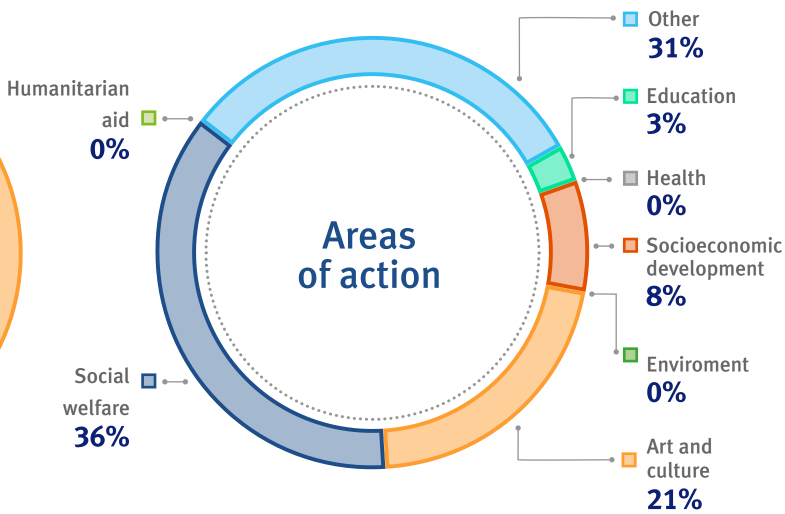
Investment in the community. Cúcuta Aqueduct (Colombia). Cooperation with schools in the communities of Tabiro, Guaduas, Puente Zulia, Carmen Tonchala, El Pórtico, Hibiscos, Los Mangos and Torcoroma de Cúcuta, within the area of influence of the project, which suffer high poverty rates. Workshops on environmental education and road safety are held and donations of material and other gifts are made.

These actions form part of the community integration programme implemented as part of the construction work, which includes: regular informative meetings with the authorities, associations, trade groups and community representatives, among other stakeholders; renovation and improvement of affected areas, with particular attention paid to the environment; and encouragement of local labour, both for high- and low-skilled positions.

In 2019 OHL's social investment amounted to EUR 423.7 thousand, with 33 initiatives and the cooperation of 42 entities.

With respect to the SDGs, the projects performed have focused particularly on compliance with SGD 17, relating to partnerships, to which more than 50% of the actions are related. Also, 28% of the projects are related to the achievement of SDG 8, relating to work.





In 2019 OHL participated in the Forética Social Impact Cluster, a business meeting point designed to provide enhanced information on the impact of social investment initiatives carried out by the Company.

TAX CONTRIBUTION

OHL's contribution to society is also channelled through the payment of taxes, generating a positive impact on the economic and social development of the countries in which it operates.

The Company advocates responsible tax policies, efficiently managing this area to meet its tax obligations whilst continuing to create value for its stakeholders, respecting the legislation in force in the countries in which it operates and anticipating significant tax risks.

Also, OHL manages its tax affairs by always applying good tax practices and its Tax Policy, acting with transparency vis-à-vis its stakeholders.

FURTHER INFORMATION

Financial information.
Tax contribution

RELATIONSHIP WITH STAKEHOLDERS AND ALLIANCES

The Company facilitates constant dialogue and interaction with its main stakeholders, through various channels.

In the framework of the quality management system, customer satisfaction is analysed, customer claims are handled and other actions are performed, such as face-to-face meetings with senior executives, supplier care channels and interaction projects with local communities. In addition, OHL had more than 300 contacts with institutional investors in 2019, as well as meetings and daily communications with the various stakeholders: banks, analysts, small investors and the media, among other players.

Also, OHL participates in associations related to its activity, in order to encourage the exchange of good practices, industry improvement and interaction with other companies and institutions. OHL cooperated with 23 associations in 2019.

COMMUNICATION

With respect to internal communication, one of the Company's main channels is OHL-Link, the OHL Intranet. Furthermore, the Company has the corporate magazine Tecno, through which visibility is given to the important technical challenges faced in the construction projects, and the online bulletin Mosaico, which OHL strengthened in 2019 by promoting new channels for communicating the personal experiences of the Company's employees.

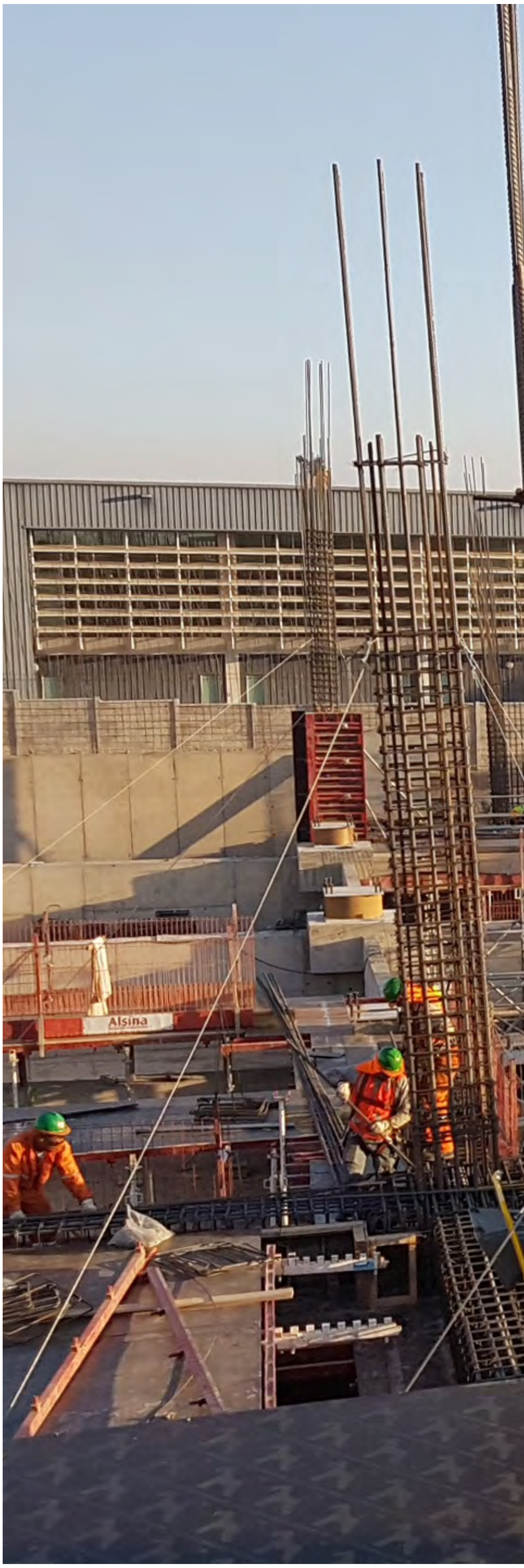
In 2019 OHL's LinkedIn account had over 120,100 followers, and published 160 posts, positively reinforcing the Company's reputation in terms of its values and talent attraction.

In the area of sustainability, the Company has carried out various campaigns to support and divulge the SDGs, such as the "You contribute to the SDGs" initiative or #aliadosdelosODS (SDG allies), promoted by the Global Compact Network Spain. Also, awareness-raising actions were carried out for the International Day of Persons with Disabilities, the International Day for the Elimination of Violence against Women, International Women's Day and World Nature Conservation Day, among others.

In addition, a special campaign was carried out for the COP25 World Climate Summit. Similarly, work was performed in corporate areas and in each line of business to carry out various internal communication initiatives.

In terms of external communication, OHL has various channels to meet the demand for information from the various media channels.

Good Governance and transparency



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Good Governance

OWNERSHIP STRUCTURE

(percentages of ownership at 31 December 2019)

SHAREHOLDER	%
INMOBILIARIA ESPACIO, S.A.	33,317
DAVIS SIMON	3,282
SAND GROVE OPPORTUNITIES MASTER FUND, INC	3,032
OTHER SHAREHOLDERS	60,369

GOVERNANCE BODIES

GOVERNANCE BODIES

Board of Directors

Composition at 31 December 2019:

Chairman
Juan Villar-Mir de Fuentes (proprietary)

First Deputy Chairwoman
Silvia Villar-Mir de Fuentes (proprietary)

Second Deputy Chairman and CEO
José Antonio Fernández Gallar (executive)

Directors
Carmen de Andrés Conde (independent)
César Cañedo-Argüelles Torrejón (independent)
Javier Goñi del Cacho (proprietary)
Juan Antonio Santamera Sánchez (other non-executive)
Juan José Nieto Bueso (independent) (coordinating director)
Manuel Garrido Ruano (proprietary)
Reyes Calderón Cuadrado (independent)

In 2019 the Annual General Meeting re-elected, at the proposal of the Nomination and Remuneration Committee, Reyes Calderón, independent non-executive director, and, at the proposal of the shareholder Villar Mir Group, Juan Villar-Mir, non-executive proprietary director. Also, the Annual General Meeting resolved to appoint as directors Carmen de Andrés Conde and César Cañedo-Arguelles Torrejón (independent non-executive directors) and José Antonio Fernández Gallar (executive director), ratifying the appointment by co-optation previously agreed upon by the Board of Directors.

Further information in the Annual Corporate Governance Report (ACGR) for 2019 and on the Company's website (www.ohl.es).

BOARD COMMITTEES

Audit and Compliance Committee (ACC)

Composition at 31 December 2019:

Chairman
Juan José Nieto Bueso (independent)

Directors
Manuel Garrido Ruano (proprietary)
César Cañedo-Argüelles Torrejón (independent)

Main business transacted by the ACC in 2019:

- Monitoring of the of the business performance and financial position of the Company and the Group.
- Favourable report to the Board of Directors on the budget for the year and monitoring of budgetary compliance.
- As regards economic and financial reporting, it reviewed, prior to the Board of Directors meeting, the periodic quarterly and half-yearly information, and the separate and consolidated financial statements and directors' reports for the year ended 31 December 2018, for their submission, following approval by the Board of Directors, to the market and the regulatory agency, together with information demanded from the Company by the Spanish National Securities Market Commission (CNMV) and the replies thereto. Review, prior to its authorisation for issue by the Board of Directors, of the Annual Corporate Governance Report for 2018.
- Review and approval of OHL's Tax Report for 2018.
- Analysis of related-party transactions in relevant areas for the Committee.
- In relation to the external auditor, it analysed the independence and proposed appointment of the external auditor; took note of the conclusions of the external auditors and the main matters in their reports on issues in relation to their limited review at June 30 and their review of the 2018 financial statements; and proposed the reappointment of the external auditor for 2019 and reviewed its fees, reporting on the independence of the aforementioned external auditor.
- In relation to the internal auditor, it analysed internal audit reports included in its annual plan and other ad hoc reviews requested by management or the Committee itself during 2019.
- In the risk control area, analysis of the Group's main risks and their evolution..
- With regard to compliance, supervision of the actions of the Compliance Department in relation to the Code of Ethics, surveillance measures, conduct of business and crime prevention and management of incidents reported through the Ethics Channel. In particular, supervision of the work plan established for obtaining ISO 37001 certification (anti-bribery management systems) and UNE 19601 certification (criminal risk compliance management system).

- Self-assessment of the functioning of the Committee.
- Drawing up of the Committee's Annual Report.

Further information in the Annual Corporate Governance Report (ACGR) for 2019 and on the Company's website (www.ohl.es).

Nomination and Remuneration Committee (NRC)

Composition at 31 December 2019

Chairman
Reyes Calderón Cuadrado (independent)

Directors
Carmen de Andrés Conde (independent)
Juan Antonio Santamera Sánchez (other non-executive)
Juan Villar-Mir de Fuentes (proprietary)

Main business transacted by the NRC in 2019:

- Analysis of, and report to the Board of Directors on, the CEO's variable and extraordinary remuneration, assessing compliance with objectives and criteria.
- Analysis of, and report to the Board of Directors on, the variable and extraordinary remuneration of the OHL Group's senior executives.
- Analysis and reporting of the composition of the Board of Directors in accordance with good governance recommendations.
- Reporting on and proposal of the re-election of independent directors to the Annual General Meeting, considering that they continue to meet the profile and skills required to discharge their office, and assessing and reporting favourably on their suitability.
- Favourable report to the Board of Directors on a new Group organisational chart.
- Favourable report to the Board of Directors on the Board of Directors remuneration report for 2018, verifying that the remuneration policy in force was applied correctly.
- Favourable report to the Board of Directors on the proposal to amend the directors' remuneration policy subsequently approved by the Annual General Meeting.
- Analysis of and report on the amount and nature of the related-party transactions performed in the year in accordance with Group regulations.
- Analysis on the information on sustainability (non-financial information statement) and favourable report thereon to the Board of Directors for its approval and authorisation for issue in the framework of the Group's integrated annual report.
- Self-assessment of the functioning of the Committee.
- Drawing up of the Committee's Annual Report.

Further information in the Annual Corporate Governance Report (ACGR) for 2019.

Incompatibilities and conflicts of interest (Regulations of the Board of Directors)
OHL's Regulations of the Board of Directors regulate situations of incompatibility and conflicts of interest of its directors. They also address, in detail, those situations in which, due to the existence of a possible conflict of interests, the director must inform the Board of Directors of any situation of direct or indirect conflict that they may have with the interests of the Company; and they must refrain from attending and intervening in deliberations and voting that affect matters related to the conflict.

The Company has a specific rule that, implementing the provisions of the Regulations of the Board of Directors and approved by the Board of Directors, reinforces and details the procedures and controls of transactions that the Company or any of the OHL companies wish to carry out with the directors, with the significant shareholders or with persons related to them.

The transactions affected by this procedure are all transfers of resources, services, rights and obligations, regardless of whether or not there is any consideration, made by any of the persons referred to in the previous section, with the Company or with any OHL company.

Neither the directors nor the executives of the Company reported any incompatibility or conflict of interest in 2019. The Company reports in the financial statements and the Corporate Governance Report the significant related party transactions performed by it or by OHL companies with significant shareholders, directors, executives or parties related to them.

Further information in the financial statements and Annual Corporate Governance Report (ACGR) for 2019.

Management Committee

Chairman
José Antonio Fernández Gallar
Second Deputy Chairman and CEO of the OHL Group

Directors
Manuel Álvarez Muñoz
General Manager of the OHL Group
Francisco J. Meliá Fullana
General Manager of Development
José Emilio Pont Pérez
General Manager for Europe and Latin America
José María López de Fuentes
General Manager of Infrastructure Development
Ashok Patel
General Manager for North America
José Antonio de Cachavera Sánchez
General Manager of Services
José María del Cuvillo Pemán*
General Manager of the Legal Department
José María Sagardoy Llonis
General Economic and Financial Manager
Gonzalo Targhetta Reina
General Manager of Organisation and Corporate Resources
*Acts as Secretary

DIVERSITY POLICY APPLIED IN CONNECTION WITH THE BOARD OF DIRECTORS

In 2019 the Company was guided by the Director Selection Policy approved in 2017. This policy ensures that proposals for the appointment or re-election of members of the Board of Directors are based on a prior analysis of the Board's needs and, in turn, promote diversity of knowledge, experience and gender.

This policy also defines the mechanisms required to avoid certain biases that deliberately hinder the election of women as potential directors.

In the composition of its Board of Directors, OHL has pre-empted compliance with the condition that 30% of directors be women, thus complying since 2018 with the objective set by the Code of Good Governance for 2020. It therefore consolidates its commitment to gender diversity, both in the composition of the Board of Directors and of its committees.

The presence of women on the Board of Directors remained the same in 2019, with women representing 30% of its total members.

OConstruction works of the Hospital de Toledo. Spain.

Ethics and compliance

In 2019 OHL renewed its Crime Prevention System and obtained the ISO 37001: Anti-Bribery Management Systems and UNE 1961: Criminal Compliance Management System certifications.

OHL builds its commitment to good business practices around its Code of Ethics, in force since 2010 and arising from the Code of Conduct launched in 2002, its Anti-Corruption Policy and its Crime Prevention Policy. All the foregoing entails compliance with the applicable criminal legislation and anti-corruption regulations.

Also, the Company is a signatory of the UN Global Compact and, accordingly, is committed to working worldwide against corruption and to following the recommendations of international bodies such as the OECD and the good corporate governance practices published by the Spanish National Securities Market Commission (CNMV).

CODE OF ETHICS

The Code of Ethics, approved by the Board of Directors in 2010 and revised in 2012 and 2015, is an express declaration of the values, principles and behavioural guidelines, in order to:

- Develop the models and guidelines for professional, ethical and responsible behaviour that should guide all the people who make up OHL in the performance of their work.
- Prevent the commission of criminal acts and any unlawful behaviour by the persons bound by this Code in the performance of their professional activity.
- Establish the monitoring and control mechanisms necessary to guarantee compliance with it.

Also, the Code of Ethics constitutes one of the cornerstones of OHL's Corporate Social Responsibility management and is the channel for the development of its corporate values, which are:

- Professional ethics, integrity, honesty, loyalty, efficiency and responsibility vis-à-vis stakeholders, in all the actions of the Company, while at all times fully complying with the law in force.
- Will to succeed and continuous improvement in professional performance, while striving at all times for excellence.

- Transparency in the dissemination of information, which must be adequate, accurate, checked and complete.
- Creation of value with a quest for profitability and sustainable growth.
- Constant promotion of quality, innovation, safety and respect for the environment.

ANTI-CORRUPTION POLICY

OHL has an Anti-Corruption Policy, approved by the Board of Directors in June 2015 and reviewed in July 2019, which reflects the Company's position of zero tolerance for any form of bribery or corruption, in both the public and private sectors.


AENOR
Certificado de Sistema de Gestión Antisoborno
ASO-2019/0012
OBRASCON HUARTE LAIN, S.A.
para las actividades: Detalladas en el anexo al Certificado
que se realizan en: Direcciones indicadas en el Anexo
Fecha de primera emisión: 2019-10-02
Fecha de expiración: 2022-10-02

In October 2019 OHL strengthened its commitment to zero tolerance of corruption with the obtainment of the ISO 37001 certification. This certification, aligned with the Company's integrity and transparency policies, was awarded by AENOR to OHL and ten of its subsidiaries following a comprehensive audit of the measures implemented to prevent, detect and combat practices relating to bribery and corruption. Through this benchmark international accreditation, OHL provides guarantees to its investors, shareholders, employees and other stakeholders in relation to the effective implementation of mechanisms to prevent and eliminate this type of unlawful conduct.

CRIME PREVENTION POLICY

In 2019 OHL updated its 2016 Crime Prevention Model to adapt it to the organisational changes that had occurred since its creation. This resulted in a Crime Prevention System which enables the criminal risks to which OHL is exposed to be eliminated, based on the particular characteristics of its structure and business. The update took into account the criminal risks to which the Company is exposed due to the nature of its activities, as well as regulatory requirements and best practices in the area of compliance.


AENOR
Certificado de Sistema de Gestión de Compliance Penal
GCP-2019/0039
OBRASCON HUARTE LAIN, S.A.
que se realizan en: Direcciones indicadas en el Anexo
Fecha de primera emisión: 2019-12-18
Fecha de expiración: 2022-12-18

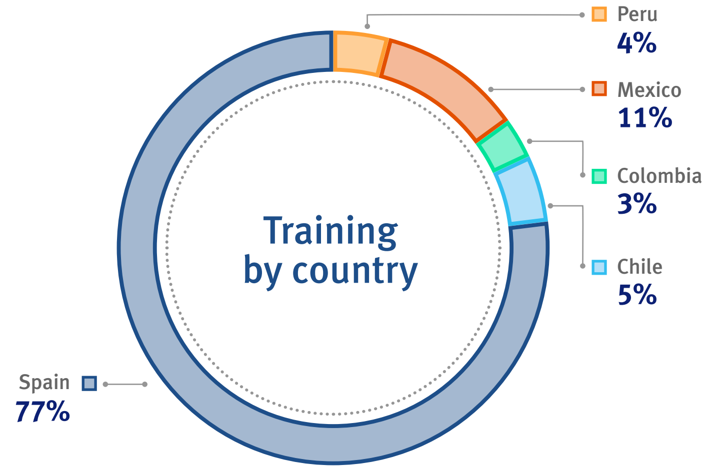
Also, in November 2019 the Company's Board of Directors approved the Crime Prevention Policy and Manual, which replaced the 2016 Crime Prevention Model Handbook. Following this review and adaptation, OHL comprehensively audited this system and, in December 2019, the Company and ten of its subsidiaries obtained UNE 19601 certification awarded by AENOR, which guarantees that the organisation has a model aligned with the requirements of the Spanish Criminal Code and with international compliance standards, thereby helping to create an organisational culture that is sensitive to crime prevention and opposes the bad practices that can give rise to unlawful conduct.

COMMUNICATION AND TRAINING

All OHL employees must know and accept the Code of Ethics, Anti-Corruption Policy and Crime Prevention Policy and, accordingly, an additional clause is included in the employment contract of new hires.

In 2019 specific training was given on the Code of Ethics and the Anti-Corruption Policy, and to date a total of 3,117 people have received training globally, through the course given over the online platform.

In addition, face-to-face training was given to the senior executives and employees in relation to the Crime Prevention System.



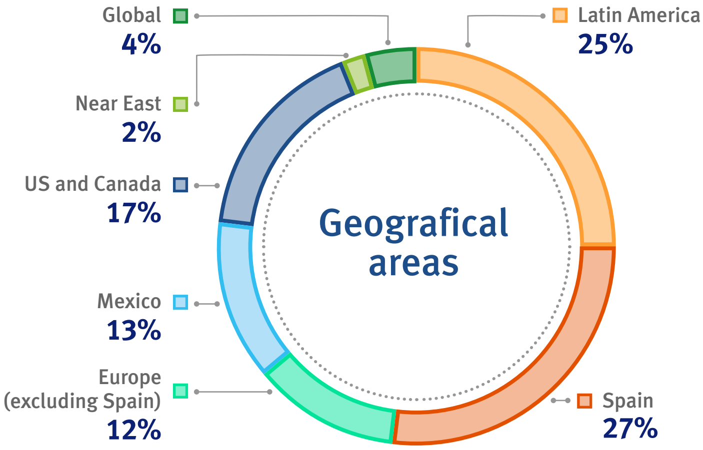
ETHICAL COMMUNICATIONS CHANNEL

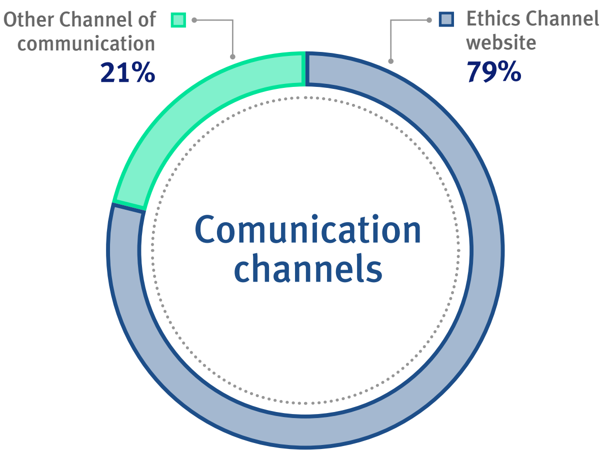
The Ethical Communications Channel is available to all the people that form part of OHL, as well as to the stakeholders that wish to make any consultation or communicate in good faith professional conduct that may involve, by action or omission, irregularities, breaches or acts contrary to the rules and principles set forth in the Code of Ethics or to all the other rules and procedures making up the Company's 's internal regulatory system or to law.

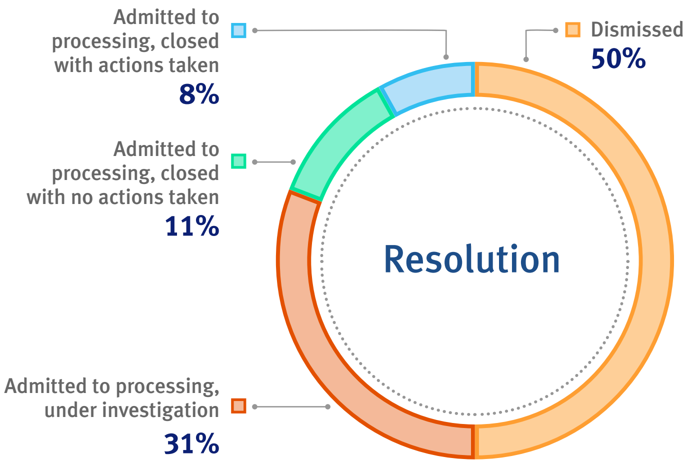
The Audit and Compliance Committee guarantees the proper management of the communications made and ensures that they will be treated with complete confidentiality and in accordance with the internal procedure that regulate its modus operandi. OHL allows complaints to be submitted anonymously. However, in order for such complaints to be deemed eligible for processing, sufficient evidence of the reported facts must be furnished so that the investigation can focus on specific facts. Also, it is responsible for implementing such disciplinary, enforcement and legal actions as might be required until such time as they have been resolved.

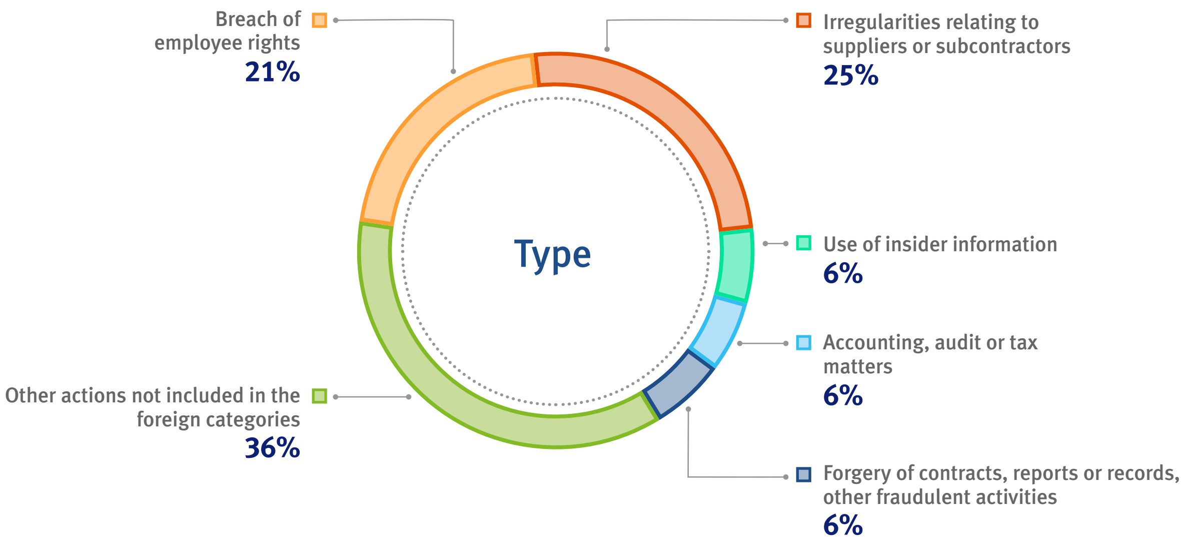
In 2019 a total of 52 communications regarding potential breaches of the Code of Ethics were received (as well as various other consultations), 41 of which were made through the Ethical Communications Channel and the other 11 of which were made through other channels. A total of 26 complaints were admitted to processing and another 26 were dismissed because they did not represent any violation of the Code of Ethics.

All of the complaints admitted to processing were duly investigated and the consultations were answered, in line with the established internal procedures, and 16 consultations were being investigated at the end of the year.


Geografical areas
Global 4%
Near East 2%
US and Canada 17%
Mexico 13%
Europe (excluding Spain) 12%
Latin America 25%
Spain 27%


Comunication channels
Other Channel of communication 21%
Ethics Channel website 79%


Resolution
Admitted to processing, closed with actions taken 8%
Admitted to processing, closed with no actions taken 11%
Admitted to processing, under investigation 31%
Dismissed 50%


Type
Breach of employee rights 21%
Other actions not included in the foreign categories 36%
Irregularities relating to suppliers or subcontractors 25%
Use of insider information 6%
Accounting, audit or tax matters 6%
Forgery of contracts, reports or records, other fraudulent activities 6%

Three lines of defence model

OHL's Internal Control System, following international best practices, is based on combined assurance centred on "three lines of defence", through an integrated vision. The aim of this model is to increase the effectiveness of the internal management and control models to mitigate the entity's significant risks.

FIRST LINE OF DEFENCE. OPERATIONS MANAGEMENT

OHL's management team and professionals directly manage the entity's risks. Company management is responsible for maintaining effective control aligned with the objectives and strategy, which acts on risks efficiently and continuously, and for implementing and maintaining best practices.

SECOND LINE OF DEFENCE. ASSURANCE FUNCTIONS

The Risks and Compliance functions facilitate the application, as a second line of defence, of the basic elements that form the foundations of the Company's internal control system, specifically in relation to risk management and external and internal regulatory compliance, proposing to the Board of Directors sufficient models, systems and methodology and supervising how the first line of defence executes them and the related internal controls.

The Compliance Management functions are as follows:

- Identify legal risks, especially those that stem from the criminal liability of legal persons or entail reputational risks.
- Promote the implementation of the processes necessary to avoid legal breaches related to criminal or reputational risks, and limit, to the extent possible, the cases of criminal liability at the Company, thereby actively contributing to preventing and stopping criminal activity.
- Promote a clear organisational culture, shared by all Company employees at all levels, which is favourable to avoiding conduct liable to trigger any criminal liability on the part of its executives and directors.

- Establish in an objective and demonstrable manner, the control and supervisory measures aimed at avoiding this conduct by employees, at all levels, and propose the disciplinary measures that would be implemented if this conduct were to take place.
- Supervise the existence of a Set of Rules, Policies and Regulations that reasonably guarantee the reliability of the financial information, and compliance with the laws, regulations and policies that apply to the Company.
- Periodically inform the secretary of the Board and the Audit and Compliance Committee of the performance of the Annual Action Plan with regard to its management.
- Establish measures for the prevention of criminal acts in the following areas:
  - Anti-corruption: crimes of private corruption, bribery and corruption in international commercial transactions.
  - Cybercrimes: hacking crimes, disclosure of trade secrets and similar offences.
  - Control during the preparation of financial information: investor fraud crimes.
  - Market abuse and share price manipulation.
  - Non-compliance with the Spanish Personal Data Protection Organic Law (LOPD) and the privacy protection regulations.
  - Money-laundering.
  - Fraud to obtain subsidies and government aid.
  - Crimes against natural resources and the environment.
  - Workplace harassment.
- Enforce the Code of Ethics and propose the review thereof to adapt it to any amendments made to the legal framework prevailing at any given time, ensuring the dissemination and awareness thereof at the Company.
- Propose the approval of the internal regulations implementing the Code of Ethics, which include a disciplinary system for breaches thereof.
- Process the complaints received through the Ethics Channel.
- Promote and oversee the training activities regarding the Code of Ethics.

The main actions performed in 2019 are detailed in the Ethics and Compliance section of this report.

The main functions of the Risk and Internal Control Department established in the OHL Functions Handbook are as follows:

- Coordinate, guide and support the strategic, operational, organisational and regulatory actions concerning risk management across the entire Group.
- Establish the methodologies and tools for preparing the Risk Map and identify and prompt warnings regarding changes in the likelihood and/or impacts of the identified risks.
- Lead the process of identifying and analysing risks that may occur during the performance of OHL's activities, through the preparation and periodic updating of the Risk Map.

- By cooperating with the various businesses, define, implement and update the risk management procedures that are deemed appropriate at Group level.
- Conduct occasional reviews and analyses of the Group's risk exposure associated with transactions that are identified as significant or exceptional.
- Prepare the appropriate reports on OHL's risk position to be reported to the CEO, the Audit and Compliance Committee and/or the Board of Directors of OHL.
- Perform appropriate risk management policy training and dissemination activities at Group level.
- Prepare action proposals to reduce the level of, or exposure to, certain types of risks and to minimise their impact.
- Prepare a preliminary report on the submission of bids and openings of offices or commercial branches in new countries and for any investments that have been proposed in new countries.
- Prepare, document and maintain the Internal Control System, compliance with which by the various OHL business areas ensures that the operational and financial reporting risks are mitigated.
- Identify and communicate the Internal Control deficiencies detected.
- Prepare and present to the CEO and Audit and Compliance Committee the annual risk and internal control planning proposal and periodically report on its execution.

In 2019 progress was made in the following lines of action:

- A Risk Map was drawn up, identifying the main risks that threaten OHL and the measures adopted.
- The Country Risk Model was reviewed to manage participation in projects, the opening of offices, branches and ownership interests in companies or decisions on investments in new markets.
- In order to manage the operational performance risks, there is a system of red lines that mark OHL's risk tolerance level, which was updated in 2019.
- Improvement of the preventive analysis procedure for the management of risks arising from the Company's relationship with third parties (customers, partners, or suppliers/subcontractors considered critical) continued.
- The Risk Management Policy was reviewed.
- The Risk Regulations were reviewed and a new set of regulations was defined, including matters relating to country risk, due diligence, red lines and risk tolerance.
- The Contracting Committee was formally set up; this committee analyses, from a commercial and risk perspective, the main bidding and contracting opportunities. This committee encompasses the Guarantees Committee, which analyses the opportunities from the perspective of the guarantees required.
- The risk management process continued to be implemented for projects at the tendering phase.

- Progress continued to be made with the business management digitalisation tool developed by OHL (Performance & Control) in order to integrate and improve risk management at the project bidding phase.
- Progress continues to be made in the implementation of integrated management tools for projects at the performance phase.

Additional information on the risks arising in 2019 and OHL's risk management can be found in section F of the Annual Corporate Governance Report.

THIRD LINE OF DEFENCE. INTERNAL AUDIT

The Internal Audit Department is an independent, non-executive and objective assurance, internal control and consultation service that is responsible for providing support to the organisation in the effective fulfilment of its responsibilities and objectives. It is subject to the policies established by the Company's Board of Directors through its Audit and Compliance Committee, and its main functions most notably include:

- To review the veracity, reliability and completeness of the financial and operating records and information.
- To report on the proper performance of processes and the efficient use of resources.
- To verify the reliability of the risk management and internal control systems and the quality of the information.
- To review the system of Internal Control over Financial Reporting (ICFR).
- To verify the existence and status of assets and their protection.
- To evaluate the degree of compliance with internal and external rules and procedures.
- To identify deficiencies in internal regulations and propose the implementation of and amendments to existing regulations in order to improve operations.
- To make recommendations to help correct the anomalies detected and monitor their implementation.
- To keep an inventory of fraud risks and the associated controls, and test the effectiveness of those controls on a rotating basis.
- To investigate irregularities reported in the Ethics Channel or detected in other work.
- To participate as a guest on various committees.

The Audit and Compliance Committee reviews all the reports it issues and they are presented at its monthly meetings.

In 2019 audits were carried out in all OHL's divisions and in most of the countries in which operates. The scope of those audits encompasses mainly the following:

- Construction work and Industrial and Development projects.
- Obtainment of indicators and alerts on specific parameters.
- Working capital management system.
- Agreements entered into with Aleática.
- Due diligence reviews of third parties.
- Anti-bribery management systems.
- Crime prevention system.
- Quality of the relevant management data.
- Analysis of project closure.
- Review of amounts to be billed for work performed (ABWP).
- System of Internal Control over Financial Reporting (ICFR).
- Fraud prevention - Purchases.
- Transactions in the US with related partners.
- Review of human rights compliance.

Also, the Internal Audit Department has a specialised unit for preventing and investigating fraud, through which continuous actions were carried out in 2019. Verification of compliance with human rights policies also continued.

For the most significant recommendations and corrective measures, monthly monitoring activities are performed with the members of the Management Committee and in the Annual Internal Audit Report submitted to the Audit and Compliance Committee.

African dock
(Port of Las Palmas). Spain.

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About this Report

This report was prepared in order to directly and transparently communicate to all OHL's stakeholders the Company's performance, strategy and all relevant matters to generate value, both in the short and long term. The contents of this report are supplemented by other corporate documents as well as information on its website, www.ohl.es.

SCOPE

The scope of this report is the same as that of the consolidated financial statements for 2019, which includes Obrascón Huarte Lain, S.A. and its subsidiaries[2].

PREPARATION METHODOLOGY

This report was prepared following the recommendations of the International (<IR>) Framework of the International Integrated Reporting Council (IIRC) and the regulatory requirements in this area set out in Law 11/2018 on non-financial information and diversity. Attention was also paid to the significant matters that may affect the Company's business.

Also, the reporting principles of the Global Reporting Initiative (GRI) standards in their Core version were followed, in order to determine the content (stakeholder engagement, sustainability context, materiality, completeness) and quality (balance, comparability, accuracy, timeliness, clarity and reliability).

[2] Except in the case of the environmental indicators, which include partial information on the activity that OHL carries on in the US. The information not included relates to Arellano companies, namely, OHL Building, a portion of the activity of OHL USA and Judlau. The information not included in the environmental reporting package accounts for 12.3% of the OHL Group's total sales.

PRINCIPLES CONSIDERED FOR PREPARATION OF THE 2019 INTEGRATED ANNUAL REPORT

- Global Reporting Initiative (GRI) standards.
- Principles of the International (<IR>) Framework of the IIRC.
- Principles of the United Nations Global Compact.
- Sustainable Development Goals.
- Royal Decree-Law 11/2018, of 28 December, amending the Spanish Commercial Code, the Consolidated Spanish Limited Liability Companies Law approved by Legislative Royal Decree 1/2010, of 2 July, and Spanish Audit Law 22/2015, of 20 July, in the area of non financial information and diversity.

Lastly, this report includes a contents list which indicates the content of the Non-Financial Information Statement (NFIS), setting out its correlation with the GRI indicators, the Ten Principles of the UN Global Compact and the Company's contribution to the achievement of the Sustainable Development Goals (SDGs).

MATERIALITY AND PREPARATION OF CONTENT

As part of process for preparing OHL's new Sustainability Plan, a materiality analysis was conducted, consisting of the following phases:

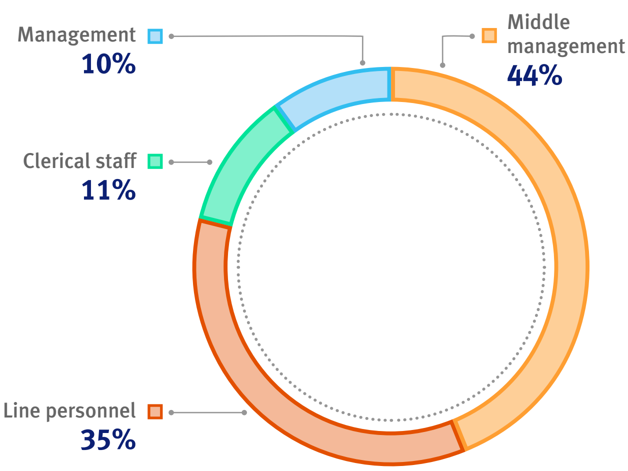
1. Internal analysis. Interviews were held with internal stakeholders from various geographical areas and divisions.

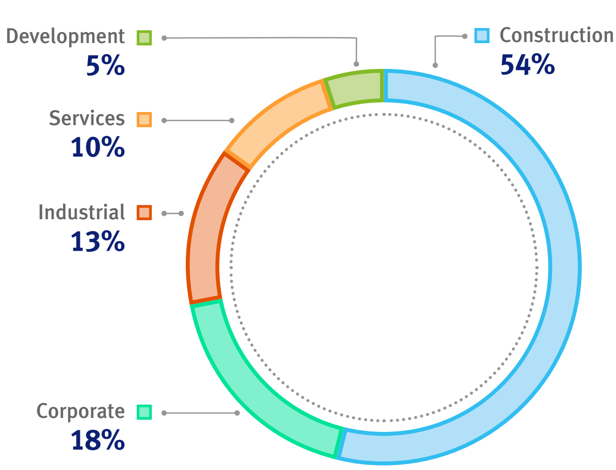
INTERVIEWS WITH THE MANAGEMENT TEAM

40 personal and individual interviews regarding Sustainability and CSR were held with senior executives and corporate and business managers.

INTERVIEWS WITH EMPLOYEES

90 surveys were carried out on a representative sample of employees from various countries, divisions, professional categories and positions.





2. External analysis. A comparative study of companies was conducted, sustainability regulations and trends were analysed and interviews were held with external stakeholders.

INTERVIEWS WITH EXTERNAL STAKEHOLDERS

26 Surveys were conducted on a representative sample, segmented by sector:

- Construction, energy, consulting, hospitality, pharmaceutical, textile, food and financial companies.
- Non-profit entities specialising in the environment, human rights and social action.
- Business associations in the field of sustainability.
- Business schools and universities.
- Media outlets specialising in sustainability.
- Public authorities.

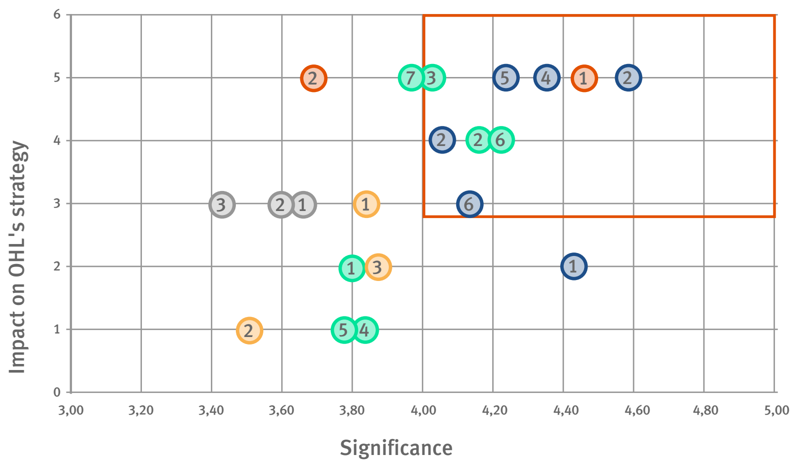
OTHER CONSIDERATIONS

In addition to the interviews held with stakeholders, other external sources were considered, such as the analysis of sustainability legislation and trends, of which the following were the most notable matters:

- Ethics and Compliance.
- Fiscal responsibility.
- Customer satisfaction.

3. Definition of strategic pillars. Following the analysis of the information resulting from the internal and external analyses, a materiality matrix was prepared for significant matters, based on which priority areas of action were defined and specific measures were established for each area, in the framework of the new Plan for 2020-2022.

OHL Group Materiality Matrix



Energy efficiency	2
Reduction of GHG emissions and the fight against climate change	3
Circular economy: reduction of waste generation	6
Attracting and retaining talent	2
Training and encouragement of employability	3
Occupational health and safety	4
Sense of belonging and employment stability	5
Work-life balance measures	6
Respect for and compliance with Human Rights	1

Based on the principles indicated above in the preparation methodology and materiality analysis, and on other considerations arising from external sources, the report presents all the matters that reflect significant economic, environmental and social impacts for OHL and affect the assessments and decisions that the stakeholders might make with respect to their relationship with the Company.

VERIFICATION

Deloitte verified the contents collected and included in this report, following the ISAE 3000 standard with a limited assurance scope.

MAIN SIGNIFICANT EVENTS

- 14 March 2019. The Villar Mir Group submits information on its ownership interest in OHL.
- 9 April 2019. Termination of the Río Magdalena toll road (Colombia) and AT-AT toll road (Mexico) agreements by Aleática.
- 17 June 2019. Transactional agreement with the Villar Mir Group and Pacadar.
- 17 June 2019. Transactional agreement with Aleática relating to the AT-AT project to end arbitration proceedings.
- 3 October 2019. Notification of partial resolution of the ongoing arbitration between Qatar Foundation and the joint venture incorporated to construct Sidra Hospital.
- 10 October 2019. Lowering of the credit rating by Fitch Ratings.
- 22 October 2019. Discussions with the Amodio family and the Villar Mir Group.
- 25 October 2019. Possible new shareholder of OHL Desarrollos.

Main significant events / insider information / other relevant, regulated and corporate information after 2019 year-end

- 23 January 2020: Study of a potential merger with the Caabsa Group.
- 4 February 2020: Update of the status of the various corporate transactions.

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www.ohl.es /info@ohl.es

Events after the reporting period

The events after the reporting period are included in Note 5 to the Consolidated Financial Statements for the year ended 31 December 2019.


pwc

Content of the non-financial information statement

Contents of the non-financial information statement

The contents of the non-financial information statement are included on pages 111-122 of the Consolidated Directors' Report for the year ended 31 December 2019.

GRI Tables

The contents of GRI Tables are included on pages 123-134 of the Consolidated Directors' Report for the year ended 31 December 2019.

Independent verification information

The independent Verification Report is at the end of the Consolidated Directors' Report for the year ended 31 December 2019.

APPENDICES

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APPENDIX I. OTHER HR AGGREGATES

EMPLOYEE TURNOVER AND NEW EMPLOYEE HIRES

	MEN	WOMEN	TOTAL
Total departures	7,447	6,183	13,630
Total new hires	7,483	6,184	13,667

Turnover rate: 72.57%
Average age: 42.6
Average length of service: 6.4
Local executives: 89.6%

In calculating the turnover rate, the voluntary departures, dismissals, retirements and departures on termination of contract were taken into account.

ABSENTEE RATE

MEN	WOMEN	TOTAL
887,491.29	338,482.25	1,225,973.54

For the calculation of absenteeism, the following, inter alia, were taken into account: strikes, absences, temporary disability and paid and unpaid leave.

PARENTAL LEAVE

	MEN	WOMEN	TOTAL
Employees who took parental leave	227	154	381
Employees who kept their jobs at the end of their parental leave	197	121	318
Rate of return	87%	79%	83%

* OHL Group scope

BREAKDOWN OF EMPLOYEE DISMISSAL

No. of dismissals in 2019	2,646
Men	2,287
Women	359

BREAKDOWN OF DISMISSALS IN SPAIN BY CATEGORY, AGE AND GENDER

	TOTAL	MEN	WOMEN	<30		30-45		46-55		>56	
				M	W	M	W	M	W	M	W
Senior executives		0	0								
Senior managers	2	2	0			1		1			
Managers	1	1	0			1					
Supervisors	23	19	4			7	3	4		8	1
Other line personnel	34	20	14		1	12	13	5		3	
Clerical staff	6	3	3	1			2		1	2	
Manual workers	25	16	9			5		8	9	3	
TOTAL	**91**	**61**	**30**	**1**	**1**	**26**	**18**	**18**	**1**	**16**	**1**

M: Men / W: Women.

BREAKDOWN OF DISMISSALS ABROAD BY GEOGRAPHICAL AREA AND GENDER

GEOGRAPHICAL AREA	MEN	WOMEN	TOTAL
US	1,152	40	1,192
Europe	45	5	50
Latin America	927	272	1,199
Other	102	12	114
TOTAL	**2,226**	**329**	**2,555**

WAGE GAP BY PROFESSIONAL GROUP AND BUSINESS UNIT (*)

	CONSTRUCTION AND INDUSTRIAL	SERVICES
Senior managers (**)	33.6%	12.6%
Middle management and other line personnel	23.5%	2.8%
Clerical staff and manual workers	14.3%	-1.9%
TOTAL	**18.7%**	**6.1%**

(*)Wage gap calculated according to the following formula: "(Average remuneration for men - average remuneration for women) / Average remuneration for men", where a percentage greater than zero represents the percentage by which the average remuneration for women is lower than the average remuneration for men. The calculation of the wage gap includes fixed, variable and in-kind remuneration. The calculations of the wage gap were performed after application of the exchange rate for translation to euros.
(**) The "Senior Managers" professional group includes senior executives, executives and senior managers/managers.
(***) It was not possible to make an accurate comparison with the data reported in 2018 since the reporting format and methodology were modified this year.

BREAKDOWN OF AVERAGE REMUNERATION BY BUSINESS UNIT, GENDER AND PROFESSIONAL GROUP*

	AVERAGE REMUNERATION OF SENIOR MANAGERS (EUR) (**)				AVERAGE REMUNERATION OF MIDDLE MANAGERS AND OTHER LINE PERSONNEL (EUR)				AVERAGE REMUNERATION OF CLERICAL STAFF AND MANUAL WORKERS (EUR)			
	MEN		WOMEN		MEN		WOMEN		MEN		WOMEN	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Construction	166,362.0	162,994.0	110,505.1	145,730.0	52,411.2	51,247.0	40,099.9	49,108.0	28,250.6	31,061.0	24,199.4	25,730.0
Industrial		135,919.0		77,117.0		24,887.0		28,585.0		8,407.0		17,144.0
Services ***	121,903.2	104,189.2	106,600.0	102,569.4	28,565.8	27,343.8	27,772.5	24,902.4	15,791.0	16,805.8	16,097.7	15,381.6

(*) Including fixed, variable and in-kind remuneration. The calculations of the average remuneration were performed after application of the exchange rate for translation to euros.
(**) The “Senior Managers” professional group includes senior executives, executives and senior managers/managers.
(***) The remuneration data corresponding to Services for 2018 were recalculated due to the increased availability of the information of Ingesan España and in order to improve comparability with the data obtained this year.

BREAKDOWN OF AVERAGE REMUNERATION IN CONSTRUCTION AND INDUSTRIAL BY PROFESSIONAL GROUP, AGE GROUP AND GENDER*

	UNDER 30 YEARS OLD		30-45 YEARS OLD		46-55 YEARS OLD		OVER 55 YEARS OLD		TOTAL	
	M	W	M	W	M	W	M	W	M	W
Average remuneration of Senior Managers (EUR) (**)	125,000.2		127,975.9	96,550.7	160,207.5	164,164.1	228,258.7	28,436.2	166,362.0	110,505.1
Average remuneration of middle managers and other line personnel (EUR)	41,995.4	33,221.6	47,168.3	39,921.7	57,888.8	46,324.0	66,175.8	43,035.2	52,411.2	40,099.9
Average remuneration of clerical staff and manual workers (EUR)	23,804.4	25,519.2	25,472.8	23,074.5	33,542.9	24,904.2	31,474.7	24,602.2	28,250.6	24,199.4

M: Men / W: Women.
(*) Including fixed, variable and in-kind remuneration. The calculations of the average remuneration were performed after application of the exchange rate for translation to euros.
(**) The average remuneration of the “Senior Managers” professional group includes that of senior executives, executives and senior managers/managers.

BREAKDOWN OF AVERAGE REMUNERATION AT SERVICES BY PROFESSIONAL GROUP, AGE GROUP AND GENDER*

	UNDER 30 YEARS OLD		30-45 YEARS OLD		46-55 YEARS OLD		OVER 55 YEARS OLD		TOTAL	
	M	W	M	W	M	W	M	W	M	W
Average remuneration of Senior Managers (EUR) (**)			111,376.1	106,600.0	212,976.8	106,600.0	88,728.4		121,903.2	106,600.0
Average remuneration of middle managers and other line personnel (EUR)	16,229.7	18,040.9	30,194.8	28,107.0	32,913.7	30,017.4	6,445.9		28,565.8	27,772.5
Average remuneration of clerical staff and manual workers (EUR)	12,821.3	13,093.3	16,812.2	14,865.7	16,930.5	16,134.8	14,226.6	17,925.6	15,791.0	16,097.7

M: Men / W: Women.
(*) Including fixed, variable and in-kind remuneration. The calculations of the average remuneration were performed after application of the exchange rate for translation to euros.
(**) The average remuneration of the “Senior Managers” professional group includes that of senior executives, executives and senior managers/managers.

AVERAGE SENIOR EXECUTIVE REMUNERATION BROKEN DOWN BY GENDER

	MEN	WOMEN
Average remuneration of directors (thousands of euros)*	1,228.0	-

*The data considered for the calculation include the fixed, variable and in-kind remuneration and other payments of the members of Senior Management, including the remuneration of the CEO for his executive duties.

AVERAGE REMUNERATION OF DIRECTORS BROKEN DOWN BY GENDER

	MEN	WOMEN
Average remuneration of directors (thousands of euros)*	131.0	133.0

*The data considered for the calculation include the ordinary and extraordinary remuneration earned by the non-executive directors.

APPENDIX II. INFORMATION ON FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

INFORMATION ON FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

OHL participates in the framework agreement with various international trade union federations, advocating absolute respect for human rights and public freedoms.

OHL workers are under the protection of the law, with absolute respect for national legislation and the collective agreements that apply to them. The Company also participates in the negotiation committees for these collective agreements.

In the countries in which it operates OHL works in accordance with the industry regulations in force. If such regulations do not exist, it negotiates the conditions applicable to each workplace with the legal representatives of the workers.

The type of industry agreements signed depends on the type of activity involved. Of particular note are the collective agreements for the construction industry, the iron and steel and metalworking industry, gardening, street cleaning, cleaning of buildings and premises, car parks and garages, engineering companies and technical studios and consulting companies, and public opinion market surveys.

Social dialogue is managed through discussions with trade union representatives and workers' legal representatives, with whom periodic meetings are held. Independently, the Company's Human Resources Department can be contacted directly by them.

The channels used to inform employees are: corporate intranet, bulletin boards in workplaces, communications or e-mails, the corporate newsletter and through the workers' legal representatives.

COUNTRY	EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS
Spain	9,537
Chile	1,230
Peru	836
US	787
Norway	30
Czech Republic	1,136
TOTAL	**13,556**
Percentage	**72%**

APPENDIX III. SOCIAL BENEFITS OF THE HUMAN TEAM, WORK-LIFE BALANCE MEASURES AND DISCONNECTION FROM WORK MEASURES

SOCIAL BENEFITS OF THE HUMAN TEAM

In order to offer employees a total remuneration package that allows the Company to enhance its ability to attract and retain talent, the OHL remuneration package includes, in addition to monetary remuneration (fixed and variable), other remuneration in the form of social benefits or remuneration in kind that will be applied, in each of the countries where the Company operates, depending on market practices.

Thus, this concept may include the delivery of products or services such as (i) life and accident insurance, (ii) meal vouchers, (iii) childcare expenses, (iv) health insurance, (v) transport aid, (vi) company car, (vii) social welfare systems or mechanisms that implement pension obligations, (viii) economic aid or (ix) other fringe benefits.

In those countries where social benefits or remuneration in kind are applied, such application is equal to both full-time and part-time employees, regardless of the type of contract.

Digital disconnection and work-life balance measures

In 2019 OHL published its Working hours and digital disconnection policy. The aim of this policy is to maintain productivity levels, while promoting the work-life balance, taking into account the new realities regarding the diversity of the various working environments, mobility outside the workplace and the right to disconnect from work, all in strict compliance with the employment legislation of each geographical area in which the Company operates.

In this context, the Company advocates flexibility, provided that the legal, organisational and productive circumstances allow it, with the local HR managers being responsible for establishing procedures that are in line with both employment legislation and local customs and practices.

Furthermore, in order to respect the right to rest and striking a balance between professional and personal life, OHL is committed to digital disconnection to guarantee employees' rest time and holidays, as well as the personal and family privacy of the entire workforce, limiting the use of tools and technologies provided by OHL outside the actual working day and restricting their use only and exclusively to objectively urgent reasons or according to criteria of responsibility.

Personal, family and work balance measures

Flexible working hours	At certain OHL offices there is flexibility in terms of times of arrival at and departure from the workplace. There is also flexibility during holiday periods and online training and videoconferencing is encouraged.
Support for the personal/family environment	**The Employee Assistance Programme (PAE)** is a programme available to employees to help them in certain personal circumstances. Advice is offered in private-life situations (partner, children, the elderly, etc.) that require the assistance of expert professionals in each case.
	Family Plan to support children of employees with disabilities through which the Company helps the young with disabilities to enhance their social and work integration and improve their quality of life.
	The "Por ser de OHL" portal which includes a wide variety of offers, discounts and promotions from which the Company's human team can benefit.
	Family days: Employees' children visit their parents' workplaces.
	Wage supplements for people with officially recognised disabilities and for those employees who have children with disabilities.

* The measures indicated above are applicable to various Group companies and specific groups of employees, and do not apply to the Company's entire workforce.

Measures to boost the quality of life of the employees

Canal Salud: community for the dissemination of health initiatives and programmes offered on the corporate intranet. In 2019 twelve communications were made on the following topics: glaucoma prevention; natural remedies for colds; tips for seasonal flu; melanomas; sunbathing precautions; world no smoking day; world asthma day; world sleep day; tips for safe travel; Mediterranean diet; headphone precautions; and cardiology.
Periodic health surveillance campaigns: Gynaecological check-ups; urology; seasonal flu campaign; eye health campaigns and regular check-ups.
OHL "Cuídate" Programme: the topics covered in the framework of the programme are stress management, sleep hygiene, healthy eating habits and prevention of diseases, among others. Two workshops took place in 2019: "Tupper saludable" (Healthy Lunchbox) and "Mindfulness", which were attended by 78 of OHL's employees.

* The measures indicated above are applicable to various Group companies and specific groups of employees, and do not apply to the Company's entire workforce.

Other measures for the personal development of employees

Corporate volunteering: Carrying out corporate volunteering activities, both during working hours and at weekends, so that employees can participate with their families, and especially their children, with activities designed for them on the basis of the age groups involved. Corporate volunteering activities are classified as professional volunteering in which the employee makes his or her knowledge and welfare and leisure volunteering available to vulnerable groups.

APPENDIX IV. ENVIRONMENTAL PERFORMANCE INDICATORS

ENERGY INTENSITY	CONSTRUCTION	INDUSTRIAL	SERVICES	CORPORATE*	TOTAL
Organisation-specific metric Sales (millions of euros)	2,452.3	218.2	275.6	13.8	2,959.9
Energy intensity of sales 2019 (GJ/millions of euros)	622.7	380.8	151.0	6,208.3	587.0
Energy intensity of sales 2018 (GJ/millions of euros)	691.3	524.0	98.2	-	668.8
Change in energy consumption	The change in absolute terms is 33% with respect to 2018. This is explained by the inclusion of data relating to the US in the scope. The indicators include partial information on the activity that OHL carries on in that market. The information not included relates to Arellano companies, namely, OHL Building, a portion of the activity of OHL USA and Judlau. The information not included in the reporting package accounts for 12.3% of the OHL Group's total sales.				

* Including offices
The indicators include partial information on the activity that OHL carries on in the USA. The information not included relates to Arellano, OHL Building and a portion of the activity of OHL USA and Judlau. The information not included in the reporting package accounts for 12.3% of the OHL Group's total sales.

TOTAL WATER EXTRACTION BY SOURCE	CONSTRUCTION	INDUSTRIAL	SERVICES	CORPORATE*	TOTAL
Surface water (m³)	947,662.4	221,788.6	0.0	0.0	1,169,450.9
Ground water (m³)	22,788.9	216,462.1	0.0	0.0	239,250.9
Rainwater (proprietary rain tanks) (m³)	3,660.0	0.0	0.0	0.0	3,660.0
Recovered water (m³)	4,955.0	570.0	0.0	0.0	5,525.0
Third-party water (m³)	224,511.4	2,719.0	222,689.0	69,762.0	519,681.4
TOTAL (M³)	**1,203,577.6**	**441,539.6**	**222,689.0**	**69,762.0**	**1,937,568.1**

* Including offices
The indicators include partial information on the activity that OHL carries on in the USA. The information not included relates to Arellano, OHL Building and a portion of the activity of OHL USA and Judlau. The information not included in the reporting package accounts for 12.3% of the OHL Group's total sales.

TOTAL VOLUME OF WATER RECYCLED AND REUSED	CONSTRUCTION	INDUSTRIAL	SERVICES	CORPORATE*	TOTAL
Total volume of water recycled and reused (m³)	4,955.0	570.0	0.0	0.0	5,525.0
Water recycled or reused as a percentage of the total consumed (%)	0.4%	0.1%	0.0%	0.0%	0.3%

* Including offices
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TOTAL WASTE WATER DISCHARGE BY NATURE AND DESTINATION	CONSTRUCTION	INDUSTRIAL	SERVICES	CORPORATE*	TOTAL
To the land (m^3)	4,400.00	0.00	0.00	0.00	4,400.00
To third-party water (m^3)	106,187.79	486.39	3,066.86	0.00	109,741.04
To surface water (m^3)	122,822.00	24,096.00	0.00	0.00	146,918.00
To seawater (m^3)	451,800.00	0.00	0.00	0.00	451,800.00
To ground water (m^3)	486.37	717.20	0.00	0.00	1,203.57
Reused by a third party (m^3)	2,644.22	0.00	0.00	0.00	2,644.22
Treatment	Discharge to third-party water (main sewer) and subsequent treatment (physical/chemical and biological as a minimum) at a sewage treatment plant.				
Parameters	According to authorisation from and regulations of the country.				

* Including offices
The indicators include partial information on the activity that OHL carries on in the USA. The information not included relates to Arellano, OHL Building and a portion of the activity of OHL USA and Judlau. The information not included in the reporting package accounts for 12.3% of the OHL Group's total sales.

MATERIALS USED BY WEIGHT OR VOLUME	CONSTRUCTION	INDUSTRIAL	SERVICES	CORPORATE*	TOTAL
Natural raw materials (quarried earth, rocks and aggregates) (t)	2,593,078.07	115,255.92	0.00	0.00	2,708,333.99
Reused material from external suppliers (aggregates, earth, rocks) (t)	320,353.16	47.60	0.00	0.00	320,400.76
Concrete (t)	1,772,958.29	49,747.50	0.00	0.00	1,822,705.79
Cement (t)	32,449.22	5,250.42	0.00	0.00	37,699.64
Natural topsoil (t)	56,128.99	3.74	0.00	0.00	56,132.72
Bituminous mixtures and tars (t)	1,277,346.96	0.00	0.00	0.00	1,277,346.96
Metals (t)	1,326.83	212.84	0.00	0.00	1,539.68
Reused topsoil from external suppliers (t)	17,196.15	0.00	0.00	0.00	17,196.15
Wood (non-certified forest product) (t)	3,231.03	172.77	0.00	0.00	3,403.80
Paper (unrecycled non-certified forest product) (t)	344.47	3.93	5.97	95.39	449.76
Paints (t)	218.96	2.43	1.87	0.00	223.26
Paper (recycled non-certified forest product) (t)	26.27	6.04	0.09	1.04	33.45
Chemical products (solvents, plant protection products, fertilizers and other) (t)	599.12	227.81	2,388.26	0.00	3,215.19
TOTAL	**6,075,257.51**	**170,931.00**	**2,396.19**	**96.44**	**6,248,681.14**

* Including offices
The indicators include partial information on the activity that OHL carries on in the USA. The information not included relates to Arellano, OHL Building and a portion of the activity of OHL USA and Judlau. The information not included in the reporting package accounts for 12.3% of the OHL Group's total sales.

MATERIALS USED THAT ARE RECYCLED INPUT MATERIALS	CONSTRUCTION	INDUSTRIAL	SERVICES	CORPORATE*	TOTAL
Total (t)	338,902.4	266.5	0.1	-	339,170.0
Percentage (%)	5.6%	0.2%	0.0%	-	5.4%

* Including offices
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OPERATIONAL SITES OWNED, LEASED, MANAGED IN, OR ADJACENT TO, PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

CONSTRUCTION	INDUSTRIAL	SERVICES	CORPORATE*	TOTAL
In 2019 there were eight such protected areas and areas of high biodiversity value outside protected areas. The main impacts are on water, coastal areas, ecosystems and pre-existing fauna and flora. Impacts are controlled through management plans and compensation measures. Further information in the Biodiversity Report.				

* Including offices
The indicators include partial information on the activity that OHL carries on in the USA. The information not included relates to Arellano, OHL Building and a portion of the activity of OHL USA and Judlau. The information not included in the reporting package accounts for 12.3% of the OHL Group's total sales.

PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA

CONSTRUCTION	INDUSTRIAL	SERVICES	CORPORATE*	TOTAL
All suppliers in the accreditation process are asked for environmental management information. The supplier accreditation process is currently being reviewed in order to include new requirements, such as knowledge of and compliance with the Ten Principles of the Global Compact, as well as environmental commitments such as having a certified environmental management system (ISO 14001, EMAS or equivalent), documentation accrediting their commitment to the environment: contract with a waste manager, consumption control and identification and evaluation of aspects of their activity, among others.				

* Including offices
The indicators include partial information on the activity that OHL carries on in the USA. The information not included relates to Arellano, OHL Building and a portion of the activity of OHL USA and Judlau. The information not included in the reporting package accounts for 12.3% of the OHL Group's total sales.

NUMBER OF ENVIRONMENTAL COMPLAINTS THAT HAVE BEEN FILED, ADDRESSED AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

CONSTRUCTION	INDUSTRIAL	SERVICES	CORPORATE*	TOTAL
OHL did not file or address environmental complaints through formal grievance mechanisms in the reporting year or in previous years.				

* Including offices
The indicators include partial information on the activity that OHL carries on in the USA. The information not included relates to Arellano companies, namely, OHL Building, a portion of the activity of OHL USA and Judlau. The information not included in the reporting package accounts for 12.3% of the OHL Group's total sales.

TOTAL WEIGHT OF NON-HAZARDOUS WASTE (NHW), BY TYPE AND TREATMENT METHOD	CONSTRUCTION	INDUSTRIAL	SERVICES	CORPORATE*	TOTAL
NHW by type (t)	**2,195,222.0**	**3,008.1**	**330.8**	**40.0**	**2,198,600.8**
Wood (%)	0.1%	47.9%	0.0%	0.0%	0.2%
Scrap metal (%)	0.1%	27.4%	0.0%	0.0%	0.2%
Vegetable (%)	10.8%	0.0%	87.7%	0.0%	10.8%
Plastics (%)	0.0%	1.8%	3.2%	0.0%	0.0%
Paper and cardboard (%)	0.0%	5.4%	2.9%	100.0%	0.0%
MSW (%)	19.6%	0.7%	6.2%	0.0%	19.6%
Rubble (%)	14.7%	16.4%	0.0%	0.0%	14.7%
Concrete (%)	1.3%	0.2%	0.0%	0.0%	1.3%
Reused topsoil (%)	5.3%	0.1%	0.0%	0.0%	5.3%
Reused input material sourced internally (%)	47.9%	0.0%	0.0%	0.0%	47.8%
NHW by treatment	**2,195,222.0**	**3,008.1**	**330.8**	**40.0**	**2,198,600.8**
Reused (%)	43.9%	42.9%	0.0%	0.0	43.8%
Reclaimed (%)	3.4%	0.3%	0.0%	0.0	3.4%
Landfills (%)	35.1%	17.4%	6.2%	0.0	35.1%
Composting (%)	10.7%	0.0%	87.7%	0.0	10.7%
Recycling (%)	1.9%	38.1%	6.1%	100%	1.9%
Injection (%)	3.9%	0.7%	0.0%	0.0	3.9%
Recovered (%)	0.0%	0.0%	0.0%	0.0	0.0%
Deposits (%)	1.1%	0.3%	0.0%	0.0	1.1%
Other treatments (%)	0.036%	0.1%	0.0%	0.0	0.0%
Non-hazardous waste (NHW) 2018 (t)	**13,634,681.9**	**1,152.9**	**2.5**	**86.7**	**13,635,924.0**

* Including offices

The indicators include partial information on the activity that OHL carries on in the USA. The information not included relates to Arellano, OHL Building and a portion of the activity of OHL USA and Judlau. The information not included in the reporting package accounts for 12.3% of the OHL Group's total sales.

The generation of Non-Hazardous Waste is associated with the type and phase of each of the construction projects. The change between 2018 and 2019 is due mainly to this reason, as well as to the inclusion of data on the activity in the US in 2019.

TOTAL WEIGHT OF HAZARDOUS WASTE (HW), BY TYPE AND TREATMENT METHOD	CONSTRUCTION	INDUSTRIAL	SERVICES	CORPORATE*	TOTAL
HW by type (t)	**80,556.3**	**113.72**	**6.93**	**7.9**	**80,684.84**
Contaminated absorbents (%)	0.0%	11.3%	0.0%	0.0	0.0%
Asbestos (%)	0.0%	0.0%	0.0%	0.0	0.0%
Contaminated sludges (%)	0.0%	27.1%	0.0%	0.0	0.1%
Contaminated metals (%)	0.0%	0.0%	0.2%	0.0	0.0%
Contaminated plastics (%)	0.0%	3.4%	31.2%	0.0	0.0%
Chemical products (%)	0.1%	17.5%	0.3%	0.0	0.1%
WEEE (%)	0.0%	1.5%	11.0%	65%	0.0%
Oily-water mixtures in bilges (%)	0.0%	28.1%	0.0%	0.0	0.1%
Contaminated soil (%)	99.5%	5.1%	0.0%	0.0	99.4%
Other HW (%)	0.3%	6.0%	55.4%	35%	0.3%
HW by treatment	**80,556.3**	**113.7**	**6.9**	**7.9**	**80,684.8**
Reused (%)	0.0%	0.0%	0.0%		0.0%
Reclaimed (%)	0.0%	0.0%	0.0%		0.0%
Landfills (%)	28.6%	60.8%	100.0%		28.7%
Composting (%)	0.0%	0.0%	0.0%		0.0%
Recycling (%)	0.2%	0.1%	0.0%	65%	0.2%
Injection (%)	0.0%	0.0%	0.0%		0.0%
Recovered (%)	0.0%	0.0%	0.0%		0.0%
Deposits (%)	71.1%	39.2%	0.0%		71.0%
Other treatments (%)	0.0%	0.0%	0.0%	35%	0.0%
Hazardous waste (HW) 2018 (t)	**6,671.6**	**139.4**	**7.4**	**40.4**	**6,858.8**

* Including offices

The indicators include partial information on the activity that OHL carries on in the USA. The information not included relates to Arellano, OHL Building and a portion of the activity of OHL USA and Judlau. The information not included in the reporting package accounts for 12.3% of the OHL Group's total sales.

The generation of Hazardous Waste is associated with the type and phase of each of the construction projects. The change between 2018 and 2019 is mainly due to this reason, as well as to the inclusion of data referring to the activity in the US in 2019.

EMISSIONS BY BUSINESS LINE	CONSTRUCTION	INDUSTRIAL	SERVICES	CORPORATE*	TOTAL
Direct (Scope 1) GHG emissions (tCO2eq)	101,940.7	4,364.7	2,613.2	4,541.3	113,459.8
Direct (Scope 1) GHG emissions 2018 (tCO2eq)	81,336.1	5,200.2	2,091.9	3,867.2	92,495.4
Indirect (Scope 2) GHG emissions (tCO2eq)	10,981.0	2,717.3	100.2	122.6	13,921.2
Indirect (Scope 2) GHG emissions 2018 (tCO2eq)	6,889.3	2,797.6	87.3	5,266.1	15,040.3
Indirect (Scope 3) GHG emissions (tCO2eq)	607,713.6	17,463.9	35,443.9	17,030.4	667,652.0
Indirect (Scope 3) GHG emissions 2018 (tCO2eq)	513,477.6	42,054.4	5,583.3	37,290.3	598,405.6
Intensity of GHG emissions 2019 (Scope 1+Scope 2/Sales (tCO2eq/Millions of euros)	46.0	18.6	9.8	337.96	43.0
Intensity of GHG emissions 2018 (Scope 1+Scope 2/Sales (tCO2eq/Millions of euros)	58.8	42.1	8.2	-	55.00
Reduction of GHG emissions	There was 14% a change in emissions (Scope 1+Scope 2+Scope 3) in absolute terms with respect to 2018, a year in which the US market was not included and, accordingly, the analysis of the change does adequately reflect the comparability of the changes in emissions.				

* Including offices

OHL'S EMISSIONS BY SOURCE	(t) CO_2	(t)CH_4	(t)N_2O	(t)CO_2eq
Outside scope	-	-	-	-
Scope 1: Stationary combustion	35,241.4	3.9	0.2	35,405.9
Scope 1: Mobile combustion	76,782.1	4.1	4.3	78,053.9
Scope 1: Fugitive and process emissions				
Waste water treatment	-	-	-	
Use of fertilisers	-	-	-	
Refrigerant gases	-	-	-	
Insulating gases				
Total Scope 1	**112,023.5**	**8.0**	**4.5**	**113,459.9**
Scope 2: Imported electricity	13,921.3	-	-	13,921.3
Total Scope 2	**13,921.3**	**-**	**-**	**13,921.3**
Scope 3: Purchases of goods and services				**397,648.9**
Materials	-	-	-	397,648.9
Subcontractors: Stationary combustion	-	-	-	-
Subcontractors: Mobile combustion	-	-	-	-
Capital goods	-	-	-	-
Scope 3: Fuel-energy activities				**2,035.7**
T-D electricity losses	1,052.5	-	-	1,052.5
Electricity generation losses	983.2	-	-	983.2
Scope 3: Waste generated	**-**	**-**	**-**	**256,821.8**
Scope 3: Business travel	**8,792.4**	**1.8**	**44.7**	**21,145.7**
Hotel stays (nights)	-	-	-	451.1
Transport	8,792.4	1.8	44.7	21,145.7
Scope 3: Employee mobility	-	-	-	-
Total Scope 3	**10,828.1**	**1.8**	**44.7**	**677,652.0**

The results dumped for HFC and SF6 emissions are not significant in the global calculation of emissions.
The emission factors used for the calculation of OHL's CO_2eq emissions were updated in 2019 with the main national and international reference sources.

NITROGEN OXIDES (NO_x), SULPHUR OXIDES (SO_x), AND OTHER SIGNIFICANT AIR EMISSIONS BY TYPE AND WEIGHT	TOTAL
Emissions of NO_x (t)	149.9
Emissions of SO_x (t)	180.5
Emissions of VOCs (t)	13.8
Emissions of particulate matter (PM) (t)	27.7

APPENDIX V. BIODIVERSITY REPORT

I. INTRODUCTION

Description of the Company

Obrascón Huarte Lain, S.A. (OHL) is a global infrastructure group with more than 100 years of history and whose activity is centred on the construction and development of concessions focusing on three geographical areas: US, Europe and Latin America.

Objective of the study

OHL engages mainly in the construction of all manner of civil engineering works and buildings, including the related installations. The Company's activities are carried on in a geographical area with varying degrees of impact on ecosystems, landscapes and species, during all the phases of the projects.

OHL operates under the principle of protecting natural resources and biodiversity through the application of an environmental management system, compliance with legislation and the implementation of good conservation and ecological restoration practices.

The Company's work can be carried out within, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. In 2019 there were eight such protected areas and areas of high biodiversity value outside protected areas. The main impacts are on water, coastal areas, ecosystems and pre-existing fauna and flora. Impacts are controlled through management plans and compensation measures.

In connection with biodiversity and the impacts arising from the occupation of land of its operations, OHL has implemented soil protection measures in an area of 51 hectares, and has restored 68 hectares of land.

In terms of biodiversity, the activity carried out in 2019 by OHL affected 314 species of fauna and flora, included in the Red List of Threatened Species of the International Union for Conservation of Nature (IUCN).

The measures are approved by government agencies or independent external professionals, in accordance with the requirements established in the permits, contracts and environmental impact procedures.

Biodiversity activities

In order to avoid and minimise impacts on the environment and its biodiversity, the appropriate location of auxiliary facilities is guaranteed, vulnerable zones are defined and preventative, corrective and awareness-raising measures are designed and implemented.

In addition, attention is paid to a series of specific protection actions and principles, such as:

- **Specific actions on vegetation:**
  - Adequate management of vegetation and control of protected species, avoiding the spread of invasive species.
  - Procedure to ecologically restore damaged specimens through plantations, transplants, hydroseeding, etc.

- **Specific actions on fauna:**
  - Discouragement of the presence of fauna in areas where species might be at risk and alert workers or users of its presence.
  - Minimisation of the barrier effect generated by infrastructure.
  - Avoidance of the spread of invasive species.
- **Principles governing protection against erosion and sedimentation:**
  - Limitation of the duration of operations such as earthworks and the extent of the land affected. Stabilisation of altered surfaces.
  - Protection of surfaces exposed to torrential rainfall and assurance that runoff water speeds are low.
  - Retention of sediments inside facilities, thereby preventing silting.
- **Principles governing the protection of terrestrial, freshwater, or maritime ecosystems:**
  - Design and maintenance of drainage works to avoid affecting the hydrological network/basin.
  - Control of the effects of water collection, minimising consumption and activities with direct interaction on watercourses.
  - Adequate management of waste and protection of ecosystems from the effects of leachate.
  - Avoidance of impacts due to discharges, monitoring the quality of water and controlling aquatic fauna.

II. PRESENCE IN PROTECTED AREAS

Europe:

- **Parque Regional del Sureste. Madrid, Spain. With a permanent presence.**
  - **Biodiversity value:** regional park.
  - **Position in relation to the protected area:** in the area.
  - **Type of operation:** production. Production of hot and cold bituminous mixtures.
  - **Size of operational site:** 9 hectares.
  - **Possible impacts and protection measures:** the possible associated impacts are air and soil pollution. These are non-significant impacts, controlled by means of emission measurements, control of particles in suspension and treatment of discharges with periodic control of the quality of the water discharged.
  - **Facility:** asphalt plant. Madrid.
- **SPA Cereal producing areas of the Jarama (Madrid) and Henares (Guadalajara) rivers. SCI/SAC Jarama and Henares river basins. Spain.**
  - **Biodiversity value:** SPA – SCI/SAC.
  - **Position in relation to the protected area:** adjacent to the area.
  - **Type of operation:** construction.
  - **Size of operational site:** 7.4 hectares.
  - **Possible impacts and protection measures:** possible impacts are associated

with the emission of (severe) noise and with the alteration of air quality, soil contamination, occupation and elimination of land, alteration of fauna and flora, occupation of uplands and alterations to the landscape. These are moderate impacts that are reduced or minimised after the application of preventive, corrective and compensatory measures, such as minimising the surface area of occupation, adapting implementation to the life cycles of the species, etc.

- **Proyect:** Reinforcement of the eastern branch. Torrelaguna. Madrid.

- **Parque Natural Los Alcornocales. SAC Guadiaro and Hozgarganta rivers. Area of importance for birdlife, Las Cabras, El Aljibe and Montecoche mountain ranges. Cádiz, Spain.**
  - **Biodiversity value:** Red Natura 2000. Plan for Areas of Natural Interest (PEIN) of Catalonia.
  - **Position in relation to the protected area:** affects a section of the protected area.
  - **Type of operation:** construction.
  - **Superficie:** 2.27 hectares.
  - **Possible impacts and protection measures:** the possible associated impacts are the loss of water quality, accidental discharges, modification of the morphology of the area, increased erosion processes, elimination of plant cover, etc. These are not significant impacts, which are controlled by installing sedimentation barriers, marking out the vegetation and constructing fauna crossings, among other measures.
  - **Proyect:** Bobadilla-Algeciras railway line. Cádiz.

- **SCI River Tinto estuary. Huelva, Spain.**
  - **Biodiversity value:** protected area. Natural park.
  - **Position in relation to the protected area:** in the area.
  - **Type of operation:** construction.
  - **Size of operational site:** 15 hectares.
  - **Possible impacts and protection measures:** the possible impacts are associated with air pollution, consumption of materials and resources, water quality and waste management. These are not significant impacts, thanks to the application of protection measures such as speed limits, vehicle and machinery limitations, irrigation, low consumption lighting, fortnightly noise measurements, etc.
  - **Proyect:** Juan Carlos I Dyke. Huelva.

- **Barranco del Bolintxu. Monte Pagasarri. Bilbao, Spain.**
  - **Biodiversity value:** area of high natural value and beauty.
  - **Position in relation to the protected area:** in the area.
  - **Type of operation:** construction.
  - **Size of operational site:** 0.001 hectares.
  - **Possible impacts and protection measures:** lthe possible impacts are associated with the effects on bodies of surface water, loss of water quality, loss of landscape value, modification of the relief, generation of noise, barrier effect, etc. These impacts are controlled through the application of corrective measures

and controls such as the replanting of the affected area, waterproofing of waste collection areas, the installation of fines retention systems, etc.

- **Proyect:** UTE Seberetxe. Bilbao.

- **Křivoklátsko Protected Landscape Area Czech Republic.**
  - **Biodiversity value:** protected landscape area.
  - **Position in relation to the protected area:** in the area.
  - **Type of operation:** construction.
  - **Size of operational site:** 0.04 hectares.
  - **Possible impacts and protection measures:** possible impacts are associated with air pollution, water quality, waste management and effects on flora and fauna. These impacts are controlled thanks to the application of corrective measures such as the protection of flora, respect for the life cycles of fauna, speed limits for vehicles and machinery, etc.
  - **Proyect:** III/23621 Karlova Ves. Czech Republic.

Latin America:

- **La Marquesa National Park (Parque Nacional Insurgente Miguel Hidalgo y Costilla). Mexico.**
  - **Biodiversity value:** protected area. National park.
  - **Position in relation to the protected area:** in the area.
  - **Type of operation:** construction.
  - **Size of operational site:** 8 hectares.
  - **Possible impacts and protection measures:** the possible impacts relate to the loss of habitat for species of flora and fauna. The protection measures are aimed at the implementation of a fauna rescue and relocation programme. In addition, it is planned to reforest areas affected by the project.
  - **Proyect:** Toluca train. Mexico.

- **Pachacutec Historical Archaeological Sanctuary, Pachacamac. Peru.**
  - **Biodiversity value:** historical and cultural value. Historical sanctuary.
  - **Position in relation to the protected area:** in the area.
  - **Type of operation:** construction.
  - **Size of operational site:** 9.5 hectares
  - **Possible impacts and protection measures:** the possible impacts are related to the effect on the historical heritage and the fauna and flora. The conservation and safeguarding of the sanctuary, through the elaboration of conservation protocols for social use, archaeological research, and management and administration.
  - **Proyecto:** National Archaeological Museum. Peru.

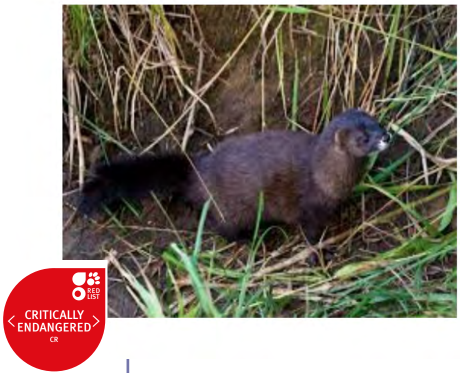
III. IMPACTS ON ENDANGERED SPECIES

The activities carried on in 2019 by OHL affected **314 species of fauna and flora**, included in the Red List of Threatened Species of the International Union for Conservation of Nature (IUCN) and other regional or local protected species lists. Therefore, the conservation status of these species is analysed and impacts are controlled through the application of various preventive and corrective measures.

	Nº.	LOCATION
Critically endangered species	3	Colombia, Spain and Mexico
Endangered species	8	Colombia, Spain, Mexico and Peru
Vulnerable species	18	Colombia, Spain and Peru
Near threatened species	18	Spain and Mexico
Species of less concern	265	Colombia, Spain, Mexico and Peru
Other species for which there are insufficient data	2	Spain
Species with no defined level of extinction risk	0	---

IV. IMPACTS ON PROTECTED SPECIES

Critically endangered species



EUROPEAN MINK *(MUSTELA LUTREOLA)*

- **Level of extinction risk:** Critically endangered (CR).
- **Location of the population:** there are specimens of Mustela lutreola in Spain, France, Romania, Russia and the Ukraine. Population trend: decline.
- **Habitat and ecological features:** the European mink is semiaquatic. It densely inhabits vegetation on the banks of rivers, streams and sometimes lakes. It hunts in riverside areas and in water various species of amphibians, crustaceans, fish, small mammals, insects and birds.
- **Threats:**
  - Hunting and trapping of land animals.
  - Domestic and urban wastewater.
  - Agricultural and industrial discharges
  - Navigation routes.
  - Invasive species and diseases.
  - Forestry.
  - Roads and railways.
  - Water management and use. Dams.
  - Livestock.
- **Conservation measures:**

  A portion of the population is in protected areas. Within a conservation breeding programme in Spain, since 2004:
  - Habitat protection.
  - Habitat management.
  - Habitat restoration.
  - Reintroduction of species.
  - Training and awareness-raising programme.

COMMON SPLAYFOOT SALAMANDER *(CHIROPTEROTRITON CHIROPTERUS)*

- **Level of extinction risk:** Critically endangered (CR).
- **Location of the population:** *Chiropterotriton chiropterus* is endemic to Mexico. Population trend: decline.
- **Habitat and ecological features:** it lives mainly on bromeliads and mosses in the shady forests.
- **Threats:**
  - Logging and timber harvesting.
  - Tourism and recreational areas.
  - Housing and urban areas.
  - Annual and perennial non-timber crops.
  - Fires and fire extinction.
- **Conservation measures:**

  Species protected by Mexican legislation under the category of Special Protection (Pr).

  - Habitat and resource protection.
  - Habitat management.

LESSER ANTILLEAN IGUANA *(IGUANA DELICATISSIMA)*

- **Level of extinction risk:** Critically endangered (CR).
- **Location of the population:** found in the Lesser Antilles. Population trend: decline.
- **Habitat and ecological features:** they live in xeric thickets, dry thickets, coastal forests, river forests, mangroves and tropical forests.
- **Threats:**
  - Housing and urban areas.
  - Recreational and tourism areas.
  - Non-wood crops.
  - Livestock.
  - Roads and railways.
  - Hunting and trapping of land animals.
  - Invasive species and diseases.
- **Conservation measures:**

  The species is listed in Appendix II of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). The species is found in several nationally protected areas, including the four national parks in Dominica, Les Îles de la Petite Terre (Guadeloupe), Quill and Boven in St Eustatius and Îlet Chancel and the Réserve Biologique Domaniale de la Montagne Pelée (Martinique).

  - Recovery plan.
  - Identification of conservation areas.
  - Reintroduction of species.
  - Subject to trade and management controls.
  - Inclusion in international legislation.
  - Education and awareness-raising programmes.

Endangered species

WHITE-FOOTED TAMARIN *(SAGUINUS LEUCOPUS)*

- **Level of extinction risk:** Endangered (EN).
- **Location of the population:** found in Colombia. Population trend: decline.
- **Habitat and ecological features:** found in primary and secondary forests, in gallery, tropical dry, tropical humid and very humid premontane forests and in some urban areas.
- **Threats:**
  - Non-wood crops.
  - Livestock.
  - Mining and quarrying.
  - Logging and timber harvesting.
  - Hunting and trapping of land animals.
  - Water management and use. Dams.
- **Conservation measures:**

  Species listed in Appendix I of CITES and on the US Endangered Species List:

  - Ex-situ conservation.
  - Systematic monitoring.
  - Subject to trade and management controls.
  - Inclusion in international legislation.

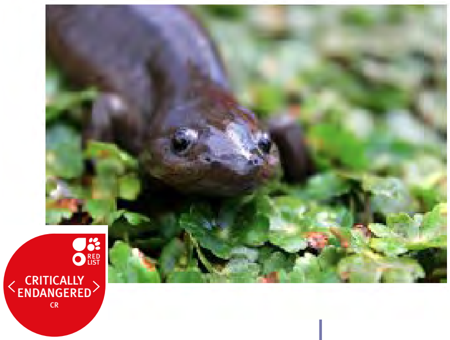
MORELOS SALAMANDER *(PSEUDOEURYCEA ALTAMONTANA)*

- **Level of extinction risk:** Endangered (EN).
- **Location of the population:** *Pseudoeurycea altamontana* is endemic to Mexico. Population trend: decline.
- **Habitat and ecological features:** this species lives in pine, oak and fir forests and does not tolerate serious habitat disturbance. It is terrestrial and found under the bark of logs and stumps, and under rocks.
- **Threats:**
  - Logging and timber harvesting.
  - Housing and urban areas.
  - Annual and perennial non-timber crops.
  - Fires and fire extinction.
- **Conservation measures:**

  This species is found in Lagunas de Zempoala National Park, Iztaccihualtl Volcano and Popocatépetl. It is protected by Mexican law under the category of Special Protection (Pr).

  - Protection of the area.
  - Monitoring of the population trend.

MOUNTAIN STREAM SALAMANDER *(AMBYSTOMA ALTAMIRANI)*



- **Level of extinction risk:** Endangered (EN).
- **Location of the population:** there are isolated populations of *Ambystoma altamirani* in the west and south of the valley of Mexico. Population trend: decline.
- **Habitat and ecological features:** the species lives and breeds in small, permanent streams that flow through high altitude pine or pine oak forests. It is also found in streams and in clear pastures.
- **Threats:**
  - Industrial and military discharges.
  - Agricultural discharges.
- **Conservation measures:**

  The species is found within the three lagoons of the Ciénegas de Lerma Protected Area and is protected under the category Pr (Special Protection) by the Government of Mexico.

  - Habitat protection and management.
  - Habitat restoration.

BLACKBELLY GARTER SNAKE *(THAMNOPHIS MELANOGASTER)*

- **Level of extinction risk:** Endangered (EN).
- **Location of the population:** *Thamnophis melanogaster* is an aquatic species from Mexico. Population trend: decline.
- **Habitat and ecological features:** it is an aquatic species, commonly found in low streams, wooded areas and deciduous forests.
- **Threats:**
  - Industrial and military discharges.
  - Agricultural discharges.
- **Conservation measures:**

  This species can be found in several protected areas.

  - Habitat protection and management.
  - Habitat restoration.

BLACK-BELLIED SANDGROUSE *(PTEROCLES ORIENTALIS)*

- **Level of extinction risk:** Endangered (EN).
- **Location of the population:** there are isolated populations of *Pterocles orientalis* in certain European countries such as Belgium, Germany, Greece, etc. The population trend is downwards.
- **Habitat and ecological features:** the species inhabits grassland steppes, open steppes, treeless or pseudo-steppes, foothills and highland plateaus.
- **Threats:**
    - Hunting and trapping of land animals.
    - Livestock.
    - Changes to ecosystems.
    - Annual and perennial non-timber crops.
    - Agricultural discharges.
- **Conservation measures:**

  Species listed in Appendix I of the European Union Bird Directive and Appendix II of the Bern Convention.

    - Habitat and resource protection.
    - National and international legislation.

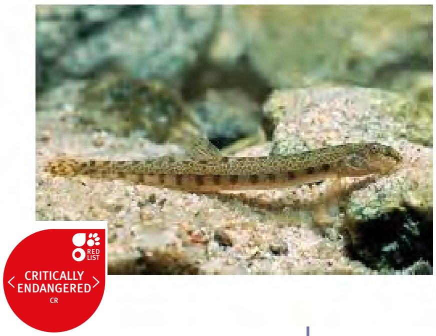
EGYPTIAN VULTURE *(NEOPHRON PERCNOPTERUS)*

- **Level of extinction risk:** Endangered (EN).
- **Location of the population:** unevenly distributed species in southern Europe. Population trend: decline.
- **Habitat and ecological features:** emigratory species.
- **Threats:**
    - Hunting and trapping of land animals.
    - Changes to ecosystems.
    - Recreational activities.
    - Diseases of native species
    - Annual and perennial non-timber crops.
    - Generation of renewable energies.
    - Agricultural discharges.
    - Roads, railways and service lines.
- **Conservation measures:**

  Species included in the Convention on Conservation of Migratory Species of Wild Animals (Appendices I and II):

    - Habitat protection and management.
    - Training, awareness-raising and communication.
    - National and international legislation.
    - Recovery of the species.
    - Ex-situ conservation.

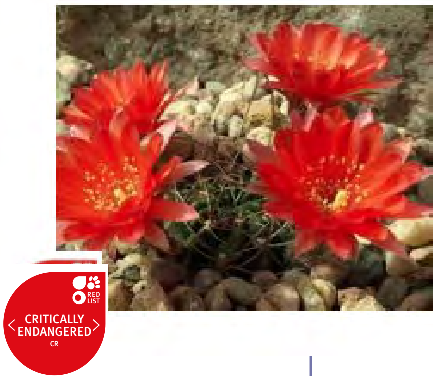
IBERIAN LOACH *(COBITIS CALDERONI)*



- **Level of extinction risk:** Endangered (EN).
- **Location of the population:** the presence of *Cobitis calderoni* is limited to the basins of the rivers Duero, Ebro and Tajo, in Spain and Portugal. Population trend: decline.
- **Habitat and ecological features:** it lives in the upper and middle reaches of shallow rocky-bedded rivers.
- **Threats:**
  - Water management and use.
  - Dams.
  - Droughts.
  - Invasive species and diseases.
- **Conservation measures:**

  Species listed in Appendix III of the Bern Convention:
  - National and international legislation.

MOTHER-IN-LAW'S SEAT *(ECHINOPSIS PAMPANA)*



- **Level of extinction risk:** Endangered (EN).
- **Location of the population:** *Echinopsis pampana* is a species endemic to Peru. Population trend: decline.
- **Habitat and ecological features:** this species grows in the Puna desert.
- **Threats:**
  - Land-based plant collection.
- **Conservation measures:**

  This species is found in the Salinas y Aguada Blanca National Reserve.

Vulnerable species

VULNERABLE SPECIES (VU)

Southern grey shrike	*Lanius meridionalis*
Northern lapwing	*Vanellus vanellus*
Iberian barbel*	*Barbus comizo*
Iberian-Roach*	*Squalius alburnoides*
Spanish cedar	*Cedrela odorata*
Black wheatear	*Oenanthe leucura*
Spanish pond turtle*	*Mauremys leprosa*
European chain fern	*Woodwardia radicans*
Gray-bellied night monkey	*Aotus lemurinus*
Common kingfisher*	*Alcedo atthis*
Mediterranean horseshoe bat	*Rhinolophus euryale*
Mehely's horseshoe bat	*Rhinolophus mehelyi*
Long-fingered bat	*Myotis capaccinii*
Queñua tree*	*Polylepis rugulosa*
Southwestern water vole*	*Arvícola sapidus*
Little bustard*	*Tetrax tetrax*
European turtle dove*	*Streptopelia turtur*
Snub-nosed viper	*Vipera latastei*

* Species affected by more than one project carried out by OHL

Near threatened species

NEAR THREATENED SPECIES (NT)

Bonelli's eagle	*Aquila fasciata*
Hen harrier*	*Circus cyaneus*
Bar-tailed godwit	*Limosa lapponica*
Mediterranean barbel	*Barbus meridionalis*
European rabbit	*Oryctolagus cuniculus*
Dartford warbler	*Sylvia undata*
European pond turtle*	*Emys orbicularis*
Ocellated lizard	*Lacerta lepidus or Timon lepidus*
Iberian emerald lizard	*Lacerta schreiberi*
Red kite	*Milvus milvus*
Common bent-wing bat	*Miniopterus schreibersii*
Greater horseshoe bat*	*Rhinolophus ferrumequinum*
Lesser horseshoe bat*	*Rhinolophus hipposideros*
Lesser mouse-eared bat	*Myotis blythii*
Eurasian otter*	*Lutra lutra*
Chunky false brook salamander	*Pseudoeurycea cephalica*
Iberian spadefoot toad	*Pelobates cultripes*
White-rumped swift	*Apus caffer*

* Species affected by more than one project carried out by OHL.

AirportLink Railway Connection. US.

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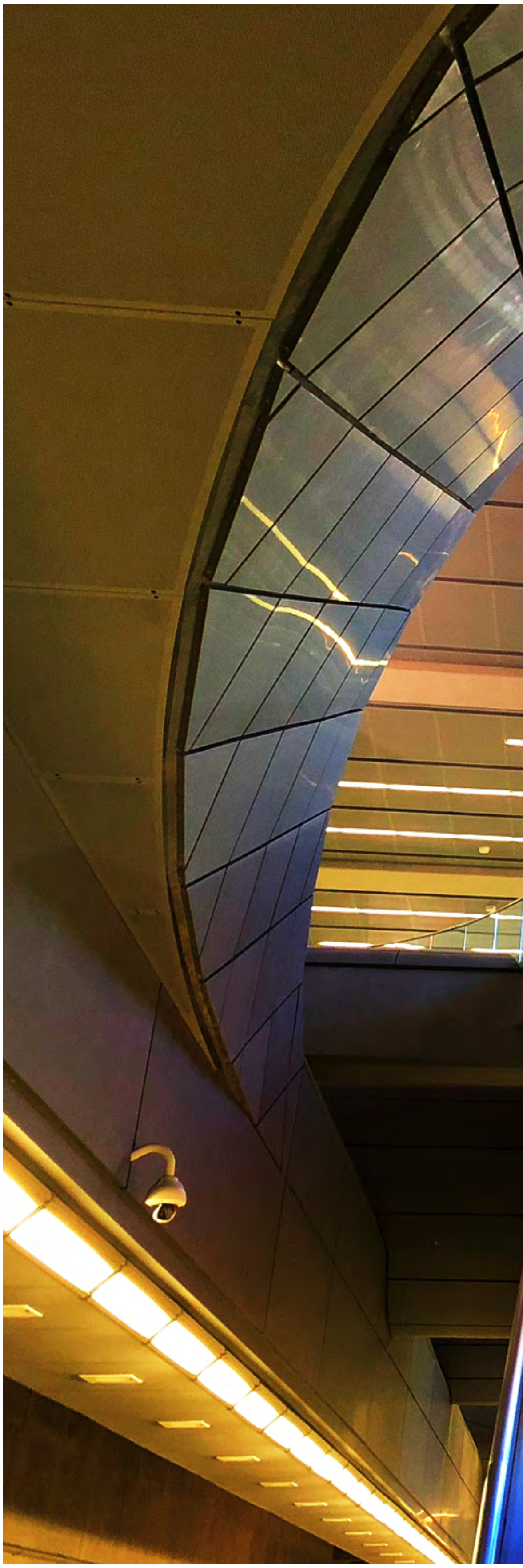

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Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2019 AND 31 DECEMBER 2018

Thousands of euros

ASSETS	Notes	31/12/2019	31/12/2018
NON-CURRENT ASSETS			
Intangible assets	3.1.		
Intangible assets		467.797	463.305
Accumulated amortisation		(278.690)	(254.327)
		189.107	**208.978**
Concession infrastructure	3.2.		
Intangible asset model		13.101	14.226
Financial asset model		59.666	57.945
		72.767	**72.171**
Property, plant and equipment	3.3.		
Land and buildings		79.748	45.267
Machinery		355.111	352.483
Other fixtures, tools and furniture		86.735	85.219
Advances and property, plant and equipment in the course of construction		10.204	7.314
Other items of property, plant and equipment		66.438	59.421
Accumulated depreciation and impairment losses		(411.847)	(402.298)
		186.389	**147.406**
Investment property	3.4.	**10.154**	**10.529**
Goodwill	3.5.	**7.247**	**7.247**
Non-current financial assets	3.6.		
Investment securities		64.205	64.187
Other receivables		265.718	240.420
Deposits and guarantees given		11.214	12.703
Impairment losses		(8.884)	(8.309)
		332.253	**309.001**
Investments accounted for using the equity method	3.7.	**301.362**	**293.403**
Deferred tax assets	3.22.	**205.023**	**262.456**
TOTAL NON-CURRENT ASSETS		**1.304.302**	**1.311.191**
CURRENT ASSETS			
Non-current assets classified as held for sale and discontinued operations		**-**	**142.489**
Inventories			
Embodiment items, fungibles and replacement parts for machinery		42.284	46.858
Auxiliary shop projects and site installations		31.328	32.775
Advances to suppliers and subcontractors		35.044	58.777
Write-downs		(1.500)	(1.498)
		107.156	**136.912**
Trade and other receivables	3.9.		
Trade receivables for sales and services		1.048.969	1.123.710
Receivable from associates		182.643	150.361
Employee receivables		1.346	2.214
Tax receivables	3.22.	83.213	84.203
Sundry accounts receivable		45.938	51.590
Write-downs		(104.487)	(107.870)
		1.257.622	**1.304.208**
Current financial assets	3.6.		
Investment securities		33.911	28.167
Other receivables		28.215	63.272
Deposits and guarantees given		185.403	145.004
Write-downs		(18.519)	(13.961)
		229.010	**222.482**
Current income tax assets		**14.622**	**18.183**
Other current assets	3.10.	**156.162**	**153.504**
Cash and cash equivalents	3.11.	**555.442**	**814.434**
TOTAL CURRENT ASSETS		**2.320.014**	**2.792.212**
TOTAL ASSETS		**3.624.316**	**4.103.403**

Note: the accompanying Notes 1 to 6 and the Appendices thereto are an integral part of the consolidated balance sheet as at 31 December 2019.

CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2019 AND 31 DECEMBER 2018

Thousands of euros

EQUITY AND LIABILITIES	Notes	31/12/2019	31/12/2018
EQUITY			
Share capital	3.12.	171.929	171.929
Share premium	3.13.	1.265.300	1.265.300
Treasury shares	3.14.	(535)	(370)
Reserves	3.15.	(520.064)	1.350.892
Reserves of consolidated companies	3.15.	(103.960)	(298.301)
Valuation adjustments	3.16.	(42.699)	(25.464)
Consolidated loss for the year attributable to the Parent		(142.960)	(1.577.346)
Interim dividend		-	(99.867)
TOTAL EQUITY ATTRIBUTABLE TO THE PARENT		**627.011**	**786.773**
Non-controlling interests	3.17.	**(4.148)**	**(1.104)**
TOTAL EQUITY		**622.863**	**785.669**
NON-CURRENT LIABILITIES			
Debt instruments and other marketable securities	3.18.		
Corporate bond issues		587.887	659.298
		587.887	**659.298**
Bank borrowings	3.18.		
Mortgage and other loans		150	1.659
		150	**1.659**
Other financial liabilities	3.19.	**31.483**	**2.384**
Deferred tax liabilities	3.22.	**95.125**	**149.000**
Provisions	3.20.	**65.518**	**60.454**
Deferred income		**817**	**1.362**
Other non-current liabilities	3.21.	**16.505**	**14.704**
TOTAL NON-CURRENT LIABILITIES		**797.485**	**888.861**
CURRENT LIABILITIES			
Liabilities associated with non-current assets classified as held for sale and discontinued operations		**-**	**63.517**
Debt instruments and other marketable securities	3.18.		
Corporate bond issues		83.691	14.132
		83.691	**14.132**
Bank borrowings	3.18.		
Mortgage and other loans		3.388	11.265
Loans of concession operators		53.770	54.498
Unmatured accrued interest payable		19	106
Unmatured accrued interest payable of concession operators		203	-
		57.380	**65.869**
Other financial liabilities	3.19.	**26.287**	**6.015**
Trade and other payables			
Customer advances	3.9.	517.372	601.285
Accounts payable for purchases and services		977.025	1.180.983
Notes payable		55.315	38.161
		1.549.712	**1.820.429**
Provisions	3.20.	**217.146**	**202.456**
Current income tax liabilities		**12.299**	**6.604**
Other current liabilities	3.21.		
Payable to associates		121.636	89.690
Remuneration payable		30.262	23.797
Tax payables	3.22.	74.865	74.964
Other non-trade payables		28.145	58.724
Guarantees and deposits received		2.492	2.520
Other current liabilities		53	156
		257.453	**249.851**
TOTAL CURRENT LIABILITIES		**2.203.968**	**2.428.873**
TOTAL EQUITY AND LIABILITIES		**3.624.316**	**4.103.403**

Note: the accompanying Notes 1 to 6 and the Appendices thereto are an integral part of the consolidated balance sheet as at 31 December 2019.

1

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018

Thousands of euros

	Notes	2019	2018
Revenue	3.23.	2.959.905	2.906.900
Other operating income	3.23.	86.175	100.903
Total operating income		**3.046.080**	**3.007.803**
Procurements	3.23.	(1.726.202)	(2.216.741)
Staff costs	3.23.	(757.502)	(814.175)
Other operating expenses	3.23.	(497.611)	(472.837)
Depreciation and amortisation charge		(68.304)	(61.493)
Changes in provisions and allowances		(8.724)	(3.514)
LOSS FROM OPERATIONS		**(12.263)**	**(560.957)**
Finance income	3.23.	20.575	21.737
Finance costs	3.23.	(56.506)	(82.665)
Net exchange differences	3.23.	2.236	(5.896)
Net gains (losses) on remeasurement of financial instruments at fair value	3.23.	2.361	(89.453)
Result of companies accounted for using the equity method	3.23.	(7.032)	(110.416)
Impairment and gains or losses on disposals of financial instruments	3.23.	(71.030)	(141.898)
LOSS BEFORE TAX		**(121.659)**	**(969.548)**
Income tax	3.22.	(21.842)	15.995
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(143.501)**	**(953.553)**
Loss for the year from discontinued operations, net of tax	3.23.	-	**(550.291)**
CONSOLIDATED LOSS FOR THE YEAR		**(143.501)**	**(1.503.844)**
(Profit) Loss from continuing operations attributable to non-controlling interests	3.17.	541	(1.884)
(Profit) Loss from discontinued operations attributable to non-controlling interests	3.17.	-	(71.618)
CONSOLIDATED LOSS FOR THE YEAR ATTRIBUTABLE TO THE PARENT		**(142.960)**	**(1.577.346)**
Earnings (Loss) per share:			
Basic	1.5.	**(0,50)**	**(5,51)**
Diluted	1.5.	**(0,50)**	**(5,51)**
Earnings (Loss) per share from discontinued operations:			
Basic	1.5.	**-**	**(2,17)**
Diluted	1.5.	**-**	**(2,17)**

Note: the accompanying Notes 1 to 6 and the Appendices thereto are an integral part of the consolidated statement of profit or loss for the year ended 31 December 2019.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018

Thousands of euros

	2019	2018
CONSOLIDATED LOSS FOR THE YEAR	**(143.501)**	**(1.503.844)**
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	**(24.045)**	**780.117**
Cash flow hedges	(8.802)	(6.446)
Translation differences	(11.704)	788.913
Companies accounted for using the equity method	(5.466)	(2.525)
Tax effect	1.927	175
TRANSFERS TO PROFIT OR LOSS	**4.802**	**600.771**
Cash flow hedges	3.179	10.723
Translation differences	-	588.029
Companies accounted for using the equity method	1.962	2.393
Tax effect	(339)	(374)
TOTAL COMPREHENSIVE INCOME	**(162.744)**	**(122.956)**
Attributable to the Parent	(160.195)	(851.501)
Attributable to non-controlling interests	(2.549)	728.545

Note: the accompanying Notes 1 to 6 and the Appendices thereto are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2019.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018

Thousands of euros

	Equity attributable to the Parent								
	Share capital	Share premium and reserves	Treasury shares	Consolidated loss for the year attributable to the Parent	Valuation adjustments	Interim dividend	Total equity attributable to the Parent	Non-controlling interests	Total equity
Ending balance at 31 December 2017	**179.255**	**2.799.433**	**(48.638)**	**(12.076)**	**(751.309)**	**-**	**2.166.665**	**2.016.563**	**4.183.228**
Application of IFRS 15 and IFRS 9	-	(415.237)	-	-	-	-	(415.237)		(415.237)
Ending balance at 1 January 2018	**179.255**	**2.384.196**	**(48.638)**	**(12.076)**	**(751.309)**	**-**	**1.751.428**	**2.016.563**	**3.767.991**
Total comprehensive income	**-**	**-**	**-**	**(1.577.346)**	**725.845**	**-**	**(851.501)**	**728.545**	**(122.956)**
Transactions with shareholders or owners	**(7.326)**	**(41.519)**	**48.268**	**-**	**-**	**(99.867)**	**(100.444)**	**-**	**(100.444)**
Capital reduction	(7.326)	(39.694)	47.020	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	(99.867)	(99.867)	-	(99.867)
Treasury share transactions	-	(1.825)	1.248	-	-	-	(577)	-	(577)
Other changes in equity	**-**	**(24.786)**	**-**	**12.076**	**-**	**-**	**(12.710)**	**(2.746.212)**	**(2.758.922)**
Transfers between equity items	-	(12.076)	-	12.076	-	-	-	-	-
Other changes	-	(12.710)	-	-	-	-	(12.710)	(2.746.212)	(2.758.922)
Ending balance at 31 December 2018	**171.929**	**2.317.891**	**(370)**	**(1.577.346)**	**(25.464)**	**(99.867)**	**786.773**	**(1.104)**	**785.669**
Total comprehensive income	**-**	**-**	**-**	**(142.960)**	**(17.235)**		**(160.195)**	**(2.549)**	**(162.744)**
Transactions with shareholders or owners	**-**	**(99.758)**	**(165)**	**-**	**-**	**99.867**	**(56)**	**-**	**(56)**
Dividends paid	-	(99.867)	-	-	-	99.867	-	-	-
Treasury share transactions	-	109	(165)	-	-	**-**	(56)	-	(56)
Other changes in equity	**-**	**(1.576.857)**	**-**	**1.577.346**	**-**	**-**	**489**	**(495)**	**(6)**
Transfers between equity items	-	(1.577.346)	-	1.577.346	-	-	-	-	-
Other changes	-	489	-	-	-	-	489	(495)	(6)
Ending balance at 31 December 2019	**171.929**	**641.276**	**(535)**	**(142.960)**	**(42.699)**	**-**	**627.011**	**(4.148)**	**622.863**

Note: the accompanying Notes 1 to 6 and the Appendices thereto are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2019.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018

Thousands of euros

	2019	2018
A) CASH FLOWS FROM OPERATING ACTIVITIES	**(138.634)**	**(571.639)**
Loss before tax	**(121.659)**	**(969.548)**
Adjustments for:	**186.424**	**473.598**
Depreciation and amortisation charge	68.304	61.493
Other adjustments to the loss before tax	118.120	412.105
Changes in working capital	**(187.009)**	**80.902**
Other cash flows from operating activities	**(16.390)**	**(156.591)**
Dividends received	5.502	6
Income tax recovered (paid)	(21.226)	(37.723)
Other amounts received (paid) relating to operating activities	(666)	(118.874)
B) CASH FLOWS FROM INVESTING ACTIVITIES	**(31.594)**	**1.971.100**
Payments due to investment	**(145.991)**	**(215.332)**
Group companies, associates and business units	(87.312)	(145.219)
Property, plant and equipment, intangible assets and investment property	(46.792)	(46.195)
Other financial assets	(11.887)	(23.918)
Other assets	-	-
Proceeds from disposal	**93.836**	**2.097.196**
Group companies, associates and business units	-	2.087.756
Property, plant and equipment, intangible assets and investment property	16.580	9.440
Other financial assets	-	-
Other assets	77.256	-
Other cash flows from investing activities	**20.561**	**89.236**
Interest received	20.561	21.731
Other amounts received (paid) relating to investing activities	-	67.505
C) CASH FLOWS FROM FINANCING ACTIVITIES	**(93.946)**	**(1.022.727)**
Proceeds and (payments) relating to equity instruments	**(56)**	**(577)**
Acquisition	(34.321)	(65.592)
Disposal	34.265	65.015
Proceeds and (payments) relating to financial liability instruments	**(11.850)**	**(833.277)**
Issue	3.218	21.346
Repayment	(15.068)	(854.623)
Dividends and returns on other equity instruments paid	**-**	**(99.867)**
Other cash flows from financing activities	**(82.040)**	**(89.006)**
Interest paid	(56.390)	(83.728)
Other amounts received (paid) relating to financing activities	(25.650)	(5.278)
D) EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**5.182**	**7.571**
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**(258.992)**	**384.305**
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**814.434**	**430.129**
G) CASH AND CASH EQUIVALENTS AT END OF YEAR (E+F)	**555.442**	**814.434**
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash on hand and at banks	517.187	778.344
Other financial assets	38.255	36.090
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	**555.442**	**814.434**

Note: the accompanying Notes 1 to 6 and the Appendices thereto are an integral part of the consolidated statement of cash flows for the year ended 31 December 2019.

CASH FLOWS FROM DISCONTINUED OPERATIONS

A) Cash flows from operating activities	-	11.424
B) Cash flows from investing activities	-	(204.844)
C) Cash flows from financing activities	-	248.898
D) Net cash flows from discontinued operations (A+B+C)	**-**	**55.478**

1. General information

1.1.- COMPANY NAME AND REGISTERED OFFICE

Obrascón Huarte Lain, S.A. (the Parent), formerly Sociedad General de Obras y Construcciones Obrascón, S.A., was incorporated on 15 May 1911 and has its registered office in Madrid, at Paseo de la Castellana, 259 D.

1.2.- BUSINESS ACTIVITIES

The main business activities carried on by the companies composing the Obrascón Huarte Lain Group are as follows:

CONSTRUCTION

Construction of all manner of civil engineering works and building construction for public and private sector customers, both in Spain and abroad.

INDUSTRIAL

Industrial engineering, particularly complete industrial plants and systems, including the design, construction, maintenance and operation thereof and any other activity related to oil and gas, energy, solids engineering and fire safety systems.

SERVICES

Servicing of properties and infrastructure maintenance for all types of properties, housing and offices.

In addition, other less significant activities are performed, which at the reporting date are not separately reported because the amounts do not account for a significant proportion of the Group's total revenue; these activities relate to the development and operation of top quality mixed-use hotel-related real estate projects and to the development of infrastructure through partnerships with financial investors, maximising the value of greenfield projects.

1.3.- LOSS FOR THE YEAR, CHANGES IN EQUITY ATTRIBUTABLE TO THE PARENT AND CHANGES IN CASH FLOWS

LOSS FOR THE YEAR

The consolidated loss for 2019 attributable to the Parent amounted to EUR (142,960) thousand.

Thousands of euros

	2019	2018	% Change
Revenue	2,959,905	2,906,900	1.8%
EBITDA (*)	**64,765**	**(495,950)**	**n/a**
EBIT	**(12,263)**	**(560,957)**	**n/a**
Financial loss and other profits and losses	(109,396)	(408,591)	-73.2%
Loss before tax	**(121,659)**	**(969,548)**	**-87.5%**
Income tax	(21,842)	15,995	n/a
Loss for the year from continuing operations	**(143,501)**	**(953,553)**	**-85.0%**
Loss for the year from discontinued operations	-	(550,291)	n/a
(Profit) Loss attributable to non-controlling interests	541	(73,502)	n/a
Loss attributable to the Parent	**(142,960)**	**(1,577,346)**	**-90.9%**

(*) EBITDA is calculated as the profit or loss from operations plus the depreciation and amortisation charge plus the change in provisions and allowances.

CHANGES IN EQUITY ATTRIBUTABLE TO THE PARENT

The changes in the equity attributable to the Parent in 2019 and 2018 were as follows:

Thousands of euros

Balance at 31 december 2017	**2,166,665**
Application of IFRS 15	(410,237)
Application of IFRS 9	(5,000)
Balance at 1 January 2018	**1,751,428**
2018 loss attributable to the Parent	(1,577,346)
Valuation adjustments relating to hedges	10,454
Translation differences	715,391
Interim dividend	(99,867)
Other changes	(13,287)
Balance at 31 December 2018	**786,773**
2019 loss attributable to the Parent	(142,960)
Valuation adjustments relating to hedges	(6,086)
Translation differences	(11,149)
Other changes	433
Balance at 31 December 2019	**627,011**

CHANGES IN CASH FLOWS

The cash flows in 2019 compared with those of 2018, classified on the basis of whether they arose from operating, investing or financing activities, are summarised as follows:

Thousands of euros

	2019	2018	Difference
Operating activities	(138,634)	(571,639)	433,005
Investing activities	(31,594)	1,971,100	(2,002,694)
Financing activities	(93,946)	(1,022,727)	928,781
Effect of exchange rate changes on cash and cash equivalents	5,182	7,571	(2,389)
Net increase (decrease) in cash and cash equivalents	**(258,992)**	**384,305**	**(643,297)**
Cash and cash equivalents at beginning of year	**814,434**	**430,129**	**384,305**
Cash and cash equivalents at end of year	**555,442**	**814,434**	**(258,992)**

1.4.- PROPOSED ALLOCATION OF LOSS AND DIVIDEND

The allocation of the loss for 2019 that the directors of Obrascón Huarte Lain, S.A. will propose for approval by the shareholders at the Annual General Meeting is as follows:

Thousands of euros

2019 loss	**(59,886)**
Allocation:	
To legal reserve	-
Interim dividend	-
To prior years' losses	(59,886)

1.5.- EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the consolidated profit or loss for the year attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held in the year.

DILUTED EARNINGS PER SHARE

Diluted earnings per share are calculated in a similar way to basic earnings per share; however, the weighted average number of shares outstanding is increased by share options, warrants and convertible debt. In 2019 and 2018 there were no differences between the basic earnings per share and diluted earnings per share.

Thousands of euros

	2019	2018
Weighted average number of shares outstanding	286,052,416	286,142,138
Consolidated loss for the year attributable to the Parent	(142,960)	(1,577,346)
Basic loss per share = diluted loss per share	**(0.50)**	**(5.51)**
Loss for the year from discontinued operations	-	(621,909)
Basic loss per share = diluted loss per share from discontinued operations	**-**	**(2.17)**

2. Basis of presentation and basis of consolidation

2.1.- BASIS OF PRESENTATION

The consolidated financial statements for 2019 of the Obrascón Huarte Lain Group were formally prepared:

- By the Parent's directors, at the Board of Directors Meeting held on 5 May 2020.
- In accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.
- Taking into account all the mandatory accounting principles and policies and measurement bases with a significant effect on the consolidated financial statements. The principal accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2019 are summarised in Note 2.6.
- So that they present fairly the Group's consolidated equity and financial position at 31 December 2019 and the consolidated results of its operations, the consolidated comprehensive income, the changes in consolidated equity and the consolidated cash flows in 2019.
- On the basis of the accounting records kept by the Parent and by the other Group companies.

However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2019 differ in many cases from those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the accounting policies and measurement bases used and to make them compliant with IFRSs.

The Group's consolidated financial statements for 2018 were approved by the shareholders at the Annual General Meeting of the Parent held on 28 May 2019.

The 2019 consolidated financial statements of the Group and the 2019 financial statements of the Parent and of the Group companies have not yet been approved by their shareholders at the respective Annual General Meetings. However, the Parent's Board of Directors considers that they will be approved without any changes.

2.2.- INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

EFFECTIVENESS OF NEW ACCOUNTING STANDARDS

The following standards became effective in 2019:

New standards, amendments and interpretations:		Obligatory application in annual reporting periods beginning on or after:
Approved for use in the European Union		
IFRS 16, Leases	Supersedes IAS 17 and the associated interpretations. The main change in the new standard is that it introduces a single lessee accounting model in which all leases will be recognised in the balance sheet.	1 January 2019
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	They permit the measurement at amortised cost of certain financial instruments with prepayment features, which may be put back to the issuer before maturity for an amount lower than the unpaid amounts of principal and interest on the principal amount outstanding.	
IFRIC 23, Uncertainty Over Income Tax Treatments	Clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over whether the relevant taxation authority will accept a tax treatment used by an entity.	
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	Clarify that IFRS 9 should be applied to long-term interests in an associate or joint venture to which the equity method is not applied.	
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	Clarify how to determine current service cost and net interest for the remainder of the annual reporting period after a defined benefit plan amendment, curtailment or settlement.	
Amendments to IFRS 3, Business combinations	Obtaining control over a previously held joint operation.	
Amendments to IFRS 11, Joint Operations	Obtaining control over a previously held joint operation.	
Amendments to IAS 12, Income Taxes	Income tax consequences of payments on financial instruments classified as equity.	
Amendments to IAS 23, Borrowing Costs	Capitalisation of specific borrowing costs that are outstanding during the period.	

Of the new standards that became effective, the most significant for the Group was IFRS 16, Leases.

IFRS 16, leases

This standard establishes a single lessee accounting model, whereby leases classified to date as operating leases must be recognised in the consolidated balance sheet. Consequently, lessees must recognise in their balance sheet a financial liability at the present value of the future lease payments to be made over the lease term and an asset for the right to use the underlying asset, which is measured by reference to the amount of the associated liability, to which are added the initial direct costs incurred.

In addition, the expenses relating to these leases are presented, in accordance with the requirements of IFRS 16, as depreciation of the right-of-use asset and interest on the lease liability.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, depending on the extent to which the risks and rewards of ownership are substantially transferred.

On first-time application, the Group opted to apply the cumulative catch-up approach, based on which the comparative information for previous periods was not restated and the impacts were recognised at 1 January 2019.

The Group applied the exemption from recognition to leases in which the asset is of low value and short term leases (expiry within 12 months).

An incremental effective borrowing rate was applied on the basis of a portfolio of leases with similar characteristics, in the same country and with similar lease terms, obtained in each case from market data. The average discount rate used was 5%.

Having completed in the second half of 2019 the identification and categorisation of the operating leases it held in the various geographical areas and lines of business in which it operates, on the date of first-time application the Group recognised assets under "Property, Plant and Equipment" amounting to EUR 49,884 thousand, as well as new financial liabilities under "Non-Current Liabilities   Other Financial Liabilities" and "Current Liabilities - Other Financial Liabilities" amounting to EUR 35,822 thousand and EUR 14,062 thousand, respectively.

They relate mainly to office, machinery and vehicle lease obligations.

The detail of the impacts of the application of IFRS 16 on the consolidated balance sheet as at 1 January 2019 is as follows:

Thousands of euros

ASSETS	31/12/18	IFRS 16	01/01/19
Non-current assets	1,311,191	49,884	1,361,075
Current assets	2,792,212	-	2,792,212
Total assets	**4,103,403**	**49,884**	**4,153,287**
EQUITY AND LIABILITIES			
Equity attributable to the Parent	785,669	-	785,669
Non-current liabilities	888,861	35,822	924,683
Current liabilities	2,428,873	14,062	2,442,935
Total equity and liabilities	**4,103,403**	**49,884**	**4,153,287**

The accounting for finance leases prior to the date of first-time application remains unchanged with respect to their treatment under IAS 17.

The application of IFRS 16 in 2019 gave rise to the recognition of an asset depreciation charge of EUR 12,674 thousand in the consolidated statement of profit or loss. Also, the interest relating to the associated liabilities amounted to EUR 3,042 thousand.

The lease payments recognised at 31 December 2019 amounted to EUR 15,219 thousand.

With regard to the consolidated statement of cash flows, the application of this standard resulted in an increase in cash flows from operating activities and a decrease in cash flows from financing activities.

STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET IN FORCE

At the date of preparation of these consolidated financial statements, the following standards, amendments and interpretations had been published by the International Accounting Standards Board (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:

New standards, amendments and interpretations:		**Obligatory application in annual reporting periods beginning on or after:**
Approved for use in the European Union		
Definition of a Business (Amendments to IFRS 3)	Clarifications of the definition of a business.	1 January 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	Interest rate benchmark reform in progress.	1 January 2020
Not yet approved for use in the European Union		
Definition of Material (Amendments to IAS 1 and IAS 8)	To align the definition of materiality with the definition contained in the Conceptual Framework.	1 January 2020
IFRS 17, Insurance Contracts	Will supersede IFRS 4. It establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and is issued to ensure that entities provide relevant and reliable information that gives a basis for users of the information to assess the effect that insurance contracts have on the financial statements.	1 January 2021 (*)

(*) The IASB has proposed that the application of this standard be deferred until 1 January 2022.

All the accounting principles or measurement bases with a material effect on the consolidated financial statements were applied in preparing them.

2.3.- FUNCTIONAL CURRENCY

These consolidated financial statements are presented in euros since this is the currency of the primary economic environment in which the Group operates. Foreign operations are accounted for in accordance with the policies established in Note 2.6.11.

2.4.- RESPONSIBILITY FOR THE INFORMATION AND USE OF ESTIMATES

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

In the consolidated financial statements for 2019 estimates were occasionally made by the senior executives of the Group and of the Group companies, later ratified by their directors, in order to quantify certain of the assets, liabilities, income and expenses reported herein. These estimates relate basically to the following:

- The impairment losses on certain assets (see Notes 2.6.6., 3.1., 3.2. and 3.5.).
- The useful life of the intangible assets and property, plant and equipment (see Notes 2.6.1. and 2.6.3.).
- The recognition of construction contract revenue and costs (see Notes 2.6.15., 3.9. and 3.23).
- The amount of certain provisions (see Notes 2.6.14. and 3.20.).
- The fair value of the assets acquired in business combinations and goodwill (see Note 3.5.).
- The fair value of certain unquoted assets.
- The assessment of possible contingencies relating to employment, tax and legal risks (see Notes 3.20., 3.22. and 4.6.2.2.).
- Financial risk management (see Note 4.2.1.).

Although these estimates were made on the basis of the best information available at 31 December 2019, events that take place in the future might make it necessary to change these estimates in coming years. Changes in accounting estimates would be applied, pursuant to IAS 8, by recognising the effects of the change in estimates in the related consolidated statements of profit or loss.

As required by IAS 1, the information relating to 2018 is presented, for comparison purposes, with the information relating to 2019 and, accordingly, it does not constitute the Group's complete consolidated financial statements for 2018.

2.5.- BASIS OF CONSOLIDATION

SUBSIDIARIES

Subsidiaries are defined as companies over which the Parent has the capacity to exercise control; control is presumed to exist when the Parent is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Pursuant to IFRS 10, Consolidated Financial Statements, the Parent controls an investee if and only if it has all of the following:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of its returns.

The financial statements of the subsidiaries are fully consolidated with those of the Parent, and the interest of non-controlling shareholders, if any, is recognised under "Non-Controlling Interests" in the consolidated balance sheet and "(Profit) Loss from Continuing Operations Attributable to Non Controlling Interests" and "(Profit) Loss from Discontinued Operations Attributable to Non Controlling Interests", as appropriate, in the consolidated statement of profit or loss.

Additionally, the results on intragroup transactions are eliminated and are deferred until they are realised vis-à-vis non-Group third parties, with the exception of those relating to construction work performed for concession operators which, in accordance with IFRIC 12, are identified as results on transactions with non-Group companies and, accordingly, are recognised by reference to the stage of completion.

JOINT OPERATIONS

A joint operation is a contractual arrangement whereby two or more entities that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The financial statements of the joint operations are proportionately consolidated (see Note 3.7.2.).

The assets and liabilities assigned by the Group to joint operations are recognised in the consolidated balance sheet classified according to their specific nature. Similarly, the Group's share of the income and expenses of joint operations is recognised in the consolidated statement of profit or loss on the basis of the nature of the related items.

JOINT VENTURES

A joint venture is an arrangement whereby two or more entities that have joint control of the arrangement do not have rights to the assets, or obligations for the liabilities, but rather have rights to the net assets relating to the arrangement.

In the consolidated financial statements, joint ventures are accounted for using the equity method.

ASSOCIATES

Associates are companies over which the Parent is in a position to exercise significant influence, but not control or joint control with other shareholders.

In the consolidated financial statements, investments in associates are accounted for using the equity method.

SCOPE OF CONSOLIDATION

The most significant companies included in the scope of consolidation at 31 December 2019 are detailed in Appendix I.

The activities, registered offices and equity of, and the net cost of the investments in, the most significant companies composing the consolidated Group are shown in Appendices II and III.

CHANGES IN THE SCOPE OF CONSOLIDATION

The changes in the scope of consolidation in 2019 were as follows:

INCLUSIONS	Nº. OF COMPANIES
Full consolidation	4
Equity method	2
Total inclusions	**6**

EXCLUSIONS	
Full consolidation	4
Equity method	8
Total exclusions	**12**

The most significant changes were as follows:

Sales of companies included in the Development Division

In 2019 ten companies included in the Development Division were sold, of which four had been fully consolidated and six had been accounted for using the equity method.

There were no significant inclusions in 2019.

The detail of the companies included in, or excluded from, the scope of consolidation and of the reasons therefor is disclosed in Appendix IV.

2.6.- ACCOUNTING POLICIES

The accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2019 were as follows.

2.6.1. INTANGIBLE ASSETS

Intangible assets are recognised initially at acquisition or production cost.

They are subsequently measured at acquisition or production cost less any accumulated amortisation and any accumulated impairment losses.

“Intangible Assets” includes the costs arising from the installation and acquisition of computer software, which is amortised on a straight-line basis over a maximum period of five years.

It also includes development expenditure, which is capitalised if it meets the requirements of identifiability, reliability in the measurement of cost and high probability that the assets created will generate economic benefits. This expenditure is amortised on a straight-line basis over the useful life of the asset.

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

Also, under IFRS 3, all the assets of a business combination, including intangible assets, regardless of whether they had been previously recognised in the acquiree's balance sheet, are measured at fair value, provided that they meet certain identifiability and separability criteria. In this regard, this heading includes the amount relating to the measurement of the backlog and the customer portfolio of the acquirees at the date of acquisition, taking as a reference the projected margins after taxes, projected expenditure and the term of the contracts. The amount relating to the backlog will be amortised over the residual term of the contracts and that relating to the customer portfolio will be amortised over the estimated average useful life thereof.

At the end of each reporting period an analysis is conducted to ascertain whether the goodwill allocated to the client base of the US companies has become impaired, using cash flow projections, which at 2019 year-end were discounted at a rate of 7.81%.

2.6.2.- CONCESSION INFRASTRUCTURE

Concession infrastructure includes investments made by the Group companies that are infrastructure concession operators, which are recognised in accordance with IFRIC 12, Service Concession Arrangements.

IFRIC 12 relates to the accounting of private sector operators involved in providing infrastructure assets and services to the public sector. This interpretation establishes that in concession arrangements, the operator must not recognise the infrastructure assets as property, plant and equipment but must instead classify the assets as intangible assets or financial assets.

2.6.2.1.- Concession infrastructure classified as an intangible asset

An intangible asset arises when the operator provides construction or upgrade services and receives a right to operate the infrastructure for a specified period of time after the construction has been completed, in which the operator's future cash flows have not been specified, since they may vary on the basis of the extent that the asset is used, for which reason they are considered to be contingent. In these cases the demand risk is borne by the concession operator and, accordingly, the concession is considered to be an intangible asset.

The intangible asset is measured at the fair value of the service provided, equal to the total payments made for its construction, including the construction costs incurred up to entry into service, such as studies and designs, compulsory purchases, costs of restoration of infrastructure, facilities and other similar items.

The intangible asset also includes borrowing costs incurred prior to the entry into service of the concession.

The concession infrastructure recognised as an intangible asset is amortised on the basis of the pattern of consumption (traffic) of these concession assets during the term of the concession only.

The contractual obligations to restore the infrastructure to a specified level of serviceability, pursuant to the terms and conditions of the licences or services, before it is handed over to the grantor in a specified condition at the end of the period of the concession arrangement, are covered by the recognition of provisions for major maintenance work. These provisions are recognised under "Non Current Liabilities - Provisions" in the consolidated balance sheet.

The grants financing the infrastructure are recognised as "Non-Current Liabilities - Other Financial Liabilities" until the conditions attaching to them have been fulfilled. At that time they are deducted from the cost of the infrastructure.

2.6.2.2.- Concession infrastructure classified as a financial asset

These are assets recognised by the concession operators, which represent the rights to operate administrative concessions and the unconditional contractual right to receive cash or another financial asset associated with certain concession arrangements where the demand risk is borne by the concession grantor.

The financial asset arises when an operator constructs or upgrades infrastructure and has an unconditional contractual right to receive a specified amount of cash or another financial asset over the term of the arrangement. This asset is subsequently measured at amortised cost, based on the best estimates of the flows to be received over the term of the concession, and the accrued interest, calculated using the effective interest rate method, on the expected cash inflows and outflows of the concession is recognised as "Other Operating Income" in the consolidated statement of profit or loss, since it is considered that these cash flows relate to the operating activities of the concessions.

All actions taken in relation to the concession infrastructure, such as maintenance and replacements, give rise to revenue from services which is recognised under "Other Operating Income" in the consolidated statement of profit or loss.

The operating expenses incurred by the companies are accounted for on an accrual basis in the consolidated statement of profit or loss, giving rise to the recognition of revenue from services under "Other Operating Income".

The value of the financial asset is increased by the construction services and the effective interest rate, and reduced by the associated net revenue.

If there are significant changes in the estimates which are indicative of a material change in the effective interest rate applicable to the concession arrangement, the Group assesses the carrying amount of the financial asset and adjusts it prospectively, recognising the corresponding impairment loss if the net present value of the cash flows to be received over the concession term is lower than the carrying amount of the financial asset.

2.6.3.- PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at acquisition cost (revalued, where appropriate, in accordance with the applicable legislation prior to the date of transition to IFRSs, including Royal Decree-Law 7/1996) less any accumulated depreciation and any recognised impairment losses.

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

Repairs that do not lead to a lengthening of the useful life of the assets and maintenance costs are charged to the consolidated statement of profit or loss for the year in which they are incurred.

The Group capitalises interest during the non-current asset construction period as indicated in Note 2.6.17.

Group work on non-current assets is recognised at accumulated cost (external costs plus in-house costs, determined on the basis of in-house consumption of warehouse materials and manufacturing costs allocated using hourly absorption rates similar to those used for inventory measurement).

Depreciation 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 depreciation charge is recognised in the consolidated statement of profit or loss at rates based on the following years of estimated useful life of the various assets:

	YEARS OF USEFUL LIFE
Buildings	25-50
Machinery	6-16
Other fixtures, tools and furniture	10
Other items of property, plant and equipment	3-5

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets of the same nature.

At the end of each reporting period, the consolidated companies assess whether there is any internal or external indication that the carrying amounts of their property, plant and equipment items exceed their recoverable amounts, i.e., the higher of the net amount which could be obtained if they were sold and the present value of the cash flows. If any such indication exists, the carrying amount of the assets is reduced to the recoverable amount and the future depreciation charges in the consolidated statement of profit or loss are adjusted in proportion to the adjusted carrying amounts and new useful lives.

Similarly, when there are indications that the value of the assets has recovered, the consolidated companies recognise the reversal of the impairment losses recognised in prior periods and adjust the depreciation charges in future consolidated statements of profit or loss up to a maximum of the original cost of the related asset.

2.6.4.- INVESTMENT PROPERTY

"Investment Property" in the accompanying consolidated balance sheet reflects the values of the land, buildings and other structures held either to earn rentals or for capital appreciation.

Land is measured at acquisition cost increased by site clearance and preparation costs. Construction projects are measured at the cost of the related progress billings plus contract costs, such as site management, levies, architects' fees, etc. They are depreciated on a straight-line basis over their useful lives, which are the same as those used for similar items of property, plant and equipment.

Borrowing costs attributable to these investments are capitalised during the construction period until the properties are ready for sale and are treated as an addition to the value of the investment. Interest income obtained from the short-term investment of cash surpluses is deducted from the cost of the investment.

Revenue and gains or losses are recognised when the assets are sold and the sale to the buyer has been executed in a public deed, which is when the rights and obligations inherent thereto are transferred. Rental income is allocated to the consolidated statement of profit or loss on an accrual basis.

In leases, expenses are recognised on an accrual basis and all maintenance, management and impairment costs relating to the leased assets are charged to income.

At the end of each reporting period, the Group analyses whether the carrying amount of investment property exceeds fair value and, if so, it makes the appropriate valuation adjustment in the consolidated statement of profit or loss by recognising an impairment loss to reduce the carrying amount to fair value.

2.6.5.- GOODWILL

Any excess of the costs of acquisition of an investment in a company over its underlying carrying amount is allocated to certain assets and liabilities on consolidation.

This excess is allocated as follows:

1. If it is attributable to specific assets and liabilities of the company acquired, increasing the value of the assets acquired or reducing the value of the liabilities acquired.
2. If it is attributable to specific intangible assets, recognising it explicitly in the consolidated balance sheet.
3. Any remaining amount is recognised as goodwill on the asset side of the consolidated balance sheet.

At the end of each reporting period an analysis is conducted to ascertain whether this goodwill has suffered impairment and, if so, it is adjusted to its fair value with a charge to the consolidated statement of profit or loss.

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

2.6.6.- IMPAIRMENT OF NON-CURRENT ASSETS

At the end of each reporting period, the consolidated companies assess whether there is any internal or external indication that the carrying amounts of their assets exceed their recoverable amounts, i.e., the higher of the net amount which could be obtained if they were sold and the present value of the cash flows. If any such indication exists, the carrying amount of the assets is reduced to the recoverable amount and the future depreciation and amortisation charges in the consolidated statement of profit or loss are adjusted in proportion to the adjusted carrying amounts and new useful lives.

The indications of impairment considered for these purposes are, inter alia, the operating losses or negative cash flows during the period if they are combined with a track record or projections of losses, decline in value and depreciation/amortisation taken to profit or loss, which, in percentage terms, in relation to revenue, are substantially higher than those from previous years, effects of obsolescence, reduction in the demand for the services provided, competition and other economic and legal factors.

Any impairment is recognised where the carrying amount exceeds the recoverable amount, calculated as the present value of the cash flows.

Similarly, when there are indications that the value of the assets has recovered, the consolidated companies recognise the reversal of the impairment losses recognised in prior periods and adjust the depreciation and amortisation charges in future consolidated statements of profit or loss up to a maximum of the original cost of the related asset.

The following criteria are applied for each non-current asset:

Concession infrastructure
The present value of the expected future cash flows is estimated using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks associated with the asset, both during the use of the asset and from the possible disposal of the asset at the end of its useful life.

The main variables considered are the estimate of revenue to be received over the concession term and the estimate of the operating and maintenance expenses.

Investment property
At the end of each reporting period, analyses are conducted to determine whether the carrying amount of investment property exceeds fair value and, if this is the case, the appropriate valuation adjustment is made in the consolidated statement of profit or loss by recognising an impairment loss to reduce the carrying amount to fair value.

Appraisals are commissioned from external valuers or the latest appraisals made are used as a reference to determine market value.

An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

When an impairment loss subsequently reverses, income is recorded up to the amount of the impairment loss previously recognised.

Goodwill
The cash flow projections used to calculate goodwill were based on the following assumptions:

- The maintenance over time of a short-term backlog measured in months of sales.
- Projected cash flows for three years.
- Annual growth rate of approximately 2% for the coming years.

Any impairment is recognised where the carrying amount exceeds the recoverable amount, calculated as the present value of the cash flows. No indications of impairment were identified in this connection in 2019.

2.6.7.- FINANCIAL ASSETS

These are assets representing collection rights for the Group as a result of investments or loans. These rights are classified as current or non-current on the basis of whether they are due to be settled within less than or more than 12 months, respectively.

In 2018 the Group adopted IFRS 9, Financial Instruments, which sets out the requirements for recognising and measuring financial assets and financial liabilities.

Worthy of particular mention is the change which affects the classification and measurement of financial assets, whereby the method of measurement is determined on the basis of two concepts: the contractual cash flow characteristics of the financial asset and the entity's business model for managing the financial asset.

The three categories are: amortised cost; fair value through other comprehensive income (equity); and fair value through profit or loss. As indicated above, the Group's financial assets are mainly assets held to maturity and for which the cash flows are solely payments of principal and interest and, therefore, based on these characteristics, the financial assets are measured at amortised cost.

Also, pursuant to IFRS 9 the Group has recognised a loss allowance for expected credit losses, which it reviews at the end of each reporting period. To calculate this loss allowance, the Group uses a methodology whereby certain percentages reflecting the expected credit losses based on the credit profile of the counterparty are applied to the balances of all the financial assets. These percentages reflect the probability of default occurring on the payment obligations and the percentage of loss, which, once the default occurs, is ultimately uncollectible. If a significant increase in credit risk since initial recognition is identified, the expected loss is calculated taking into account the lifetime expected credit losses.

The Group applies the simplified approach to trade and other receivables, including contract assets. In order to calculate the expected credit losses, an average rating of the customers is obtained by activity and geographical region; on the basis of this rating, the Group obtains percentages to be applied to the balances based on whether the customer is public or private and on its line of business (only in the case of private customers). In other cases, specific analyses of the counterparty's rating are conducted, even using valuations performed by independent experts where necessary.

If the customer were to enter into insolvency, claim or non-payment proceedings, a default would be deemed to have occurred and an allowance would be recognised in order to reduce the related balance receivable to zero. For this purpose, the Group has established periods by type of customer that determine the default and, consequently, the recognition of the related allowance.

2.6.8.- TRANSFERS OF FINANCIAL ASSETS AND DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

The accounting treatment of the transfers of financial assets depends on the extent to which the risks and rewards associated with the transferred assets are contractually transferred to third parties.

Financial assets are only derecognised when they are realised or when the Group transfers substantially all the risks and rewards of ownership and control thereover to third parties.

Financial liabilities are only derecognised when the obligations giving rise to them cease to exist.

2.6.9.- NON-CURRENT ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

In accordance with IFRS 5, Non-Current Assets Classified as Held for Sale and Discontinued Operations, assets and liabilities are classified as non-current assets and liabilities held for sale when their carrying amount is expected to be recovered basically through a sale transaction rather than through continuing use.

The asset must be available for immediate sale, subject only to terms that are usual and customary for sales of such assets and liabilities, and its sale must be highly probable. The sale is considered highly probable when there is a commitment to a plan to sell the asset and an active programme to locate a buyer and complete the plan has been initiated. Also, the sale must be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are not depreciated, but rather are measured at the lower of consolidated carrying amount and fair value less costs of disposal.

2.6.10.- INVENTORIES

"Inventories" in the consolidated balance sheet includes the assets that the consolidated companies:

- Hold for sale in the ordinary course of their business.
- Have in the process of production, construction or development for such sale; or
- Expect to consume in the production process or in the provision of services.

All inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price less all the costs required to complete the production of inventories and to sell them.

Goods and work in progress are measured at production cost, which includes the cost of materials, direct labour and production costs and the interest incurred during the construction period.

2.6.11.- FOREIGN CURRENCY

The items included in the financial statements of each of the Group companies are measured in their respective functional currencies.

The consolidated financial statements are presented in euros, which is the Parent's functional and presentation currency.

In the separate financial statements of the Group companies, foreign currency balances and transactions are translated as follows:

- Transactions performed during the year in currencies other than the functional currency are translated at the exchange rates prevailing at the date of the transaction.
- Monetary asset and liability balances denominated in currencies other than the functional currency (cash and items with no loss of value when converted to cash) are translated at the year-end exchange rates.
- Non-monetary asset and liability balances denominated in currencies other than the functional currency are translated at the historical exchange rates.

Exchange gains and losses are recognised in the consolidated statement of profit or loss.

On consolidation, the balances of the financial statements of the consolidated companies whose functional currency is not the euro are translated to euros as follows:

- Assets and liabilities are translated at the exchange rates prevailing at the reporting date.
- Income and expense items are translated at the average exchange rates for the period.
- Equity is translated at the historical exchange rates.

Any exchange differences arising from the consolidation of companies with a functional currency other than the euro are classified in the consolidated balance sheet as translation differences under "Equity - Valuation Adjustments".

The Group does not have any investments in a currency that is identified as a currency of a hyperinflationary economy.

2.6.12.- BANK BORROWINGS, DEBT INSTRUMENTS AND OTHER MARKETABLE SECURITIES

Bank borrowings, debt instruments and other marketable securities are measured at the amount received, net of direct issue costs, plus the accrued interest payable at year-end. Borrowing costs are recognised on an accrual basis in the consolidated statement of profit or loss by modifying the nominal rate, taking into account issue discounts, fees and expenses. This method is equivalent to using the effective interest rate, which is the rate that exactly matches the net value of the income received to the present value of future disbursements.

Debts due to be settled within 12 months of the reporting date are classified as current items and those due to be settled within more than 12 months as non-current items.

2.6.13.- DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGES

In order to mitigate the economic effects of exchange rate and interest rate fluctuations to which the Group is exposed as a result of its business activities, the Group uses derivative financial instruments, such as foreign currency hedges, interest rate swaps and interest rate options.

The foreign currency hedges and interest rate swaps are future exchange commitments, on the basis of which the Group and banks agree to exchange interest payments or currencies in the future. In the case of an interest rate derivative, the commitment is to pay a fixed interest rate in exchange for receiving a floating interest rate. In the case of a foreign currency derivative, the commitment is to pay or receive a given amount of euros in exchange for a given amount in another currency. In the case of the equity swap tied to the Group's share price, the commitment is to pay or receive the result of the change in the share price with respect to a reference price and to pay a floating interest rate. The Group acquires the right to receive interest on the interest rate options arranged if the interest rate exceeds the reference level initially established with the banks, in exchange for paying a given amount to these banks at the beginning of the transaction.

When the Group arranges a derivative, it does not do so with the intention of settling it early or trading with it. The Group does not use derivatives for speculative purposes, but rather to mitigate the economic effects that may arise from its foreign trade and financing activities due to exchange and interest rate fluctuations.

Derivatives are recognised at their fair value under "Other Financial Assets" or "Other Financial Liabilities" in the consolidated balance sheet.

Fair value is the net amount that the Group would have to pay or receive if the derivative were settled at the measurement date, and is equal to the difference between the present value of the future collections and payments agreed on by the Group and banks under the terms of the derivative arranged. The fair value of the options arranged is the same as the amount which the Group would receive in the event of settling them and is determined using a widely accepted pricing model (the Black-Scholes model).

IFRS 13, Fair Value Measurement has changed the definition of fair value and confirms that own credit risk must be taken into account when measuring fair value. Since 1 January 2013, this adjustment to the measurement of derivatives has been recognised in profit or loss, except when the derivatives qualify as effective hedges, in which case they are recognised in reserves.

The recognition of the fair value of derivatives as other financial assets or liabilities gives rise to a change in equity if the derivative qualifies for hedge accounting. The change in equity is recognised directly through “Equity - Valuation Adjustments” and indirectly through "Net Gains (Losses) on Remeasurement of Financial Instruments at Fair Value" or "Result of Companies Accounted for Using the Equity Method", as appropriate, in the consolidated statement of profit or loss.

The fair value of a derivative changes during its term. Changes in fair value arise: as a result of the passage of time; as a result of changes in interest rate curves; in the case of foreign currency derivatives, as a result of changes in exchange rates; in the case of equity-based derivatives, as a result of changes in the share price; and in the case of interest rate options, as a result of changes in the volatility of interest rates.

Only certain derivatives can be considered to qualify for hedge accounting.

The requirements that must be met for a derivative to be considered as a hedge are as follows:

- The underlying in relation to which the derivative is arranged to mitigate the economic effects that might arise therefrom as a result of fluctuations in exchange rates and interest rates must initially be identified.
- When the derivative is arranged, the reason for which it was arranged must be appropriately documented and the hedged risk must be identified.
- It must be demonstrated that the hedge is effective from the date of the arrangement of the derivative to the date of its settlement, i.e., that it meets the objective initially defined. In order to assess this, the effectiveness of the hedge is tested.

When the derivative does not qualify for hedge accounting, or the Group voluntarily decides not to apply hedge accounting, changes in fair value are recognised in the consolidated statement of profit or loss.

For derivatives that qualify for hedge accounting, under the relevant standards changes in fair value are recognised directly in equity or indirectly through profit or loss on the basis of the type of hedged risk concerned.

Cash flow hedges

A derivative arranged to hedge against exposure to future variability in the expected cash flows in a foreign currency transaction as a result of exchange rate fluctuations can be considered to be a cash flow hedge. The same is true of a derivative arranged to hedge against exposure to future variability in the expected cash flows in floating-rate financing as a result of interest rate fluctuations.

The portion of the gain or loss on a hedging instrument whose purpose is to act as a cash flow hedge of an underlying and which is determined to be an effective hedge is recognised under "Equity   Valuation Adjustments", and the ineffective portion of the gain or loss is recognised in the consolidated statement of profit or loss. The changes in the time value of the options are recognised directly in the consolidated statement of profit or loss.

The cumulative balance of "Equity - Valuation Adjustments" is transferred to profit or loss when, and to the extent that, the gains or losses on the hedged risk of the underlying also start to be reflected in profit or loss.

Hedges of net investments in foreign operations

When a derivative or another hedging instrument is used to hedge against exchange rate fluctuations that affect the carrying amount of net investments in foreign operations, it can be considered to be a hedge of a net investment in a foreign operation.

The gains or losses on this type of derivative or hedging instrument are recognised in the consolidated statement of profit or loss in a similar fashion to those on cash flow hedges. The only difference is that the accumulated amounts under "Equity - Valuation Adjustments" are not recognised in the consolidated statement of profit or loss until the investment is sold.

Fair value hedges

Fair value hedges arise when a derivative is arranged to convert financing at a fixed interest rate into financing at a floating interest rate in order to tie a portion of the financing to interest rate changes and, therefore, to the performance of the market.

Fair value hedges also arise when a derivative is arranged to hedge the possible future changes in the equivalent euro value of firm commitments to collect or pay certain amounts in foreign currency due to exchange rate fluctuations.

When the purpose of the hedging derivative is to act as a fair value hedge, gains or losses on the derivative and its underlying are recognised through profit or loss.

2.6.14.- PROVISIONS

The Group's consolidated financial statements include all the material provisions with respect to which it is considered that it is probable that the obligation covered by them will have to be settled. Contingent liabilities are not recognised in the consolidated financial statements, but rather are disclosed, as required by IAS 37 (see Note 4.6.2.).

Provisions are classified as short-term or long-term provisions based on the estimated period of time in which the obligations covered by them will have to be settled.

The most significant provisions are:

Provisions for taxes
These provisions reflect the estimate of tax debts whose payment is uncertain as to its exact amount or timing, since this depends on whether or not certain conditions are met.

Provisions for litigation and third-party liability
These provisions are recognised in order to cater for the possible adverse economic effects that might arise from the litigation and claims against the Group arising from the ordinary course of its operations (see Note 4.6.2.).

Provisions for construction work completion
These provisions are intended to cover the expenses arising from the completion of a project until its definitive settlement. The estimated costs in this connection are accrued over the construction period on the basis of production volumes.

Provisions for management and other fees
These provisions relate to the amount incurred in connection with project management and inspection fees, laboratory, layout and other fees payable at the reporting date. The amounts of these fees are established in the related project specifications and in current legislation. The estimated costs in this connection are accrued over the construction period on the basis of production volumes.

Other provisions for commercial transactions
"Other Provisions for Commercial Transactions", which correspond primarily to the Group's construction companies, includes deferrals of expenses and other construction costs. These amounts considered individually are of scant significance and correspond to numerous contracts.

Provisions for major maintenance work, retirement or refurbishment of non-current assets
In accordance with IFRIC 12, provisions are recognised for the estimated expenditure required to carry out maintenance work spanning more than one year (mainly at concession operators) with a charge to the consolidated statement of profit or loss for each of the periods remaining until the work has been completed.

Provisions for future losses
These provisions are recognised as soon as it becomes evident that the total envisaged expenses to be incurred in a contract exceed total expected contract revenue and they are included in the estimate of the total budget for the contract.

2.6.15.- REVENUE RECOGNITION

In order to recognise revenue uniformly across the various business areas, the Group has a general revenue recognition policy that is in line with IFRS 15, Revenue from Contracts with Customers. This policy contains the following principles:

i) Core principle

The first step in recognising revenue requires the identification of the nature of the contract and the performance obligations it contains. Generally, in the case of the Construction, Industrial and Services activities, the Group satisfies its performance obligations over time, on the basis that the customer simultaneously receives and consumes the benefits as the service is provided.

In relation to the recognition of revenue over time, the Group has clear criteria applied consistently to the Construction and Industrial activities for similar performance obligations. In this connection, the Group measures the value of the goods and services for which control is transferred to the customer over time in accordance with the input method, or "stage of completion measured in terms of costs incurred". In accordance with this method, the Group recognises revenue based on the costs incurred with respect to the total costs expected to be incurred. This method requires the measurement of the proportion of the costs incurred at the date of measurement with respect to the total budgeted costs and, therefore, in this case revenue and margins are recognised in proportion to the total expected revenue and margins.

In the case of maintenance or cleaning services of the Services Division, the revenue recognition method applied by the Group is based on the time elapsed (the "time elapsed" output method). Under this method, revenue is recognised on a straight-line basis over the term of the contract on an accrual basis.

ii) Recognition of revenue from contract modifications, claims and disputes

A contract modification is a change in the scope of the work, other than a change envisaged in the original contract that may result in a change in the revenue associated with that contract. In most cases, modifications to the original contract require the customer to give technical and financial approval to enable the Group to bill and collect the amounts relating to that additional work. The Group does not recognise revenue relating to contract modifications until the customer approves such modifications; however, in cases where the additional work has been approved but the corresponding change in price has not yet been determined, the Group only recognises the amount with respect to which it is highly probable that a significant reversal will not occur. The costs of producing these units are recognised when they are incurred, irrespective of whether or not the modification has been approved.

A claim is a request for indemnity made to the customer. For these claims, the Group applies the aforementioned method used in the case of modifications.

A dispute is the result of a discrepancy resulting from a claim made to the customer within the framework of the contract, the resolution of which is dependent on the mechanism established in the contract for the resolution of the dispute (whether conducted directly with the customer or through a court or arbitration proceeding). In this connection, revenue relating to disputes is not recognised, since the dispute demonstrates the absence of the customer's approval of the work completed.

iii) Balance sheet line items relating to revenue recognition

Amounts to be billed for work performed/amounts billed in advance for construction work

Unlike the method used to recognise contract revenue, the amounts billed to the customer are based on achievement of the various milestones established in the contract and on acknowledgement thereof by the customer through the certificate of completion. Accordingly, the amounts recognised as revenue for a given year do not necessarily coincide with the amounts billed to, or certified by, the customer. In the case of contracts in which the transfer of goods or services to the customer is more than the amount certified, the difference is recognised in an asset account called "Amounts to be Billed for Work Performed" under "Trade Receivables for Sales and Services", whereas in contracts in which the transfer of goods or services is less than the amount certified by the customer, the difference is recognised in a liability account called “Amounts Billed in Advance for Construction Work” under “Trade and Other Payables”.

Costs to obtain and fulfil contracts

The Group recognises assets relating to the costs of obtaining a contract (bid costs) and to the costs incurred to fulfil a contract or setup costs (mobilisation costs) that are directly related to the principal contract, provided they will be recovered through performance of the contract.

Costs of obtaining a contract are only capitalised when they are directly related to a contract and it is probable that they will be recovered in the future and the contract has been awarded or the Group has been selected as the preferred bidder. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. They are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Costs to fulfil a contract are capitalised if they are expected to be recovered and they do not include expenses that would normally be incurred by the Group had the contract not been obtained. They are recognised in profit or loss on the basis of the proportion of actual output to estimated output under each contract. Otherwise, these costs are recognised directly in profit or loss.

iv) Provisions relating to contracts with customers

The main provisions relating to contracts with customers are provisions for construction contract completion and provisions for budgeted losses.

Provisions for construction contract completion. These cover the expenses expected to be incurred on completion of a contract. These provisions relate to a present obligation stipulated in the contract that is based on the fact that in order to settle the obligation there will probably be an outflow of resources from the company the amount of which can be estimated reliably. Provisions are recognised on the basis of the best possible estimates of the total expenditure required to settle the obligations. They can be determined as a percentage of the total expected revenue from the contract if historical information on similar contracts is available.

Provisions for budgeted losses. These provisions are recognised as soon as it becomes evident that the total envisaged expenses to be incurred in a contract exceed total expected contract revenue and they are included in the estimate of the total budget for the contract.

v) Financial component

In the case of performance obligations for which the period between when the entity transfers a promised good or service to the customer and when the customer pays for that good or service is less than one year, the Group applies the practical expedient permitted by IFRS 15 and does not adjust the promised amount of consideration for the effects of a significant financing component.

In cases in which there is a contractual or legal right to charge late-payment interest owing to a delay in collection with respect to the contractually established periods, such interest is only recognised when it is highly probable that it will actually be collected.

2.6.16.- LEASES AND RIGHTS OF USE

Until IFRS 16 became effective (on 1 January 2019), leases of property, plant and equipment in which the Group acted as lessee and retained substantially all the risks and rewards incidental to ownership of the assets were classified as finance leases. Finance leases were recognised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment was apportioned between the reduction of the lease liability and the interest so as to produce a constant periodic rate of interest on the remaining balance of the lease liability. The payment obligation arising from the lease, net of the related interest, was recognised as long-term financial debt, with the exception of debts to be settled within 12 months. The interest portion of the finance charge was recognised in the consolidated statement of profit or loss over the term of the lease so as to produce a constant periodic rate of return on the remaining balance of the lease liability for each period. The items of property, plant and equipment acquired under finance leases were depreciated over the shorter of the useful life of the asset and the lease term.

The leases in which the lessor retained substantially all the risks and rewards incidental to ownership were classified as operating leases. In cases where the Group acted as lessee, the operating lease payments (net of any incentive received from the lessor) were recognised in the consolidated statement of profit or loss on a straight-line basis over the lease term.

In accordance with IFRS 16, which became effective on 1 January 2019, leases of property, plant and equipment the term of which exceeds one year and the value of which is significant are recognised as right-of-use assets along with the related lease liability on the date on which the leased asset is available for use by the Group.

The right of use relating to leased assets and the interest associated therewith represent the right to use the asset in question and the obligation to make payments by virtue of the lease, respectively.

Right-of-use assets relating to leases are measured at cost, which comprises:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received; and
- Any initial direct costs.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the asset or the lease term.

The lease liability associated with the right-of-use asset includes the net present value of the lease payments.

The lease payments are discounted using the lessee’s incremental borrowing rate, this being the rate that the individual lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Group is exposed to potential future increases in the lease payments based on an index or a rate, which are not included in the lease liability until they take effect. The lease liability is then remeasured and adjusted against the right-of-use asset.

The lease payments are apportioned between principal portion and the interest portion. The interest portion is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease term is determined as the non-cancellable period. If the Group has a unilateral option to extend or terminate the lease and is reasonably certain to exercise this option, the corresponding extension period or early termination will also be considered. The maximum estimated lease renewal term is four years, since there is no reasonable assurance that it will be extended beyond that period.

The lease term is reassessed if an option is actually exercised (or not exercised), or the Group becomes required to exercise it (or not to exercise it). Reasonable assurance is only reassessed upon the occurrence of either an event or a significant change in circumstances that affects this assessment and is within the control of the lessee.

2.6.17.- BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale are added directly to the cost of those assets, until such time as the assets are ready for their intended use or sale.

Pursuant to IAS 23, investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the year in which they are incurred.

2.6.18.- INCOME TAX

The Group companies' income tax expense is calculated on the basis of accounting profit before tax, increased or decreased, as appropriate, by the permanent differences from taxable profit, net of tax relief and tax credits, excluding tax withholdings and prepayments made during the year.

Deferred tax assets and liabilities are the taxes expected to be recoverable or payable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases. They are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

At 31 December 2019, most of the Spanish Group companies were being taxed under the consolidated tax regime and, accordingly, the income tax expense recognised in the consolidated statement of profit or loss relates to the sum of the tax expense of the consolidated tax group companies and that of the companies not forming part of the consolidated tax group, which are mainly the foreign companies.

2.6.19.- CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows are 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.

The consolidated statement of cash flows is prepared using the indirect method, i.e., on the basis of the changes in the consolidated statement of profit or loss and consolidated balance sheet, and is presented with comparable figures for two consecutive periods.

This statement reflects changes in consolidated cash flows in the year, classifying them as:

- Cash flows from operating activities: the principal revenue-producing activities of the Group companies and other activities that are not investing or financing activities. Interest received and paid, gains or losses on the disposal of non-current assets, adjustments to profits or losses generated by companies accounted for using the equity method and, in general, any results that do not generate cash flows are transferred out of "Cash Flows from Operating Activities" through "Other Adjustments to the Loss before Tax".

  Dividends received may be classified as cash flows from operating activities or investing activities. The Group chose to classify them as cash flows from operating activities

- Cash flows from investing activities: those arising from the acquisition and disposal of non current assets.

  Interest received may be classified as cash flows from operating activities or investing activities. The Group chose to classify it as cash flows from investing activities.

- Cash flows from financing activities: those arising from changes in borrowings, payment of the dividend, interest paid and changes in non-controlling interests.

  Interest paid may be classified as cash flows from operating activities or financing activities. The Group elected to classify interest paid as cash flows from financing activities.

2.6.20.- TRADE AND OTHER PAYABLES

The Group has entered into reverse factoring arrangements with various banks in order to facilitate early payment to its suppliers, under which suppliers may exercise their collection rights vis-à-vis the Group companies and obtain the amount billed less the finance costs of discounting and the fees charged by those banks.

These arrangements do not change the principal terms and conditions of payment to suppliers, such as the term or amount and, accordingly, the related amounts continue to be classified as trade payables.

At 31 December 2019, the reverse factoring balance under “Trade and Other Payables” related mainly to UTEs and amounted to EUR 14,755 thousand (31 December 2018: EUR 33,041 thousand).

2.6.21.- TERMINATION AND POST-EMPLOYMENT BENEFITS

The termination benefits that have to be paid to employees pursuant to the legislation applicable to each Group company are charged to the consolidated statement of profit or loss in the year in which they are paid.

If the Group were to establish a collective redundancy procedure, provisions for the related costs would be recognised in the consolidated statement of profit or loss when the detailed formal plan for the restructuring were established and communicated to the parties concerned.

The Group does not have any post-employment benefit obligations in the form of pension plans or other benefits.

3. Notes to the consolidated financial statements

3.1- INTANGIBLE ASSETS

The changes in "Intangible Assets" in the consolidated balance sheets in 2019 and 2018 were as follows:

Thousands of euros

Cost	
Balances at 1 January 2018	**449,460**
Additions and disposals due to changes in the scope of consolidation	(2,391)
Additions	8,048
Disposals	(4,535)
Transfers and other	(150)
Exchange differences	12,873
Balances at 31 December 2018	**463,305**
Additions and disposals due to changes in the scope of consolidation	-
Additions	1,915
Disposals	(3,195)
Transfers and other	-
Exchange differences	5,772
Balances at 31 December 2019	**467,797**
Accumulated amortisation	
Balances at 1 January 2018	**218,012**
Additions and disposals due to changes in the scope of consolidation	(2,319)
Additions	26,691
Disposals	(1,734)
Net impairment losses	8,727
Transfers and other	(92)
Exchange differences	5,042
Balances at 31 December 2018	**254,327**
Additions and disposals due to changes in the scope of consolidation	-
Additions	24,161
Disposals	(2,472)
Net impairment losses	-
Transfers and other	-
Exchange differences	2,674
Balances at 31 December 2019	**278,690**
Net balances at 31 December 2018	**208,978**
Net balances at 31 December 2019	**189,107**

"Intangible Assets" includes mainly the values assigned on consolidation to the customer portfolio and backlog of the acquirees, which at 31 December 2019 amounted to EUR 177,713 thousand (net) (31 December 2018: EUR 193,387 thousand (net).

The additions in 2019 relate to investments in computer software.

Intangible assets with a gross cost of EUR 53,414 thousand had been fully amortised and were still in use at 31 December 2019 (31 December 2018: EUR 46,290 thousand).

At the end of each reporting period or whenever there are indications of impairment, the Group tests the assets for impairment to determine whether the recoverable amount of the values assigned to the customer portfolio and backlog has been reduced to below their carrying amount.

Recoverable amount is the higher of carrying amount and value in use.

To determine the recoverable amount, the Group prepares projections on the basis of past experience and of the best estimates available, which are consistent with the information obtained from external sources. The projections used by the Group in its impairment tests were prepared on the basis of assumptions regarding changes in revenue and margins that reflected the best estimate of cash flows to be generated by the backlog of projects obtained and to be obtained of the cash-generating unit being tested.

The principal assumptions used in preparing these projections consisted of estimated revenue of approximately EUR 1,000 million, rising at a rate of 2.0% thereafter, with gross margins of between 6.5% and 7.0% and EBITDA of around 4.5%-5.0%. The results were discounted at a rate of 7.8%.

The foregoing did not disclose any impairment losses for the Group, and there were sufficient margins in this connection in the various sensitivity scenarios considered.

3.2.- CONCESSION INFRASTRUCTURE

Concession arrangements are arrangements between a concession grantor, which is generally a public sector entity, and Group companies to provide services to the public through the operation of certain assets required for the provision of the service.

The concession right generally entails a monopoly on the provision of the service granted for a specified period of time, after which, in general, the concession assets required to provide the service have to be handed over to the concession grantor.

These projects are generally financed with long-term borrowings without recourse to the shareholder, secured mainly by the cash flows generated by the concession operator companies and their assets, accounts and contractual rights. Since cash flows constitute the main security for the repayment of the borrowings, there are restrictions on the use of the funds by the shareholders until certain conditions have been met, which is assessed each year.

The changes in "Concession Infrastructure" in the consolidated balance sheets in 2019 and 2018 were as follows:

Thousands of euros

	INTANGIBLE ASSET MODEL	FINANCIAL ASSET MODEL	TOTAL
Cost			
Balances at 1 January 2018	**15,117**	**54,417**	**69,534**
Additions	2,256	3,563	5,819
Transfers and other	-	(35)	(35)
Balances at 31 December 2018	**17,373**	**57,945**	**75,318**
Additions	5	1,721	1,726
Disposals	(2)	-	(2)
Transfers and other	(687)	-	(687)
Balances at 31 December 2019	**16,689**	**59,666**	**76,355**
Accumulated amortisation			
Balances at 1 January 2018	**2,761**	**-**	**2,761**
Additions	621	-	621
Disposals	(235)	-	(235)
Balances at 31 December 2018	**3,147**	**-**	**3,147**
Additions	512	-	512
Disposals	-	-	-
Transfers and other	**(71)**	**-**	**(71)**
Balances at 31 December 2019	**3,588**	**-**	**3,588**
Net balances at 31 December 2018	**14,226**	**57,945**	**72,171**
Net balances at 31 December 2019	**13,101**	**59,666**	**72,767**

The Group's fully consolidated concession operators at 31 December 2019 were as follows:

OPERATOR	DESCRIPTION OF CONCESSION	COUNTRY	%	PROJECTED FUTURE INVESTMENT (THOUSANDS OF EUROS)	REMAINING PERIOD (IN YEARS)
Sociedad Concesionaria Aguas de Navarra, S.A.	Navarre canal	Spain	65	35,680	25
Sociedad Concesionaria Centro de Justicia de Santiago, S.A.	Law courts	Chile	100	-	6
Marina Urola, S.A.	Marina	Spain	51	-	8

At 31 December 2019, “Concession Infrastructure” included EUR 1,100 thousand relating to borrowing costs capitalised during the construction period (31 December 2018: EUR 1,787 thousand).

The breakdown, by company, of the carrying amount of “Concession Infrastructure” at 31 December 2019 is as follows:

Thousands of euros

Intangible asset model	
Sociedad Concesionaria Aguas de Navarra, S.A.	12,227
Marina Urola, S.A.	837
Other	37
Total intangible asset model	**13,101**
Financial asset model	
Sociedad Concesionaria Aguas de Navarra, S.A.	59,666
Total financial asset model	**59,666**
TOTAL	**72,767**

IMPAIRMENT LOSSES ON CONCESSION INFRASTRUCTURE

At the end of each reporting period or whenever there are indications of impairment, the Group tests the assets for impairment to determine whether their recoverable amount has been reduced to below their carrying amount. Recoverable amount is the higher of fair value and value in use.

Also, sensitivity analyses were performed in various growth scenarios, particularly in relation to revenue, operating margins and the discount rates applied.

The Parent's directors consider that the tests are sensitive to their key assumptions, but these indicators are within a reasonable degree of sensitivity, which meant that no impairment losses were identified in 2019.

Generally, in order to calculate any possible impairment, the projected cash flows to be generated by the concessions are discounted.

The financial information on the companies for 2019 does not differ significantly from that considered in the projections and tests of 2018.

Based on the current information relating to the models, there are no indications of impairment and the investment will be recovered.

In relation to the investment in Sociedad Concesionaria Aguas de Navarra, S.A., the company is currently negotiating certain changes to the implementation schedule for the project and the associated financing with the Government and the banks. The recoverability of the investment was determined on the assumption that these negotiations, which are currently under way, will have a positive outcome in the short term (see Note 3.18.1.).

3.3.- PROPERTY, PLANT AND EQUIPMENT

The changes in "Property, Plant and Equipment" in the consolidated balance sheets in 2019 and 2018 were as follows:

Thousands of euros

	LAND AND BUILDINGS	MACHINERY	OTHER FIXTURES, TOOLS AND FURNITURE	ADVANCES AND PROPERTY, PLANT AND EQUIPMENT IN THE COURSE OF CONSTRUCTION	OTHER ITEMS OF PROPERTY, PLANT AND EQUIPMENT	TOTAL
Cost						
Balances at 1 January 2018	**118,518**	**383,177**	**97,749**	**13,261**	**61,648**	**674,353**
Additions and disposals due to changes in the scope of consolidation	(30,595)	(45,335)	(11,174)	(1,081)	(559)	(88,744)
Additions	11,080	32,880	2,590	8,646	5,872	61,068
Disposals	(16,675)	(22,983)	(3,850)	(5,279)	(7,244)	(56,031)
Transfers and other	(39,666)	(442)	(878)	(8,818)	(306)	(50,110)
Exchange differences	2,605	5,186	782	585	10	9,168
Balances at 31 December 2018	**45,267**	**352,483**	**85,219**	**7,314**	**59,421**	**549,704**
Additions and disposals due to changes in the scope of consolidation	-	-	-	-	-	-
Additions	37,474	29,316	3,890	12,658	15,179	98,517
Disposals	(3,568)	(30,746)	(3,186)	(9,620)	(8,502)	(55,622)
Transfers and other	-	(122)	(60)	(281)	(50)	(513)
Exchange differences	575	4,180	872	133	390	6,150
Balances at 31 December 2019	**79,748**	**355,111**	**86,735**	**10,204**	**66,438**	**598,236**
Accumulated depreciation						
Balances at 1 January 2018	**36,706**	**302,444**	**80,142**	**-**	**43,002**	**462,294**
Additions and disposals due to changes in the scope of consolidation	(16,557)	(38,048)	(9,917)	-	(536)	(65,058)
Additions	1,225	19,377	5,630	-	6,480	32,712
Disposals	(601)	(18,690)	(3,478)	-	(6,421)	(29,190)
Transfers and other	(1,268)	(347)	(722)	-	(510)	(2,847)
Exchange differences	236	2,987	1,119	-	45	4,387
Balances at 31 December 2018	**19,741**	**267,723**	**72,774**	**-**	**42,060**	**402,298**
Additions and disposals due to changes in the scope of consolidation	-	-	-	-	-	-
Additions	11,645	23,752	4,660	-	8,142	48,199
Disposals	(3,356)	(27,921)	(3,010)	-	(7,993)	(42,280)
Transfers and other	-	(33)	(40)	-	(324)	(397)
Exchange differences	263	2,630	961	-	173	4,027
Balances at 31 December 2019	**28,293**	**266,151**	**75,345**	**-**	**42,058**	**411,847**
Net balances at 31 December 2018	**25,526**	**84,760**	**12,445**	**7,314**	**17,361**	**147,406**
Net balances at 31 December 2019	**51,455**	**88,960**	**11,390**	**10,204**	**24,380**	**186,389**

In 2019 the Group recognised net asset additions, based on their nature, amounting to EUR 45,121 thousand as a result of the recognition of operating leases, pursuant to IFRS 16. This line items also includes the assets leased under finance leases, the accounting for which did not change with respect to that applied in accordance with the former IAS 17 (see Note 2.2.).

The Group's main operating leases relate to the lease of offices at its head office and the other operating centres of its subsidiaries.

The detail of the changes in 2019 in the right-of-use assets relating to leases and of the balances recognised in the consolidated balance sheet as at 31 December 2019 is as follows:

Thousands of euros

	LAND AND BUILDINGS	MACHINERY	OTHER FIXTURES, TOOLS AND FURNITURE	OTHER ITEMS OF PROPERTY, PLANT AND EQUIPMENT	TOTAL
Balances at 31 December 2018 relating to finance leases		**6,133**	**184**	**908**	**7,225**
First-time application of IFRS 16 at 1 January 2019	**37,370**	**8,190**	**-**	**4,324**	**49,884**
Additions	278	10,839	-	4,093	15,210
Period depreciation charge	(8,840)	(4,128)	(86)	(2,387)	(15,441)
Disposals and other	(1)	(4,389)	(5)	42	(4,353)
Balances at 31 December 2019	**28,807**	**16,645**	**93**	**6,980**	**52,525**

At 31 December 2019, items of property, plant and equipment with a carrying amount of EUR 383 thousand (31 December 2018: EUR 396 thousand) had been mortgaged as security for loans against which EUR 115 thousand had been drawn down (31 December 2018: EUR 138 thousand) (see Note 3.18.1.).

At 31 December 2019 and 2018, there were no material amounts relating to items of property, plant and equipment that were temporarily idle or retired from active use.

The Group takes out the insurance policies required to cover the possible risks to which its property, plant and equipment might be subject.

Property, plant and equipment with a gross cost of EUR 216,604 thousand had been fully depreciated and were still in use at 31 December 2019 (31 December 2018: EUR 193,938 thousand).

At 31 December 2019 and 2018, no amount had been recognised under "Property, Plant and Equipment" relating to borrowing costs capitalised during the construction period.

3.4.- INVESTMENT PROPERTY

The changes in "Investment Property" in the consolidated balance sheets in 2019 and 2018 were as follows:

Thousands of euros

Balances at 1 January 2018	**73,284**
Transfers to assets classified as held for sale and discontinued operations	(34,742)
Additions and disposals due to changes in the scope of consolidation	(26,949)
Additions	12,178
Disposals	(15,165)
Exchange differences	1,923
Balances at 31 December 2018	**10,529**
Additions and disposals due to changes in the scope of consolidation	-
Additions	-
Disposals	(525)
Exchange differences	99
Transfers	51
Balances at 31 December 2019	**10,154**

At 31 December 2019, certain items of investment property with a carrying amount of EUR 167 thousand (31 December 2018: EUR 172 thousand) had been mortgaged as security for loans against which EUR 79 thousand had been drawn down (31 December 2018: EUR 92 thousand) (see Note 3.18.1.).

3.5.- GOODWILL

The detail of "Goodwill" in the consolidated balance sheets as at 31 December 2019 and 2018, by company giving rise to it, is as follows:

Thousands of euros

COMPANIES GIVING RISE TO GOODWILL	2019	2018
Agrupación Guinovart Obras y Servicios Hispania, S.A.	2,492	2,492
Construcciones Adolfo Sobrino, S.A.	3,408	3,408
Constructora TP, S.A.C.	849	849
EyM Instalaciones, S.A.	99	99
OHL Servicios – Ingesan, S.A.U.	399	399
TOTAL	**7,247**	**7,247**

In 2019 the Group analysed the recoverability of this goodwill based on the estimates and projections available, applying the discounted cash flow method. Following this analysis it was concluded that there were no indications of impairment.

3.6.- FINANCIAL ASSETS

INVESTMENT SECURITIES

The detail of “Investment Securities” at 31 December 2019 and 2018 is as follows:

Thousands of euros

	2019		2018	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Held-to-maturity securities	299	33,908	299	28,164
Available-for-sale securities	63,906	3	63,888	3
Subtotal	**64,205**	**33,911**	**64,187**	**28,167**
Impairment losses and write-downs	(3,928)	-	(3,928)	-
TOTAL	**60,277**	**33,911**	**60,259**	**28,167**

The amounts of investment securities classified as current relate in full to securities maturing at over three months and at under 12 months.

“Impairment Losses” includes the estimated impairment losses that had to be recognised to write down the carrying amount of the investment securities to their fair value.

“Available-for-Sale Securities” includes mainly the amount of the investment in Cercanías Móstoles Navalcarnero, S.A., in liquidation, amounting to EUR 59,911 thousand.

There are court proceedings under way in relation to this asset, which are explained in Note 4.6.2.2.

OTHER RECEIVABLES AND DEPOSITS AND GUARANTEES GIVEN

The detail is as follows:

Thousands of euros

	2019		2018	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Other receivables	265,718	28,215	240,420	63,272
Deposits and guarantees given	11,214	185,403	12,703	145,004
Impairment losses and write-downs	(4,956)	(18,519)	(4,381)	(13,961)
TOTAL, NET	**271,976**	**195,099**	**248,742**	**194,315**

If the loans granted to other entities pose any collection risk an impairment loss is recognised.

At 31 December 2019, "Other Receivables" and "Deposits and Guarantees Given" included:

1. A participating loan of EUR 18,587 thousand relating to Aeropistas, S.L. and Autopista Eje Aeropuerto Concesionaria Española, S.A. the recoverability of which is based on the success of the appeal for judicial review filed by the insolvency practitioners of the investees at the Supreme Court (see Note 4.3.2.) against the resolution adopted by the Spanish Cabinet on 26 April 2019 interpreting certain toll road concession arrangements in connection with the method used for calculating the "Governmental Liability" (Responsabilidad Patrimonial de la Administración (RPA)). This appeal challenged, inter alia: (1) the infrastructure amortisation method, which the Spanish Cabinet decided must be straight-line amortisation; and (2) the maximum limit of the RPA for the M12 toll road concession arrangement granted to Autopista Eje Aeropuerto Concesionaria Española, S.A. which the Spanish Cabinet set at EUR 305,471 thousand. Subsequently, in February 2020 the Spanish Cabinet gave preliminary notice of an amount for the RPA that was insufficient to meet the demands of the insolvency practitioners, which submitted the appropriate pleadings in this connection in March 2020 (see Note 4.6.2.2.).
2. An amount of EUR 15,869 thousand relating to guarantees of Cercanías Móstoles Navalcarnero, S.A. unduly enforced by the Autonomous Community Government of Madrid, which the Group considers, based on the opinion of its legal counsel, to be recoverable in full. In this regard, on 31 October 2019 a judgment was handed down on the appeal (judgment no. 231/16 of the Madrid Supreme Court, relating to the fine, adjudging the resolution under which the fine was imposed to be null and void (see Note 4.6.2.2.)).
3. This same line item includes a participating loan of EUR 125,879 thousand granted to Cercanías Móstoles Navalcarnero, S.A.
4. At 31 December 2019, "Non-Current Financial Assets – Other Receivables" includes loans to associates amounting to EUR 74,207 thousand.
5. Also, "Non-Current Financial Assets – Other Receivables" includes EUR 23,591 thousand relating to a loan to Operadora Lakanh, which earns interest at a market rate (see Note 3.8.).
6. Lastly, "Current Financial Assets – Deposits and Guarantees Given" includes a deposit of EUR 140,000 thousand securing the guarantee facility of EUR 313,764 thousand that forms part of the multi-product syndicated financing agreement (see Note 4.2.1.).

IMPAIRMENT OF CERCANÍAS MÓSTOLES NAVALCARNERO, S.A.

In relation to the financial assets associated with the investment in Cercanías Móstoles Navalcarnero, S.A., since that company is in liquidation, the Group considered the minimum recoverable amount to be the early termination value, which is estimated to exceed the carrying amount.

To calculate the early termination value, the provisions of Legislative Royal Decree 2/2000 were taken into account, which establish that in the event of termination of the concession arrangement the grantor must pay the concession operator the amounts invested for:

i. The compulsory purchase of land
ii. The construction work
iii. The acquisition of assets necessary to operate the concession.

In addition to the foregoing, the particular administrative specifications of this concession arrangement provide for the payment, in any event, and regardless of the grounds for termination of the arrangement, of all the investments made to perform the arrangement, including those relating to construction work and installation projects, repair and major repair work, initially unforeseen construction work, and the investments to acquire and replace rolling stock, based in all cases on the level of amortisation of the investments.

The Group considers that the costs and amounts recognised are consistent with the foregoing items and, consequently, considers them to be recoverable.

All the foregoing supports the total carrying amount of EUR 203,659 thousand recognised by the Group, including the value of the ownership interest and other receivables, as upheld by studies conducted by independent legal and technical experts. In this regard, although there is uncertainty regarding when the liquidation will be resolved, and the ultimate amount to which the Group will be entitled, the directors consider that the latter will be higher than the carrying amount at 2019 year-end.

3.7.- JOINT ARRANGEMENTS

3.7.1.- INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The investments accounted for using the equity method at 31 December 2019 and 2018 were as follows:

Thousands of euros

COMPANIES	2019	2018
Joint ventures		
Consorcio Conpax OHL Valko, S.A.	2,943	261
Constructora Vespucio Oriente, S.A.	702	89
Health Montreal Collective CJV, L.P.	-	1,282
Nova Dàrsena Esportiva de Barà, S.A.	10,095	10,455
NCC - OHL Lund-Arlöv, fyra spar Handelsbolag	1,297	-
Rhatigan OHL Limited	402	2,346
Other	898	(592)
Associates		
Alse Park, S.L.	1,062	1,282
E.M.V. Alcalá de Henares, S.A.	1,948	1,947
Health Montreal Collective Limited Partnership	6,783	6,962
Nuevo Hospital de Toledo, S.A.	18,467	12,167
Proyecto Canalejas Group, S.L.	155,785	129,653
57 Whitehall Holdings S.A.R.L.	104,014	127,760
Other	(3,034)	(209)
TOTAL	**301,362**	**293,403**

The changes in "Investments Accounted for Using the Equity Method" in the consolidated balance sheets in 2019 and 2018 were as follows:

Thousands of euros

	2019	2018
Beginning balance	**293,403**	**303,127**
Increases	62,581	212,544
Share of net loss for the year from continuing operations	(7,032)	(110,416)
Share of net profit for the year from discontinued operations	-	2,172
Decreases	(47,600)	(52,570)
Additions and disposals due to changes in the scope of consolidation	10	(54,463)
Transfers to non-current assets classified as held for sale	-	(6,991)
ENDING BALANCE	**301,362**	**293,403**

The most significant assets are those of Proyecto Canalejas Group, S.L. and 57 Whitehall Holdings S.A.R.L., the balances of which amount to EUR 155,785 thousand and EUR 104,014 thousand, respectively.

Canalejas
At 31 December 2019, the OHL Group had a 50.0% ownership interest in this project, which continues to be at the construction phase and is expected to be completed in the first half of 2020.

In 2019 contributions of EUR 23,392 thousand were made to the project.

Once the construction of the complex has been completed, the project company will begin to operate the project in accordance with the approved business plan. That business plan envisages, inter alia, the rotation of the various assets forming part of the complex once they reach a sufficient level of operational maturity. In this regard, in view of the various rights held by the project shareholders and the existing shareholder agreements, the Group will have access to the free cash flows when the other shareholder attains certain levels of profitability and, therefore, the recoverability of the Group's investment in Canalejas is based on the fulfilment of the most recent business plan approved by the project company.

Old War Office (57 Whitehall Holdings S.A.R.L.)
OHL Desarrollos holds a 49% ownership interest in the emblematic Old War Office project in London. The Group invested EUR 7,608 thousand in 2019.

The licensing phase has been completed successfully. The project investment process will continue as planned.

At 2019 year-end an adjustment of EUR (47,600) thousand was made to the carrying amount of the interest, based on the enhanced estimates of the fair value of the project based on offers received for the ownership interest held by the Group.

Appendices I, II and III include a list of the main investments accounted for using the equity method, showing the name, registered office, percentage of ownership and equity of the related companies and the net cost of each investment.

At 31 December 2019, the net loss of the joint ventures, in proportion to the Group's percentage of ownership, amounted to EUR (6,476) thousand.

At 31 December 2019, the net loss of the joint ventures, in proportion to the Group's percentage of ownership, amounted to EUR (556) thousand.

3.7.2.- JOINT OPERATIONS

The Group undertakes certain of its business activities by participating in contracts that are executed jointly with other non-Group venturers, mainly through UTEs and other similar entities, which are proportionately consolidated in the Group's consolidated financial statements.

Following are the main aggregates at 31 December 2019 of the joint operations, in proportion to the percentage of ownership, which the Group considers not to be material taken individually:

	Thousands of euros
Non-current assets	43,602
Current assets	713,422
Non-current liabilities	4,417
Current liabilities	741,088
Revenue	721,347
Profit from operations	76,860
Profit before tax	74,657

There is no individual joint operation that is material with respect to the Group's assets, liabilities and results.

3.8.- NON-CURRENT ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

At 31 December 2019, there were no binding sale agreements that would have made it necessary to reclassify assets or liabilities as held for sale in accordance with IFRS 5.

In 2019 the Group completed the sale of all the companies and/or assets making up the Ciudad de Mayakoba project, a process that commenced in October 2018 as a result of the sale agreement reached with Operadora Lakahn, S.A. de C.V. The sale transactions did not give rise to any gain or loss additional to the amounts estimated in 2018.

The agreement entered into at 2018 year-end included terms and conditions blocking the management of the assets, which meant that the Group was not able to exercise power over the relevant activities relating to the assets pending sale without the express approval of the buyer. The operations of the Development business were discontinued in 2018.

At 31 December 2018, in accordance with IFRS 5, the assets and liabilities associated with the sale agreement were classified as “Non-Current Assets Held for Sale and Discontinued Operations” and “Liabilities Associated with Non-Current Assets Held for Sale and Discontinued Operations, respectively, at the estimated value of the transaction less the costs of disposal.

Also, on 12 April 2018 the sale was completed and all the share capital of OHL Concesiones, S.A.U. was transferred to IFM Global Infrastructure Fund. This sale agreement was entered into in 2017 and the operations of the Concessions business were classified as discontinued operations at the end of 2017.

Loss for 2018 from discontinued operations, net of tax

Set forth below is a summary of the total impact that the divestments of the Concessions and Development Divisions had on the consolidated statement of profit or loss in 2018.

	CONCESSIONS	DEVELOPMENT	TOTAL
Revaluation losses	(549,868)	(45,771)	(595,639)
Gains on disposal	47,550	-	47,550
Profit (Loss) after tax before the disposal	115,738	(117,940)	(2,202)
Total loss for the year from discontinued operations, net of tax	**(386,580)**	**(163,711)**	**(550,291)**
Profit from discontinued operations attributable to non-controlling interests	(71,618)	-	(71,618)
TOTAL LOSS CONTRIBUTED	**(458,198)**	**(163,711)**	**(621,909)**

In addition to the loss on the sale, in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, the Group transferred the amounts associated with the related valuation adjustments to profit or loss as follows:

- In connection with the Concessions Division sold, EUR (549,868) thousand relating to the translation differences and the value of the financial instruments that had been recognised in the Group’s consolidated equity.
- In connection with the Development Division, EUR (45,771) thousand relating to translation differences, as it was considered that, as a result of the sale agreement entered into, control of these companies had been lost.

This transfer related to the reclassification of the aforementioned amounts from "Valuation Adjustments" to profit or loss, and did not have any effect on the Group's total consolidated equity.

3.9.- TRADE AND OTHER RECEIVABLES

TRADE RECEIVABLES FOR SALES AND SERVICES

The detail of "Trade Receivables for Sales and Services" at 31 December 2019 and 2018 is as follows:

Thousands of euross

	2019	2018
Trade receivables for sales and services		
Amounts to be billed for work or services performed	399,600	465,586
Progress billings receivable	520,695	532,890
Retentions	121,915	120,373
Trade notes receivable	6,759	4,861
Subtotal	**1,048,969**	**1,123,710**
Customer advances	(517,372)	(601,285)
Total net of advances	**531,597**	**522,425**
Impairment losses and write-downs	(96,691)	(98,548)
TOTAL, NET	**434,906**	**423,877**

At 31 December 2019, the balance of the trade receivables had been reduced by EUR 64,916 thousand (31 December 2018: EUR 82,361 thousand) as a result of trade receivables being factored to banks. Since these factoring arrangements are without recourse in the event of non-payment, they are treated as a reduction of trade receivables.

The detail of “Trade Receivables for Sales and Services” by type of customer is as follows:

Thousands of euros

	2019	2018
Spain	**295,344**	**305,634**
Public sector	**124,488**	**129,326**
Central government	10,336	17,376
Autonomous community governments	3,759	10,360
Local governments	1,559	1,465
Other agencies	108,834	100,125
Private sector	**170,856**	**176,308**
Abroad	**753,625**	**818,076**
TOTAL	**1,048,969**	**1,123,710**

At 31 December 2019, 74.4% (EUR 560,251 thousand) of the total balance of "Trade Receivables for Sales and Services – Abroad" related to the public sector and 25.6% (EUR 193,374 thousand) to the private sector.

Of the balance of "Progress Billings Receivable" and "Trade Notes Receivable", totalling EUR 527,454 thousand at 31 December 2019, 76.5% (EUR 343,727 thousand) relate to the public sector and 23.5% (EUR 183,727 thousand) to the private sector.

The aging of this balance is as follows:

Thousands of euros

	TYPE OF CUSTOMER		
	PUBLIC SECTOR	PRIVATE SECTOR	TOTAL
0 to 90 days	247,844	77,512	325,356
91 to 180 days	13,252	9,098	22,350
181 to 360 days	17,415	3,971	21,386
More than 360 days	65,216	93,146	158,362
TOTAL	**343,727**	**183,727**	**527,454**

Of the balance of "Progress Billings Receivable" and "Trade Notes Receivable", totalling EUR 537,751 thousand at 31 December 2018, 61.0% (EUR 327,630 thousand) related to the public sector and 39.0% (EUR 210,121 thousand) to the private sector.

The aging of this balance is as follows:

Thousands of euros

	TYPE OF CUSTOMER		
	PUBLIC SECTOR	PRIVATE SECTOR	TOTAL
0 to 90 days	266,741	55,505	322,246
91 to 180 days	20,356	43,987	64,343
181 to 360 days	16,404	3,478	19,882
More than 360 days	24,129	107,151	131,280
TOTAL	**327,630**	**210,121**	**537,751**

The changes in the impairment allowances in 2019 and 2018 were as follows:

Thousands of euros

Balance at 1 January 2018	**(299,625)**
Impairment allowance recognised due to application of IFRS 9	(5,000)
Allowances recognised and used	1,397
Reversal of allowance due to application of IFRS 15	204,680
Balance at 31 December 2018	**(98,548)**
Allowances recognised and used	1,857
Balance at 31 December 2019	**(96,691)**

In order to determine the amount of the loss allowances, estimates are made considering any failure to meet payment obligations under the contracts and the probability of default, which are analysed for each contract and customer. At each reporting date the information is updated to determine the recoverable amount.

OTHER SUPPLEMENTARY INFORMATION ON CONSTRUCTION AND INDUSTRIAL CONTRACTS UNDER WHICH THE RELATED REVENUE AND COSTS ARE RECOGNISED BY REFERENCE TO THE STAGE OF COMPLETION

Contract revenue associated with construction contracts and certain services contracts is recognised by reference to the stage of completion (see Note 2.6.15.).

As indicated in that Note, the difference between the revenue recognised and the amounts actually billed to the customer is analysed systematically on a contract-by-contract basis. If the amount billed is lower than the revenue recognised, the difference is recognised as an asset under “Trade Receivables for Sales and Services - Amounts to Be Billed for Work Performed”, whereas if the amount of revenue recognised is lower than the amount billed, a liability is recognised under “Trade and Other Payables - Customer Advances - Amounts Billed in Advance for Construction Work”.

Also, in certain construction contracts advances are agreed upon that are paid by the customer when work commences on the contract, the balance of which is offset against the various progress billings as the contract work is performed. This balance is recognised under “Trade and Other Payables” on the liability side of the consolidated balance sheet.

Also, in certain contracts the customer retains a portion of the price to be paid in each progress billing to guarantee the fulfilment of certain obligations under the contract. These retentions are not reimbursed until the contract is definitively settled. These balances are recognised under “Trade and Other Receivables” on the asset side of the consolidated balance sheet.

The detail of the amounts recognised in this connection at 31 December 2019 and 2018 is as follows:

Thousands of euros

	2019	2018	DIFFERENCE	CHANGE %
Amounts to be billed for work performed	380,143	419,091	(38,948)	-9.3%
Customer advances	(517,372)	(601,285)	83,913	-14.0%
Construction contracts, net	**(137,229)**	**(182,194)**	**44,965**	**-24.7%**
Retentions	121,871	120,373	1,498	1.2%
Net amount after advances and retentions	**(15,358)**	**(61,821)**	**46,463**	**-75.2%**

OTHER RECEIVABLES

The detail of the other receivables at 31 December 2019 and 2018 is as follows:

Thousands of euros

	2019			2018		
	GROSS BALANCE	WRITE-DOWNS	NET BALANCE	GROSS BALANCE	WRITE-DOWNS	NET BALANCE
Receivable from associates	182,643	(2,129)	180,514	150,361	(2,966)	147,395
Employee receivables	1,346	-	1,346	2,214	-	2,214
Tax receivables (Note 3.22.)	83,213	-	83,213	84,203	-	84,203
Sundry accounts receivable	45,938	(5,667)	40,271	51,590	(6,356)	45,234
TOTAL	**313,140**	**(7,796)**	**305,344**	**288,368**	**(9,322)**	**279,046**

The balances receivable from associates relate mainly to transactions associated with the Group's normal business activities, which are performed on an arm's length basis.

The net balance of "Sundry Accounts Receivable" at 31 December 2019 and 2018 relates to the provision of services and leases and sales of machinery and materials.

3.10.- OTHER CURRENT ASSETS

"Other Current Assets" at 31 December 2019 includes mainly the following balances with related companies:

- A nominal amount of EUR 88,150 thousand (2018: EUR 83,878 thousand) relating to a loan to Grupo Villar Mir, S.A.U. This loan is secured by a security interest in all the shares of Pacadar, S.A. and earns annual interest at 5.5%; and
- a nominal amount of EUR 37,547 thousand (31 December 2018: EUR 35,223 thousand) relating to a loan to Pacadar, S.A., which earns annual interest at 5.0% and has additional security provided by Grupo Villar Mir, S.A.U. This loan was acquired from OHL Concesiones, S.A.U. as a result of the sale of all its share capital.

In 2019 the Parent entered into an agreement with Grupo Villar Mir, S.A.U. and Pacadar, S.A., as a result of the negotiations held with a view to ensuring the full recovery of the loans granted and which led, on the one hand, to the extension of the maturities until 30 September 2020 and, on the other, to the reinforcement of the economic terms and conditions and the terms and conditions relating to the collateral provided to the Parent, including a security interest in all the shares of Pacadar, S.A.

As a result of the foregoing, the Parent's directors consider that the recoverable amount of the loans approximates their carrying amount.

3.11.- CASH AND CASH EQUIVALENTS

"Cash and Cash Equivalents" relates to the Group's fully liquid assets and includes cash on hand and at banks and short-term bank deposits with an original maturity of three months or less. These balances are not restricted as to their use and are not subject to a risk of changes in value. Most of the balances relate to short-term deposits.

At 31 December 2019, "Cash and Cash Equivalents" included EUR 240,848 thousand relating to cash balances of UTEs in which the Parent has an interest and branches abroad.

3.12.- SHARE CAPITAL

The changes in the share capital of the Parent in 2019 and 2018 were as follows:

	NUMBER OF SHARES	PAR VALUE (THOUSANDS OF EUROS)
Number of shares and par value of share capital at 1 January 2018	298,758,998	179,255
Capital reduction	12,210,709	(7,326)
Number of shares and par value of share capital at 31 December 2018	286,548,289	171,929
Number of shares and par value of share capital at 31 December 2019	286,548,289	171,929

The shareholders at the Extraordinary General Meeting held on 9 January 2018 resolved to reduce the share capital by EUR 7,326 thousand by retiring 12,210,709 treasury shares of EUR 0.60 par value each, representing 4.087% of the share capital.

Following this capital reduction, the share capital of Obrascón Huarte Lain, S.A. stood at EUR 171,928,973.40, divided into 286,548,289 shares of EUR 0.60 par value each, all of the same class and series. The shares are listed on the Madrid and Barcelona Stock Exchanges and are traded on the Spanish Stock Market Interconnection System.

The capital reduction was charged to unrestricted reserves and did not give rise to a reimbursement of shareholder contributions. The Company recognised a reserve for an amount equal to the par value of the retired shares, use of which will be subject to the same requirements as those for the capital reduction, as provided for in the Spanish Limited Liability Companies Law, and, consequently, the Parent's creditors will not be entitled to object to the capital reduction.

The detail of the companies with a direct or indirect ownership interest of 3% or more in the share capital of Obrascón Huarte Lain, S.A. at 31 December 2019 is as follows:

COMPANY	% OF OWNERSHIP
Inmobiliaria Espacio, S.A.	33.317
Simon Davies	3.282
Sand Grove Opportunities Master Fund Ltd.	3.032

3.13.- SHARE PREMIUM

The share premium balance at 31 December 2019 and 2018 amounted to EUR 1,265,300 thousand.

The Consolidated Spanish Limited Liability Companies Law expressly permits the use of the share premium account balance to increase the capital of the entities at which it is recognised and does not establish any specific restrictions as to its use.

3.14.- TREASURY SHARES

The changes in the treasury shares held in 2019 and 2018 were as follows:

	Nº. OF SHARES	THOUSANDS OF EUROS
Balance at 1 January 2018	**12,531,939**	**48,638**
Treasury shares purchased	24,897,366	65,592
Treasury shares sold	(24,706,785)	(66,840)
Treasury shares retired	(12,210,709)	(47,020)
Balance at 31 December 2018	**511,811**	**370**
Treasury shares purchased	33,379,697	34,321
Treasury shares sold	(33,376,471)	(34,156)
Balance at 31 December 2019	**515,037**	**535**

3.15.- RESERVES

The detail of the reserves in the consolidated balance sheets in 2019 and 2018 is as follows:

Thousands of euros

	2019	2018
Restricted reserves of the Parent		
Legal reserve	34,386	11,969
Reserve for retired capital	11,182	11,182
Subtotal	**45,568**	**23,151**
Voluntary and consolidation reserves		
Attributable to the Parent	(565,632)	1,327,741
Attributable to the consolidated companies	(103,960)	(298,301)
Subtotal	**(669,592)**	**1,029,440**
TOTAL	**(624,024)**	**1,052,591**

LEGAL RESERVE

Under the Spanish Limited Liability 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.

At year-end the legal reserve had reached the legally required minimum.

RESERVE FOR RETIRED CAPITAL

The balance of "Reserve for Retired Capital" amounted to EUR 11,182 thousand at 31 December 2019 and 2018 as a result of the capital reductions performed in 2018 amounting to EUR 7,326 thousand, in 2009 amounting to EUR 2,625 thousand and in 2006 amounting to EUR 1,231 thousand, through the retirement of treasury shares, and pursuant to current legislation safeguarding the guarantee provided by equity vis-à-vis third parties.

This reserve is restricted as to its use and may only be used if the same requirements as those stipulated for capital reductions are met, i.e., the shareholders at the Annual General Meeting must decide on its use.

LIMITATIONS ON THE DISTRIBUTION OF DIVIDENDS

Until the balance of development expenditure has been fully amortised, no dividends may be distributed unless the unrestricted reserves are at least equal to the amount of the unamortised balance of this heading. Consequently, at the end of 2019 EUR 3,510 thousand of the Parent's "Share Premium" and "Other Reserves" were restricted.

RESERVES OF CONSOLIDATED COMPANIES

The detail, by company, of the balances of "Reserves of Consolidated Companies" in the consolidated balance sheets as at 31 December 2019 and 2018 is as follows:

Thousands of euros

COMPANY	2019	2018
Community Asphalt Corp.	(97,429)	(57,146)
Constructora de Proyectos Viales de México, S.A. de C.V.	155,393	156,881
EyM Arabia, LLC	19,908	19,775
Health Montreal Collective CJV, L.P.	(264,083)	(162,360)
IEPI México, S.A. de C.V.	13,917	8,565
Judlau Contracting, Inc.	27,267	23,023
Obrascón Huarte Lain, Construcción Internacional, S.L.	(77,576)	(161,660)
Obrascón Huarte Lain, Desarrollos, S.L.	-	(120,920)
OHL Andina, S.A.	24,792	19,290
OHL Arabia, LLC	3,412	14,754
OHL Building, Inc.	(33,197)	(34,719)
OHL Central Europe, a.s.	(120,429)	(96,915)
OHL Construction Canada and FCC Canada Limited Partnership	(78,448)	(88,488)
OHL Construction Canada, Inc.	(78,510)	(47,474)
OHL Finance, S.à.r.l.	380,887	301,037
OHL Industrial, S.L.	(4,601)	2,082
OHL Servicios-Ingesan, S.A.U.	8,618	12,138
OHL USA, Inc.	(9,856)	(113,641)
OHL S, a.s.	45,906	40,522
Sociedad Concesionaria Centro de Justicia de Santiago, S.A.	12,475	11,840
Other	(32,405)	(24,885)
TOTAL	**(103,960)**	**(298,301)**

3.16.- VALUATION ADJUSTMENTS

VALUATION ADJUSTMENTS RELATING TO HEDGES

The valuation adjustments relating to hedges include the amount of the changes in the fair value of financial derivatives, net of the related tax effect.

The changes in the valuation adjustments relating to hedges in 2019 and 2018 were as follows:

Thousands of euros

	2019	2018
Beginning balance	**(10,214)**	**(20,668)**
Net change in the year at fully consolidated companies	(2,583)	10,586
Net change in the year at companies accounted for using the equity method	(3,503)	(132)
Ending balance	**(16,300)**	**(10,214)**

TRANSLATION DIFFERENCES

The detail, by country and company, of the translation differences at 31 December 2019 and 2018 is as follows:

Thousands of euros

COUNTRY	2019	2018
Saudi Arabia	4,524	4,223
Argentina	(2,585)	(2,584)
Canada	(4,053)	20,126
Colombia	(1,922)	(1,532)
Mexico	(30,883)	(36,597)
Chile	(7,000)	(2,339)
Peru	467	252
United Kingdom	(1,256)	(8,294)
Czech Republic	2,928	27
US	13,941	10,187
Other countries	(560)	1,281
TOTAL	**(26,399)**	**(15,250)**

It should be noted that in 2018 the Group transferred to profit or loss the amounts associated with the translation differences contributed by the Concessions Division that was disposed of, which had been recognised in the Group's consolidated equity and totalled EUR (540,545) thousand.

Also, in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, in 2018 the Group transferred to profit or loss the amounts associated with the translation differences contributed by the Development Division, amounting to EUR (45,771) thousand, since it considered that as a result of the signed sale agreement control of the companies to be sold had been lost.

These transfers relate to the reclassification of the aforementioned amounts from "Translation Differences" to profit or loss, and did not have any effect on the Group's total consolidated equity.

3.17.- NON-CONTROLLING INTERESTS

The balance of “Non-Controlling Interests” in the consolidated balance sheet reflects the interest of non-controlling shareholders in the fully consolidated companies. The balance relating to non controlling interests in the consolidated statement of profit or loss reflects the share of non-controlling shareholders in the profit or loss.

The detail of "Non-Controlling Interests" in the consolidated balance sheet as at 31 December 2019 is as follows:

Thousands of euros

COMPANY	2019
Sociedad Concesionaria Aguas de Navarra, S.A.	1,469
Estación Rebombeo Degollado, S.A.P.I. de C.V.	(1,642)
Hidrógeno Cadereyta, S.A.P.I. de C.V.	(970)
Hidro Parsifal, S.A. de C.V.	(189)
Marina Urola, S.A.	425
Cogeneración Complejo Pajaritos, S.A.P.I. de C.V.	(3,241)
TOTAL	**(4,148)**

The detail of "Non-Controlling Interests" in the consolidated balance sheet as at 31 December 2018 is as follows:

Thousands of euros

COMPANY	2018
Sociedad Concesionaria Aguas de Navarra, S.A.	3,157
Estación de Rebombeo Degollado, S.A.P.I. de C.V.	(1,513)
Hidrógeno Cadereyta, S.A.P.I. de C.V.	(1,036)
Hidro Parsifal, S.A. de C.V.	(237)
Marina Urola, S.A.	597
Cogeneración Complejo Pajaritos, S.A.P.I. de C.V.	(2,404)
OHL ŽS, a.s.	320
Other	12
TOTAL	**(1,104)**

The detail of “(Profit) Loss from Continuing Operations Attributable to Non-Controlling Interests” in 2019 is as follows:

Thousands of euros

COMPANY	2019
Sociedad Concesionaria Aguas de Navarra, S.A.	(234)
Estación de Rebombeo Degollado, S.A.P.I. de C.V.	(38)
Hidrógeno Cadereyta, S.A.P.I. de C.V.	126
Hidro Parsifal, S.A. de C.V.	61
Marina Urola, S.A.	29
OHL Industrial & Partners LLC	197
Cogeneración Complejo Pajaritos, S.A.P.I. de C.V.	(682)
TOTAL	**(541)**

The detail of "(Profit) Loss from Continuing Operations Attributable to Non-Controlling Interests" in 2018 is as follows:

Thousands of euros

COMPANY	2018
Sociedad Concesionaria Aguas de Navarra, S.A.	(251)
Estación de Rebombeo Degollado, S.A.P.I. de C.V.	462
Hidrógeno Cadereyta, S.A.P.I. de C.V.	1,656
Hidro Parsifal, S.A. de C.V.	(684)
Marina Urola, S.A.	(24)
OHL Industrial & Partners LLC	(5,983)
Cogeneración Complejo Pajaritos, S.A.P.I. de C.V.	2,858
OHL ŽS, a.s.	126
Other	(44)
TOTAL	**(1,884)**

The detail of the percentages of ownership and the company name of the non-controlling shareholders at 31 December 2019 of the fully consolidated Group companies is as follows.

COMPANY	% NON-CONTROLLING INTERESTS	COMPANY NAME
Cogeneración Complejo Pajaritos, S.A.P.I. de C.V.	50%	Senermex Ingeniería y Sistemas, S.A. de C.V.
Consorcio Aura - OHL, S.A.	35%	Aura Ingeniería, S.A.
Estación Rebombeo Degollado, S.A.P.I. de C.V.	50%	Construcciones Industriales Tapia, S.A. de C.V.
Hidrógeno Cadereyta, S.A.P.I. de C.V.	41%	KT Kinetics Technology, SPA
	5.4%	Construcciones Industriales Tapia, S.A. de C.V.
Hidro Parsifal, S.A. de C.V.	10%	José Federico Ramos Elorduy Wolfslindseder
	5%	María de Lourdes Bernarda Ramos Elorduy
	5%	Grupo HI, S.A. de C.V.
Marina Urola, S.A.	47.34%	Servicios Naúticos Astilleros Elkano, S.L.
	1.66%	Marinas del Mediterráneo, S.L.
OHL Industrial and Partners LLC	30%	Faisal Hamid Ahmed Ghazali
Sociedad Concesionaria Aguas de Navarra, S.A.	35%	Sociedad General de Aguas de Barcelona, S.A.

3.18.- BANK BORROWINGS AND DEBT INSTRUMENTS AND OTHER MARKETABLE SECURITIES

At 31 December 2019, the bank borrowings and debt instruments and other marketable securities amounted to EUR 729,108 thousand, and their maturities, by year, are as follows:

Thousands of euros

	2020	2021	2022	2023	2024	SUBSEQUENT YEARS	TOTAL
Bank borrowings	57,380	15	15	16	16	88	**57,530**
Debt instruments and other marketable securities	83,691	-	320,862	267,025	-	-	**671,578**
Total bank borrowings and debt instruments and other marketable securities	141,071	15	320,877	267,041	16	88	**729,108**

3.18.1 BANK BORROWINGS

The detail of the bank borrowings at 31 December 2019, by maturity, is as follows:

Thousands of euros

	2020	2021	2022	2023	2024	SUBSEQUENT YEARS	TOTAL
Mortgage loans	44	15	15	16	16	88	194
Loans and credit facilities	3,344	-	-	-	-	-	3,344
Total mortgage and other loans	**3,388**	**15**	**15**	**16**	**16**	**88**	**3,538**
Loans of concession operators	53,770	-	-	-	-	-	53,770
Total loans	**57,158**	**15**	**15**	**16**	**16**	**88**	**57,308**
Unmatured accrued interest payable	19	-	-	-	-	-	19
Unmatured accrued interest payable of concession operators	203	-	-	-	-	-	203
Total unmatured accrued interest payable	**222**	**-**	**-**	**-**	**-**	**-**	**222**
TOTAL	**57,380**	**15**	**15**	**16**	**16**	**88**	**57,530**

At 31 December 2019, the bank borrowings hedged by interest rate derivatives represented 80.02% of the total (31 December 2018: 80.7%).

■ Mortgage loans

At 31 December 2019, certain items of property, plant and equipment amounting to EUR 383 thousand (31 December 2018: EUR 396 thousand) had been mortgaged as security for loans totalling EUR 115 thousand (31 December 2018: EUR 138 thousand) (see Note 3.3.).

At 31 December 2019, certain items of investment property amounting to EUR 167 thousand (31 December 2018: EUR 172 thousand) had been mortgaged as security for loans totalling EUR 79 thousand (31 December 2018: EUR 92 thousand) (see Note 3.4.).

Loans, credit facilities and loans of concession operators

Thousands of euros

	2019	2018
Limit	95,538	104,993
Amount drawn down	**57,114**	**67,192**
Undrawn balance	38,424	37,141

The average interest rate on the amounts drawn down was 3.22% in 2019 (2018: 3.14%).

Loans of concession operators

At 31 December 2019, this line item amounted to EUR 53,770 thousand and related to the loan of the concession operator Aguas de Navarra, S.A. This debt is classified as borrowings without recourse to the shareholders. The loan is classified as a current liability due to a breach of contractual clauses (see Note 3.2.). Drawdowns against the available project finance, amounting to EUR 36,676 thousand, have been prohibited by the banks until an agreement is reached on certain modifications to the project timetable (see Note 3.2.).

The debt is hedged with an interest rate derivative with a notional value of EUR 72,378 thousand that fixes the interest rate at 3.28% and expires in 2039.

3.18.2.- DEBT INSTRUMENTS AND OTHER MARKETABLE SECURITIES

The detail of "Debt Instruments and Other Marketable Securities" in the consolidated balance sheets as at 31 December 2019 and 2018 is as follows:

Thousands of euros

	2019	2018
Corporate bond issues (long-term)	587,887	659,298
Corporate bond issues (short-term)	83,691	10,435
Commercial paper issue (short-term)	-	3,697
TOTAL	**671,578**	**673,430**

The detail, by maturity, of the corporate bonds is as follows:

Thousands of euros

	2020	2021	2022	2023	2024	SUBSEQUENT YEARS	TOTAL
Corporate bond issues	83,691	-	320,862	267,025	-	-	671,578
TOTAL	**83,691**	**-**	**320,862**	**267,025**	**-**	**-**	**671,578**

The features of the corporate bonds are as follows:

Thousands of euros

	ISSUER	2019	2018	YEAR OF FINAL MATURITY	ISSUE CURRENCY	MARKET PRICE (31/12/19)
2012	Obrascón Huarte Lain, S.A	74,886	74,699	2020	Euro	100.01%
2014	Obrascón Huarte Lain, S.A	325,337	324,453	2022	Euro	70.02%
2015	Obrascón Huarte Lain, S.A	271,355	270,581	2023	Euro	69.64%
TOTAL		**671,578**	**669,733**			

The corporate bond issues were launched by the Parent in Europe. These bonds are traded on the secondary market of the London Stock Exchange.

The balances relating to the corporate bond issues include the principal, unamortised arrangement expenses and accrued interest payable at 31 December 2019.

The main changes in each of the three bond issues since their launch, including the bondholders' exercise of the put option in 2018 whereby the Group redeemed its bonds by paying 101% of the face value plus the accrued coupon, were as follows.

Thousands of euros

March 2012 issue (maturity 2020)	**300,000**
Repurchase November 2015	(37,583)
Early redemption March 2017	(32,058)
Early redemption August 2017	(13,780)
Repurchase September 2017	(9,500)
Repurchase October 2017	(20,000)
Interest and other	3,065
Repurchase May 2018	(113,774)
Interest and other	(1,671)
Balance at 31 December 2018	**74,699**
Interest and other	187
BALANCE AT 31 DECEMBER 2019	**74,886**

This issue matured on 15 March 2020 and the principal of EUR 73,305 thousand plus the related interest were settled (see Note 5).

Thousands of euros

March 2014 issue (maturity 2022)	**400,000**
Repurchase September 2017	(5,500)
Interest and other	626
Repurchase May 2018	(71,481)
Interest and other	808
Balance at 31 December 2018	**324,453**
Interest and other	884
BALANCE AT 31 DECEMBER 2019	**325,337**

Thousands of euros

March 2015 issue (maturity 2023)	**325,000**
Early redemption November 2015	(8,137)
Repurchase September 2017	(4,000)
Interest and other	(102)
Repurchase May 2018	(42,994)
Interest and other	814
Balance at 31 December 2018	**270,581**
Interest and other	774
BALANCE AT 31 DECEMBER 2019	**271,355**

The average interest rate on the bond issues was 5.37% in 2019 (2018: 5.48%).

The Parent has certain financial obligations in relation to the aforementioned issues. The Parent's directors, on the basis of advice received, consider that all these obligations envisaged in the financing agreements were being met at the end of the year.

Obrascón Huarte Lain, S.A.'s bond issues include a sale option clause for the bond-holders in the event of third-party takeover of the Parent.

3.18.3.- OTHER MARKETABLE SECURITIES

At 31 December 2018, the Parent had a commercial paper issue facility with an outstanding balance of EUR 3,697 thousand. This commercial paper facility was cancelled in May 2019. The commercial paper issues bore average interest at 0.98% in 2018.

3.19.- OTHER FINANCIAL LIABILITIES

LEASE LIABILITIES

The accounting policy affecting the leases as a result of the application of IFRS 16 and the impact of the first-time application of that IFRS on the Group's consolidated financial statements at 1 December 2019 are disclosed in Note 2.2.

The detail, by type of debt, of the liabilities associated with leases at 31 December 2019 and 2018 is as follows:

Thousands of euros

	31/12/2019	01/01/2019	IFRS 16	31/12/2018
Under non-current liabilities	31,483	38,058	35,822	2,236
Under current liabilities	18,170	17,098	14,062	3,036
TOTAL	**49,653**	**55,156**	**49,884**	**5,272**

The detail, by maturity, of the lease liabilities at 31 December 2019 is as follows:

Thousands of euros

	2020	2021	2022	2023	2024	SUBSEQUENT YEARS	TOTAL
Lease liabilities	18,170	11,741	9,900	7,967	204	1,671	49,653
TOTAL	**18,170**	**11,741**	**9,900**	**7,967**	**204**	**1,671**	**49,653**

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments, such as currency forwards, interest rate swaps and interest rate options in order to mitigate the economic effects of exchange rate and interest rate fluctuations to which it is exposed as a result of its business activities.

It is not permitted at the Group to arrange derivatives for speculative purposes.

No collection risks are expected to arise in relation to the amounts that the banks have undertaken to pay to the Group in the future on the basis of the derivatives arranged, since the banks with which they were arranged are highly solvent.

The derivatives arranged by the Group are basically measured by discounting the future cash flows. Interest rate options are measured using a widely accepted pricing model (Black-Scholes). In all cases, they are measured in accordance with the contractual and market conditions prevailing at the date of measurement, including credit risk in accordance with IFRS 13.

The fair value of the derivatives is determined directly or indirectly using the information available in the various markets (foreign currency, fixed income and equity securities, interbank and other organised markets).

The inputs used to measure the derivatives arranged can be classified into three categories based on the degree to which their fair value is directly observable in the market:

- **Level 1:** the derivatives arranged whose characteristics are identical to those of instruments listed on an active market.
- **Level 2:** the derivatives arranged whose characteristics are not identical to those of instruments listed on an active market but whose fair value can be inferred from prices listed on one or several active markets.
- **Level 3:** the derivatives arranged which cannot be classified in Levels 1 or 2.

All the inputs used to measure the derivatives arranged by the Group are Level 2.

The main criteria relating to derivatives are described in Note 2.6.13. Set forth below is a description of how the fair values of the derivatives arranged by the Group were accounted for at 31 December 2019 as other financial assets or liabilities and of their impact, net of taxes, on equity.

FOREIGN CURRENCY DERIVATIVES

The Group arranges currency forwards in order to avoid the economic impact that exchange rate fluctuations might have on payment obligations and collection rights in foreign currencies.

Following is a detail of the outstanding currency forwards at 31 December 2019, indicating, on the one hand, the nominal amounts in euros of the forwards, i.e., the amounts that the Group and the banks have agreed to exchange in euros in exchange for paying or receiving certain amounts in foreign currencies, classified by maturity, and, on the other, the fair values of the currency forwards, grouped together as other financial assets or liabilities, and their impact, net of taxes, on equity. Also indicated is the range of exchange rates and the nominal amounts in foreign currency arranged.

The detail of the currency forwards arranged at 31 December 2019 is as follows:

						Thousands of euros	FOREIGN CURRENCY/ EURO	
		MATURITY		FAIR VALUES INCLUDED IN:				
	NOMINAL AMOUNT	WITHIN THREE MONTHS	AFTER THREE MONTHS	OTHER FINANCIAL ASSETS	OTHER FINANCIAL LIABILITIES	IMPACT ON EQUITY	RANGE OF EXCHANGE RATES	NOMINAL AMOUNT IN FOREIGN CURRENCY
Derivatives not considered as hedges for accounting purposes at the Group's discretion								
US dollar purchases	2,018	2,018	-	-	(180)	12	1.11	2,250
US dollar sales	21,749	21,749	-	16	-	(135)	1.11	24,244
TOTAL	**23.768**	**23.768**	**-**	**16**	**(180)**	**(123)**		

The "Impact on Profit or Loss" column includes the gains or losses net of tax attributable to the Group and to non-controlling interests corresponding to the measurement of the foreign currency derivatives outstanding at 31 December of each year, the changes in which are recognised under "Net Gains/Losses on Remeasurement of Financial Instruments at Fair Value" in the consolidated statement of profit or loss since they do not qualify for hedge accounting (see Note 3.23.).

The detail of the currency forwards arranged at 31 December 2018 is as follows:

						Thousands of euros	FOREIGN CURRENCY/ EURO	
		MATURITY		FAIR VALUES INCLUDED IN:				
	NOMINAL AMOUNT	WITHIN THREE MONTHS	AFTER THREE MONTHS	OTHER FINANCIAL ASSETS	OTHER FINANCIAL LIABILITIES	IMPACT ON EQUITY	RANGE OF EXCHANGE RATES	NOMINAL AMOUNT IN FOREIGN CURRENCY
Derivatives not considered as hedges for accounting purposes at the Group's discretion								
US dollar purchases	26,394	26,394	-	-	(347)	(260)	1.13	29,826
US dollar sales	2,821	969	1,852	-	(115)	(86)	1.2146-1.1946	3,407
TOTAL	**29,215**	**27,363**	**1,852**	**-**	**(462)**	**(346)**		

The changes in foreign currency derivatives in 2019 and 2018 were as follows:

Thousands of euros

	CONSOLIDATED BALANCE SHEET	CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Total – 2017	**39,520**	**33,964**
Changes in fair value in 2018	(39,982)	(39,982)
Fair value at 31/12/18	(462)	-
In other financial assets	-	-
In other financial liabilities	(462)	-
Amounts derecognised/ cancelled in 2018		(49,510)
Total – 2018	**(462)**	**(89,492)**
Changes in fair value in 2019	298	298
Fair value at 31/12/19	(164)	-
In other financial assets	16	-
In other financial liabilities	(180)	-
Amounts derecognised/ cancelled in 2019	-	422
Total – 2019	**(164)**	**720**

The impact recognised in profit or loss as a result of the recognition of foreign currency derivatives, amounting to EUR (720) thousand in 2019 (31 December 2018: EUR (89,492) thousand), is included under "Net Gains (Losses) on Remeasurement of Financial Instruments at Fair Value" in the consolidated statement of profit or loss.

INTEREST RATE DERIVATIVES

The Group arranges interest rate swaps and interest rate options to mitigate the variability of borrowing costs.

In the financing of concession projects, the use of interest rate derivatives normally forms part of the requirements imposed by the financing banks. The purpose of these derivatives is to limit the possible impact that future changes in interest rates could have on the borrowing costs of the projects if the financing continued to bear interest at floating rates.

The following table shows in thousands of euros the notional amounts of the interest rate derivatives of the fully consolidated companies at 31 December 2019, which are the amounts on the basis of which the interest will be settled, grouped together by settlement currency and classified based on their final expiry date, together with the fair values of the derivatives, grouped together as other financial assets or other financial liabilities, and their impact, net of taxes, on equity. Also indicated is the range of interest rates arranged.

Thousands of euros

SETTLEMENT CURRENCY	SPAIN	FINAL EXPIRY DATE OF THE DERIVATIVES: WITHIN ONE YEAR	ONE TO FIVE YEARS	FIVE TO TEN YEARS	AFTER TEN YEARS	FAIR VALUES INCLUDED IN: OTHER FINANCIAL ASSETS	OTHER FINANCIAL LIABILITIES	IMPACT ON EQUITY	RANGE OF ANNUAL INTEREST RATES
Derivatives considered for accounting purposes to be cash flow hedges									
Euro	72,378	-	-	-	72,378	-	(7,938)	(5,714)	1.32%
Czech koruna	14,383	-	-	14,383	-	-	-	-	2.14%
SUBTOTAL	**86,761**	**-**	**-**	**14,383**	**72,378**	**-**	**(7,938)**	**(5,714)**	

In 2019 EUR 351 thousand were recognised under "Net Gains (Losses) on Remeasurement of Financial Instruments at Fair Value" in the consolidated statement of profit or loss, with a net impact on equity of EUR 253 thousand, since one of the derivatives was considered to be ineffective.

The detail of the expiry dates of the notional amounts of the fully consolidated companies at 31 December 2019, by settlement currency, is as follows:

Thousands of euros

SETTLEMENT CURRENCY	2020	2021	2022	2023	2024	Subsequent years	TOTAL
Euro	1,494	1,698	1,893	2,082	2,268	62,943	72,378
Czech koruna	2,697	2,697	2,697	2,697	2,697	898	14,383
TOTAL	**4,191**	**4,395**	**4,590**	**4,779**	**4,965**	**63,841**	**86,761**

Following is a detail of the years in which the derivatives considered for accounting purposes to be cash flow hedges are expected to affect the profit or loss for the year.

Thousands of euros

SETTLEMENT CURRENCY	WITHIN ONE YEAR	ONE TO FIVE YEARS	AFTER FIVE YEARS	TOTAL
Euros	(835)	(2,370)	(2,509)	(5,714)
TOTAL	**(835)**	**(2,370)**	**(2,509)**	**(5,714)**

The detail of the interest rate derivatives of the fully consolidated companies arranged at 31 December 2018 is as follows:

Thousands of euros

SETTLEMENT CURRENCY	SPAIN	FINAL EXPIRY DATE OF THE DERIVATIVES: WITHIN ONE YEAR	ONE TO FIVE YEARS	FIVE TO TEN YEARS	AFTER TEN YEARS	FAIR VALUES INCLUDED IN: OTHER FINANCIAL ASSETS	OTHER FINANCIAL LIABILITIES	IMPACT ON EQUITY	RANGE OF ANNUAL INTEREST RATES
Derivatives considered for accounting purposes to be cash flow hedges									
Euro	73,574	-	-	-	73,574	-	(2,517)	(1,560)	1.32%
Czech koruna	16,648	-	-	16,648	-	-	(148)	(120)	2.14%
SUBTOTAL	**90,222**	**-**	**-**	**16,648**	**73,574**	**-**	**(2,665)**	**(1,680)**	

The "Impact on Equity" column shows the valuation of the derivatives of the fully consolidated companies outstanding at 31 December 2019 and 2018, the gains or losses and valuation adjustments attributable to the OHL Group, and the impact on non-controlling interests.

In the case of interest rate derivatives arranged by companies in which the Group holds ownership interests of 50% or less, the amount is recognised under “Investments Accounted for Using the Equity Method” in the consolidated balance sheet. The impact on equity at 31 December 2019 amounted to EUR (12,586) thousand (31 December 2018: EUR (9,082) thousand). The negative impact on equity is limited, in the case of the investees less than 50% owned by the Group, to the value of the Group's ownership interest.

The following table summarises the impact on equity arising from the changes in the interest rate derivatives of the fully consolidated companiesl.

Thousands of euros

Accumulated impact on equity at 1 January 2018	**(5,758)**
Income and expense recognised directly in equity in 2018	(6,271)
Transfers to the consolidated statement of profit or loss in 2018	10,349
Accumulated impact on equity at 31 December 2018	**(1,680)**
Income and expense recognised directly in equity in 2019	(6,874)
Transfers to the consolidated statement of profit or loss in 2019	2,840
Accumulated impact on equity at 31 December 2019	**(5,714)**

The impact on the profit or loss attributable to the Parent in the consolidated statement of profit or loss relates mainly to the amounts transferred from equity, since all the interest rate derivatives (except for the interest rate options) were accounted for as cash flow hedges and, consequently, the related changes in value are recognised in equity under “Valuation Adjustments”.

The impact of the interest rate options that do not qualify for hedge accounting on the profit or loss attributable to the Parent in the consolidated statement of profit or loss is direct and does not need to be recognised first under "Valuation Adjustments" in the consolidated balance sheet.

The breakdown of “Net Gains (Losses) on Remeasurement of Financial Instruments at Fair Value” in the case of the interest rate derivatives of the fully consolidated companies is as follows:

Thousands of euros

Changes in value in 2018	39
TOTAL– 2018	**39**
Changes in value in 2019	351
TOTAL – 2019	**351**

SENSITIVITY ANALYSIS

A sensitivity analysis involves the measurement of the effect that interest rates, exchange rates and/or share prices other than those existing on the market at the measurement date would have had.

The sensitivity analysis of exchange rates focused on the foreign currency derivatives of the fully consolidated companies outstanding at the date of the analysis, simulating a 10% increase in the value of the foreign currencies vis-à-vis the euro with respect to the rates in force at 31 December 2019 and 2018. The result of this analysis is as follows:

Thousands of euros

	2019		2018	
	FAIR VALUE	IMPACT ON EQUITY	FAIR VALUE	IMPACT ON EQUITY
US dollar	2,022	1,415	2,617	1,963
TOTAL	**2,022**	**1,415**	**2,617**	**1,963**

If the sensitivity analysis were performed simulating a 10% decrease in the value of the foreign currencies vis-à-vis the euro with respect to the rates in force at 31 December 2019 and 2018, the impact would be as follows:

Thousands of euros

	2019		2018	
	FAIR VALUE	IMPACT ON EQUITY	FAIR VALUE	IMPACT ON EQUITY
US dollar	(1,932)	(1,352)	(2,262)	(1,697)
TOTAL	**(1,932)**	**(1,352)**	**(2,262)**	**(1,697)**

The table below shows the difference in the fair value of the interest rate derivatives and equity of the fully consolidated companies with respect to the data presented had interest rates been 0.20% higher or lower than those prevailing in the market at 31 December 2019 and 2018.

Thousands of euros

	2019		2018	
	FAIR VALUE	IMPACT ON EQUITY	FAIR VALUE	IMPACT ON EQUITY
Euro	1,875	1,350	1,825	1,314
Czech koruna	1,954	1,414	111	90
TOTAL	**3,829**	**2,764**	**1,936**	**1,404**

3.20.- PROVISIONS

LONG-TERM PROVISIONS

The detail of "Long-Term Provisions" at 31 December 2019 is as follows:

Thousands of euros

	BALANCE AT 31 DECEMBER 2018	CHARGE FOR THE YEAR	AMOUNTS USED	EXCHANGE DIFFERENCES AND INTEREST COST	BALANCE AT 31 DECEMBER 2019
Provisions for taxes	4,459	5,129	(2,690)	45	6,943
Provisions for litigation and third-party liability	55,688	12,339	(10,607)	219	57,639
Other provisions	307	647	(22)	4	936
TOTAL	**60,454**	**18,115**	**(13,319)**	**268**	**65,518**

The provisions for litigation and third-party liability arise due to the obligations of an indeterminate amount, in respect of lawsuits and/or arbitral proceedings in progress and indemnity payments.

The detail of the projected schedule of the outflows of economic benefits relating to the long-term provisions at 31 December 2019 is as follows:

Thousands of euros

	2021	2022	2023	2024	SUBSEQUENT YEARS	TOTAL
Provisions for taxes	-	1,791	-	-	5,152	6,943
Provisions for litigation and third-party liability	51,539	613	610	596	4,281	57,639
Other provisions	936	-	-	-	-	936
TOTAL	**52,475**	**2,404**	**610**	**596**	**9,433**	**65,518**

SHORT-TERM PROVISIONS

The detail of "Short-Term Provisions" at 31 December 2019 is as follows:

Thousands of euros

	BALANCE AT 31 DECEMBER 2018	ADDITIONS AND DISPOSALS DUE TO CHANGES IN THE SCOPE OF CONSOLIDATION AND RECLASSIFICATIONS	CHARGE FOR THE YEAR	AMOUNTS USED	EXCHANGE DIFFERENCES AND INTEREST COST	BALANCE AT 31 DECEMBER 2019
Provisions for project completion	57,195	-	10,903	(20,488)	205	47,815
Provisions for management and other fees	47,118	-	2,321	(41,049)	779	9,169
Provisions for other transactions	98,143	(45)	111,069	(49,005)	-	160,162
TOTAL	**202,456**	**(45)**	**124,293**	**(110,542)**	**984**	**217,146**

"Provisions for Other Transactions" includes provisions for commercial transactions, which correspond primarily to the Group's construction companies, provisions for future losses that are recognised when it is certain that the contract costs will exceed the projected total contract revenue, provisions for taxes and provisions for other third-party liability. These amounts considered individually are of scant significance and correspond to numerous contracts.

3.21.- OTHER LIABILITIES

The detail of “Other Non-Current Liabilities” and "Other Current Liabilities" in the consolidated balance sheets as at 31 December 2019 and 2018 is as follows:

Thousands of euros

	2019		2018	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Payable to associates	-	121,636	-	89,690
Remuneration payable	-	30,262	-	23,797
Tax payables (Note 3.22.)	-	74,865	-	74,964
Other non-trade payables	14,689	28,145	14,690	58,724
Guarantees and deposits received	1,816	2,492	14	2,520
Other	-	53	-	156
TOTAL	**16,505**	**257,453**	**14,704**	**249,851**

The detail of the other non-trade payables at 31 December 2019 and 2018 is as follows:

Thousands of euros

	2019		2018	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Payable for property, plant and equipment purchases	4,472	5,219	4,752	7,546
Payable for financial instrument purchases	-	-	-	-
Other	10,217	22,926	9,938	51,178
TOTAL	**14,689**	**28,145**	**14,690**	**58,724**

3.22.- TAX MATTERS

CONSOLIDATED TAX GROUP

The Group files consolidated tax returns in both Spain and the US for all the companies that meet the related requirements. All the other companies file individual tax returns.

ACCOUNTING FOR TAXES

The income tax expense of the consolidated Group is obtained by aggregating the income tax expense of the consolidated tax groups and of the companies that file individual income tax returns.

The tax bases are calculated on the basis of the profit or loss for the year adjusted by temporary differences, permanent differences and prior years' tax losses.

The tax effect of temporary differences between transactions recognised in the accounting records and reported in the income tax return using different criteria gives rise to deferred tax assets and liabilities that will be recoverable or payable in the future.

Tax losses, if recognised, also give rise to deferred tax assets that do not reduce the expense for subsequent years.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the assets are realised or the liabilities are settled.

Deferred tax assets are only recognised when there are no doubts that there will be sufficient taxable profits in the future against which to charge these temporary differences.

When the closing is performed for tax purposes each year, the deferred tax balances are reviewed in order to ascertain whether they still exist and the appropriate adjustments are made so as to adapt the balances to the new situation.

RECONCILIATION OF THE ACCOUNTING LOSS TO THE TAX LOSS

The reconciliation of the consolidated accounting loss for the year to the tax loss for income tax purposes is as follows:

Thousands of euros

	2019	2018
Consolidated loss for the year from continuing operations before tax	**(121,659)**	**(969,548)**
Loss for the year from discontinued operations	-	(543,864)
Permanent differences relating to discontinued operations	-	362,139
Permanent differences relating to continuing operations	6,918	551,380
Temporary differences	16,911	38,485
Offset of prior years' tax losses	(15,980)	(19,872)
Tax loss	**(113,810)**	**(581,280)**

The reconciliation of the accounting loss from continuing operations to the income tax expense for 2019 is as follows:

	2019
Consolidated loss for the year from continuing operations before tax	**(121,659)**
Result of companies accounted for using the equity method, net of tax	7,032
Other permanent differences	(114)
Unrecognised tax losses offset in the year	(7,999)
Tax losses not recognised in the year as tax assets	195,798
Base for calculating period income tax expense	**73,058**
Income tax expense for the year	21,869
Tax credits and tax relief	-
Prior years' adjustments and other adjustments	(27)
Income tax expense relating to continuing operations	**21,842**

The permanent differences relate mainly to the result of companies accounted for using the equity method (EUR 7,032 thousand) and the remainder (EUR (114) thousand) relate to:

- Expenses not considered to be deductible for tax purposes such as fines and donations or finance costs exceeding 30% of profit from operations.
- Profits or losses obtained abroad by branches and UTEs.
- The recognition and use of non-deductible provisions.
- Tax withholdings paid abroad.
- The elimination of dividends and impairment losses on investments.

INCOME TAX AND TAX RATE

Income tax is calculated using the tax rates in force in each country in which the Group operates: The main rates are:

COUNTRY	2019	2018
Spain	25%	25%
Saudi Arabia	20%	20%
Algeria	26%	23%
Argentina	30%	35%
Bulgaria	10%	10%
Canada	26.5%	26.7%
Chile	27%	27%
Colombia	33%	34%
US	27%	38.6%
Kuwait	15%	15%
Mexico	30%	30%
Peru	29.5%	29.5%
Poland	19%	19%
Qatar	10%	10%
Czech Republic	19%	19%
Slovakia	21%	21%
Turkey	22%	22%

The income tax expense of EUR (21,842) thousand recognised in 2019 comprises:

- EUR (16,494) thousand relating to the tax expense recognised by the companies forming part of the Spanish tax group and to the amount corresponding to their branches abroad.
- EUR (5,348) thousand relating to the tax expense recognised by the foreign and Spanish companies that do not form part of the Spanish tax group.

In addition to the income tax expense for 2019, EUR 1,616 thousand were recognised directly in equity in relation to the change in fair value of derivative financial instruments.

DEFERRED TAXES AND TAX LOSSES

The changes in deferred tax assets were as follows:

Thousands of euros

Balance at 1 January 2018	**265,056**
Increases	61,325
Decreases	(43,651)
Transfers (*)	(20,274)
Balance at 31 December 2018	**262,456**
Increases	23,765
Decreases	(81,198)
Transfers	-
BALANCE AT 31 DECEMBER 2019	**205,023**

(*) Corresponding to transfers to "Non-Current Assets Classified as Held for Sale and Discontinued Operations".

The detail of the changes in deferred tax assets in 2019 and 2018 is as follows:

Thousands of euros

	2019						
	BALANCE AT 31/12/18	CHANGES IN THE SCOPE OF CONSOLIDATION	CHARGE/ CREDIT TO PROFIT OR LOSS	CHARGE/CREDIT TO EQUITY HEDGING INSTRUMENTS	EXCHANGE RATE EFFECT	TRANSFERS AND OTHER	BALANCE AT 31/12/19
Tax assets	**121,995**	**-**	**(5,199)**	**-**	**1,813**	**161**	**118,770**
Tax loss carryforwards	117,809	-	(5,190)	-	1,813	161	114,593
Tax credits	4,186	-	(9)	-	-	-	4,177
Temporary differences	**140,461**	**-**	**(54,183)**	**1,616**	**3,865**	**(5,506)**	**86,253**
TOTAL DEFERRED TAX ASSETS	**262,456**	**-**	**(59,382)**	**1,616**	**5,679**	**(5,346)**	**205,023**

Thousands of euros

	2018						
	BALANCE AT 31/12/17	CHANGES IN THE SCOPE OF CONSOLIDATION	CHARGE/ CREDIT TO PROFIT OR LOSS	CHARGE/CREDIT TO EQUITY RELATING TO HEDGING INSTRUMENTS	EXCHANGE RATE EFFECT	TRANSFERS AND OTHER	BALANCE AT 31/12/18
Tax assets	**135,969**	**(2,212)**	**4,226**	**-**	**3,458**	**(19,446)**	**121,995**
Tax loss carryforwards	132,674	(2,212)	3,335	-	3,458	(19,446)	117,809
Tax credits	3,295	-	891	-	-	-	4,186
Temporary differences	**129,087**	**(3,872)**	**21,330**	**131**	**2,698**	**(8,913)**	**140,461**
TOTAL DEFERRED TAX ASSETS	**265,056**	**(6,084)**	**25,556**	**131**	**6,156**	**(28,359)**	**262,456**

The deductible temporary differences recognised in 2019, amounting to EUR 86,253 thousand, are due mainly to:

- The recognition and use of provisions, amounting to EUR 24,458 thousand.
- The difference in the timing of recognition of the depreciation and amortisation charge for accounting and tax purposes amounting to EUR 2,398 thousand.
- The difference in the timing of recognition of construction costs, amounting to EUR 11,677 thousand.
- The profit or loss of the UTEs, the recognition of which for tax purposes is deferred for one year.

In 2019 the Group evaluated the recoverability of the deferred tax assets recognised. In particular, the key assumptions used to test the recoverability of the tax assets include the generation of margins in line with the current situation of the industries in which the Group operates, in a financing environment similar to that currently prevailing. Also, for the other deferred tax assets a recoverability analysis was conducted based on the maintenance of the current key assumptions of the businesses, and no risk of recoverability within the expiry periods was identified.

The changes in deferred tax liabilities in 2019 and 2018 were as follows:

Thousands of euros

Balance at 1 January 2018	**139,493**
Increases	29,046
Decreases	(11,502)
Transfers (*)	(8,037)
Balance at 31 December 2018	**149,000**
Increases	13,467
Decreases	(67,342)
Transfers	-
BALANCE AT 31 DECEMBER 2019	**95,125**

(*) Corresponding to transfers to "Liabilities Associated with Non-Current Assets Classified as Held for Sale and Discontinued Operations".

The detail of the changes in deferred tax liabilities is as follows:

Thousands of euros

	2019					
	BALANCE AT 31/12/18	CHANGES IN THE SCOPE OF CONSOLIDATION	CHARGE/CREDIT TO PROFIT OR LOSS	EXCHANGE RATE EFFECT	TRANSFERS AND OTHER	BALANCE AT 31/12/19
Temporary differences	149,000	-	(59,183)	5,308	-	95,125
TOTAL DEFERRED TAX LIABILITIES	**149,000**	**-**	**(59,183)**	**5,308**	**-**	**95,125**

Thousands of euros

	2018					
	BALANCE AT 31/12/17	CHANGES IN THE SCOPE OF CONSOLIDATION	CHARGE/CREDIT TO PROFIT OR LOSS	EXCHANGE RATE EFFECT	TRANSFERS AND OTHER	BALANCE AT 31/12/18
Temporary differences	139,493	(1,533)	14,533	6,095	(9,588)	149,000
TOTAL DEFERRED TAX LIABILITIES	**139,493**	**(1,533)**	**14,533**	**6,095**	**(9,588)**	**149,000**

The taxable temporary differences recognised in 2019, amounting to EUR 95,125 thousand, relate mainly to:

- The adjustments made on consolidation of the financial statements, including most notably the allocations made to the assets and liabilities of the acquirees, increasing the value of the acquired assets by EUR 44,199 thousand on effecting the business combinations.
- The recognition and use of provisions, amounting to EUR 1,576 thousand.
- The difference in the timing of recognition of the non-current asset depreciation and amortisation charge, amounting to EUR 20,481 thousand.
- The difference in the timing of recognition of revenue relating to "Trade Receivables for Amounts to be Billed for Work Performed", amounting to EUR 6,051 thousand.

The Group companies' tax losses available for offset in future tax returns amount to EUR 1,824,806 thousand, the detail of which, by last year for offset, is as follows:

YEAR	Thousands of euros
2020	27,449
2021	32,413
2022	50,724
2023	14,172
2024	16,619
2025	1,376
2026	5,464
2027	4,485
2028	10,138
2029	36,980
2030	243
2031	855
2032	3,427
2033	8,673
2034	8,882
Unlimited	1,602,906
TOTAL	**1,824,806**

The Group companies have unused double taxation tax credits amounting to EUR 11,520 thousand, and investment tax credits (reinvestment, R&D&i and other tax credits) amounting to EUR 25,772 thousand.

Years open for review by the tax authorities

In general, the Spanish consolidated tax group companies have all the taxes applicable to them open for review by the tax authorities. 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 connection with the tax assessments signed on a contested basis relating to personal income tax withholdings for 2009 to 2011 of the Parent, in 2019 the Spanish National Appellate Court handed down a judgment partially upholding the appeal for judicial review filed by the Parent, i.e., it upheld the settlement of EUR 1,705 thousand relating to the deficiency and interest but rendered null and void the penalty of EUR 753 thousand imposed by the tax authorities. Guarantees had been provided and provisions recognised in relation to these amounts; the amounts due were paid and the guarantees provided were recovered in the judgment enforcement phase of the proceeding.

In connection with the tax assessments signed on a contested basis relating to personal income tax withholdings for 2012 to 2013 of the Parent, amounting to EUR 630 thousand, the Parent submitted pleas to the Central Economic-Administrative Tribunal, although no judgment has yet been handed down in this regard.

The Parent's directors consider that the tax returns for all the taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions or of possible tax audits of the years open for review, such contingent tax liabilities as might arise would not have a material effect on the accompanying consolidated financial statements.

TAX RECEIVABLES AND PAYABLES

The detail of “Tax Receivables” and “Tax Payables” at 31 December 2019 and 2018 is as follows:

Thousands of euros

	CURRENT ASSETS		CURRENT LIABILITIES	
	2019	**2018**	**2019**	**2018**
VAT	44,774	53,613	33,134	33,489
Other taxes	38,397	30,559	31,308	30,937
Social security taxes	42	31	10,423	10,538
TOTAL	**83,213**	**84,203**	**74,865**	**74,964**

3.23.- INCOME AND EXPENSES

REVENUE

The Group’s revenue in 2019 amounted to EUR 2,959,905 thousand (2018: EUR 2,906,900 thousand), the detail by business activity, geographical market and type of customer being as follows:

Thousands of euros

BUSINESS ACTIVITY	2019	2018	% CHANGE
Construction	2,452,226	2,448,734	0.1%
Industrial	218,238	189,853	15.0%
Services	275,633	264,114	4.4%
Other	13,808	4,199	228.8%
TOTAL REVENUE	**2,959,905**	**2,906,900**	

Thousands of euros

BUSINESS ACTIVITY, GEOGRAPHICAL MARKET AND CUSTOMER	2019					
	SPAIN		ABROAD		TOTAL	
	PUBLIC SECTOR	PRIVATE SECTOR	PUBLIC SECTOR	PRIVATE SECTOR	PUBLIC SECTOR	PRIVATE SECTOR
Construction	242,619	263,465	1,672,766	273,376	1,915,385	536,841
Industrial	383	43,312	19,185	155,358	19,568	198,670
Services	227,302	35,171	10,029	3,131	237,331	38,302
Other	45	3,291	-	10,472	45	13,763
TOTAL REVENUE	**470,349**	**345,239**	**1,701,980**	**442,337**	**2,172,329**	**787,576**

Thousands of euros

GEOGRAPHICAL MARKET	2019	2018
US and Canada	1,002,949	947,892
Mexico	95,295	164,205
Chile	246,644	155,347
Peru	103,282	133,833
Colombia	76,354	95,848
Spain	824,576	792,635
Central and Eastern Europe	303,805	284,786
Other countries	307,000	332,354
TOTAL REVENUE	**2,959,905**	**2,906,900**

The detail of revenue by geographical area in 2019 and 2018 is as follows:

Thousands of euros

	2019	2018
Spanish market	**824,576**	**792,635**
International market:	**2,135,329**	**2,114,265**
European Union	300,433	288,956
Eurozone	36,219	20,292
Non-eurozone	264,214	268,664
Other	1,834,896	1,825,309
TOTAL	**2,959,905**	**2,906,900**

The reconciliation of segment revenue to consolidated revenue in 2019 and 2018 is as follows:

Thousands of euros

SEGMENT	2019 REVENUE FROM NON-GROUP CUSTOMERS	2019 INTER-SEGMENT REVENUE	2019 TOTAL REVENUE	2018 REVENUE FROM NON-GROUP CUSTOMERS	2018 INTER-SEGMENT REVENUE	2018 TOTAL REVENUE
Construction	2,452,226	28,677	2,480,903	2,448,734	63,080	2,511,814
Industrial	218,238	3,871	222,109	189,853	4,606	194,459
Services	275,633	1,417	277,050	264,114	-	264,114
Other	13,808	8,339	22,147	4,199	-	4,199
Adjustments and eliminations to inter-segment revenue	-	(42,304)	(42,304)	-	(67,686)	(67,686)
TOTAL	**2,959,905**	**-**	**2,959,905**	**2,906,900**	**-**	**2,906,900**

OTHER OPERATING INCOME

"Other Operating Income" in 2019 amounted to EUR 86,175 thousand (2018: EUR 100,903 thousand).

PROCUREMENTS

"Procurements" in 2019 amounted to EUR (1,726,202) thousand, 22% less than in 2018.

STAFF COSTS

"Staff costs" in 2019 amounted to EUR (757,502) thousand (2018: EUR (814,175) thousand).

OTHER OPERATING EXPENSES

The detail of "Other Operating Expenses" in the consolidated statement of profit or loss is as follows:

Thousands of euros

	2019	2018
Outside services	(276,545)	(355,885)
Taxes other than income tax	(13,130)	(15,142)
Other current operating expenses	(207,936)	(101,810)
TOTAL	**(497,611)**	**(472,837)**

FINANCE INCOME

The detail of "Finance Income" in the consolidated statement of profit or loss is as follows:

Thousands of euros

	2019	2018
Interest income from other companies	20,561	21,731
Income from equity investments	14	6
TOTAL	**20,575**	**21,737**

FINANCE COSTS

The detail of "Finance Costs" in the consolidated statement of profit or loss is as follows:

Thousands of euros

	2019	2018
On the financing of current transactions	(53,677)	(81,544)
On finance leases and deferred price non-current asset purchases	(3,113)	(62)
Interest costs relating to provisions	284	(1,059)
TOTAL	**(56,506)**	**(82,665)**

EXCHANGE DIFFERENCES (GAINS AND LOSSES)

The exchange differences in 2019 amounted to EUR 2,236 thousand (2018: EUR (5,896) thousand).

NET GAINS (LOSSES) ON REMEASUREMENT OF FINANCIAL INSTRUMENTS AT FAIR VALUE

The net gains on remeasurement of financial instruments at fair value amounted to EUR 2,361 thousand in 2019.

In 2018 the net losses on remeasurement of financial instruments at fair value amounted to EUR (89,453) thousand and arose mainly as a result of the foreign currency hedge arranged to hedge the divestment of the Concessions Division, which following its settlement in 2018 gave rise to a loss of EUR (92,255) thousand.

RESULT OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

The result of companies accounted for using the equity method totalled EUR (7,032) thousand in 2019 (see Note 3.7.1.).

IMPAIRMENT AND GAINS OR LOSSES ON DISPOSALS OF FINANCIAL INSTRUMENTS

In 2019 "Impairment and Gains or Losses on Disposals of Financial Instruments" amounted to EUR (71,030) thousand, and included most notably:

- The adjustment of EUR (47,600) thousand made to the investment in the Old War Office project as a result of its remeasurement on the basis of its fair value.
- A reduction in the proceeds from the sale to the other shareholder of the Canalejas shopping centre as a result of a price adjustment and of a reduction of EUR (13,000) thousand arising from a delay in the delivery of the project.

LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS, NET OF TAX

In 2019 the Group completed the sale of all the companies and/or assets associated with the Ciudad de Mayakoba urban development project that had been classified as a discontinued operation in 2018. The transactions did not give rise to any gain or loss as, pursuant to IFRS 5, the assets had been measured at the estimated value of the transaction less costs of disposal since 2018.

BALANCES IN CURRENCIES OTHER THAN THE EURO

The detail of the transactions performed by the Group companies in 2019 in currencies other than the euro, by currency and for the main operating income and expense items, translated to euros at the average exchange rates, is as follows:

Thousands of euros

CURRENCY	SALES	OTHER INCOME	PROCUREMENTS	OTHER OPERATING EXPENSES
Czech koruna	228,775	5,330	214,243	18,104
Norwegian krone	75,280	866	57,455	8,593
Swedish krona	-	926	149	828
US dollar	1,144,394	2,259	660,548	178,245
Moldovan leu	8,894	-	5,927	1,538
Chilean peso	216,236	711	112,553	19,482
Colombian peso	76,353	4,083	55,159	16,434
Mexican peso	42,073	12,275	8,825	42,262
Saudi riyal	20,814	1,931	(362)	46,117
Peruvian sol	38,446	3,761	16,922	13,370
Other currencies	62,868	7,249	28,873	21,558
TOTAL	**1,914,133**	**39,391**	**1,160,292**	**366,531**

The detail of the balances receivable in currencies other than the euro at 31 December 2019 and 2018, by currency and for the main asset items in the consolidated balance sheets, translated to euros at the year-end exchange rates, is as follows:

Thousands of euros

	2019		
CURRENCY	NON-CURRENT FINANCIAL ASSETS	CURRENT FINANCIAL ASSETS	TRADE AND OTHER RECEIVABLES
Czech koruna	666	-	93,864
Norwegian krone	221	63	8,714
Swedish krona	-	20	2,180
Kuwaiti dinar	67	-	16,675
Canadian dollar	29,323	102	13,798
US dollar	3,792	32,185	313,319
Chilean peso	34	25,051	123,194
Colombian peso	-	439	57,149
Mexican peso	23,913	2,165	104,316
Saudi riyal	1,448	212	19,806
Qatari riyal	2,952	-	18,947
Peruvian sol	-	5	23,780
Other currencies	207	12	54,921
TOTAL	**62,623**	**60,254**	**850,663**

Thousands of euros

CURRENCY	2018		
	NON-CURRENT FINANCIAL ASSETS	CURRENT FINANCIAL ASSETS	TRADE AND OTHER RECEIVABLES
Czech koruna	475	-	82,643
Algerian dinar	818	-	8,967
Kuwaiti dinar	66	-	21,902
Canadian dollar	27,430	95	13,587
US dollar	5,347	26,605	321,069
Chilean peso	34	1	110,979
Colombian peso	-	2	28,792
Mexican peso	97	753	152,373
Saudi riyal	2,212	36,459	38,075
Qatari riyal	2,900	-	13,559
Peruvian sol	-	12	26,382
Polish zloty	-	-	1,960
Other currencies	532	34	53,366
TOTAL	**39,911**	**63,961**	**873,654**

The detail of the balances payable in currencies other than the euro at 31 December 2019 and 2018, by currency and for the main liability items in the consolidated balance sheets, translated to euros at the year-end exchange rates, is as follows:

Thousands of euros

CURRENCY	2019		
	OTHER FINANCIAL LIABILITIES	TRADE AND OTHER PAYABLES	OTHER CURRENT AND NON-CURRENT LIABILITIES
Czech koruna	5,997	84,768	12,461
Norwegian krone	-	46,059	809
Swedish krona	-	568	176
Kuwaiti dinar	-	42,003	-
US dollar	8,359	521,221	18,110
Chilean peso	-	103,107	9,070
Colombian peso	-	123,045	7,616
Mexican peso	-	108,644	22,506
Saudi riyal	-	24,036	1,803
Qatari riyal	-	43,236	-
Peruvian sol	-	36,107	3,220
Other currencies	-	72,427	14,400
TOTAL	**14,356**	**1,205,221**	**90,171**

Thousands of euros

	2018		
CURRENCY	OTHER FINANCIAL LIABILITIES	TRADE AND OTHER PAYABLES	OTHER CURRENT AND NON-CURRENT LIABILITIES
Czech koruna	587	65,345	14,501
Algerian dinar	-	3,399	3,302
Kuwaiti dinar	-	57,022	30
Canadian dollar	-	3,538	1,237
US dollar	-	498,385	29,890
Chilean peso	-	68,913	10,535
Colombian peso	-	152,211	2,883
Mexican peso	-	195,512	15,512
Saudi riyal	-	30,136	153
Qatari riyal	-	52,939	-
Peruvian sol	-	43,471	3,148
Polish zloty	-	1,823	50
Other currencies	-	118,307	19,219
TOTAL	**587**	**1,291,001**	**100,460**

3.24.- CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows was prepared in accordance with IAS 7 and is unaffected by changes in the exchange rates to euros of the currencies with which the Group operates.

Also, the requisite classifications were made in order to properly show the changes due to inclusions in and exclusions from the scope of consolidation.

The following aspects are worthy of mention in relation to each of the main sections of the consolidated statement of cash flows:

Cash flows from operating activities

The detail of "Other Adjustments to Loss" is as follows:

Thousands of euros

	2019	2018
Changes in provisions and allowances	8,724	3,514
Financial loss	102,364	298,175
Result of companies accounted for using the equity method	7,032	110,416
TOTAL	**118,120**	**412,105**

Cash flows from investing activities

“Cash Flows from Investing Activities" amounted to EUR (31,594) thousand in 2019.
Payments due to investments amounted to EUR (145,991) thousand.
The proceeds from disposals amounted to EUR 93,836 thousand.

Cash flows from financing activities

"Cash Flows from Financing Activities" amounted to EUR (93,946) thousand in 2019. Following the aforementioned transactions, and taking into consideration the exchange rates, cash and cash equivalents at the end of the year amounted to EUR 555,442 thousand.

4. Other disclosures

4.1.- SEGMENT REPORTING

An operating segment is defined in the relevant IFRS as one having a segment manager who is directly accountable to and maintains regular contact with the chief operating decision maker to discuss operating activities, financial results, forecasts, or plans for the segment. The IFRS also states that if those characteristics apply to more than one set of components of an organisation but there is only one set for which segment managers are held responsible, that set of components constitutes the operating segments.

The Group considers that the segmentation that best represents it is that based on the various business areas in which it operates, the detail being as follows:

- Construction
- Industrial
- Services
- Other (Corporate, consolidation adjustments and other minor businesses)

Basic information about these segments in 2019 and 2018 is presented below.

Thousands of euros

	2019				
	CONSTRUCTION	INDUSTRIAL	SERVICES	OTHER	TOTAL GROUP
Revenue	2,452,226	218,238	275,633	13,808	2,959,905
EBITDA (**)	75,481	9,823	12,425	(32,964)	64,765
As a percentage of revenue	3.1%	4.5%	4.5%	0.0%	2.2%
Depreciation and amortisation charge	(56,523)	(1,513)	(4,723)	(14,268)	(77,028)
EBIT	18,958	8,310	7,702	(47,233)	(12,263)
As a percentage of revenue	0.8%	3.8%	2.8%	0.0%	-0.4%
Current assets	1,646,802	223,890	69,594	379,728	2,320,014
Current liabilities	2,301,722	341,514	72,548	(526,941)	2,188,843
Total assets	2,275,017	243,325	84,461	1,021,513	3,624,316
Total liabilities	2,456,015	381,950	74,095	89,393	3,001,453
Cash flows from operating activities (*)	(100,648)	(30,979)	4,727	(91,759)	(218,659)
Changes in net borrowings (*)	138,248	30,584	(65)	71,847	240,614
Cash flows from investing activities (*)	(37,600)	395	(4,662)	19,912	(21,955)

(*) Calculated using internal criteria, which in certain cases differ from those in IAS 7.

(**) EBITDA is calculated as profit or loss from operations plus the depreciation and amortisation charge plus the change in provisions and allowance

Thousands of euros

	2018				
	CONSTRUCTION	**INDUSTRIAL**	**SERVICES**	**OTHER**	**TOTAL GROUP**
Revenue	2,448,734	189,853	264,114	4,199	2,906,900
EBITDA (**)	(330,290)	(92,480)	1,274	(74,454)	(495,950)
As a percentage of revenue	-13.5%	-48.7%	0.5%	0.0%	-17.1%
Depreciation and amortisation charge	(43,896)	(6,173)	(3,729)	(11,209)	(65,007)
EBIT	(374,186)	(98,653)	(2,455)	(85,663)	(560,957)
As a percentage of revenue	-15.3%	-52.0%	-0.9%	0.0%	-19.3%
Current assets	1,872,325	197,905	71,330	698,152	2,839,712
Current liabilities	2,902,865	362,428	76,666	(913,086)	2,428,873
Total assets	2,528,718	221,179	85,730	1,267,776	4,103,403
Total liabilities	3,096,555	383,981	78,662	(241,464)	3,317,734
Cash flows from operating activities (*)	(269,345)	(115,082)	8,243	(260,408)	(636,592)
Changes in net borrowings (*)	278,297	88,127	583	(1,658,216)	(1,291,209)
Cash flows from investing activities (*)	(8,952)	26,955	(8,826)	1,918,624	1,927,801

(*) Calculated using internal criteria, which in certain cases differ from those in IAS 7.
(**) EBITDA is calculated as profit or loss from operations plus the depreciation and amortisation charge plus the change in provisions and allowances.

The secondary segments -the geographical areas in which the Group companies operate on a lasting basis, since they have local structures- are the US and Canada, Mexico, Chile, Peru, Colombia, Spain and Central and Eastern Europe. The Group is also present in other countries, which are not currently considered to be local markets and are grouped together under "Other Countries".

Thousands of euros

	2019								
	US AND CANADA	**MEXICO**	**CHILE**	**PERU**	**COLOMBIA**	**SPAIN**	**CENTRAL AND EASTERN EUROPE**	**OTHER COUNTRIES**	**TOTAL GROUP**
Revenue	1,002,949	95,295	246,644	103,282	76,354	824,576	303,805	307,000	2,959,905
EBITDA	31,000	(3,998)	30,965	13,846	(9,333)	(13,399)	8,288	7,396	64,765
As a percentage of revenue	3.1%	-4.2%	12.6%	13.4%	-12.2%	-1.6%	2.7%	2.4%	2.2%
EBIT	1,025	(3,139)	25,112	10,154	(9,305)	(27,695)	4,530	(12,945)	(12,263)
As a percentage of revenue	0.1%	-3.3%	10.2%	9.8%	-12.2%	-3.4%	1.5%	-4.2%	-0.4%
Profit (Loss) after tax (attributable to the Parent)	(3,610)	6,168	37,666	15,270	(12,022)	(130,022)	(1,693)	(54,717)	(142,960)
As a percentage of revenue	-0.4%	6.5%	15.3%	14.8%	-15.7%	-15.8%	-0.6%	-17.8%	-4.8%
Trade receivables (net of allowances)	284,450	81,023	116,356	37,020	40,687	208,692	111,860	72,190	952,278
Year-end headcount	1,702	670	3,001	1,446	607	9,658	1,400	298	18,782
Short-term backlog	1,846,755	63,497	798,142	149,090	92,000	1,251,107	535,879	263,152	4,999,622
Long-term backlog	-	-	53,692	-	-	404,642	-	-	458,334
Total backlog	1,846,755	63,497	851,834	149,090	92,000	1,655,749	535,879	263,152	5,457,956

(*) EBITDA is calculated as profit or loss from operations plus the depreciation and amortisation charge plus the change in provisions and allowances

Thousands of euros

	2018								
	US AND CANADA	**MEXICO**	**CHILE**	**PERU**	**COLOMBIA**	**SPAIN**	**CENTRAL AND EASTERN EUROPE**	**OTHER COUNTRIES**	**TOTAL GROUP**
Revenue	947,892	164,205	155,347	133,883	95,848	792,635	284,786	332,304	2,906,900
EBITDA	(55,815)	(59,760)	10,124	5,018	(99,128)	(113,184)	(5,966)	(177,239)	(495,950)
As a percentage of revenue	-5.9%	-36.4%	6.5%	3.7%	-103.4%	-14.3%	-2.1%	-53.3%	-17.1%
EBIT	(84,131)	(63,266)	(4,135)	72	(99,572)	(124,800)	(8,615)	(176,510)	(560,957)
As a percentage of revenue	-8.9%	-38.5%	-2.7%	0.1%	-103.9%	-15.7%	-3.0%	-53.1%	-19.3%
Profit (Loss) after tax (attributable to the Parent)	(178,699)	(74,650)	21,327	13,996	(100,033)	(938,449)	(13,714)	(307,124)	(1,577,346)
As a percentage of revenue	-18.9%	-45.5%	13.7%	10.5%	-104.4%	-118.4%	-4.8%	-92.4%	-54.8%
Trade receivables (net of allowances)	260,255	145,662	94,112	47,232	33,299	220,286	94,111	130,205	1,025,162
Year-end headcount	1,954	710	1,717	1,402	580	10,130	1,403	477	18,373
Short-term backlog	2,193,223	312,970	586,800	184,475	361,975	1,380,908	408,042	447,967	5,876,360
Long-term backlog	-	-	81,343	-	-	136,872	-	-	218,215
Total backlog	2,193,223	312,970	668,143	184,475	361,975	1,517,780	408,042	447,967	6,094,575

(*) EBITDA is calculated as profit or loss from operations plus the depreciation and amortisation charge plus the change in provisions and allowances

4.2.- RISK MANAGEMENT POLICY

Risk management, as a strategic objective of the OHL Group, focuses on the implementation and maintenance of a reliable risk management system to be used as a management tool at all decision making levels.

This system develops and implements a common set of processes, risk categories, and management tools and techniques in order to:

- Identify and manage risks at Group and divisional level.
- Implement a reporting system that makes it possible to identify and monitor key risks.
- Align levels of risk tolerance with Group aims.
- Improve risk-related information and communications.
- Improve risk-response decisions.
- Integrate risk management into the decision-making process.
- Reduce the Group's vulnerability to adverse events.
- Establish and maintain a risk-aware culture.
- Increase the confidence and assurance of the Board of Directors and of stakeholders that material risks are being managed and communicated on a timely basis.

The framework of the OHL Group's risk management process represents how the Group manages risk.

The OHL Group manages risk on the basis of the following principles:

- Risk management is included in the main business processes such as planning or operational processes to ensure consistent risk analysis in decision-making.
- The OHL Group analyses and defines its ability to reduce, accept, share or avoid risks. This definition is aligned with and supports the Group's strategic and operational objectives and its declaration on risk tolerance.
- All the OHL Group's risks are identified, prioritised and evaluated, based on risk assessments and potential exposure, by appropriate personnel in the organisation.
- Periodic reviews of the risk map are carried out in order to update the status of existing risks and to identify emerging risks.
- Each functional area and division is responsible for adopting and following the OHL Group Risk Management System. The risks identified are analysed in all divisions and are added together to ensure the adoption of a coordinated response to the most common risks within the Group.
- It is the responsibility of each division to proactively disseminate information on significant current or potential risks in a timely manner, and to ensure that risk management information is provided to the corresponding division management, the corporate risk management function or others as deemed appropriate.

The OHL Group's risk management policy is reviewed annually to ensure that it remains in line with the interests of the Group and its stakeholders.

The OHL Group's Audit and Compliance Committee has the ultimate responsibility for ensuring that the commitments contained in the risk management policy are up to date and fulfilled on an ongoing basis.

4.2.1.- FINANCIAL RISK MANAGEMENT

Financial risks affect mainly the obtainment of the necessary financing when required and at a reasonable cost and the maximisation of the available financial resources. The most significant financial risks are as follows:

- Interest rate risk.
- Foreign currency risk.
- Credit risk.
- Liquidity risk.

Interest rate risk

LInterest rate fluctuations change the future flows from assets and liabilities tied to floating interest rates.

This interest rate risk is particularly important in relation to the financing of infrastructure projects and other projects in which project profitability depends on possible changes in interest rates because it is directly linked to project cash flows.

The Group finances its operations using fixed- or floating-rate financial products and, based on estimates of the trend in interest rates and of debt structure targets, it either performs hedging transactions by arranging derivatives to mitigate these risks, also conducting a sensitivity analysis in this connection, or it arranges fixed-rate financing.

Of the Group's total gross debt at 31 December 2019, 7.4% had been hedged while 92% was bearing interest at a fixed rate.

A 0.5% increase in interest rates, excluding debt hedged with hedging instruments or bearing a fixed interest rate, would have an impact of EUR 13 thousand on the profit or loss attributable to the Parent in the Group's consolidated profit or loss.

Foreign currency risk

Foreign currency risk management is centralised at the Group and various hedging mechanisms are applied to minimise the impact of the changes in value of foreign currencies against the euro.

The foreign currency risks relate basically to:

- Debt denominated in foreign currencies.
- Payments to be made in international markets for the acquisition of procurements or non-current assets.
- Collections arising on projects tied to currencies other than the functional currency of the Parent or of the subsidiaries.
- Investments in foreign subsidiaries.

The Group arranges foreign currency derivatives and currency forwards to hedge significant future transactions and cash flows, in keeping with the acceptable risk limits.

Also, the net assets relating to net investments in foreign operations with a functional currency other than the euro are exposed to the risk of exchange rate fluctuations on the translation of the financial statements of these foreign operations on consolidation.

Non-current assets denominated in currencies other than the euro are financed in that same currency with a view to creating a natural hedge.

The sensitivity analysis of the foreign currency risk of financial instruments for the main currencies in which the Group operates simulated a 10% increase in the foreign currency/euro exchange rate with respect to the rates applicable at 31 December 2019 and 2018, the possible impact of which was as follows:

Thousands of euros

	2019				
CURRENCY	**PROFIT OR LOSS**	**TRANSLATION DIFFERENCES**	**ATTRIBUTABLE EQUITY**	**NON-CONTROLLING INTERESTS**	**TOTAL EQUITY**
Czech koruna	-	(864)	(864)	-	(864)
Norwegian krone	(2,822)	(32)	(2,854)	-	(2,854)
Algerian dinar	(830)	-	(830)	-	(830)
Kuwaiti dinar	(1,895)	-	(1,895)	-	(1,895)
Canadian dollar	-	3,891	3,891	-	3,891
US dollar	(4,481)	(13,864)	(18,345)	-	(18,345)
Chilean peso	2,217	654	2,871	-	2,871
Colombian peso	(378)	(6,804)	(7,182)	-	(7,182)
Mexican peso	249	(407)	(158)	-	(158)
Saudi Arabian riyal	-	(437)	(437)	-	(437)
Qatari riyal	(1,601)	-	(1,601)	-	(1,601)
Peruvian sol	(1,218)	69	(1,149)	-	(1,149)
TOTAL	**(10,759)**	**(17,794)**	**(28,553)**	-	**(28,553)**

Thousands of euros

	2018				
CURRENCY	**PROFIT OR LOSS**	**TRANSLATION DIFFERENCES**	**ATTRIBUTABLE EQUITY**	**NON-CONTROLLING INTERESTS**	**TOTAL EQUITY**
Czech koruna	(419)	824	405	3	408
Algerian dinar	(518)	-	(518)	-	(518)
Kuwaiti dinar	(26)	(470)	(2,631)	-	(2,631)
Canadian dollar	-	(3,633)	3,633	-	3,633
US dollar	(4,978)	(11,127)	(15,925)	-	(15,925)
Chilean peso	3,228	(1,148)	2,080	-	2,080
Colombian peso	141	(12,818)	(12,677)	-	(12,677)
Mexican peso	(856)	(4,640)	(5,496)	-	(5,496)
Saudi Arabian riyal	-	4,645	4,645	-	4,645
Qatari riyal	(2,736)	-	(2,736)	-	(2,736)
Peruvian sol	(1,160)	(477)	(1,637)	-	(1,637)
TOTAL	**(7,324)**	**(28,844)**	**(30,857)**	**3**	**(30,854)**

If the sensitivity analysis were performed simulating a 10% decrease in the value of the foreign currencies vis-à-vis the euro with respect to the rates in force at 31 December 2019 and 2018, the impact would be as follows:

Thousands of euros

CURRENCY	2019 PROFIT OR LOSS	2019 TRANSLATION DIFFERENCES	2019 ATTRIBUTABLE EQUITY	2019 NON-CONTROLLING INTERESTS	2019 TOTAL EQUITY
Czech koruna	-	785	785	-	785
Norwegian krone	2,564	29	2,593	-	2,593
Algerian dinar	756	-	756	-	756
Kuwaiti dinar	1,722	-	1,722	-	1,722
Canadian dollar	-	(3,537)	(3,537)	-	(3,537)
US dollar	4,074	12,604	16,678	-	16,678
Chilean peso	(2,015)	(595)	(2,610)	-	(2,610)
Colombian peso	344	6,186	6,530	-	6,530
Mexican peso	(226)	370	144	-	144
Saudi Arabian riyal	-	398	398	-	398
Qatari riyal	1,455	-	1,455	-	1,455
Peruvian sol	1,106	(62)	1,044	-	1,044
TOTAL	**9,780**	**16,178**	**25,958**	**-**	**25,958**

Thousands of euros

CURRENCY	2018 PROFIT OR LOSS	2018 TRANSLATION DIFFERENCES	2018 ATTRIBUTABLE EQUITY	2018 NON-CONTROLLING INTERESTS	2018 TOTAL EQUITY
Czech koruna	381	(750)	(369)	(2)	(371)
Algerian dinar	471	-	471	-	471
Kuwaiti dinar	2,392	-	2,392	-	2,392
Canadian dollar	-	(3,303)	(3,303)	-	(3,303)
US dollar	4,363	10,115	14,478	-	14,478
Chilean peso	(2,935)	1,044	(1,891)	-	(1,891)
Colombian peso	(128)	11,653	11,525	-	11,525
Mexican peso	778	4,218	4,996	-	4,996
Saudi Arabian riyal	-	(4,223)	(4,223)	-	(4,223)
Qatari riyal	2,488	-	2,488	-	2,488
Peruvian sol	1,054	434	1,488	-	1,488
TOTAL	**8,864**	**19,188**	**28,052**	**(2)**	**28,050**

Credit risk

Credit risk is the probability that a counterparty to a contract does not meet its contractual obligations, giving rise to a loss.

The Group has adopted a policy of trading only with solvent third parties and obtaining sufficient guarantees to mitigate the risk of incurring losses in the event of non-compliance. The Group obtains information on its counterparty through independent company valuation agencies, other public sources of financial information or the information it obtains from its own relationships with customers and third parties.

At 31 December 2019, the net balances of the Group's financial assets exposed to credit risk were:

	Thousands of euros
Non-current financial assets and concession infrastructure	391,919
Trade and other receivables	1,257,622
Investments in financial assets	229,010
Cash and cash equivalents	555,442

Non-current financial assets and concession infrastructure

The non-current financial assets include loans to associates totalling EUR 74,207 thousand. The Group is aware of the solvency of its associates and does not expect any losses to arise in relation to these financial assets. No impairment losses were recognised on these financial assets in 2019.

Non-current hedging instruments

The credit risk of hedging instruments with a positive fair value is limited by the Group, since derivatives are arranged with highly solvent counterparties with high credit ratings and no counterparty accounts for a significant percentage of the total credit risk.

Trade and other receivables

The trade and other receivables include the balances of "Trade Receivables for Sales and Services" totalling EUR 1,048,969 thousand, of which 65.28% relate to public sector customers in relation to which the Group does not expect any losses to arise. In certain cases, the Group is entitled to demand interest. The remaining 34.72% relate to private sector customers which, in general, have a high level of solvency.

Customers are assessed prior to entering into contracts. This assessment includes a solvency study. Over the course of the contract term, changes in debt are monitored on a constant basis and the recoverable amounts are reviewed, and write-downs are recognised whenever necessary.

Pursuant to the IFRS 9 expected credit loss model, the Group recognised a provision of EUR 10,358 thousand (see Note 2.6.7.).

Liquidity risk

This risk is managed by maintaining adequate levels of cash and marketable securities as well as by arranging and maintaining sufficient financing lines to cover all the Group's needs, in order to maintain at all times adequate levels of financial flexibility for the Group's activity.

The Group's liquidity position at 31 December 2019 comprises the following:

- Drawable credit lines and discount facilities amounting to EUR 38,424 thousand.
- Current financial assets and cash and cash equivalents amounting to EUR 784,452 thousand.

It should be noted that the aforementioned amount includes a deposit of EUR 140,000 thousand securing a guarantee facility for the multi-product syndicated financing agreement, representing 17.9% of the total amount.

Despite this liquidity, which arose from divestments made and, particularly, the sale of the Concessions Division, in recent years the Group's liquidity position has decreased as it has had to cater for significant fund requirements of its loss-making projects, which will also occur in the next two years. Also, the Group has financial obligations it will have to meet in the coming years (see Note 3.18.).

In this connection, the Group's directors consider that the Group's business plan for 2020 and subsequent years, which is based on:

- Obtaining gross margins of between 6% and 7% and recovering levels of profitability in projects.
- Strictly controlling and reducing the Group's production costs and overheads.
- Obtaining levels of new contracts that allow it to cover its backlog, ensuring that the Group's activities grow/are maintained.
- Focusing on the generation of cash flow from projects, continuously monitoring working capital.
- Divesting non-strategic assets and collecting receivables from related entities (it should be noted in this regard that the accounts receivable from the Villar Mir Group and Pacadar totalling EUR 125,697 thousand, plus the related interest, are scheduled for collection on 30 September 2020 (see Note 3.10.) will enable it to adequately mitigate this risk.

In this connection, it should be noted that the Group substantially achieved the objectives set out in its business plan for 2019 (improved EBITDA and EBIT, reduction of overheads, obtainment of new contracts amounting to EUR 2,700 million, a significant reduction in cash outflows in projects, obtainment of funds from divestments of non-strategic assets, etc.).

Efforts in 2020 will continue to be focused on strengthening measures that were successfully applied in 2019, aimed at bolstering liquidity and which include:

- Actions to strengthen cost control and reduce performance risks in projects, comprehensively monitoring their profitability.

- Strengthening of the Contract Tendering and Working Capital Committees:
    - The Contract Tendering Committee, in order to control the level of bidding risk assumed, avoiding bids that could jeopardise future profitability beyond the activity's usual level of risk and peril.
    - The Working Capital Committee, to continue and encourage active collection management and recovery of guarantees in all projects and geographical areas. Also, strict control is exercised over cash outflows in order to minimise them in loss-making projects.
- Active management of divestments of non-strategic assets and collection of receivables from related entities.

To ensure that sufficient guarantees exist to cover the obligations arising from new contracts, the Group is in negotiations with the signatory banks of the multi-product syndicated financing (MSF) agreement, which was initially entered into in December 2016 and has been novated on several occasions, most recently on 15 January 2020. At the reporting date, the MSF agreement matures on 31 May 2020, and negotiations continue for future extensions of the guarantee lines drawn down for an amount of EUR 313 million. Also, on 15 January 2020 the Group obtained a new guarantee line amounting to EUR 40 million, granted by the same banks that had entered into the MSF agreement, with maturity at 12 months and 50% of which was secured by the CESCE (the Spanish Export Credit Insurance Company).

In 2019 the Group also increased the guarantee lines of the surety companies in the US and in other countries, securing the conditions for maintaining a sustainable backlog in one of the Group's main markets.

The Group's directors consider that the mitigating measures in place will enable the Group to secure the continuity of its activity and meet all its obligations.

However, there are circumstances could give rise to uncertainties with respect to the achievement of the business plan for 2020 and, accordingly, may cause variances therefrom (non-achievement of expected levels of new contracts, unforeseen circumstantial working capital shortfalls, etc.). Specifically, the main uncertainty relates to the impact on the performance of the Group's activity arising from the health crisis caused by COVID-19 (see Note 5), the effects of which on the Group's activity and liquidity are currently difficult to quantify.

In order to mitigate the liquidity pressures caused by this situation, on 30 April 2020 the Group entered into an agreement with the MSF agreement signatory banks for the grant of a financing facility of EUR 140,000 thousand maturing on 30 October 2021. The availability of this facility is conditional on the fulfilment of a series of conditions precedent, the most important of which being the provision of a guarantee of up to 70% of the amount of the facility by Instituto de Crédito Oficial (ICO), as part of the COVID-19 state aid programme.

This credit facility is secured by OHL Desarrollos, S.L. and by other OHL Group subsidiaries, and bears interest at Euribor plus a spread of between 3.5% and 5.5%, based on various time periods.

This risk is managed by maintaining adequate levels of cash and marketable securities as well as by arranging and maintaining sufficient financing lines to cover all the Group's needs, in order to maintain at all times adequate levels of financial flexibility for the Group's activity.

4.2.2. CAPITAL MANAGEMENT

The objective of the Group's capital management is to maintain an optimum financial structure that enables it to reduce the cost of capital but also guarantees the capacity to continue managing recurring operations and undertake new projects focused on growth and the creation of value.

In order to achieve this target, the Group considered it necessary to strengthen its financial structure to undertake investments in new concession operators and also to reduce its net financial debt. Accordingly, on 30 October 2015, it increased capital by a par value of EUR 119,410 thousand, through the issue of 199,018,056 new shares of EUR 0.60 par value and a share premium of EUR 4.42 each, of the same class and series as the existing shares.

The total amount of the capital increase, i.e., par value plus share premium, excluding expenses, was EUR 999,070 thousand.

In addition to obtaining funds from its shareholders, the main sources used by the Group to finance its growth and operations are as follows:

- Cash flows generated by the Group that are not related to project finance, including dividends arising from projects.
- Project finance, which is always long term and with recourse only to the cash flows generated and the project assets being financed and always in the same currency as the revenue from the related project.
- Short-term corporate finance, with recourse mainly to the Parent, used to cover the possible seasonality of business during the year.
- Long-term corporate finance, with recourse mainly to the Parent, always of a moderate amount with respect to equity and in proportion to the cash generated.

It should be noted that in 2018 the sale of all the share capital of OHL Concesiones,S.A.U., for which the Group received a net amount of EUR 1,991,040 thousand, gave rise to a negative net borrowings figure for the first time.

The capital structure is controlled through the leverage ratio (calculated as the ratio of net financial debt to equity).

The ratios at 31 December 2019 and 2018 are as follows:

Thousands of euros

	2019	%	2018	%	CHANGE %
Equity	**622,863**		**785,669**		**-20.7%**
Total financial debt					
Non-current	588,037	94.4%	660,957	89.2%	-11.0%
Current	141,071	22.6%	80,001	10.8%	76.3%
Total gross financial debt (*)	**729,108**	**117.1%**	**740,958**	**100.0%**	**-1.6%**
Current financial assets + Cash and cash equivalents	(784,452)		(1,036,916)		
Total net financial debt	**(55,344)**	**n/a**	**(295,958)**		**n/a**
Total net debt/Equity	**(0.09)**	**n/a**	**(0.38)**		**n/a**

(*) Groups together non-current and current financial debt items, which include bank debt and bonds.

4.3.- NUMBER OF EMPLOYEES

The average number of employees in 2019 and 2018, by professional category, was as follows:

Average number of employees

PROFESSIONAL CATEGORY	2019	2018
Management and university graduates	359	364
Further education college graduates	1,339	1,563
Non-graduate line personnel	2,421	2,762
Clerical staff	943	1,088
Other employees	13,820	14,538
TOTAL	**18,882**	**20,315**
Permanent employees	12,355	12,471
Temporary employees	6,527	7,844
TOTAL	**18,882**	**20,315**
Men	10,857	12,143
Women	8,025	8,172
TOTAL	**18,882**	**20,315**

The average number of employees at the Group with a disability equal to or greater than 33% in 2019 was 299 (2018: 303).

4.4.- RELATED PARTY TRANSACTIONS

Related party transactions are deemed to be transactions with parties outside the Group but with which there are strong ties as defined in Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, and in Spanish National Securities Market Commission (CNMV) Circular 1/2005, of 1 April.

The following transactions were performed with related companies in 2019 and 2018:

Thousands of euros

	2019	% OF TOTAL	2018	% OF TOTAL
Income and expenses				
Revenue	39,066	1.3%	54,960	1.9%
Other operating income	700	0.8%	1,522	1.5%
Finance income	6,794	33.0%	5,845	26.9%
Procurements	3,267	0.2%	2,615	1.1%
Other operating expenses	3,581	0.7%	7,795	1.7%
Other transactions				
Acquisitions of intangible assets	369	-	686	-
Acquisitions of property, plant and equipment	12	-	-	-
Acquisitions of financial assets	-	-	50,000	-
Financing agreements: loans granted	-	-	45,215	-
Financing agreements: repayment or settlement of loans granted	1,500	-	542	-
Dividends paid	-	-	44,346	-
Sales of property, plant and equipment	-	-	245	-
Obligations assumed	2,500	-	-	-

The detail of the related party transactions in 2019 is as follows

EMPLOYER IDENTIFICATION NUMBER	RELATED COMPANY	CONCEPT	GROUP COMPANY	THOUSANDS OF EUROS
PT502473525	ADP Fertilizantes, S.A.	Revenue	Avalora Tecnologías de la Información, S.A.	13
B-83393066	Enérgya VM Gestión de Energía, S.L.U.	Revenue	Avalora Tecnologías de la Información, S.A.	22
A-87287223	Espacio Caleido, S.A.	Revenue	Obrascón Huarte Lain, S.A.	32,760
A-80400351	Espacio Information Technology, S.A.U.	Revenue	Avalora Tecnologías de la Información, S.A.	186
B83962225	Espacio Living Homes, S.L.	Revenue	Obrascón Huarte Lain, S.A.	4,645
B87567160	Espacio Mallaeta, S.L.U.	Revenue	Obrascón Huarte Lain, S.A.	1,294
A-80420516	Ferroatlántica, S.A.U.	Revenue	Avalora Tecnologías de la Información, S.A.	19
FR33642005177	FerroPem, SAS	Revenue	Avalora Tecnologías de la Información, S.A.	6
A28165298	Fertiberia, S.A.	Revenue	Avalora Tecnologías de la Información, S.A.	59
A28165298	Fertiberia, S.A.	Revenue	Chemtrol Proyectos y Sistemas, S.L.	1
A-28165298	Fertiberia, S.A.	Revenue	OHL Industrial Mining & Cement, S.A.	6
A-28294718	Inmobiliaria Espacio, S.A.	Revenue	Avalora Tecnologías de la Información, S.A.	22
A-28032829	Pacadar, S.A.U.	Revenue	Avalora Tecnologías de la Información, S.A.	2
B-82607839	Promociones y Propiedades Inmobiliarias Espacio, S.L.U.	Revenue	Avalora Tecnologías de la Información, S.A.	7
B-84996362	Torre Espacio Gestión, S.L.U.	Revenue	Avalora Tecnologías de la Información, S.A.	22
B-85253888	Villar Mir Energía, S.L.U.	Revenue	Avalora Tecnologías de la Información, S.A.	2
B-86830536	Alse Park, S.L.	Other operating income	Obrascón Huarte Lain, Desarrollos, S.L.	56
B-86830536	Alse Park, S.L.	Other operating income	Obrascón Huarte Lain, S.A.	1
A-87287223	Espacio Caleido, S.A.	Other operating income	OHL Servicios-Ingesan, S.A.U.	2
A-80400351	Espacio Information Technology, S.A.U.	Other operating income	Avalora Tecnologías de la Información, S.A.	23
A-80400351	Espacio Information Technology, S.A.U.	Other operating income	Obrascón Huarte Lain, S.A.	55
A-80400351	Espacio Information Technology, S.A.U.	Other operating income	OHL Servicios-Ingesan, S.A.U.	5
A-82500257	Grupo Villar Mir, S.A.U.	Other operating income	Obrascón Huarte Lain, S.A.	108
A-28294718	Inmobiliaria Espacio, S.A.	Other operating income	OHL Servicios-Ingesan, S.A.U.	2
A-28032829	Pacadar, S.A.U.	Other operating income	OHL Servicios-Ingesan, S.A.U.	84
B-84996362	Torre Espacio Gestión, S.L.U.	Other operating income	OHL Servicios-Ingesan, S.A.U.	337
B-85253888	Villar Mir Energía, S.L.U.	Other operating income	OHL Servicios-Ingesan, S.A.U.	27
A-82500257	Grupo Villar Mir, S.A.U.	Finance income	Obrascón Huarte Lain, S.A.	4,272

EMPLOYER IDENTIFICATION NUMBER	RELATED COMPANY	CONCEPT	GROUP COMPANY	THOUSANDS OF EUROS
A28294718	Inmobiliaria Espacio, S.A.	Finance income	Avalora Tecnologías de la Información, S.A.	108
A-28032829	Pacadar, S.A.U.	Finance income	Obrascón Huarte Lain, S.A.	2,414
A-80400351	Espacio Information Technology, S.A.U.	Procurements	Avalora Tecnologías de la Información, S.A.	1,450
A-28032829	Pacadar, S.A.U.	Procurements	Construcciones Adolfo Sobrino, S.A.	1,596
A-28032829	Pacadar, S.A.U.	Procurements	Obrascón Huarte Lain, S.A.	218
B-86727500	Torre Espacio Restauración, S.L.U.	Procurements	OHL Industrial, S.L.	3
B-86830536	Alse Park, S.L.	Other operating expenses	Obrascón Huarte Lain, S.A.	23
B83393066	Enérgya VM Gestión de Energía, S.L.U.	Other operating expenses	Agrupación Guinovart Obras y Servicios Hispania, S.A.	2
B83393066	Enérgya VM Gestión de Energía, S.L.U.	Other operating expenses	Asfaltos y Construcciones Elsan, S.A.	11
B83393066	Enérgya VM Gestión de Energía, S.L.U.	Other operating expenses	Construcciones Adolfo Sobrino, S.A.	5
B83393066	Enérgya VM Gestión de Energía, S.L.U.	Other operating expenses	Obrascón Huarte Lain, S.A.	113
B-83393066	Enérgya VM Gestión de Energía, S.L.U.	Other operating expenses	OHL Servicios-Ingesan, S.A.U.	16
A-80400351	Espacio Information Technology, S.A.U.	Other operating expenses	Obrascón Huarte Lain, S.A.	2,452
A-28294718	Inmobiliaria Espacio, S.A.	Other operating expenses	Obrascón Huarte Lain, Desarrollos, S.L.	1
B-80209232	Inse Rail, S.L.	Other operating expenses	EyM Instalaciones, S.A.	5
B-80209232	Inse Rail, S.L.	Other operating expenses	Obrascón Huarte Lain, S.A.	40
B82607839	Promociones y Propiedades Inmobiliarias Espacio, S.L.U.	Other operating expenses	Obrascón Huarte Lain, Desarrollos, S.L.	873
B84996362	Torre Espacio Gestión, S.L.U.	Other operating expenses	Obrascoón Huarte Lain, S.A.	25
B86727500	Torre Espacio Restauración, S.L.U.	Other operating expenses	Obrascón Huarte Lain, Desarrollos, S.L.	1
B86727500	Torre Espacio Restauración, S.L.U.	Other operating expenses	Obrascón Huarte Lain, S.A.	13
B-86727500	Torre Espacio Restauración, S.L.U.	Other operating expenses	OHL Servicios-Ingesan, S.A.U.	1
Other transactions				
A-80400351	Espacio Information Technology, S.A.U.	Acquisitions of intangible assets	Obrascón Huarte Lain, S.A.	369
A-80400351	Espacio Information Technology, S.A.U.	Acquisitions of property, plant and equipment	Obrascón Huarte Lain, S.A.	12
B-83962225	Espacio Living Homes, S.L.	Guarantees for construction work	Obrascón Huarte Lain, S.A.	628
A-82500257	Grupo Villar Mir, S.A.U.	Settlement of loan granted	Obrascón Huarte Lain, Desarrollos, S.L.	1,500
B-86830536	Alse Park, S.L.	Financial guarantees	Obrascón Huarte Lain, S.A.	(142)
A-82500257	Grupo Villar Mir, S.A.U.	Obligations assumed	Obrascón Huarte Lain, Desarrollos, S.L.	2,500

At 31 December 2019 and 2018, the balances with related companies were as follow:

Thousands of euros

	2019	% OF TOTAL	2018	% OF TOTAL
Non-current assets				
Other receivables	-	-	-	-
Current assets				
Advances to suppliers and subcontractors			-	-
Trade receivables for sales and services	15,994	1.5%	12,743	1.1%
Sundry accounts receivable	3,233	7.0%	3,081	6.0%
Other receivables	6,498	0.0%	3,227	5.1%
Other current assets (Note 3.10)	125,697	80.5%	119,101	77.6%
Non-current liabilities				
Other non-current liabilities	-	-	-	-
Current liabilities				
Customer advances	3,731	0.7%	-	-
Accounts payable for purchases and services	472	0.0%	316	0.0%
Notes payable	-	-	-	-
Other non-trade payables	7	0.0%	1,825	0.3%

In addition, at 31 December 2019 the Group had provided guarantees for related entities amounting to EUR 11,896 thousand.

4.5.- BACKLOG

At 31 December 2019, the Group’s backlog amounted to EUR 5,457,956 thousand (31 December 2018: EUR 6,094,575 thousand).

The breakdown of the Group's backlog, by activity and geographical market, is as follows:

Thousands of euros

BUSINESS ACTIVITY	2019			2018		
	SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
Construction	4,385,686	458,334	4,844,020	5,240,754	218,215	5,458,969
Industrial	248,772	-	248,772	259,853	-	259,853
Services	365,164	-	365,164	375,753	-	375,753
TOTAL BACKLOG	**4,999,622**	**458,334**	**5,457,956**	**5,876,360**	**218,215**	**6,094,575**

Of the total short-term backlog at 31 December 2019, EUR 3,799,922 thousand related to public sector customers and EUR 1,199,700 thousand to private sector customers (2018: EUR 4,225,423 thousand and EUR 1,380,908 thousand, respectively). The decrease in the short-term backlog was due mainly to the cancellation of certain contracts with Aleatica in 2019, amounting to EUR 584,583 thousand.

	SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
US and Canada	1,846,755	-	1,846,755	2,193,223	-	2,193,223
Mexico	63,497	-	63,497	312,970	-	312,970
Chile	798,142	53,692	851,834	586,800	81,343	668,143
Peru	149,090	-	149,090	184,475	-	184,475
Colombia	92,000	-	92,000	361,975	-	361,975
Spain	1,251,107	404,642	1,655,749	1,380,908	136,872	1,517,780
Central and Eastern Europe	535,879	-	535,879	408,042	-	408,042
Other countries	263,152	-	263,152	447,967	-	447,967
TOTAL BACKLOG	**4,999,622**	**458,334**	**5,457,956**	**5,876,360**	**218,215**	**6,094,575**

At 31 December 2019, the backlog abroad represented 75% of the total backlog (31 December 2018: 75.1%).

4.6.- CONTINGENT ASSETS AND CONTINGENT LIABILITIES

4.6.1.- CONTINGENT ASSETS

There were no material contingent assets at 31 December 2019.

4.6.2.- CONTINGENT LIABILITIES AND GUARANTEES

4.6.2.1.- Guarantees provided to third parties

The contingent liabilities include the normal liability of construction companies for the performance and completion of the project contracts held by the Group companies and those arranged by the UTEs in which they have interests. The subsidiaries in Spain also have a secondary liability for the obligations of their subcontractors to the social security system with respect to their site employees. No losses are expected to be incurred by the Group in this connection.

At 31 December 2019, the Group companies had provided EUR 3,227,407 thousand of guarantees to third parties (31 December 2018: EUR 3,417,700 thousand), of which, in accordance with standard practice in the industry, EUR 3,101,128 thousand (31 December 2018: EUR 3,344,000 thousand) related to completion bonds deposited with public authorities and private sector customers to guarantee proper performance of the project contracts, and the remainder to provisional guarantees for project bids.

The Group considers that, in connection with the construction projects subject to this type of guarantee, no circumstances have arisen that require a provision to be recognised.

The obligations assumed are the performance of the construction work or project in accordance with the principal contract entered into. Should the Group breach the terms and conditions envisaged in the contract and, accordingly, fail to perform the construction work or project, the customer would be entitled to enforce the guarantee provided, although it would have to evidence the Group's default.

The Group considers that it has been complying with the obligations assumed with its customers in relation to the performance of the construction work or projects awarded, which is the Group's core business. Therefore, the Group considers the probability of defaulting on the contracts it performs and, consequently, of the performance bonds or guarantees provided being enforced, to be remote.

Joint and several personal financial guarantees
Also, certain Group companies had provided joint and several personal guarantees to various entities (mainly banks) as security for the credit facilities granted to other associates, which amounted to EUR 1,065 thousand at 31 December 2019 (31 December 2018: EUR 1,458 thousand).

The Parent's directors do not expect, as a result of the provision of these guarantees, any additional liabilities to arise that might affect the consolidated financial statements as at 31 December 2019.

Investment obligations
The concession operators are obliged, under the concession arrangements, to make certain investments (see Note 3.2.).

These investments will be financed through loans granted to, capital increases at, and cash flows generated by, the concession operators. Given that these are estimates and neither the amounts to be received through the loans nor the cash flows to be generated by the concessions are fixed, the amount and the timing of the capital increases at the subsidiaries that the Group would have to subscribe is not certain.

4.6.2.2.- Litigation
At 31 December 2019, certain lawsuits were in process involving the Parent and/or its subsidiaries as a result of the ordinary performance of their operations.

The Group's most significant litigation relating to the Construction and Industrial Divisions is:

- In 2014 the Group reported that as a consequence of the **contract for the Design and Construction of the Sidra Medical Research Centre (Doha, Qatar), Qatar Foundation for Education, Science and Community Development (QF)** the joint venture (JV) between the Parent and Contrack Cyprus Ltda. (55% - 45%, respectively) had initiated arbitration proceedings on 30 July 2014, at the International Chamber of Commerce.

  The claims and counter claims of the parties at the date of authorisation for issue of these consolidated financial statements are, on the one hand, the JV's claim for reimbursement of the amount of the enforced guarantees (QAR 880 million, EUR 214 million), the settlement of the unpaid contract variations carried out that had already been acknowledged in the partial award (QAR 182 million, EUR 44 million), the acknowledgment and settlement of the unpaid contract variations carried out for which no arbitral award has been yet been given (QAR 76 million, EUR 18 million) and the settlement of the construction prolongation costs in line with the prolongation period already recognised in the partial award (QAR 322 million, EUR 78 million). On the other hand, QF is claiming the acknowledgment of termination costs in excess of the outstanding contract price to be applied (QAR 3,636 million, EUR 885 million), the acknowledgment of defect repair costs (QAR 124 million, EUR 30 million) and the acknowledgment of contractual penalties for delay on the part of the contractor JV (QAR 792 million, EUR 193 million).

Both the lawfulness and the amounts of the items included in each claim are subject to the decision of the arbitral tribunal, which will be handed down during the quantum stage of the arbitration proceedings. The aforementioned decision will not affect the following: (i) the amount of the guarantee enforced against the JV (QAR 880 million, EUR 214 million), which is fixed and in any case functions as a collection right in the JV's favour; (ii) the amount of the unpaid contract variations carried out for which an arbitral award has been given (QAR 182 million, EUR 44 million), which is also fixed and functions as a collection right in the JV's favour; and (iii) the amount relating to defect repair costs (QAR 124 million, EUR 30 million), which is also fixed and functions as a collection right in favour of QF.

On 21 November 2018, a partial award was given with certain rulings, including one declaring the termination of the contract to be lawful. This enabled QF to file the aforementioned claim relating to the actual costs of completion of the work that exceed the contract price yet to be applied. The JV filed an appeal in the UK courts requesting the partial annulment of this award, which was dismissed on 2 October 2019. In addition, on 27 February 2019 another partial award was given to determine the percentage of work completed at the time of termination, which determined that approximately 95% of the work had been completed at the time of termination.

Also, on 19 June 2019 partial award No. 6 was handed down, dismissing the JV's claim for disruption costs. The JV had claimed QAR 65 million (EUR 16 million) in this connection.

A partial award was handed down on 12 March 2020 in relation to "Defects". QF had claimed QAR 320.7 million (EUR 78 million) in this connection, of which QAR 124.2 million (EUR 30 million) were acknowledged and QAR 167.6 million (EUR 41 million) were rejected. On 3 April 2020, the JV filed an appeal in the UK courts against this partial award. Although there is no order for payment that, should the case arise, would be issued once all the claims and counterclaims have been resolved, in accordance with the accounting principle of prudence in valuation the Parent recognised a provision for the amount that the Group would be liable to pay as a result of this partial award relating to "Defects", in proportion to its percentage of ownership, which amounts to EUR 15,125 thousand.

However, based on updated third-party legal reports and the interpretations thereof made by management of the Parent and the potential timing of the handing down of the related judgments, the Parent's directors reassessed the various arbitral award scenarios as a whole and concluded that, despite the current levels of uncertainty with regard to the proceedings, further losses are not likely to arise for the Group.

- On 7 February 2017, Rizzani de Eccher, SpA, Trevi, SpA and Obrascón Huarte Lain, S.A. initiated an arbitration proceeding to protect an investment against the State of Kuwait at the International Centre for Settlement of Investment Disputes (ICSID) in relation to the **"Construction, Completion and Maintenance of Roads,**

Overpasses, Sanitary and Storm Water Drains, as well as other Services for Jamal Abdul Nasser Street" contract. OHL holds a 50% ownership interest in the construction joint venture. This arbitration proceeding was initiated under the international treaties for the reciprocal protection of investments entered into by the State of Kuwait with Spain and Italy and as a result of the breach thereof by the State of Kuwait through its obstructive, abusive and arbitrary actions, to the detriment of the foreign investors, in the performance of that contract.

The joint venture submitted its claim quantifying the economic compensation to which the claimants are entitled at KWD 88,213,361 (EUR 259.1 million) or, alternatively, KWD 76,595,490 (EUR 225 million), plus (in any case) KWD 2,296,679 (EUR 6.7 million), based on the assessment performed by external consultants.

The State of Kuwait answered the claim and submitted a counterclaim quantified at KWD 26 million (EUR 76.4 million). The Parent's directors, based on third-party reports and the interpretations thereof made by the Parent's legal advisers, consider that it is unlikely that the resolution of the arbitration will result in a loss for the Group.

- On 12 May 2017, Judlau Contracting Inc. (a US company wholly owned by Obrascón Huarte Lain, S.A. through OHL USA Inc.) received a statement of claim from Welsbach Electric Corp. claiming from Judlau Contracting Inc. an amount initially estimated at USD 39.7 million (EUR 35.3 million). Welsbach Electric Corp. brought this claim as subcontractor of Judlau Contracting Inc. in the **"Construction of Part of Second Avenue Subway Route 132ª 72nd Street Station, Finishes, Mechanical, Electrical and Plumbing Systems, Ancillary Buildings and Entrances in the Borough of Manhattan "B" Division"** project. The litigation is being conducted at the courts of the city of New York (US). The court of first instance has ruled against Welsbach's claim.

- On 13 December 2017, Samsung C&T Corporation, Obrascón Huarte Lain, S.A. and Qatar Building Company filed a request for arbitration at the International Chamber of Commerce against Qatar Railways Company. The claim arose from the **"Design & Build Package 5 - Major Stations Doha Metro Project"** contract. OHL holds a 30% ownership interest in the construction joint venture. The joint venture is claiming an amount initially estimated at QAR 1,500 million (EUR 365 million). Qatar Rail answered the claim and submitted an initial counterclaim, quantified at QAR 1,000 million (EUR 243.3 million). The arbitral tribunal declared itself not to have jurisdiction as the requirements agreed upon in the arbitration clause had not been met when the request for arbitration was filed. However, the joint venture will file a new request for arbitration in the near future, once the formal requirements have been met.

- After having been stayed for a period of time, leave for consideration was granted to the claim brought by Obrascón Huarte Lain, S.A. against the Polish company PGB, S.A. in which OHL sought from PGB PLN 191,518,336 (EUR 45 million) as a result of the liability of PGB as member of the **construction consortium for the Slowacckiego IV project, in Gdansk (Poland)**. The proceeding continues to be at the preliminary phase.

- The Group filed a claim for arbitration against Anesrif (Algerian National Agency for the Planning and Implementation of Railway Investments) in relation to the **Annaba railway line** construction contract. The Group is claiming EUR 140 million, based on professional valuer's reports. Anesrif has announced a counterclaim, which is yet to be quantified.

- Following the termination in April 2019 of the contract for the **construction of the Atizapán Atlacomulco toll road by the Aleatica Group** (formerly OHL Concesiones), on 19 July the Group reached an out-of-court settlement in relation to the disputes arising from the construction contract, without giving rise to any loss for the Group. This settlement brought the arbitration proceedings and claims between the parties to an end.

- The Group is currently involved in arbitration proceedings with Autopista Río Magdalena, S.A. (a company belonging to the Aleatica, formerly OHL Concesiones, Group) resulting from disputes that arose from the **Río Magdalena toll road (Colombia)** construction contract, which led to the early termination thereof in April 2019. The proceeding is at its initial phase, in which the claims and counterclaims of the parties have not been quantified; however, the Parent's directors, based on third-party reports and the interpretations thereof made by the Parent's legal advisers, consider that it is unlikely that the resolution of the arbitration will result in a loss for the Group.

- **Cogeneración Complejo Pajaritos, SAPI de CV (SAPI),** a company 50% owned by OHL Industrial, S.L.U. and Sener Ingeniería y Sistemas, S.A. de C.V., filed at the International Chamber of Commerce (ICC) in Mexico a request for arbitration against CYDSA S.A.B. de C.V. (CYDSA) in relation to the performance of the Coatzacoalcos II combined heat and power plant project. The defendant, in turn, submitted an initial counterclaim. In 2019 the parties filed their counter-memorials and rejoinders, whereby SAPI claimed an amount equivalent to EUR 7.3 million and CYDSA claimed an amount equivalent to EUR 68.5 million. These arbitration proceedings are expected to conclude in the first half of 2020.

The Group's most significant litigation relating to investments in companies in liquidation is:

- In December 2019 a response was filed to the claim in proceeding 882/2019 heard by Madrid Court of First Instance No. 10, in relation to the claim against OHL brought by the funds TDA 2015 1 Fondo de Titulización, **TDA 2017-2 Fondo de Titulización, Bothar Fondo de Titulización and Kommunalkredit Austria, Ag**, which alleged, as creditors, that the borrower had certain obligations contained in the Sponsor Agreement entered into by the latter as part of the financing of the arrangement of the concession operator which is now in liquidation, AUTOPISTA EJE AEROPUERTO CONCESIONARIA ESPAÑOLA, S.A. The economic amount of the claim is EUR 212,433 thousand, consisting of a subordinated loan, or contribution to equity, or an equivalent amount in a capital increase, or indemnity for damage and losses, plus EUR 70,869 thousand relating to late payment interest.

  The directors, based on the legal opinions of their advisers, do not consider that this claim can succeed.

- In June 2008 and 2009 the concession operator **Autopista Eje Aeropuerto Concesionaria Española, S.A.U. (Eje Aeropuerto)** filed two claims (the latter refiled on 31 July 2013) against the Spanish Ministry of Public Works requesting that the economic feasibility of the concession be restored and that the concession arrangement be rendered null and void with the reimbursement of the amounts invested, respectively.

  In order to compensate for the shortfall in traffic and the compulsory purchase cost overruns, in 2012, 2013, 2014, 2015, 2016 and 2017 the company claimed from the Ministry of Public Works the approval and payment of the amounts earmarked in the compensation account and approval of the annual participating loans pursuant to Additional Provision Eight of Law 43/2010. To date, all the claims have been rejected by the corresponding courts.

  Also, at the reporting date a decision had yet to be handed down on the appeal filed by the concession operator in June 2014 at the Supreme Court against the alleged dismissals of the request for compensation filed by the concession operator for the performance of additional work.

  Also, in relation to the insolvency proceeding involving Autopista Eje Aeropuerto Concesionaria Española, S.A.U. and Aeropistas, S.L.U.:

  a) Petition for initiation of insolvency proceedings

  Autopista Eje Aeropuerto Concesionaria Española, S.A.U. was declared to be involved in insolvency proceedings together with its sole shareholder, Aeropistas, S.L.U., in the order of 12 December 2013 handed down by Madrid Commercial Court No. 2, which gave rise to voluntary insolvency proceeding 863/13.

  b) Common phase of the insolvency proceeding

  On 19 May 2015, the insolvency practitioners submitted the lists of creditors in the final reports. With respect to Eje Aeropuerto, there were no changes to the inventory of assets and rights of the concession operator, and the total value remained at EUR 412.6 million, of which intangible assets accounted for EUR 396.1 million. Similarly, no amendments were made to the list of creditors in the final reports or the inventory of assets and rights in the case of Aeropistas, with assets totalling EUR 336.6 million, comprising mainly investments in Group companies and equity instruments

  On 31 July 2015, an order was issued to end the common phase and open the phase of arrangement, as both SEITTSA and the insolvent companies had submitted arrangement proposals.

  c) Opening and processing of the liquidation phase

  The court order of 13 October 2015 rejected the arrangement proposals submitted and, consequently, ordered the commencement of the liquidation phase, with the legal effects that this entails, including, among others, and in accordance with case law of the Supreme Court's Chamber for Jurisdictional Conflicts, the termination of the concession arrangement.

The commencement of the liquidation phase at the two companies led to their exclusion from consolidation from October 2015 onwards.

On 4 October 2019, the court described the company's insolvency proceedings as "fortuitous".

Lastly, with respect to the termination of the concession arrangement, the Ministry of Public Works terminated this arrangement on 14 July 2018, as a preliminary formality to the settlement of the arrangement.

In parallel, a proceeding related to appeal for judicial review 210/2018 commenced at the Supreme Court. This appeal has no fixed amount, and will only contend whether the date of termination of the arrangement must be the date of the liquidation order (13/10/15) and whether, in this case, the State had three months from that date to settle the arrangement and, therefore, owes late-payment interest from then, as well as what the applicable interest rate would be. This appeal for judicial review is currently at the conclusions phase.

In October 2019 n appeal for judicial review 276/2019 was filed by the insolvency practitioners of Autopista Eje Aeropuerto Concesionaria Española S.A. at the Third Chamber of the Spanish Supreme Court against the resolution adopted by the Spanish Cabinet on 26 April 2019 interpreting certain toll road concession arrangements in connection with the method used for calculating the "Governmental Liability" ("RPA"). This appeal challenged, inter alia:

- The infrastructure amortisation method, which the Spanish Cabinet decided must be straight-line amortisation.
- The amount to be paid for compulsory purchases.
- The amount to be paid for modifications and/or additional work.

In February 2020 the Company was notified by the authorities of the preliminary amount of the settlement, which it was considered could amount to zero. In response to this document, in March 2020 the concession operator filed pleadings and documentation evidencing that the amount of the investment in the construction work exceeded EUR 400 million and that the compulsory purchase expense amounted to EUR 179 million.

In this connection, the Parent's directors consider that, in view of the information provided by their external advisers, all of the aforementioned appeals, as well as those that could be filed in the future, based on the procedural progress being made, will enable the net investment, with a carrying amount of EUR 19 million, to be recovered.

- In relation to the concession operator **Cercanías Móstoles Navalcarnero, S.A. (CEMONASA),** on 12 July 2016 Madrid Commercial Court No. 1 issued an interlocutory order granting permission to proceed in relation to the insolvency petition filed by the operator and declared the voluntary insolvency thereof.

  On 16 August 2016, the initiation of the ordinary voluntary insolvency proceedings of Cercanías Móstoles Navalcarnero, S.A. was published in the Spanish Official State Gazette.

On 15 March 2017, Madrid Commercial Court No. 1 ordered the liquidation of Cercanías Móstoles Navalcarnero, S.A., opening the liquidation phase, declaring the dissolution of the company, the removal of its directors and their substitution by the insolvency practitioners.

Lastly, on 2 November 2017 Madrid Commercial Court No. 1 approved the company's liquidation plan within the aforementioned insolvency proceeding, which led to the continuation of the legal actions making it possible for the company to recover the RPA, as well as such items admissible under law, and the filing of such new appeals as might be required for the same purpose.

On 20 June 2017, as a result of the imposition of a penalty on the Parent, the Autonomous Community Government of Madrid ("CAM") enforced the guarantees that OHL, S.A. and OHL Concesiones, S.A.U. had provided to secure performance of their obligations under that concession operator's concession arrangement. The guarantees enforced amounted to EUR 15,865 thousand. On 7 July 2017, subsequent to the filing of an appeal for judicial review, the Madrid High Court resolved to stay the court proceeding pending a preliminary judgment to be handed down on the appeal for judicial review filed by the company requesting the termination of the concession arrangement. On 31 October 2019, a judgment was handed down on the appeal (judgment No. 231/16 of the Madrid High Court), relating to the fine, adjudging the resolution under which the fine was imposed to be null and void. A cassation appeal was filed against this judgement by CAM, but has not yet been given leave to proceed by the Supreme Court.

Also, on 21 July 2017 the concession operator was notified of the order issued by CAM's Regional Minister for Transport, Housing and Infrastructure declaring the termination of the concession arrangement, the attachment of the guarantee and the obligation to pay compensation for damage and losses to the grantor for an amount to be determined in the corresponding adversarial procedure. The concession operator lodged an appeal for reconsideration against this order, which was dismissed by CAM on 10 October 2017 and, accordingly, on 5 December 2017 the company filed an appeal for judicial review against this decision at the Madrid High Court (appeal No. 1129/17).

Also, on 8 March 2018 the Madrid High Court handed down a judgment on the appeal for judicial review whereby Cercanías Móstoles Navalcarnero, S.A. applied for the termination of the concession arrangement on grounds attributable to the CAM. The judgment ruled against Cercanías Móstoles Navalcarnero, S.A. and, therefore, a cassation appeal was filed at the Supreme Court, which was granted leave for consideration on 25 April 2018. The Supreme Court dismissed the cassation appeal against the aforementioned judgment and, therefore, the judgment was upheld.

Also, on 21 March 2018 the company's insolvency practitioners filed, in accordance with the approved liquidation plan, an appeal for judicial review against the CAM at the Madrid High Court (No. 246/18), requesting the economic settlement of the arrangement since they considered it to be terminated on commencement of the liquidation phase of the insolvency proceeding. This appeal is at the evidentiary stage.

On 27 July 2018, and as a result of the termination of the arrangement, the CAM initiated a proceeding against CEMONASA to claim damages of EUR 355 million. An appeal for judicial review against this proceeding was filed at the Madrid High Court (appeal No. 1107/18), whereby the concession operator requested that the enforcement of the administrative decision be stayed; the Chamber stayed the enforcement of the administrative decision without requiring the concession operator to provide any guarantee. Also, in January 2020 the Madrid High Court resolved to stay the procedural formalities of this appeal for judicial review until the cassation appeal filed by CAM against the judgement determining that CEMONASA was not culpable in the termination of the concession arrangement had been substantiated and that, therefore, the cause of that termination was the initiation of the liquidation phase of the insolvency proceeding thereof (claim No. 246/18).

Lastly, as a result of termination of the arrangement by CAM which gave rise to appeal No. 1129/17, CAM announced the economic settlement of the arrangement on 20 August 2018, valuing at EUR 123 million, to be paid to Cemonasa. The company is currently appealing this settlement in the administrative jurisdiction since it considers the amount to be insufficient.

In line with the situation described above, the Parent considers that, based on opinions of its internal and external legal advisers, the concession arrangement supports the right to recover the net investments and the amounts contributed in the form of a loan to the concession operator, with respect to which no provisions have been recognised, and that the claim for damages filed by the CAM against the concession operator, whose appeal for judicial review has been stayed as indicated above, will be unsuccessful.

Also, the following should be noted in relation to the **Lezo Case**:

- Incidental proceeding 3. In 2016 the National Appellate Court, through Central Court of Examination No. 6, opened proceeding No. 91/2016 in relation to possible crimes including corruption in business, bribery of public officials, money laundering and organised crime.

  In the course of this proceeding, an investigation was carried out by the court against 57 individuals, including six individuals who had at one time belonged to the OHL Group but who at the reporting date did not belong to it.

  At the reporting date, we are not aware of any formal accusation having been made against any current or former senior executives or directors of the OHL Group. Also, at the reporting date no actions have been taken against any company forming part of the OHL Group.

- Incidental proceeding 8. In February 2019 the Parent became aware of the opening of a new separate incidental proceeding in this case, No. 8. The investigation deals with existence or inexistence of possible acts of bribery of public officials by Group employees for the award of public works in Spain.

  Various former employees, current employees and former directors are being called to declare both as witnesses and as investigated parties.

At the reporting date, no actions had been taken against OHL and, accordingly, OHL does not form part of the proceeding and consequently has limited information on the procedural actions being taken.

OHL is actively cooperating with the authorities and is providing the information requested of it. Also, an internal investigation has been initiated, in accordance with existing procedures, and is yet to be concluded.

In procedural terms, the Lezo Case is at the investigation phase.

Additionally, various claims have been filed against the Group by former employees whose employment relationships it had terminated, which are not for significant amounts either taken separately or as a whole.

In addition to the aforementioned litigation, the Group is involved in minor lawsuits arising from the ordinary course of its operations, none of which are for a significant individual amount.

Contingent liabilities

The contingent liabilities include the normal liability of construction companies for the performance and completion of construction contracts they have entered into, as well as those entered into by UTEs in which they have interests. There is also a secondary liability for the obligations of the Group's subcontractors to the social security system with respect to their site employees. No losses are expected to be incurred by the Group in this connection.

On 1 October 2018, the Competition Directorate (DC) of the Spanish National Markets and Competition Commission (CNMC) resolved to initiate disciplinary proceedings against a series of companies, including OHL, S.A., due to alleged prohibited conduct in breach of competition rules, consisting of exchanges of information between companies with the aim and/or effect of restricting competition in the area of tenders called by various public authorities in Spain.

In October 2019 the list of alleged infringements was received, containing the conclusions of the investigation and the facts that could constitute infringements. In December 2019 pleadings were filed evidencing the inexistence of the indicated infringements, in the view of the Parent.

When the examination phase has been concluded, the proposed judgement will be prepared, against which pleadings may be filed, and the Board of the CNMC is expected to hand down judgment in the first half of 2020. An appeal may be filed against this judgment at the National Appellate Court and, as the case may be, at the Supreme Court.

In the opinion of the Parent's directors, this proceeding should be concluded considering the actions carried out by OHL, S.A. as lawful.

4.7.- DISCLOSURES ON THE PAYMENT PERIODS TO SUPPLIERS. ADDITIONAL PROVISION THREE. “DISCLOSURE OBLIGATION” PROVIDED FOR IN LAW 15/2010, OF 5 JULY

Law 15/2010, of 5 July, establishes measures for combating late payment in commercial transactions, and the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 implemented the disclosure obligation provided for in Additional Provision Three of the aforementioned Law. This resolution repeals the immediately preceding Resolution of 29 December 2010, which was based on the previous wording of Additional Provision Three of Law 15/2010, of 5 July.

The disclosures on the average period of payment, ratios of transactions settled and transactions not yet settled, and total payments made and outstanding at 31 December 2019 and 2018 are as follows:

Days

	2019	2018
Average period of payment to suppliers	78	65
Ratio of transactions settled	79	61
Ratio of transactions not yet settled	69	82

Thousands of euros

	2019	2018
Total payments made	591,389	502,531
Total payments outstanding	80,302	140,792

The average period of payment, excluding transactions between Group companies, is calculated as the quotient whose numerator is the sum of the ratio of transactions settled multiplied by the total amount of the payments made plus the sum of the ratio of transactions not yet settled multiplied by the total amount of outstanding payments, and whose denominator is the result of adding the total amount of the payments made to the total amount of the outstanding payments.

The ratio of transactions settled is the sum of the products of the amount of each transaction multiplied by the number of days elapsed until payment, divided by the total amount of the payments made.

The ratio of transactions not yet settled is the sum of the products of the amount of each transaction not yet settled multiplied by the number of days until the last day of the year divided by the total amount of the aforementioned payments. The information disclosed relates exclusively to the fully consolidated Spanish Group companies.

The companies which, taken separately, exceed the legal limit of the ratio of transactions not yet settled are taking measures to comply therewith.

4.8.- REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES AND CONFLICTS OF INTEREST

REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board of Directors is regulated by Article 24 of the bylaws and by the Directors' Remuneration Policy approved, as established in Article 529 novodecies of the Spanish Limited Liability Companies Law, by the shareholders at the Annual General Meeting held on 26 June 2018, for 2018 and the following three years and which established annual maximum remuneration for the non-executive directors, for the performance of their general function as directors, of **one million four hundred thousand euros (EUR 1,400,000),** with the distribution criteria approved by the Board of Directors itself and which is included in the aforementioned Remuneration Policy, and there are no variable components in the remuneration of the non-executive directors.

In 2019, taking into account the foregoing and the current composition of the Board of Directors and its committees, the annual remuneration for the non-executive directors, for discharging their general function as directors, amounted to **one million one hundred and ninety thousand euros (EUR 1,190,000).** In 2019, as in prior years, the non-executive directors did not receive any kind of benefits. This fixed remuneration for their functions is compatible with, and independent from, remuneration, termination benefits, pensions and compensation of any kind received by those members of the Board of Directors as a result of the employment relationship with, or the rendering of services to, the Parent.

The Board of Directors of the Parent, on this same date, prepared the Annual Report on Directors' Remuneration, as established in Article 541 of the Spanish Limited Liability Companies Law, with an individualised breakdown of all items earned in 2019 by each director. Following is an individualised detail of the remuneration earned by each director in his or her capacity as such in 2019, excluding the remuneration earned for executive functions, which is subsequently disclosed (in euros):

	ATTENDANCE FEES
Juan Villar-Mir de Fuentes (Non-Executive Proprietary)	130,000
Silvia Villar-Mir de Fuentes (Non-Executive Proprietary)	110,000
Jose Antonio Fernández Gallar (Executive)	-
Carmen de Andrés Conde (Non-Executive Independent)	150,000
César Cañedo-Argüelles Torrejón (Non-Executive Independent)	130,000
Javier Goñi del Cacho (Non-Executive Proprietary)	110,000
Juan Antonio Santamera Sánchez (other Non-Executive)	130,000
Juan José Nieto Bueso (Non-Executive Independent)	160,000
Manuel Garrido Ruano (Non-Executive Proprietary)	130,000
Reyes Calderón Cuadrado (Non-Executive Independent)	140,000
TOTAL	**1,190,000**

In 2019 the executive director earned total remuneration of EUR 2,600 thousand for his executive functions (2018: EUR 20,807 thousand). Also, EUR 36 thousand were paid as other benefits, including life insurance premiums (2018: EUR 17 thousand) and, as was also the case in 2018, no contributions were made to the employee benefit plan.

No advances or loans have been granted to the Board members.

The members of the Board of Directors and the senior executives are insured by a third-party liability insurance policy the cost of which amounted to EUR 649 thousand in 2019.

REMUNERATION OF SENIOR EXECUTIVES

The remuneration earned by the Group's senior executives in 2019 -excluding those who are also members of the Board of Directors (whose remuneration is detailed above)- amounted to EUR 9,320 thousand (2018: EUR 12,728 thousand), of which EUR 3,421 thousand correspond to variable remuneration (2018: EUR 3,244 thousand).

CONFLICTS OF INTEREST

At 31 December 2019, none of the directors had notified the Board of Directors of any direct or indirect conflict of interest that they or persons related to them might have had with the Group in 2019.

4.9.-FEES PAID TO AUDITORS

The detail of the fees for financial audit and other services provided by the auditors, or by other companies related to the auditors, of the companies comprising the Group's continuing operations in 2019 and 2018 is as follows:

Thousands of euros

	PRINCIPAL AUDITOR		OTHER AUDITORS		TOTAL	
	2019	2018	2019	2018	2019	2018
Financial audit services	1,156	1,181	648	626	1,804	1,807
Other attest services	91	92	4	31	95	123
Total audit and related services	**1,247**	**1,273**	**652**	**657**	**1,899**	**1,930**
Tax counselling services	74	40	44	179	118	219
Other services	44	455	1	25	45	480
Total professional services	**118**	**495**	**45**	**204**	**163**	**699**
TOTAL	**1,365**	**1,768**	**697**	**861**	**2,062**	**2,629**

"Financial Audit Services" includes the fees for professional services provided by the auditors, in their capacity as such, normally due to regulatory requirements, such as statutory audits, reports on reviews of internal control, limited reviews of periodic public information performed at listed companies, etc.

"Other Attest Services" includes the fees for professional services in which some kind of assurance is expressed, but which are not regulated by any mandatory legislation, such as one-off limited reviews, special reports on security placement processes, agreed-upon procedures reports, covenant reports, etc.

"Tax Counselling Services" includes the fees for the provision of services relating to all forms of tax counselling.

"Other Services" includes the fees for the other professional services not included in the above line items which, by nature, are more akin to consultancy or independent third-party services.

5. Events after the reporting period

The detail of the significant events that occurred after 31 December 2019 is provided below.

Since 30 June 2014, the Group, as part of the joint venture formed by the Parent (55%) and Contrack Cyprus Ltda (45%), has been involved in arbitration proceedings at the International Chamber of Commerce in relation to the **contract for the Design and Construction of the Sidra Medical Research Centre (Doha, Qatar), Qatar Foundation for Education, Science and Community Development (QF)** y which has been the subject of various partial awards in the years since the proceedings were initiated and in relation to which a final award has yet to be given on the dispute as a whole.

A partial award was handed down on 12 March 2020 in relation to "Defects". QF had claimed QAR 320.7 million (EUR 78 million) in this connection, of which QAR 124.2 million (EUR 30 million) were acknowledged and QAR 167.6 million (EUR 41 million) were rejected. On 3 April 2020, the JV filed an appeal in the UK courts against this partial award. Although there is no order for payment that, should the case arise, would be issued once all the claims and counterclaims have been resolved, in accordance with the accounting principle of prudence in valuation the Parent recognised a provision for the amount that the Group would be liable to pay as a result of this partial award relating to "Defects", in proportion to its percentage of ownership, which amounts to EUR 15.1 million.

However, based on updated third-party legal reports and the interpretations thereof made by management of the Parent and the potential timing of the handing down of the related judgment, the Parent's directors reassessed the various arbitral award scenarios as a whole and concluded that, despite the current levels of uncertainty with regard to the proceedings, further losses are not likely to arise for the Group.

In relation to the **corporate bond Issue performed in March 2012** maturing in March 2020, the Group paid principal of EUR 73,305 thousand and also paid the related interest. Following this settlement within the established time period, the Group has an outstanding balance of EUR 592,888 thousand in corporate bonds relating to the issues performed in 2014 and 2015, maturing in 2022 and 2023, respectively.

The appearance of **COVID-19** in China in January 2020 and its recent global expansion caused the viral outbreak to be classified as a pandemic by the World Health Organization on 11 March. Bearing in mind the complexity of the markets and the absence, for the time being, of effective medical treatment against the virus, the consequences for the Group's operations are uncertain and will depend to a large degree on the evolution and extension of the pandemic in the coming months, as well as on the capacity of all the economic players affected to react and adapt to the circumstances. Therefore, at the date of authorisation for issue of these consolidated financial statements and consolidated directors' report it was still premature to make a detailed evaluation or quantification of the possible economic, social or environmental impacts that this event might have on the Group, due to the uncertainty of its consequences in the short and medium term.

In view of this situation and in order to mitigate the Group's liquidity risk, on 30 April 2020 the Group entered into an agreement with the MSF agreement signatory banks for the grant of a financing facility of EUR 140,000 thousand maturing on 30 October 2021 (see Note 4.2.1.). The availability of this facility is conditional on the fulfilment of a series of conditions precedent, the most important of which being the provision of a guarantee of up to 70% of the amount of the facility by Instituto de Crédito Oficial (ICO), as part of the COVID-19 state aid programme.

The directors of the Parent have conducted a preliminary assessment of the current situation caused by COVID-19 based on the best available information, which, due to the aforementioned considerations, may be incomplete. The following aspects of the results of this assessment are worthy of note:

- **Liquidity risk:** it is foreseeable that the general situation of the markets may lead to an overall increase in liquidity constraints in the economy, as well as a contraction in the credit market. In this regard, the Group has the liquidity and the financing facilities indicated in Notes 3.10, 3.11 and 3.18. In addition, and as described previously, the Group entered into an agreement with the banks included in the Multiproduct Syndicated Financing (MSF) agreement to have short-term access to additional financing, secured by the ICO (Instituto de Crédito Oficial), amounting to EUR 140,000 thousand. The directors consider that the foregoing, together with the specific plans for the improvement and efficient management of the Group's liquidity and working capital, will enable these constraints to be overcome. Also, worth highlighting are the important economic measures adopted by the Spanish Government, which may be improved upon by the European Union in the future and which are aimed at supporting the economy and company liquidity.

- **Risks for people:** people's health and safety are a priority for the Group and, accordingly, all situations that may represent a danger for direct and direct employees are being monitored, and the organisational measures facilitating the performance of work in safe conditions are being implemented (remote working, flexibility measures, adoption of personal safety measures at workplaces -construction sites and offices- following the criteria and recommendations of the health authorities and the Spanish Ministry of Employment and all the guidelines of the authorities in relation to performance of the Group's projects).

- **Supply chain risks:** under the current circumstances, it cannot be guaranteed that no situations will arise at our suppliers and subcontractors that might affect our production. However, the most critical supplies and services are being monitored in order to mitigate the impact.

- **Risk of measurement of assets and liabilities:** a change in the future estimates of the Group's new contracts, fixed and variable costs and borrowing costs could have an adverse impact on the carrying amount of certain assets and on the need to recognise certain provisions or other types of liabilities. As soon as sufficient and reliable information becomes available, the appropriate analyses and calculations will be made to allow, if necessary, the remeasurement of those assets and liabilities.

- **Going concern risk:** taking into account the aforementioned factors, as well as those detailed in Note 4.2., the Parent's directors consider that the conclusion on the Group's ability to meet its obligations is valid.

As a result of the intense spread of COVID-19 throughout Spain and the other geographical areas in which the OHL Group is present, which has caused a general drop in production in those areas, Group management, acting responsibly, has made efforts to implement a series of measures to mitigate the potential impact on the Group's activity.

Noteworthy among these measures is the agreement entered into with the workers' representatives and the principal trade unions in Spain to furlough employees and reduce staff working hours (Spanish "ERTE"), both for core and production personnel, for a period of up to three months in order to adapt the Group's resources to its production capacity over that period of time. This measure will be applied at various Group companies in Spain.

As an additional measure to the ERTE and in order to mitigate the effects that this pandemic is having on the Group's production, senior management of the OHL Group, as well as the senior executives and managers of the affected companies, have voluntarily decided to apply a salary reduction to themselves for the duration of the ERTE, reaffirming the commitment of all the employees and levels of the Group to the Group's project. The members of the Board of Directors have acted along these same lines in also reducing their annual remuneration.

As a result of all the above, this event is expected to affect production activity, which will have consequences on the Group's main economic aggregates (sales, EBITDA, EBIT, debt, new contracts, etc.) that cannot yet be assessed or quantified. In this connection, the Parent's directors are constantly supervising the evolution of the situation in order to analyse the financial and non-financial impacts that may arise and take the appropriate measures to mitigate them.

6. Explanation added for translation to english

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2.1.). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

APPENDIX I

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Detail of the most significant companies included in the scope of consolidation at 31 December 2019

Subsidiaries (fully consolidated)

COMPANIES WITH REGISTERED OFFICE IN SPAIN

Construction

(1) Agrupación Guinovart Obras y Servicios Hispania, S.A.
(1) Asfaltos y Construcciones Elsan, S.A.
(1) Construcciones Adolfo Sobrino, S.A.
(1) EyM Instalaciones, S.A.
n.a. Guinovart Rail, S.A.
n.a. Mantohledo, S.A.
(1) Obrascón Huarte Lain, Construcción Internacional, S.L.
(1) S.A. Trabajos y Obras
(1) Sociedad Concesionaria Aguas de Navarra, S.A.

Industrial

(1) Chemtrol Proyectos y Sistemas, S.L.
n.a. Ecolaire España, S.A.
(1) OHL Industrial Mining & Cement, S.A.
(1) OHL Industrial, S.L.

Services

n.a. Gizatzen, S.A.
(1) OHL Servicios-Ingesan, S.A.U.
n.a. Acurat Iniciativa Social, S.L., Sole-Shareholder Company

Other

(1) Avalora Tecnologías de la Información, S.A.
(2) Marina Urola, S.A.
n.a. Obrascón Huarte Lain, Desarrollos, S.L.
(2) Senda Infraestructuras, S.L.
n.a. Tenedora de Participaciones Tecnológicas, S.A.

COMPANIES WITH REGISTERED OFFICE ABROAD

Construction

n.a. CAC Vero I, LLC
(2) Community Asphalt Corp.
n.a. Consorcio Aura - OHL, S.A.
n.a. Consorcio OHL AIA, S.A.
(2) Construcciones Colombianas OHL, S.A.S.
(1) Constructora de Proyectos Viales de México, S.A. de C.V.
n.a. Constructora e Inmobiliaria Huarte Ltda.
(2) Constructora TP, S.A.C.
(2) E y M Arabia, LLC
n.a. Empresa Constructora Huarte San José, Ltda.
(1) EYM México Instalaciones, S.A. de C.V.
(1) EYM Norway, AS
(2) Judlau Contracting, Inc.
(1) OHL Andina, S.A.
(2) OHL Arabia, LLC
(2) OHL Arellano Construction Company
(1) OHL Austral, S.A.
(2) OHL Building, Inc.
(2) OHL Central Europe, a.s.
(2) OHL Colombia, S.A.S.
n.a. OHL Construction Canada, Inc.
n.a. OHL Construction Pacific Pty. Ltd
n.a. OHL Finance, S.à r.l.
(1) OHL Health Montreal (Holding) Inc.
(1) OHL Health Montreal (Partner) Inc.
n.a. OHL Infraestructuras S.A.S.
(1) OHL Ireland Construction and Engineering Limited
(1) OHL Sverige AB
n.a. OHL UK Construction Limited
(2) OHL Uruguay, S.A.
(2) OHL USA, Inc.
(2) OHL ZS d.o.o. Banja Luka
n.a. OHL ZS MO, S.R.L.
(2) OHL ZS Polska, S.Z.o.o.
(1) OHL ZS Slovakia, a.s.
(1) OHL ZS, a.s.
(1) Premol, S.A. de C.V.
n.a. Sawgrass Rock Quarry, Inc.
(1) Sociedad Concesionaria Centro de Justicia de Santiago, S.A.
(1) Sociedad de Obras Civiles e Infraestructuras Viales, S.A. de C.V.
(2) Tomi Remont, a.s.
n.a. Vacua, S.A.

Industrial

n.a. Chepro México, S.A. de C.V.
(1) Cogeneración Complejo Pajaritos, S.A.P.I. de C.V.
n.a. Consorcio Instalaciones Mecánicas Hospital Dr. Gustavo Fricke SpA
(1) Estación Rebombeo Degollado, S.A.P.I. de C.V.
(1) Hidro Parsifal, S.A. de C.V.
(1) Hidrógeno Cadereyta, S.A.P.I. de C.V.
(1) IEPI México, S.A. de C.V.
(2) OHL Industrial and Partners, LLC
(1) OHL Industrial Chile, S.A.
(1) OHL Industrial Colombia, S.A.S.
(1) OHL Industrial Delegación Guatemala, S.A.
n.a. OHL Industrial Honduras S. de R.L.
(2) OHL Industrial Perú, S.A.C.
n.a. Sthim Maquinaria de México, S.A. de C.V.

Services

n.a. Ingesan Chile, SpA
(1) Ingesan Servicios México S.A. de C.V.

Other

n.a. Avalora América S.A.C.
n.a. Avalora Chile SpA
(1) Controladora L 4 - 5 Mayakoba, S.A. de C.V.
(1) Gastronómica Santa Fé, S.A. de C.V.
(1) Huaribe, S.A. de C.V.
(1) Huaribe Servicios, S.A. de C.V.
n.a. OHL Concesiones Argentina, S.A.
n.a. OHL Infrastructure, Inc.
(1) OHLDM, S.A. de C.V.
(1) Playa 4 - 5 Mayakoba, S.A. de C.V.

(1) Audited by the principal auditor.
(2) Audited by other auditors.
n.a. Unaudited company.

APPENDIX I

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Joint ventures and associates (accounted for using the equity method)

COMPANIES WITH REGISTERED OFFICE IN SPAIN

Construction

n.a. Navarra Gestión del Agua, S.A.
(1) Nuevo Hospital de Burgos, S.A.
(2) Nuevo Hospital de Toledo, S.A.

Industrial

(1) Arenales Solar PS, S.L.

Other

n.a. Alse Park, S.L.
(2) Nova Dàrsena Esportiva de Barà, S.A.
n.a. Proyecto Canalejas Group, S.L.

COMPANIES WITH REGISTERED OFFICE ABROAD

Construction

n.a. Consorcio Conpax OHL VALKO, S.A.
n.a. Constructora Vespucio Oriente, S.A.
(2) Health Montreal Collective CJV L.P.
(1) Health Montreal Collective Limited Partnership
n.a. NCC - OHL Lund-Arlöv, fyra spar Handelsbolag
(2) Obalovna Boskovice, s.r.o.
n.a. OHL Construction Canada and FCC Canada Limited Partnership
n.a. OHL-FCC North Tunnels Canada Inc.
n.a. Prestadora de Servicios PLSV, S.A. de C.V.
n.a. Regena spol s.r.o.
n.a. Rhatigan OHL Limited
n.a. Servicios Administrativos TMT, S.A. de C.V.

Industrial

(1) Proyecto CCC Empalme I, S.A.P.I. de C.V.
(2) Refinería Madero Tamaulipas, S.A.P.I. de C.V.

Other

n.a. 57 Whitehall Holdings Limited
n.a. 57 Whitehall Holdings S.A.R.L.
n.a. Westminster Development Services Limited

(1) Audited by the principal auditor.
(2) Audited by other auditors.
n.a. Unaudited company.

APPENDIX II

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Identification of the most significant companies composing the consolidated Group at 31 December 2019

COMPANY	REGISTERED OFFICE	MAIN LINE OF BUSINESS
Construction		
Agrupación Guinovart Obras y Servicios Hispania, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Construction
Asfaltos y Construcciones Elsan, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Infrastructure and urban services
CAC Vero I, LLC	9675 N.W. 117th Avenue, Suite 108, Miami, FL, 33178 US	Construction
Community Asphalt Corp.	9675 N.W. 117th Avenue, Suite 108, Miami, FL, 33178 US	Construction
Consorcio Aura - OHL, S.A.	Territorio del Registro de Comercio del Conservador de Bienes Raices de Santiago	Construction
Consorcio Conpax OHL VALKO, S.A.	Palacio Riesco No. 4583, Comuna De Huechuraba, Santiago de Chile	Construction
Consorcio OHL AIA, S.A.	C/ Cerro El Plomo, no. 5855 Piso 15. Las Condes (Santiago de Chile)	Construction
Construcciones Adolfo Sobrino, S.A.	Gran Via Don Diego Dópez De Haro 33 - 4º 48009 Bilbao	Construction
Construcciones Colombianas OHL, S.A.S.	Cra. 17 Nº 93-09 Piso 8 Edificio Ecotower Bogotá (Colombia)	Construction
Constructora de Proyectos Viales de México, S.A. de C.V.	Avenida Ejército Nacional No.453, Piso 6, Colonia Granada, Alcaldía Miguel Hidalgo, Mexico City, C.P. 11520.	Construction
Constructora e Inmobiliaria Huarte Ltda.	C/ Cerro El Plomo, no. 5855 Piso 15. Las Condes (Santiago de Chile)	Construction
Constructora TP, S.A.C.	Av. 28 de Julio, no. 150, piso 7, Miraflores - Lima - Peru	Construction
Constructora Vespucio Oriente, S.A.	Vitacura 4380 oficina 61, 7630275 Santiago de Chile	Construction
E y M Arabia, LLC	6161 King Abdulaziz Branch Road – Abhur Al Janubiyah Unit No. 6415 Jeddah 23731 – 2854	Construction
Empresa Constructora Huarte San José, Ltda.	C/ Cerro El Plomo, no. 5855 Piso 15. Las Condes (Santiago de Chile)	Construction
EyM Instalaciones, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Construction
EYM Norway, AS	Langhusveien 77, SKI -1400 (Norway)	Construction
Guinovart Rail, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Construction
Health Montreal Collective CJV L.P.	810 St-Antoine str East. Montreal, H2Y 1A6. Quebec. Canada	Construction
Health Montreal Collective Limited Partnership	1440 St Catherine West, Suite 500 Montreal, Quebec H3G1R8	Construction
Judlau Contracting, Inc.	26-15 Umer Street, Collage Point, NY 11354	Construction
Mantohledo, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Construction
Navarra Gestión del Agua, S.A.	Camino Labiano, no. 45, 1ª derecha (31192 - Mutilva) Navarre	Construction
NCC - OHL Lund-Arlöv, fyra spar Handelsbolag	170 80 Solna-Stockholm (Sweden)	Construction
Nuevo Hospital de Burgos, S.A.	C/ Islas Baleares, s/n 09006 Burgos	Construction and operation of new Burgos hospital
Nuevo Hospital de Toledo, S.A.	Avda. de Europa 24 Bajo 45003 Toledo	Construction
Obalovna Boskovice, s.r.o.	Rovná 2146, 680 01 Boskovice. Brno	Construction
Obrascón Huarte Lain, Construcción Internacional, S.L.	Paseo de la Castellana 259-D 28046 Madrid	Construction and operation
OHL Andina, S.A.	C/ Cerro El Plomo, no. 5855 Piso 15. Las Condes (Santiago de Chile)	Construction
OHL Arabia, LLC	Jameel Squire - Tahlia , Po Box 8909-Jeddah 23326	Construction and maintenance
OHL Arellano Construction Company	7051 S.W. 12th Street, Miami, FL 33144, US	Construction
OHL Austral, S.A.	C/ Cerro El Plomo, no. 5855 Piso 15. Las Condes (Santiago de Chile)	Construction
OHL Building, Inc.	7051 S.W. 12th Street, Miami, FL 33144, US	Construction
OHL Central Europe, a.s.	C/ Olsanska, 2643/1A, 130 80 (Prague - Czech Republic)	Construction
OHL Colombia, S.A.S.	Cra. 17 Nº 93-09 Piso 8 Edificio Ecotower Bogotá (Colombia)	Construction
OHL Construction Canada and FCC Canada Limited Partnership	5945 Airport Road, N.144, Mississauga. Ontario. Canada. L4V1R9	Construction
OHL Construction Canada, Inc.	1440 Ste Catherine Ouest, Suite 410, Montreal, Quebec H3G1R8	Construction
OHL Construction Pacific Pty. Ltd	Level 3 | 349 Coronation Drive | Milton (Qld) 4064	Construction
OHL Finance, S.à r.l.	14 rue Edward Steichen, L - 2540, Luxembourg	Management
OHL Health Montreal (Holding) Inc.	507 Place d'armes, office 250, Montreal, QC, H2Y 2W8	Construction
OHL Health Montreal (Partner) Inc.	507 Place d'armes, office 250, Montreal, QC, H2Y 2W8	Construction
OHL Infraestructuras S.A.S.	Cra. 17 Nº 93-09 Piso 8 Edificio Ecotower Bogotá (Colombia)	Construction
OHL Ireland Construction and Engineering Limited	Unit 15, Second Floor, Northwood Court, Santry, Dublin 9	Construction
OHL Sverige AB	Drottninggatan 99, 113 60 Stockholm (Sweden)	Construction
OHL UK Construction Limited	30 Crown Place, London, United Kingdom, EC2A 4ES	Construction
OHL Uruguay, S.A.	Edificio Argela, calle Rio Negro, 1354, piso 3, escritorio 16 Montevideo 11105, Uruguay	Construction
OHL USA, Inc.	26-15 Ulmer Street, College Point, NY 11354	Construction
OHL ZS MO, S.R.L.	65, Stefan cel Mare blvd, of 806, Chisinau, MD-2012, Moldova	Construction
OHL ZS Polska, S.Z.o.o.	UL. Tarnogajska 11/13, 50-512 Wrocław (Poland)	Construction
OHL ZS Slovakia, a.s.	Tuhovska 29/ Bratislava	Construction
OHL ZS, a.s.	C/ Buresova 938/17, 660 02 (Brno - Czech Republic)	Construction
OHL-FCC North Tunnels Canada Inc.	5945 Airport Road, N.144, Mississauga. Ontario. Canada. L4V1R9	Construction
Premol, S.A. de C.V.	Avenida Ejército Nacional No.453, Piso 6, Colonia Granada, Alcaldía Miguel Hidalgo, Mexico City, C.P. 11520.	Construction

APPENDIX II

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Identification of the most significant companies composing the consolidated Group at 31 December 2019

COMPANY	REGISTERED OFFICE	MAIN LINE OF BUSINESS
Rhatigan OHL Limited	Earlsfort Terrace, Dublin (Ireland)	Construction
S.A. Trabajos y Obras	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Construction
Sawgrass Rock Quarry, Inc.	9725 N.W. 117th Avenue, Suite 108, Miami, FL, 33178 US	Construction
Servicios Administrativos TMT, S.A. de C.V.	Calle Hamburgo 213 - Planta 9 Colonia Juárez, Delegación Cuauhtémoc 06600	Construction
Sociedad Concesionaria Aguas de Navarra, S.A.	Camino Labiano, no. 45, 1ª derecha (31.192 - Mutilva) Navarre	Construction
Sociedad Concesionaria Centro de Justicia de Santiago, S.A.	Av Manuel Rodriguez Sur # 2281, Santiago de Chile	Construction
Sociedad de Obras Civiles e Infraestructuras Viales, S.A. de C.V.	Avenida Ejército Nacional No.453, Piso 6, Colonia Granada, Alcaldía Miguel Hidalgo, Mexico City, C.P. 11520.	Construction
Tomi Remont, a.s.	C/ Premyslovka c.p. 2514/4, PSC 796 01 (Prostějov - Czech Republic)	Construction
Vacua, S.A.	C/ Cerro El Plomo, no. 5855 Piso 15. Las Condes (Santiago de Chile)	Construction
Industrial		
Arenales Solar PS, S.L.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Construction and operation of a thermal power plant
Chemtrol Proyectos y Sistemas, S.L.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Installation and maintenance of security and fire safety systems
Chepro México, S.A. de C.V.	Av. Ejército Nacional 453, Piso 6, Col. Granada, Alcaldía Miguel Hidalgo, Cp. 11520, Mexico City	Installation and maintenance of security and fire safety systems
Cogeneración Complejo Pajaritos, S.A.P.I. de C.V.	Av. Ejército Nacional 453, Piso 6, Col. Granada, Alcaldía Miguel Hidalgo, Cp. 11520, Mexico City	Industrial engineering and maintenance at industrial plants
Consorcio Instalaciones Mecánicas Hospital Dr. Gustavo Fricke SpA	C/ Cerro El Plomo, no. 5855 Piso 15. Las Condes (Santiago de Chile)	Performance of HVAC projects
Ecolaire España, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Design and performance of industrial engineering projects
Estación Rebombeo Degollado, S.A.P.I. de C.V.	Av. Ejército Nacional 453, Piso 6, Col. Granada, Alcaldía Miguel Hidalgo, Cp. 11520, Mexico City	Industrial engineering for a repumping station
Hidro Parsifal, S.A. de C.V.	Av. Ejército Nacional 453, Piso 6, Col. Granada, Alcaldía Miguel Hidalgo, Cp. 11520, Mexico City	Civil engineering construction work
Hidrógeno Cadereyta, S.A.P.I. de C.V.	Av. Ejército Nacional 453, Piso 6, Col. Granada, Alcaldía Miguel Hidalgo, Cp. 11520, Mexico City	Civil engineering construction work
IEPI México, S.A. de C.V.	Av. Ejército Nacional 453, Piso 6, Col. Granada, Alcaldía Miguel Hidalgo, Cp. 11520, Mexico City	Industrial engineering and maintenance at industrial plants
OHL Industrial and Partners LLC	Muscat, Governorate Muscat 112	Industrial engineering and maintenance at industrial plants
OHL Industrial Chile, S.A.	C/ Cerro El Plomo, no. 5855 Piso 15. Las Condes (Santiago de Chile)	Engineering works, technical advisory services, water treatment and
OHL Industrial Colombia, S.A.S.	Cra 17 No. 93-09 Oficina 702. Edificio Ecotower	Industrial engineering and maintenance at industrial plants
OHL Industrial Delegación Guatemala, S.A.	4A. Avenida 15-70 Zona 10 Edificio Paladium Of. 9E	Industrial engineering and maintenance at industrial plants
OHL Industrial Honduras S. de R.L.	Tegucigalpa, municipio del Distrito Central, Departamento de Francisco Morazán (Honduras)	Industrial engineering and maintenance at industrial plants
OHL Industrial Mining & Cement, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Industrial engineering and maintenance at industrial plants
OHL Industrial Perú, S.A.C.	Av. 28 de Julio, no. 150, piso 8, Miraflores - Lima - Peru	Construction of industrial plants in the mining and cement, oil and gas,
OHL Industrial, S.L.	Torre Espacio, Pº de la Castellana no. 259 D, planta 7, (28046 Madrid)	Industrial engineering and maintenance at industrial plants
Proyecto CCC Empalme I, S.A.P.I. de C.V.	Hamburgo 213, Piso 7, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Development of a fossil-fuel power plant
Refinería Madero Tamaulipas, S.A.P.I. de C.V.	Juan Racine No. 112, Piso 10. Colonia Los Morales. Delegación Miguel Hidalgo. Mexico City C.P. 11510	Industrial engineering for a refinery
Sthim Maquinaria de México, S.A. de C.V.	Hamburgo 213, Piso 7, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Administration consultancy services
Services		
Gizatzen, S.A.	Gran Via Don Diego Dópez De Haro 33 - 4º 48009 Bilbao	Building maintenance and upkeep
Ingesan Chile, SpA	C/ Rosario Norte nº 100 Dpto. 804 - Las Condes (Santiago de Chile)	Building maintenance and upkeep
Ingesan Servicios México S.A. de C.V.	Hamburgo 213, Piso 9, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06601	Building maintenance and upkeep
OHL Servicios-Ingesan, S.A.U.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Building maintenance and upkeep
Other		
57 Whitehall Holdings S.A.R.L.	20 Avenue Marie - Therese 2132 Luxembourg - Luxembourg	Operation, upkeep and maintenance of car parks
ALSE Park, S.L.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Operation of hotels and leisure centres
Avalora América S.A.C.	Av. 28 De Julio No. 150 Piso 7. Miraflores. Lima	New technologies
Avalora Chile SpA	Av. Providencia 1650 oficina 409, 410 Providencia (Santiago de Chile)	New technologies
Avalora Tecnologías de la Información, S.A.	Torre Espacio, Pº de la Castellana no. 259 D, planta 7, (28046 Madrid)	New technologies
Controladora L 4 - 5 Mayakoba, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Real estate project development
Gastronómica Santa Fé, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of shopping and leisure centres
Huaribe, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Real estate project development services
Huaribe Servicios, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Real estate project development services
Marina Urola, S.A.	Barrio Santiago - Puerto deportivo - (Zumaia - Guipúzcoa)	Concession and operation of marina (Zumaia - Guipúzcoa)
Nova Dàrsena Esportiva de Barà, S.A.	C/ Puerto deportivo Roda de Barà. Edificio Capitania, Bajos. Pº Marítimo s/n, 43883 Roda de Barà. Tarragona	Port concession and operation
Obrascón Huarte Lain, Desarrollos, S.L.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Real estate project development services
OHL Concesiones Argentina, S.A.	Cl/Campana 2684 5º B - C1417Acl - Ciudad Autónoma de Buenos Aires	Operation of concessions
OHL Infrastructure, Inc.	555 Theodore Fremd Ave, Suite B 201 RYE. 10580 New York	Financial studies
OHLDM, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Real estate project development services
Playa 4 - 5 Mayakoba, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
Proyecto Canalejas Group, S.L.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Operation of hotels and leisure centres
Senda Infraestructuras, S.L.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Development of Concessions
Tenedora de Participaciones Tecnológicas, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	New technologies
Westminster Development Services Limited	33 St. James´s Square, London Executive Offices, Eo M.05 London SW1Y 4JS	Growing of indigenous plants and reforestation services

APPENDIX III

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Detail of the equity and the net cost of the investment in the main companies composing the consolidated Group at 31 December 2019

Thousands of euros

COMPANY	Percentage of ownership: Direct	Indirect	Total	Share capital	Uncalled capital payments payable	Reserves	Profit (Loss) for 2019	Interim dividend	Total shareholders' equity	Valuation adjustments	Total equity	Participating loans	Total equity + participating loans	Underlying carrying amount	Net cost of the investment
Fully consolidated companies															
Acurat iniciativa social, S.L., Sociedad Unipersonal	-	100,00	100,00	3	-	-	-	-	3	-	3	-	3	3	3
Agrupación Guinovart Obras y Servicios Hispania, S.A.	100,00	-	100,00	30.050	-	15.218	3.953	-	49.221	-	49.221	-	49.221	49.221	69.056
Asfaltos y Construcciones Elsan, S.A.	100,00	-	100,00	7.603	-	(360)	1.617	-	8.860	-	8.860	5.000	13.860	13.860	13.940
Avalora América S.A.C.	-	100,00	100,00	242	-	174	(276)	-	140	-	140	-	140	140	140
Avalora Chile Spa.	-	100,00	100,00	149	-	(28)	22	-	143	-	143	-	143	143	144
Avalora Tecnologías de la Información, S.A.	-	100,00	100,00	455	-	6.079	159	-	6.693	-	6.693	-	6.693	6.693	6.860
Avalora USA, INC	-	100,00	100,00	-	-	-	-	-	-	-	-	-	-	-	-
CAC Vero I, LLC	-	100,00	100,00	3.116	-	702	56	-	3.874	-	3.874	-	3.874	3.874	3.116
Chemtrol Proyectos y Sistemas, S.L.	-	100,00	100,00	630	-	(11.662)	293	-	(10.739)	-	(10.739)	12.500	1.761	1.761	1.680
Chepro México, S.A. de C.V.	-	100,00	100,00	5	-	(226)	(92)	-	(313)	-	(313)	-	(313)	(313)	-
Cogeneración Complejo Pajaritos, S.A.P.I. de C.V.	-	50,00	50,00	7	-	(5.102)	(1.387)	-	(6.482)	-	(6.482)	-	(6.482)	(3.241)	-
Community Asphalt Corp.	6,50	93,50	100,00	2	-	7.262	(16.724)	-	(9.460)	-	(9.460)	-	(9.460)	(9.460)	155.765
Consorcio Aura - OHL, S.A.	65,00	-	65,00	177	(177)	-	-	-	-	-	-	-	-	-	-
Consorcio Instalaciones Mecánicas Hospital Dr. Gustavo Fricke SpA.	-	100,00	100,00	1.427	-	(1.508)	82	-	1	-	1	-	1	1	1.426
Consorcio OHL AIA S.A.	-	100,00	100,00	236	-	-	(43)	-	193	-	193	-	193	193	237
Construcciones Adolfo Sobrino S.A.	100,00	-	100,00	1.520	-	9.246	(3.420)	-	7.346	-	7.346	-	7.346	7.346	18.641
Construcciones Colombianas OHL, S.A.S.	30,00	70,00	100,00	76	-	19.133	(23.447)	-	(4.238)	-	(4.238)	-	(4.238)	(4.238)	-
Constructora de Proyectos Viales de México, S.A. de C.V.	-	100,00	100,00	2.359	-	78.542	6.648	-	87.549	-	87.549	-	87.549	87.549	87.549
Constructora e Inmobiliaria Huarte Ltda.	89,90	10,10	100,00	615	-	(310)	(137)	-	168	-	168	-	168	168	2.389
Constructora TP, S.A.C.	-	100,00	100,00	2.687	-	295	338	-	3.320	-	3.320	-	3.320	3.320	5.359
Controladora L 4 - 5 Mayakoba, S.A. de C.V.	-	100,00	100,00	35.957	-	(48)	(34.008)	-	1.901	-	1.901	-	1.901	1.901	31.380
E y M Arabia, LLC	-	100,00	100,00	119	-	12.844	(958)	-	12.005	-	12.005	-	12.005	12.005	102
Ecolaire España, S.A.	-	100,00	100,00	905	-	(25.854)	40	-	(24.909)	-	(24.909)	25.500	591	591	619
Empresa Constructora Huarte San José, Ltda.	95,00	5,00	100,00	18	(17)	188	-	-	189	-	189	-	189	189	11
Estación Rebombeo Degollado, S.A.P.I. de C.V.	-	50,00	50,00	-	-	(3.207)	(77)	-	(3.284)	-	(3.284)	-	(3.284)	(1.642)	-
EYM Instalaciones, S.A.	-	100,00	100,00	601	-	6.296	8.038	-	14.935	-	14.935	-	14.935	14.935	4.490
EYM México Instalaciones, S.A. DE C.V.	-	100,00	100,00	14	-	178	70	-	262	-	262	-	262	262	14
EYM Norway, AS	-	100,00	100,00	3	-	88	122	-	213	-	213	-	213	213	3
Gastronómica Santa Fe, S.A. de C.V.	-	100,00	100,00	2.420	-	(3.432)	1.085	-	73	-	73	-	73	73	998
Gizatzen, S.A.	-	100,00	100,00	60	-	(4)	(8)	-	48	-	48	-	48	48	60
Guinovart Rail, S.A.	-	100,00	100,00	100	-	(15)	(30)	-	55	-	55	500	555	555	600
Hidro Parsifal, S.A. de C.V.	-	79,66	79,66	36	-	(1.273)	303	-	(934)	-	(934)	-	(934)	(744)	-
Hidrógeno Cadereyta, S.A.P.I. de C.V.	-	53,90	53,90	-	-	(2.383)	278	-	(2.105)	-	(2.105)	-	(2.105)	(1.135)	-
Huaribe S.A. de C.V.	-	100,00	100,00	71.351	-	(64.169)	11.032	-	18.214	-	18.214	-	18.214	18.214	38.923
Huaribe Servicios, S.A. de C.V.	-	100,00	100,00	150	-	209	160	-	519	-	519	-	519	519	132
IEPI México, S.A. DE C.V.	-	100,00	100,00	1.080	-	5.338	6.081	-	12.499	-	12.499	-	12.499	12.499	-
Ingesan Chile, SpA	-	100,00	100,00	24	(24)	(14)	-	-	(14)	-	(14)	-	(14)	(14)	(27)
Ingesan Servicios México S.A. de C.V.	-	100,00	100,00	1.924	-	(2.285)	(1.059)	-	(1.420)	-	(1.420)	-	(1.420)	(1.420)	-
Judlau Contracting, Inc.	-	100,00	100,00	23	-	99.081	23.859	-	122.963	-	122.963	-	122.963	122.963	162.386
Mantohledo, S.A.	100,00	-	100,00	69	-	(964)	696	-	(199)	-	(199)	962	763	763	320
Marina Urola, S.A.	25,50	25,50	51,00	503	-	306	59	-	868	-	868	-	868	443	460
Obrascón Huarte Lain, Construcción Internacional, S.L.	100,00	-	100,00	42.923	-	16.040	(36.760)	-	22.203	-	22.203	-	22.203	22.203	136.539
Obrascon Huarte Lain, Desarrollos, S.L.	100,00	-	100,00	83.339	-	(13.903)	(49.721)	-	19.715	-	19.715	-	19.715	19.715	19.707
OHL Andina, S.A.	99,00	1,00	100,00	2.750	-	24.864	6.682	-	34.296	-	34.296	-	34.296	34.296	3.281

APPENDIX III

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Detail of the equity and the net cost of the investment in the main companies composing the consolidated Group at 31 December 2019

Thousands of euros

COMPANY	Percentage of ownership			Share capital	Uncalled capital payments payable	Reserves	Profit (Loss) for 2019	Interim dividend	Total shareholders' equity	Valuation adjustments	Total equity	Participating loans	Total equity + participating loans	Underlying carrying amount	Net cost of the investment
	Direct	Indirect	Total												
OHL Arabia LLC	95,00	5,00	100,00	119	-	6.100	4.453	-	10.672	-	10.672	-	10.672	10.672	105
OHL Arellano Construction Company	-	100,00	100,00	1	-	9.088	2.038	-	11.127	-	11.127	-	11.127	11.127	61.734
OHL Austral, S.A.	-	100,00	100,00	12.228	-	12.479	2.622	-	27.329	-	27.329	-	27.329	27.329	4.754
OHL Building INC.	-	100,00	100,00	1	-	5.349	725	-	6.075	-	6.075	-	6.075	6.075	46.961
OHL Central Europe, a.s.	-	100,00	100,00	19.717	-	1.001	(1.551)	-	19.167	-	19.167	-	19.167	19.167	78.602
OHL Colombia, S.A.S.	-	100,00	100,00	100	-	(6.366)	(3.647)	-	(9.913)	-	(9.913)	-	(9.913)	(9.913)	-
OHL Concesiones Argentina, S.A.	100,00	-	100,00	134	-	(134)	-	-	-	-	-	-	-	-	-
OHL Construction Canada, Inc.	-	100,00	100,00	419.102	-	(76.474)	9.629	-	352.257	-	352.257	-	352.257	352.257	1.263
OHL Construction Pacific PTY LTD	100,00	-	100,00	-	-	(9.055)	761	-	(8.294)	-	(8.294)	-	(8.294)	(8.294)	-
OHL Finance, S.á.r.l.	-	100,00	100,00	2.456	-	29.762	(32.612)	-	(394)	-	(394)	-	(394)	(394)	1
OHL Health Montreal (Holding) Inc.	-	100,00	100,00	-	-	(20)	(1)	-	(21)	-	(21)	-	(21)	(21)	-
OHL Health Montreal (Partner) Inc.	-	100,00	100,00	1.543	-	(25)	(3)	-	1.515	-	1.515	-	1.515	1.515	1.543
OHL Industrial and Partners LLC	-	100,00	100,00	578	(173)	(34.831)	(88)	-	(34.514)	-	(34.514)	-	(34.514)	(34.514)	-
OHL Industrial Chile, S.A.	0,00	100,00	100,00	48.252	-	(41.150)	4.886	-	11.988	-	11.988	-	11.988	11.988	10.563
OHL Industrial Colombia, S.A.S.	-	100,00	100,00	484	-	(10.165)	(6.102)	-	(15.783)	-	(15.783)	-	(15.783)	(15.783)	-
OHL Industrial Delegación Guatemala, S.A.	-	100,00	100,00	1	-	(53.570)	2.606	-	(50.963)	-	(50.963)	-	(50.963)	(50.963)	1
OHL Industrial Honduras S. de R.L.	-	100,00	100,00	3	-	-	-	-	3	-	3	-	3	3	2
OHL Industrial Mining & Cement, S.A.	-	100,00	100,00	1.964	-	(1.623)	(767)	-	(426)	-	(426)	3.500	3.074	3.074	3.500
OHL Industrial Perú, S.A.C.	-	100,00	100,00	4.273	-	(1.461)	(632)	-	2.180	-	2.180	-	2.180	2.180	2.180
OHL Industrial, S.L.	100,00	-	100,00	47.694	-	(158.310)	(17.033)	-	(127.649)	-	(127.649)	163.000	35.351	35.351	46.385
OHL Infraestructuras S.A.S.	10,00	90,00	100,00	76	-	-	10	-	86	-	86	-	86	86	73
OHL Infrastructure, Inc.	100,00	-	100,00	-	-	(2.985)	(742)	-	(3.727)	-	(3.727)	-	(3.727)	(3.727)	-
OHL Ireland Construction and Engineering Limited	-	100,00	100,00	-	-	(771)	867	-	96	-	96	-	96	96	1
OHL Servicios-Ingesan, S.A.U.	100,00	-	100,00	790	-	8.601	512	-	9.903	-	9.903	-	9.903	9.903	1.172
OHL Sverige AB	-	100,00	100,00	5	-	2.564	(1.568)	-	1.001	-	1.001	-	1.001	1.001	4.793
OHL UK Construction Limited	-	100,00	100,00	588	-	(575)	295	-	308	-	308	-	308	308	559
OHL Uruguay, S.A.	100,00	-	100,00	-	-	(2)	236	-	234	-	234	-	234	234	-
OHL USA, Inc.	-	100,00	100,00	6.676	-	399.003	8.436	-	414.115	-	414.115	-	414.115	414.115	377.011
OHL ZS d.o.o. Banja Luka	-	100,00	100,00	10	-	5	3	-	18	-	18	-	18	18	13
OHL ZS MO, S.R.L.	-	100,00	100,00	-	-	-	4	-	4	-	4	-	4	4	-
OHL ZS Polska, S.Z.O.O.	-	100,00	100,00	12	-	(1.008)	1.125	-	129	-	129	-	129	129	-
OHL ZS Slovakia, a.s.	-	100,00	100,00	12.368	-	(4.776)	(3.554)	-	4.038	-	4.038	-	4.038	4.038	9.942
OHL ZS, a.s.	-	100,00	100,00	52.987	-	30.811	620	-	84.418	-	84.418	-	84.418	84.418	23.991
OHLDM, S.A. de C.V.	-	100,00	100,00	131.952	-	(59.071)	(9.758)	-	63.123	-	63.123	-	63.123	63.123	-
Playa 4 - 5 Mayakoba, S.A. de C.V.	-	100,00	100,00	1.992	-	(8.227)	(1.010)	-	(7.245)	-	(7.245)	-	(7.245)	(7.245)	1.992
Premol, S.A. de C.V.	-	100,00	100,00	49	-	2.751	403	-	3.203	-	3.203	-	3.203	3.203	50
S.A. Trabajos y Obras	100,00	-	100,00	1.854	-	44.477	(256)	-	46.075	-	46.075	-	46.075	46.075	43.347
Sawgrass Rock Quarry Inc.	-	100,00	100,00	1	-	3.382	40	-	3.423	-	3.423	-	3.423	3.423	10.237
Senda Infraestructuras, S.L.	100,00	-	100,00	4	-	998	(137)	-	865	-	865	-	865	865	1.003
Sociedad Concesionaria Aguas de Navarra, S.A.	65,00	-	65,00	7.370	-	3.210	(668)	-	9.912	(5.714)	4.198	-	4.198	2.729	4.791
Sociedad Concesionaria Centro de Justicia de Santiago, S.A.	100,00	-	100,00	12.306	-	(95)	214	-	12.425	-	12.425	-	12.425	12.425	9.809
Sociedad de Obras Civiles e Infraestructuras Viales, S.A. de C.V.	-	100,00	100,00	18.618	-	(15.303)	(3.281)	-	34	-	34	-	34	34	3
Sthim Maquinaria de México, S.A. de C.V.	-	100,00	100,00	2	(2)	(308)	16	-	(292)	-	(292)	-	(292)	(292)	-
Tenedora de Participaciones Tecnológicas, S.A.	100,00	-	100,00	601	-	(35.056)	(6.077)	-	(40.532)	-	(40.532)	41.162	630	630	630
Tomi Remont, a.s.	-	100,00	100,00	1.948	-	9.629	2.239	-	13.816	-	13.816	-	13.816	13.816	7.478
Vacua, S.A.	99,11	0,89	100,00	13.557	-	(12.997)	(1)	-	559	-	559	-	559	559	604

APPENDIX III

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Detail of the equity and the net cost of the investment in the main companies composing the consolidated Group at 31 December 2019

Thousands of euros

COMPANY	Percentage of ownership: Direct	Percentage of ownership: Indirect	Percentage of ownership: Total	Share capital	Uncalled capital payments payable	Reserves	Profit (Loss) for 2019	Interim dividend	Total shareholders' equity	Valuation adjustments	Total equity	Participating loans	Total equity + participating loans	Underlying carrying amount	Net cost of the investment
Companies accounted for using the equity method															
Joint ventures															
Consorcio Conpax OHL VALKO, S.A.	-	49,00	49,00	1.182	-	3.752	15.849	(14.778)	6.005	-	6.005	-	6.005	2.942	325
Constructora Vespucio Oriente, S.A.	50,00	-	50,00	12	-	153	1.238	-	1.403	-	1.403	-	1.403	702	3
Health Montreal Collective CJV L.P.	-	50,00	50,00	1	-	(535.754)	(16.968)	-	(552.721)	-	(552.721)	535.654	(17.067)	(8.534)	267.827
NCC - OHL Lund-Arlöv, fyra spar Handelsbolag	-	50,00	50,00	-	-	1.830	764	-	2.594	-	2.594	-	2.594	1.297	-
Nova Dársena Esportiva de Bara, S.A.	-	50,00	50,00	3.731	-	(7.200)	10	-	(3.459)	-	(3.459)	31.276	27.817	13.909	10.190
OHL Construction Canada and Fomento de Construcciones y Contratas Canada Limited Partnership	-	50,00	50,00	1	-	(155.851)	459	-	(155.391)	-	(155.391)	139.330	(16.061)	(8.031)	69.665
OHL-FCC NORTH TUNNELS CANADA INC	-	50,00	50,00	-	-	(3.568)	3	-	(3.565)	-	(3.565)	3.580	15	8	1.790
Prestadora de Servicios PLSV, S.A. DE C.V.	-	50,00	50,00	74	(52)	(18)	-	-	4	-	4	-	4	2	11
Proyecto CCC Empalme I, S.A.P.I. de C.V.	-	50,00	50,00	-	-	(25.744)	(12.483)	-	(38.227)	-	(38.227)	-	(38.227)	(19.114)	-
Refinería Madero Tamaulipas, S.A.P.I. de C.V.	-	50,00	50,00	-	-	(1.926)	119	-	(1.807)	-	(1.807)	-	(1.807)	(904)	-
Rhatigan OHL Limited	-	50,00	50,00	-	-	4.690	(3.885)	-	805	-	805	-	805	403	-
Servicios Administrativos TMT, S.A. DE C.V.	-	50,00	50,00	-	-	99	66	-	165	-	165	-	165	83	-
Westminster Development Services Limited	-	50,00	50,00	12	-	990	590	-	1.592	-	1.592	-	1.592	796	7
Associates															
ALSE Park, S.L.	-	17,50	17,50	4.298	-	1.093	(1.050)	-	4.341	-	4.341	-	4.341	760	1.891
Arenales Solar PS, S.L.	-	25,02	25,02	71	-	(69.594)	-	-	(69.523)	(22.667)	(92.190)	177.810	85.620	21.422	-
Health Montreal Collective Limited Partnership	-	25,00	25,00	6.173	-	23.598	(2.637)	-	27.134	-	27.134	-	27.134	6.784	1.543
Nuevo Hospital de Burgos, S.A.	20,75	-	20,75	55.033	-	(63.917)	(4.731)	-	(13.615)	-	(13.615)	-	(13.615)	(2.825)	-
Nuevo Hospital de Toledo, S.A.	33,34	-	33,34	29.086	-	2.930	6.408	-	38.424	(20.742)	17.682	37.705	55.387	18.466	22.266
Navarra Gestión del Agua, S.A.	30,00	-	30,00	60	-	689	64	-	813	-	813	-	813	244	18
Obalovna Boskovice, s.r.o.	-	45,00	45,00	1.499	-	-	71	-	1.570	-	1.570	-	1.570	707	558
Proyecto Canalejas Group, S.L.	-	50,00	50,00	71.670	-	350.147	-	-	421.817	-	421.817	-	421.817	210.909	155.784
Regena spol s.r.o.	-	50,00	50,00	4	-	270	88	-	362	-	362	-	362	181	19
57 Whitehall Holdings Limited	-	49,00	49,00	1	-	(232)	(2)	-	(233)	-	(233)	-	(233)	(114)	1
57 Whitehall Holdings S.A.R.L.	-	49,00	49,00	29	-	290.894	(253)	-	290.670	-	290.670	-	290.670	142.428	105.504

APPENDIX IV

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Detail of the changes in the scope of consolidation at 31 December 2019

Subsidiaries (fully consolidated)

INCLUSIONS		EXCLUSIONS	
COMPANY	REASON	COMPANY	REASON
Consorcio OHL AIA, S.A.	Incorporation	Desarrollador Maestro Ciudad Mayakoba, S.A. de C.V.	Sale
OHL Infraestructuras S.A.S.	Incorporation	Desarrollo Vivienda MK1, S.A.P.I. de C.V.	Sale
Acurat Iniciativa Social, S.L., Sole-Shareholder Company	Incorporation	Lotes 4-5 Hotel Mayakoba, S.A. de C.V.	Sale
OHL Systems & Electric, LLC	Incorporation	MKB Real Estate, S.A. de C.V.	Sale

Joint ventures and associates (accounted for using the equity method)

INCLUSIONS		EXCLUSIONS	
COMPANY	REASON	COMPANY	REASON
Torc Sustainable Housing Holdings Limited	Incorporation	Altos de Ciudad Mayakoba, S.A. de C.V.	Sale
Torc Sustainable Housing Limited	Incorporation	Asenda Ciudad Mayakoba, S.A. de C.V.	Sale
		La Ceiba DCM, S.A. de C.V.	Sale
		Novaterra Caribe, S.A.P.I. de C.V.	Sale
		Mayakoba Country Club, S.A. de C.V.	Sale
		Fideicomiso Desarrollo OV CIB/2185	Sale
		Línea de Evacuación Compartida FWIS, A.I.E.	Dissolution
		Stavba a údrzba zelezníc, a.s. Bratislava	Liquidation